

CITY OF LE ROY
COUNTY OF McLEAN, STATE OF ILLINOIS

ORDINANCE NO. 16-06-02-10

**AN ORDINANCE AUTHORIZING THE ISSUANCE OF GENERAL
OBLIGATION BONDS (ALTERNATE REVENUE SOURCE), SERIES 2016B OF
THE CITY OF LE ROY, MCLEAN COUNTY, ILLINOIS, IN AN AGGREGATE
PRINCIPAL AMOUNT OF NOT TO EXCEED \$4,000,000 FOR THE PURPOSE
OF FINANCING THE COSTS OF CERTAIN CAPITAL PROJECTS WITHIN
THE CITY, REFINANCING CERTAIN OUTSTANDING OBLIGATIONS AND
PAYING FOR COSTS RELATED THERETO**

ADOPTED BY THE CITY COUNCIL OF THE CITY OF LE ROY THIS
6TH Day of JUNE, 2016

PRESENTED: **JUNE 6, 2016**

PASSED: **JUNE 6, 2016**

APPROVED: **JUNE 6, 2016**

RECORDED: **JUNE 6, 2016**

PUBLISHED: **JUNE 6, 2016**

In Pamphlet Form

Voting "Aye" 6

Voting "Nay" 0

The undersigned being the duly qualified and Acting City Clerk of the City of LeRoy does hereby certify that this document constitutes the publication in pamphlet form, in connection with and pursuant to Section 1-2-4 of the Illinois Municipal Code, of the above-captioned **ordinance** and that such **ordinance** was presented, passed, approved, recorded and published as above stated.

(SEAL)



Vicki Moreland
City Clerk of the City of
Le Roy, McLean County, Illinois

Dated: **JUNE 6, 2016**

MINUTES of a regular public meeting of the City Council of the City of LeRoy, McLean County, Illinois, held at City Hall located at 207 South East Street, LeRoy, Illinois, at 7:00 P.M., on the 6th day of June, 2016.

The Mayor called the meeting to order and directed the City Clerk to call the roll.

Upon the roll being called, the following Aldermen answered present:

Dawn Hanafin, Judy Marshall, Brad Poindexter, Glenn Reinhart, Ron Legner,

Hilary Neal, Greg Steffen (Seated at 7:19)

The following Aldermen were absent: Anne Anderson

Mayor Steven M. Dean presented and the City Clerk read in full an ordinance as follows:

An Ordinance authorizing the issuance of General Obligation Refunding Bonds (Alternate Revenue Source), Series 2016B of the City of Le Roy, McLean County, Illinois, in an aggregate principle amount of not to exceed \$4,000,000 for the purpose of financing certain capital projects within the City, refinancing certain outstanding obligations and for paying cost thereto.

ORDINANCE NUMBER 16-06-02-10_

AN ORDINANCE authorizing the issuance of General Obligation Bonds (Alternate Revenue Source), Series 2016B of the City of LeRoy, McLean County, Illinois, in an aggregate principal amount of not to exceed not to exceed \$4,000,000 for the purpose of financing the costs of certain capital projects within the City, refinancing certain outstanding obligations and paying for costs related thereto.

Adopted by the City Council on the 6th day
of June, 2016.

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ORDINANCE NUMBER 16-06-02-10

AN ORDINANCE authorizing the issuance of General Obligation Bonds (Alternate Revenue Source), Series 2016B of the City of LeRoy, McLean County, Illinois, in an aggregate principal amount of not to exceed \$4,000,000 for the purpose of financing the costs of certain capital projects within the City, refinancing certain outstanding obligations and paying for costs related thereto, and providing for the levy of a direct annual tax for the payment of the principal of and interest on said bonds.

WHEREAS, the City of LeRoy, McLean County, Illinois (the "City"), is a municipal corporation and body politic of the State of Illinois, duly created, organized and existing under the Municipal Code of the State of Illinois (the "Municipal Code"), and having the powers, objects and purposes provided by said Municipal Code; and

WHEREAS, the Mayor and the Council of the City (the "Corporate Authorities") have determined that it is necessary to (i) finance the acquisition, construction, installation and rehabilitation of various capital related projects, including, but not limited to, improvements and rehabilitation of the City's Water System plant and detention basin and Sewer System lift stations and sewer mains (collectively, the "Project"), (ii) current refund a portion of the City's outstanding Waterworks Revenue Refunding Bonds, Series 2013 (the "Refunded Bonds" or "Refunding"), which were issued to provide for the acquisition construction and installation of and refinancing of certain waterworks facilities, improvements and costs (the "Prior Project") and (iii) pay certain costs of issuance of the Bonds (as such term is hereinafter defined), all for the benefit of the inhabitants of the City; and

WHEREAS, the estimated cost of the Project and the Refunding, including legal, financial, bond discount, capitalized interest, if any, printing and publication costs, and other expenses (collectively, the "Costs"), is not to exceed \$4,000,000, and there are insufficient funds on hand and lawfully available to pay such costs; and

WHEREAS, an amount not to exceed \$4,000,000 of alternate bonds need to be issued at this time pursuant to the Local Government Debt Reform Act, 30 ILCS 350/1 to 350/18 (the "Debt Reform Act"); and

WHEREAS, it is necessary for the best interests of the City that the Project and the Refunding be completed, and in order to raise funds required for such purpose it will be necessary for the City to borrow an aggregate principal amount of not to exceed \$4,000,000 and in evidence thereof to issue alternate bonds, being general obligation bonds payable from (i) the net revenues of the City's Waterworks System (generally gross revenues minus operating and maintenance expenses, the "Water Revenues"), (ii) the net revenues of the City's Sewerage System (generally gross revenues minus operating and maintenance expenses, the "Sewerage Revenues"), (iii) receipts of the City's distributive share of the State of Illinois income taxes (such distributive share referred to herein as the "Revenue Sharing Receipts") imposed by the State pursuant to the Illinois Income Tax Act and distributed pursuant to the State Revenue Sharing Act and such other funds legally available and appropriated therefor (together, (i), (ii) and (iii) are the "Pledged Revenues") and (iv) ad valorem taxes of the City for which its full faith and credit have been irrevocably pledged, unlimited as to rate or amount (the "Pledged Taxes"), in an aggregate principal amount of not to exceed \$4,000,000, all in accordance with the Debt Reform Act; and

WHEREAS, if the aforementioned revenue sources are insufficient to pay the alternate bonds, ad valorem property taxes upon all taxable property in the City without limitation as to rate or amount are authorized to be extended to pay the principal of and interest on the alternate bonds; and

WHEREAS, on the 18th day of April, 2016, an authorizing ordinance for an amount not to exceed \$4,000,000 (the "Authorizing Ordinance") related to the Refunding, together with a notice in the statutory form, was published in *The LeRoy Leader*, being a newspaper of general circulation in the City, and an affidavit evidencing the publication of the Authorizing Ordinance and said notice has heretofore been presented to the Corporate Authorities and made a part of the permanent records of the Corporate Authorities; and

WHEREAS, more than thirty (30) days expired since the date of publication of the Authorizing Ordinance and said notice, and no petition with the requisite number of valid signatures thereon was filed with the City Clerk requesting that the question of the issuance of the alternate bonds be submitted to referendum; and

WHEREAS, on the 16th day of May, 2016, the Corporate Authorities held a public hearing pursuant to the Bond Issuance Notification Act following notice published in *The LeRoy Leader*, on the 18th day of April, 2016; and

WHEREAS, the Project constitutes a lawful corporate purpose within the meaning of the Debt Reform Act; and

WHEREAS, the Corporate Authorities hereby determine that the Pledged Revenues will provide in each year an amount not less than 1.25 times debt service of the alternate bonds proposed to be issued in accordance with the Debt Reform Act; and

WHEREAS, such determination is supported by the most recent audit of the City (the "Audit"), which Audit has been presented previously to the Corporate Authorities and is on file currently with the City Clerk; and

WHEREAS, the alternate bonds to be issued will be payable from the Pledged Revenues and the Pledged Taxes, both as hereinafter defined; and

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LEROY, MCLEAN COUNTY, ILLINOIS, AS FOLLOWS:

Section 1. Definitions. In addition to such other words and terms used and defined in this Ordinance, the following words and terms used in this Ordinance shall have the following meanings, unless, in either case, the context or use clearly indicates another or different meaning is intended:

A. The following words and terms are defined as set forth.

“*Act*” means, collectively, the Local Government Debt Reform Act (Section 350/1 et seq. of Chapter 30 (and particularly Section 350/15 thereof) of the Illinois Compiled Statutes, as supplemented and amended, Divisions 129 and 141 of Article 11 of the Municipal Code (Section 5/11-129 and 141-1 et seq. of Chapter 65 of the Illinois Compiled Statutes, each an “Enterprise Revenue Act”), and applicable laws in connection with Revenue Sharing Receipts, the Registered Bond Act, and the Bond Authorization Act.

“*Additional Bonds*” means any Alternate Bonds issued in the future in accordance with the provisions of the Act on a parity with and sharing equally in the Pledged Revenues with the Bonds.

“*Alternate Bonds*” means any Outstanding Bonds issued as alternate bonds under and pursuant to the provisions of the Debt Reform Act, and includes, expressly, the Bonds.

“*Bond*” or “*Bonds*” means one or more, as applicable, of the Bonds authorized to be issued by this Ordinance.

“*Bond Counsel*” means Ice Miller LLP, Chicago, Illinois.

“*Bond Fund*” means the Bond Fund established and defined in Section 15 of this Ordinance.

“Bond Moneys” means all moneys on deposit from time to time in the Bond Fund including investment income earned in the Bond Fund.

“Bond Order” means one or more certificates signed by the Mayor, and attested by the City Clerk and under the seal of the City, setting forth and specifying details for the Bonds, including, as the case may be, but not limited to, identification of a Policy and an Insurer, if any, book-entry only registration, specification of Pledged Taxes, final interest rates, final maturity schedules, optional and mandatory redemption provisions, reoffering premium, original issue discount (“OID”) status as “qualified tax-exempt obligations,” designation of a Bond Registrar, Paying Agent or other fiscal agent, and designation of series subject to not exceeding the specified aggregate principal amount for the Bonds, as applicable.

“Bond Registrar/Paying Agent” means Heartland Bank and Trust Company, Bloomington, Illinois.

“Bond Year” means each annual period of December 1 to the next November 30, for the Bonds, subject to such lawful elections as the City may make.

“Business Day” means any day other than a day on which banks in the City of Chicago, Illinois, are required or authorized to close.

“Code” means the Internal Revenue Code of 1986, as amended, and includes related and applicable Income Tax Regulations promulgated by the Treasury Department.

“Corporate Authorities” means the Mayor and the City Council.

“Depository” means The Depository Trust Company, a New York limited trust company, its successors, or a successor depository qualified to clear securities under applicable state and federal laws.

“Designated Officers” means the Mayor, Clerk, City Administrator of the City, or their successors or assigns.

“Fiscal Year” means that twelve-calendar month period selected by the Corporate Authorities as the Fiscal Year for the City, currently May 1 to April 30.

“Insurer” means, if any, the issuer of a Policy securing payment of one or more series of Bonds.

“Ordinance” means this Ordinance, numbered as set forth on the title page hereof, and passed by the Corporate Authorities on the 6th day of June, 2016.

“Outstanding” or *“outstanding”* when used with reference to the Bonds and any Additional Bonds means such of those bonds which are outstanding and unpaid; provided, however, such term shall not include Bonds or Additional Bonds (i) which have matured and for which moneys are on deposit with proper paying agents or are otherwise sufficiently available to pay all principal thereof and interest thereon or (ii) the provision for payment of which has been made by the City by the deposit in an irrevocable trust or escrow of funds or direct, full faith and credit obligations of the United States of America, the principal of and interest on which will be sufficient to pay at maturity or as called for redemption all the principal of, redemption premium, if any, and interest on such Bonds or Additional Bonds.

“Pledged Revenues” means Water Revenues, Sewer Revenues and Revenue Sharing Receipts.

“Pledged Taxes” means the Taxes authorized to be levied in Section 11 to secure and pay the Bonds.

“Project” shall have the meaning above in the recitals to this Ordinance.

“*Record Date*” means the 15th day of the month next preceding of any regularly scheduled interest payment date and the 15th day of the month next preceding of any interest payment date occasioned by a redemption of Bonds on other than a regularly scheduled interest payment date.

“*Revenue Sharing Receipts*” shall have the meaning above in the recitals to this Ordinance.

“*Sewer Revenues*” shall have the meaning above in the recitals to this Ordinance.

“*Stated Maturity*” means with respect to any Bond or interest thereon the date specified in such Bond as the fixed date on which the principal of such Bond or such interest is due and payable, whether by maturity or otherwise.

“*Tax-exempt*” means, with reference to the Bonds, the status of interest paid and received thereon as excludable from the gross income of the owners thereof for federal income tax purposes except to the extent that such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations.

“*Underwriter*” means Bernardi Securities, Inc., Chicago, Illinois.

“*Water Revenues*” shall have the meaning above in the recitals to this Ordinance.

B. Certain further words and terms used in various sections are defined therein.

Section 2. Incorporation of Preambles. The Corporate Authorities hereby find that all of the recitals contained in the preambles to this Ordinance are true, correct and complete and do incorporate them into this Ordinance by this reference.

Section 3. Determination to Issue Bonds. It is necessary and in the best interests of the City to undertake the Project, the Refunding and to pay all necessary costs thereof, to pay all related costs and expenses incidental thereto, and to borrow money and issue the Bonds for such

purposes. It is hereby found and determined that such borrowing of money is for a proper public purpose or purposes and is in the public interest, and is authorized pursuant to the Act; and these findings and determinations shall be deemed conclusive.

Section 4. Bond Details. For the purpose of providing for the costs of the Project and the Refunding, there shall be issued and sold the Bonds in the principal amount of not to exceed \$4,000,000. The Bonds shall each be designated “*General Obligation Bond (Alternate Revenue Source), Series 2016B.*” The Bonds shall be dated date of closing (the “*Dated Date*”); and shall also bear the date of authentication thereof. The Bonds shall be in fully registered book-entry form (hereinafter “*Book Entry Form*”), shall be in denominations of \$5,000 or integral multiples thereof (but no single Bond shall represent principal maturing on more than one date), shall be numbered consecutively in such fashion as shall be determined by the Bond Registrar. Subject to the Bond Order, the Bonds of each series are hereby authorized to bear interest at a rate not to exceed 6.00% and mature in the principal amount on December 1 of each of the years (subject to redemption, as the case may be), not to exceed \$500,000 for any year commencing not before 2016 and ending not later than 2038, as shall be specified in the Bond Order.

Each Bond shall bear interest from the later of its Dated Date as herein provided or from the most recent interest payment date to which interest has been paid or duly provided for, until the principal amount of such Bond is paid or duly provided for, such interest (computed upon the basis of a 360-day year of twelve 30-day months) being payable on June 1 and December 1 of each year, commencing on December 1, 2016. Interest on each Bond shall be paid by check or draft of the Paying Agent, payable upon presentation thereof in lawful money of the United States of America, to the person in whose name such Bond is registered at the close of business on the applicable Record Date, and mailed to the registered owner of the Bond as shown in the

Bond Registrar or at such other address furnished in writing by such Registered Owner, or as otherwise may be agreed with the Depository. The principal of the Bonds shall be payable in lawful money of the United States of America upon presentation thereof at the office maintained for the purpose of the Paying Agent or at successor Paying Agent and locality.

Section 5. Book Entry Provisions. The Bonds shall be initially issued in the form of a separate single fully registered Bond for each of the maturities of the Bonds. Upon initial issuance, the ownership of each such Bond shall be registered in the Bond Register in the name of "Cede & Co.", or any successor thereto, as nominee of the Depository. All of the outstanding Bonds from time to time shall be registered in the Bond Register in the name of Cede & Co., as nominee of the Depository. The City Administrator, as representative of the City, is authorized to execute and deliver on behalf of the City, and as such agent for the City, such letters to or agreements with the Depository as shall be necessary to effectuate such book-entry system (any such letter or agreement being referred to herein as the "Representation Letter"). Without limiting the generality of the authority given with respect to entering into such Representation Letter, it may contain provisions relating to (a) payment procedures, (b) transfers of the Bonds or of beneficial interests therein, (c) redemption notices and procedures unique to the Depository, (d) additional notices or communications, and (e) amendment from time to time to conform with changing customs and practices with respect to securities industry transfer and payment practices.

With respect to Bonds registered in the Bond Register in the name of Cede & Co., as nominee of the Depository, none of the City, the City Administrator, the Paying Agent or the Bond Registrar shall have any responsibility or obligation to any broker-dealer, bank or other financial institution for which the Depository holds Bonds from time to time as securities

depository (each such broker-dealer, bank or other financial institution being referred to herein as a "Depository Participant") or to any person on behalf of whom such a Depository Participant holds an interest in the Bonds. Without limiting the meaning of the immediately preceding sentence, the City, the City Administrator, the Paying Agent and the Bond Registrar shall have no responsibility or obligation with respect to (a) the accuracy of the records of the Depository, Cede & Co., or any Depository Participant with respect to any ownership interest in the Bonds, (b) the delivery to any Depository Participant or any other person, other than a registered owner of a Bond as shown in the Bond Register, of any notice with respect to the Bonds, including any notice of redemption, or (c) the payment to any Depository Participant or any other person, other than a registered owner of a Bond as shown in the Bond Register, of any amount with respect to principal of or interest on the Bonds. No person other than a registered owner of a Bond as shown in the Bond Register shall receive a Bond certificate with respect to any Bond. Upon delivery by the Depository to the Bond Registrar of written notice to the effect that the Depository has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions hereof with respect to the payment of interest to the registered owners of Bonds at the close of business on the applicable record date, the name "Cede & Co." in this Ordinance shall refer to such new nominee of the Depository.

In the event that (a) the City determines that the Depository is incapable of discharging its responsibilities described herein and in the Representation Letter, (b) the agreement among the City, the Paying Agent and Bond Registrar, and the Depository evidenced by the Representation Letter shall be terminated for any reason or (c) the City determines that it is in the best interests of the City or of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, the City shall notify the Depository and the Depository shall notify the

Depository Participants of the availability of Bond certificates, and the Bonds shall no longer be restricted to being registered in the Bond Register in the name of Cede & Co., as nominee of the Depository. The City may determine that the Bonds shall be registered in the name of and deposited with a successor depository operating a book-entry system, as may be acceptable to the City, or such depository's agent or designee, but if the City does not select such alternate book-entry system, then the Bonds shall be registered in whatever name or names registered owners of Bonds transferring or exchanging Bonds shall designate, in accordance with the provisions hereof.

Section 6. Execution; Authentication. The Bonds shall be executed on behalf of the City by the manual or duly authorized facsimile signature of its Mayor and attested by the manual or duly authorized facsimile signature of its City Clerk, as they may determine, and shall have impressed or imprinted thereon the corporate seal or facsimile thereof of the City. In case any such officer whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery. All Bonds shall have thereon a certificate of authentication, substantially in the form hereinafter set forth, duly executed by the Bond Registrar as authenticating agent of the City and showing the date of authentication. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this Ordinance unless and until such certificate of authentication shall have been duly executed by the Bond Registrar by manual signature, and such certificate of authentication upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Ordinance.

Section 7. Redemption. (a) Optional Redemption. The Bonds due on and after the date, if any, specified in the Bond Order, shall be subject to redemption prior to maturity at the option of the City from any available funds, as a whole or in part, and if in part in integral multiples of \$5,000 in any order of their maturity as determined by the City (less than all of the Bonds of a single series and maturity to be selected by the Bond Registrar), on the date specified in the Bond Order, and on any date thereafter, at the redemption price (expressed as a percentage of the principal amount being redeemed) of not to exceed 103% of par plus accrued interest to the date fixed for redemption, as provided in the Bond Order.

(b) Mandatory Redemption. The Bonds maturing on the date or dates, if any, indicated in the Bond Order, are subject to mandatory redemption, in integral multiples of \$5,000 selected by lot by the Bond Registrar, at a redemption price of par plus accrued interest to the redemption date on December 1 of the years, if any, and in the principal amounts, if any, as indicated in the Bond Order.

The principal amounts of Bonds to be mandatorily redeemed in each year may be reduced through the earlier optional redemption thereof, with any partial optional redemptions of such Bonds credited against future mandatory redemption requirements in such order of the mandatory redemption dates as the City may determine. In addition, on or prior to the 60th day preceding any mandatory redemption date, the Bond Registrar may, and if directed by the Board shall, purchase Bonds required to be retired on such mandatory redemption date. Any such Bonds so purchased shall be cancelled and the principal amount thereof shall be credited against the mandatory redemption required on such next mandatory redemption date.

Section 8. Redemption Procedure. For a mandatory redemption, the Bond Registrar shall proceed to redeem Bonds without any further order or direction from the City whatsoever.

For optional redemption, the City shall, at least thirty (30) days prior to the redemption date (unless a shorter time period shall be satisfactory to the Bond Registrar), notify the Bond Registrar of such redemption date and of the maturities and principal amounts of Bonds to be redeemed. For purposes of any redemption of less than all of the Bonds of a single maturity, the particular Bonds or portions of Bonds to be redeemed shall be selected by lot not more than sixty (60) days prior to the redemption date by the Bond Registrar for the Bonds of such maturity by such method of lottery as the Bond Registrar shall deem fair and appropriate; *provided*, that such lottery shall provide for the selection for redemption of Bonds or portions thereof so that any \$5,000 Bond or \$5,000 portion of a Bond shall be as likely to be called for redemption as any other such \$5,000 Bond or \$5,000 portion.

The Bond Registrar shall promptly notify the City and the Paying Agent in writing of the Bonds or portions of Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed.

Unless waived by the registered owner of Bonds to be redeemed, official notice of any such redemption shall be given by the Bond Registrar on behalf of the City by mailing the redemption notice by first class mail not less than 30 days and not more than 60 days prior to the date fixed for redemption to each registered owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such registered owner to the Bond Registrar.

All official notices of redemption shall include at least the information as follows:

- (a) the redemption date;
- (b) the redemption price;

(c) if less than all of the outstanding Bonds of a particular maturity are to be redeemed, the identification (and, in the case of partial redemption of Bonds within such maturity, the respective principal amounts) of the Bonds to be redeemed;

(d) a statement that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption and that interest thereon shall cease to accrue from and after said date; and

(e) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the office maintained for the purpose by the Paying Agent.

Such additional notice as may be agreed upon with the Depository shall also be given as long as any Bonds are held by the Depository.

Prior to any redemption date, the City shall deposit with the Paying Agent an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on that date.

Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the City shall default in the payment of the redemption price), such Bonds or portions of Bonds shall cease to bear interest. Neither the failure to mail such redemption notice, nor any defect in any notice so mailed, to any particular registered owner of a Bond, shall affect the sufficiency of such notice with respect to other registered owners. Notice having been properly given, failure of a registered owner of a Bond to receive such notice shall not be deemed to invalidate, limit or delay the effect of the notice or redemption action described in the notice. Such notice may be

waived in writing by a registered owner of a Bond entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by registered owners shall be filed with the Bond Registrar, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Paying Agent at the redemption price. The procedure for the payment of interest due as part of the redemption price shall be as herein provided for payment of interest otherwise due. Upon surrender for any partial redemption of any Bond, there shall be prepared for the registered owner a new Bond or Bonds of like tenor, of authorized denominations, of the same maturity, and bearing the same rate of interest in the amount of the unpaid principal.

If any Bond or portion of a Bond called for redemption shall not be so paid upon surrender thereof for redemption, the principal shall, until paid or duly provided for, bear interest from the redemption date at the rate borne by the Bond or portion of Bond so called for redemption. All Bonds which have been redeemed shall be canceled and destroyed by the Bond Registrar and shall not be reissued.

The City agrees to provide such additional notice of redemption as it may deem advisable at such time as it determines to redeem Bonds, taking into account any requirements or guidance of the Securities and Exchange Commission, the Municipal Securities Rulemaking Board, the Government Accounting Standards Board, or any other federal or state agency having jurisdiction or authority in such matters; *provided, however*, that such additional notice shall be (1) advisory in nature, (2) solely in the discretion of the City, and (3) not be a condition precedent of a valid redemption or a part of the Bond contract, and any failure or defect in such notice shall not delay or invalidate the redemption of Bonds for which proper official notice shall

have been given. Reference is also made to the provisions of the Continuing Disclosure Undertaking of the City with respect to the Bonds, which may contain other provisions relating to notice of redemption of Bonds.

Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

As part of their respective duties hereunder, the Bond Registrar and Paying Agent shall prepare and forward to the City a statement as to notice given with respect to each redemption together with copies of the notices as mailed and published.

Section 9. Registration and Exchange or Transfer of Bonds; Persons Treated as Owners. The City shall cause the Bond Register to be kept at the office maintained for the purpose by the Bond Registrar, which is hereby constituted and appointed the registrar of the City for the Bonds. The City is authorized to prepare, and the Bond Registrar or such other agent as the City may designate shall keep custody of, multiple Bond blanks executed by the City for use in the transfer and exchange of Bonds.

Any Bond may be transferred or exchanged, but only in the manner, subject to the limitations, and upon payment of the charges as set forth in this Ordinance. Upon surrender for transfer or exchange of any Bond at the office maintained for the purpose by the Bond Registrar, duly endorsed by or accompanied by a written instrument or instruments of transfer or exchange in form satisfactory to the Bond Registrar and duly executed by the registered owner or an attorney for such owner duly authorized in writing, the City shall execute and the Bond Registrar shall authenticate, date and deliver in the name of the transferee or transferees or, in the case of an exchange, the registered owner, a new fully registered Bond or Bonds of like tenor, of the

same maturity, bearing the same interest rate, of authorized denominations, for a like aggregate principal amount.

The Bond Registrar shall not be required to transfer or exchange any Bond during the period from the close of business on the Record Date for an interest payment to the opening of business on such interest payment date, nor to transfer or exchange any Bond after notice calling such Bond for redemption has been mailed, nor during a period of fifteen (15) days next preceding mailing of a notice of redemption of any Bonds.

The execution by the City of any fully registered Bond shall constitute full and due authorization of such Bond, and the Bond Registrar shall thereby be authorized to authenticate, date and deliver such Bond; *provided, however*, that the principal amount of Bonds of each maturity authenticated by the Bond Registrar shall not at any one time exceed the authorized principal amount of Bonds for such maturity less the amount of such Bonds which have been paid.

The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal of or interest on any Bond shall be made only to or upon the order of the registered owner thereof or his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

No service charge shall be made for any transfer or exchange of Bonds, but the City or the Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds except in the case of the exchange of a Bond for the unredeemed portion of a Bond or Bonds surrendered for redemption.

Section 10. Form of Bond. The Bonds shall be in substantially the form hereinafter set forth; provided, however, that if the text of the Bonds is to be printed in its entirety on the front side of the Bonds, then the second paragraph on the front side and the legend "See Reverse Side for Additional Provisions" shall be omitted and the text of paragraphs set forth for the reverse side shall be inserted immediately after the first paragraph.

It is hereby certified and recited that all conditions, acts and things required by the Constitution and Laws of the State of Illinois to exist or to be done precedent to and in the issuance of this Bond, including the authorizing Act, have existed and have been properly done, happened and been performed in regular and due form and time as required by law; that the indebtedness of the City, represented by the Bonds, and including all other indebtedness of the City, howsoever evidenced or incurred, does not exceed any constitutional or statutory or other lawful limitation; and that provision has been made for the collection of a direct annual tax, in addition to all other taxes, on all of the taxable property in the City sufficient to pay the interest hereon as the same falls due and also to pay and discharge the principal hereof at maturity.

This Bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by the Bond Registrar.

[FORM OF BOND - REVERSE SIDE]

This bond is one of a series of bonds (the "*Bonds*") in the aggregate principal amount of not to exceed \$4,000,000 issued by the City for the purpose of paying costs of the Project and the Refunding, and of paying expenses incidental thereto, all as described and defined in the ordinance authorizing the Bonds (the "*Ordinance*"), payable as to principal and interest from the net revenues of the City's Waterworks System (generally gross revenues minus operating and maintenance expenses, the "*Water Revenues*"), (ii) the net revenues of the City's Sewerage System (generally gross revenues minus operating and maintenance expenses, the "*Sewerage Revenues*"), (iii) receipts of the City's distributive share of the State of Illinois income taxes (such distributive share referred to herein as the "*Revenue Sharing Receipts*") imposed by the State pursuant to the Illinois Income Tax Act and distributed pursuant to the State Revenue Sharing Act and such other funds legally available and appropriated therefor (together, (i), (ii) and (iii) are the "*Pledged Revenues*") and (iv) ad valorem taxes of the City for which its full faith and credit have been irrevocably pledged, unlimited as to rate or amount (the "*Pledged Taxes*"), all in accordance with the provisions of the Local Government Debt Reform Act, as supplemented and amended (the "*Debt Reform Act*"). The full faith, credit and resources of the City are pledged to the punctual payment of the principal of and interest on the Bonds. This Bond is negotiable, subject to registration provisions, pursuant to the laws of the State of Illinois.

This Bond is subject to provisions relating to registration, transfer and exchange; and such other terms and provisions relating to security and payment as are set forth in the Ordinance, to which reference is hereby expressly made, and to all the terms of which the Registered Owner hereof is hereby notified and shall be subject.

[Optional Redemption language as applicable].

[Mandatory Redemption language as applicable].

The City has designated the bonds as qualified tax-exempt obligations to qualify the bonds for the \$10,000,000 exception from the provisions of Section 265(b) of the Internal Revenue Code of 1986 relating to the disallowance of 100% of the deduction for interest expense allocable to tax-exempt obligations.

IN WITNESS WHEREOF the City of LeRoy, McLean County, Illinois has caused this Bond to be executed by the manual or facsimile signature of the Mayor, the seal of said City (or a facsimile thereof) to be affixed, imprinted, engraved or otherwise reproduced hereon and countersigned by the duly authorized manual or facsimile signature of the City Clerk, all as of the Dated Date identified above.

CITY OF LEROY,
MCLEAN COUNTY, ILLINOIS

BY Steven M. Dean
Mayor

[SEAL]

Countersigned:

BY Cherki Moreland
City Clerk

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within-mentioned Ordinance and is one of the General Obligation Bonds (Alternate Revenue Source), Series 2016B, having a Dated Date of _____, 2016, of the City of LeRoy, McLean County, Illinois.

HEARTLAND BANK AND TRUST COMPANY,
as Registrar

By _____
Authorized Officer

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

Here insert Social Security Number, Employer Identification Number or other Identifying Number

(Name and Address of Assignee)

the within Bond and does hereby irrevocably constitute and appoint

as attorney to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

Signature guaranteed: _____

NOTICE: The signature to this transfer and assignment must correspond with the name of the Registered Owner as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

Section 11. Alternate Bonds; General Obligations; Tax Levy. The Bonds are and constitute Alternate Bonds under the Debt Reform Act, anticipated to be payable from Pledged Revenues. Under and pursuant to Section 15 of the Debt Reform Act, the full faith and credit of the City are hereby irrevocably pledged to the punctual payment of the principal of, premium, if any, and interest on the Bonds; the Bonds shall be direct and general obligations of the City; and the City shall be obligated to levy ad valorem taxes upon all the taxable property within the City's corporate limits, for the payment of the Bonds and the interest thereon, without limitation as to rate or amount (such ad valorem taxes being the "Pledged Taxes").

Pledged Revenues are hereby determined by the Corporate Authorities to be sufficient to provide for or pay in each year to final maturity of the Bonds all of the following: (1) the debt service on all Outstanding revenue bonds payable from Pledged Revenues, (2) all amounts required to meet any fund or account requirements with respect to such Outstanding revenue bonds, (3) other contractual or tort liability obligations, if any, payable from such Pledged Revenues, and (4) in each year, an amount not less than 1.25 times debt service of all (i) Alternate Bonds payable from such Pledged Revenues previously issued and outstanding, and (ii) Alternate Bonds payable from such Pledged Revenues proposed to be issued, including the Bonds. The Pledged Revenues shall be and are hereby determined by the Corporate Authorities to provide in each year an amount not less than 1.25 times debt service (as defined in Section 2 of the Debt Reform Act) of Alternate Bonds payable from such revenue sources previously issued and outstanding, and Alternate Bonds proposed to be issued. Such conditions enumerated need not be met for that amount of debt service (as defined in Section 2 of the Debt Reform Act) provided for by the setting aside of proceeds of bonds or other moneys at the time of the delivery of such bonds. The Pledged Revenues are hereby determined by the Corporate Authorities to

provide in each year all amounts required to meet any fund or account requirements with respect to this resolution, any contractual or tort liability obligations, if any, payable from Pledged Revenues, and an amount not less than 1.25 times debt service (as defined in Section 2 of the Debt Reform Act) of all of the Outstanding Bonds, payable from such Pledged Revenues. The determination of the sufficiency of the Pledged Revenues is expected to be supported by reference to the most recent audit of the City, which audit is for a Fiscal Year ending not earlier than 18 months previous to the time of issuance of the Bonds, and not otherwise a "report" under Section 15 of the Debt Reform Act shall be prepared.

The Bonds are issued on a parity with respect to the Pledged Revenues with the City's anticipated issuance of its General Obligation Refunding Bonds (Alternate Revenue Source), Series 2016A and unrefunded portion of Series 2013 Bonds.

For the purpose of providing the money required to pay the interest on the Bonds when and as the same falls due and to pay and discharge the principal thereof as the same shall mature, there shall be levied upon all the taxable property within the City's corporate limits in each year while any of the Bonds shall be Outstanding, and there is hereby levied, in addition to all other taxes levied by the City, the Pledged Taxes in the amounts for each year not to exceed \$500,000, commencing for each levy year, commencing not before 2016 and ending not later than 2037, as shall be specified in an applicable Bond Order.

The Pledged Revenues and other moneys on deposit in the Alternate Bond and Interest Account and Bond Fund, as applicable, shall be applied to pay principal of and interest on the Bonds.

Interest or principal coming due at any time when there are insufficient funds on hand from the Pledged Revenues to pay the same shall be paid promptly when due from current funds

on hand in advance of the collection of the Pledged Revenues or Pledged Taxes herein levied; and when the Pledged Revenues shall have been collected, reimbursement shall be made to said funds in the amount so advanced.

Section 12. Tax Abatement. The City covenants and agrees with the Underwriter and registered owners of the Bonds that so long as any of the Bonds remain outstanding, the City will take no action or fail to take any action which in any way would adversely affect the ability of the City to levy and collect the foregoing tax levy, unless and to the extent there then shall be moneys irrevocably on deposit therefor in the applicable debt service account or accounts established under Section 15 below and in accordance with this Section. The City and its officers will comply with all present and future applicable laws in order to assure that the Pledged Taxes may be levied, extended and collected as provided herein and deposited into the Bond Fund.

In the event that funds from any lawful source may be made available for the purpose of paying any principal of or interest on the Bonds so as to enable the abatement of the Pledged Taxes, the Corporate Authorities shall, by proper proceedings, direct the deposit of such other funds into the Bond Fund, and further shall direct the abatement of the Pledged Taxes by the amount so deposited. A certified copy or other notification of any such proceedings abating taxes may then be filed with the County Clerk in a timely manner to effect such abatement.

Section 13. Filing with County Clerk. Promptly, as soon as this Ordinance becomes effective, a copy hereof, certified by the City Clerk of the City, shall be filed with the County Clerk; and said County Clerk shall in and for each of the years set forth in the Bond Order, ascertain the rate percent required to produce the aggregate Pledged Taxes hereinbefore provided to be levied in each of said years and subject to abatement as provided in said Section 12; and

said County Clerk shall extend the same for collection on the tax books in connection with other taxes levied in said years in and by the City for general purposes of the City; and, subject to abatement as stated hereinabove, in said years such annual tax shall be levied and collected by and for and on behalf of the City in like manner as taxes for general purposes for said years are levied and collected, and in addition to and in excess of all other taxes.

Section 14. Sale of Bonds. The Bonds shall be executed as in this Ordinance provided as soon after the passage hereof as may be, shall be deposited with the Bond Registrar, and shall be delivered to the Underwriter upon the payment of the price set forth in the Bond Order. The contract for the sale of the Bonds to the Underwriter is hereby in all respects ratified, approved and confirmed, it being hereby declared that no person holding any office of the City, either by election or appointment, is in any manner financially interested, either directly in his own name or indirectly in the name of any other person, association, trust or corporation, in such contract.

Upon the sale of the Bonds, the Designated Officers and any other officers of the City as shall be appropriate, shall be and are hereby authorized and directed to approve or execute, or both, such documents of sale of the Bonds as may be necessary, including, without limitation, a Preliminary Official Statement, Official Statement and closing documents.

The distribution of the Preliminary Official Statement relating to the Bonds is hereby in all respects authorized and approved, and the proposed use by the Underwriter of an Official Statement (in substantially the form of the Preliminary Official Statement but with appropriate variations to reflect the final terms of the Bonds) is hereby approved.

Section 15. Water Fund, Sewer Fund and Accounts; Flow of Funds. Upon the issuance of any of the Bonds, the Waterworks System and the Sewerage System shall continue to be operated on a Fiscal Year basis. All of the Water Revenues and Sewer Revenues shall be set

aside as collected and be deposited into that certain separate funds and in accounts in a bank designated by the Corporate Authorities, which funds have heretofore been created or continued and designated as the "*Water Fund*" and the "*Sewer Fund*" of the City and are expressly continued hereunder, which funds shall constitute trust funds for the purpose of carrying out the covenants, terms, and conditions of this Ordinance or other ordinances of the City and shall be used only in paying Operation and Maintenance Costs, providing an adequate depreciation fund, paying the principal of and interest on all Outstanding revenue bonds of the City which by their terms are payable from the Water Revenues and Sewer Revenues, respectively, and providing for the establishment of and expenditure from the respective accounts as provided in this Ordinance or other ordinances of the City.

For the purpose of meeting the requirements of this Section 15, the City, at its discretion, may utilize its current Water Fund and Sewer Fund and account structure to pay principal of and interest on the Bonds.

Section 16. Flow of Funds; Investments. There are hereby continued those certain separate accounts of the Water Fund and the Sewer Fund which are and may be referred to for each of the respective funds as the "Operation and Maintenance Account," the "Alternate Bond and Interest Account, " and the "General Account, " to which there shall be credited on a given day, as selected by the Corporate Authorities, without any further official action or direction, in the order in which said accounts are hereinafter mentioned, all moneys held in the Water Fund and the Sewer Fund, in accordance with the following provisions.

A. *Operation and Maintenance Account.* There shall be credited to the Operation and Maintenance Account within each Fund an amount not less than that amount which shall be sufficient, when added to the amount then on deposit to the credit of said Account, to establish

an account balance in an amount not less than the amount necessary to pay Operation and Maintenance Costs for the Waterworks System and the Sewerage System, respectively. Amounts in said accounts shall be used to pay Operation and Maintenance Costs of each respective System.

B. *Alternate Bond and Interest Account.* There shall next be paid into the Alternate Bond and Interest Account, a fractional amount of the amount of the interest becoming due on the next succeeding interest payment date of the Bonds then Outstanding and a fractional amount of the amount of the principal becoming due on the next succeeding principal payment date on of the Bonds then Outstanding until there shall have been accumulated in the Alternate Bond and Interest Account an amount sufficient to pay such principal or interest, or both, of the Bonds, in such amounts from each respective Fund to be determined by the City in accordance with this Ordinance. In computing the fractional amount to be set aside, the fraction shall be so computed that sufficient funds will be set aside in said account and will be available for the prompt payment of such principal of and interest on all such bonds as the same will become due. Credits to the Alternate Bond and Interest Account may be suspended at such time as there shall be a sufficient sum, held in cash and investments, in said account to meet principal and interest requirements in said account to and including the next principal payment date, but such credits shall be resumed thereafter and, further, at any time said sum is insufficient for such purpose. All moneys in said account shall be used for the purpose of paying interest on and principal of the Bonds then Outstanding and such Additional Bonds as may be payable from such account in the future (as hereinafter provided).

C. *General Account.* All moneys remaining in the Water Fund and Sewer Fund, respectively, after crediting the required amounts to the respective accounts as set forth in the

foregoing text of paragraphs (A) and (B), and after crediting funds to any accounts as may be provided in this Ordinance or other ordinances of the City, shall be credited each month to the General Accounts for each respective Fund. Funds in the General Accounts shall be used, first, to make up any deficiencies in any of the accounts having a prior lien on Water Revenues and Sewer Revenues, respectively; and then, at the discretion of the Corporate Authorities, for any lawful Waterworks System, Sewerage System or City purpose.

Moneys to the credit of the Water Fund and Sewer Fund may be invested pursuant to any authorization granted to municipal corporations by Illinois statute or court decision, subject to provisions which may be set forth in this Ordinance.

For the purpose of meeting the requirements of this Section 16, the City, at its discretion, may utilize its current Water Fund and Sewer Fund and account structure to pay principal of and interest on the Bonds.

Section 17. Alternate Bond Fund. There is hereby created or continued a special fund of the City, which fund shall be held separate and apart from all other funds and accounts of the City and shall be known as the "Alternate Bond Fund (Series 2016B Bonds)" (which may also be referred to as the "Bond Fund"). The purpose of the Bond Fund is to provide a fund to receive and disburse the Revenue Sharing Receipts for the Bonds and to receive and disburse Pledged Taxes for any (or all) of the Bonds. All payments made with respect to the Bonds shall be made, first, from the Water Fund and Sewer Fund, as determined by the City in accordance with this Ordinance (or successor account as hereinabove provided). All Revenue Sharing Receipts as required for the Bonds (including an amount for the Bonds to the extent Water Revenues and Sewer Revenues are not sufficient) shall be deposited to the credit of the Bond Fund, and all Pledged Taxes shall be deposited to the credit of the Bond Fund. The Bond Fund and any

respective accounts therein, constitute a trust fund established for the purpose of carrying out the covenants, terms, and conditions imposed upon the City by this Ordinance. The requisite amount of Revenue Sharing Receipts is to be received by the City Administrator or such other designee of the City, as may be authorized, by the officers who collect or receive the Revenue Sharing Receipts. The City Administrator or such other designee of the City, as may be authorized, shall thereupon deposit the Revenue Sharing Receipts to the credit of the Bond Fund in such amounts, taking into account the prior use of moneys in the Bond Fund, as shall provide for the timely payment of all principal of and interest on the Bonds. Any Pledged Taxes which may be received by the City shall promptly be deposited into the Bond Fund. Pledged Taxes on deposit to the credit of the Bond Fund shall be fully spent to pay the principal of and interest on the Bonds for which such taxes were levied and collected prior to use of any moneys on deposit in the Water Fund, Sewer Fund or on deposit from Revenue Sharing Receipts.

For the purpose of meeting the requirements of this Section 17, the City, at its discretion, may utilize its current Water Fund, Sewer Fund, General Fund and general account structure as it pertains to payment of principal of and interest on the Bonds.

Section 18. Use of Proceeds. The proceeds derived from the sale of the Bonds shall be used as follows:

A. Accrued interest shall be deposited to the credit of the Bond Fund and applied to pay first interest due on such Bonds.

B. A portion of the proceeds of the Bonds and any premium received on the delivery of the Bonds, together with such funds of the City as may be necessary, shall be deposited into a separate fund, hereby created, designated the "*Cost of Issuance Fund*" to be used to pay expenses of issuance of Bonds. Disbursements from such fund shall be made from time to time upon the

direction of the Corporate Authorities. Any excess in said fund shall be used for the Project after six months from the date of issuance of the Bonds.

C. A portion of the proceeds of the Bonds and any premium received on the delivery of the Bonds, together with such funds of the City as may be necessary, shall be used to redeem the Refunded Bonds on August 1, 2016, at the redemption price of par plus accrued interest to the redemption date, and shall be deposited in trust with Heartland Bank and Trust Company, Bloomington, Illinois, as paying agent for the Refunded Bonds, solely for the purpose of paying the principal of and interest on the Refunded Bonds upon redemption on August 1, 2016. Such deposit shall result in the defeasance of the Refunded Bonds and the discharge of the lien of the hereinafter defined Prior Bond Ordinance as of the date of issuance of the Bonds. In accordance with the redemption provisions of the ordinance authorizing the issuance of the Refunded Bonds (the "Prior Bond Ordinance"), the City does hereby make provision for the payment of and does hereby call (subject only to the delivery of the Bonds) the Refunded Bonds for redemption on August 1, 2016. The Mayor and the City Clerk shall be hereby authorized, empowered and directed to execute and deliver one or more escrow or refunding agreements typical in a refunding transaction of this nature with such changes therein as such officers executing such agreements on behalf of the City shall approve, their execution thereof to constitute conclusive evidence of their approval of such changes, all as further set forth in the Bond Order, as applicable.

D. The remaining proceeds shall be set aside in separate funds hereby created or continued and designated as the *Project Fund* (the "Project Fund"), which the City shall maintain as a separate and segregated account. Moneys in the Project Fund shall be withdrawn from time to time as needed for the payment of costs of the Project and paying the fees and expenses

incidental thereto. Moneys on deposit in the Project Fund may be invested by the City Administrator of the City in any lawful manner. All investment earnings shall first be reserved and transferred to such other account as and to the extent necessary to pay any "excess arbitrage profits" or "penalty in lieu of rebate" under Code Section 148 to maintain the Tax-Exempt status of the Bonds, and the remainder shall be retained in the Project Fund. Within sixty (60) days after full depletion of the Project Fund, or if the Project has been fully completed and paid for, the City Administrator of the City shall certify to the Corporate Authorities the fact of such depletion or the City engineer shall certify to such completion and payment, and upon approval of such certification by the Corporate Authorities, funds (if any) which remain shall be transferred to the Bond Fund for expenditure to pay the Bonds on the then next interest and principal payment date(s) until fully expended, and the portion of the Project Fund related to the Project shall be closed.

Section 19. Reimbursement. None of the proceeds of the Bonds will be used to pay, directly or indirectly, in whole or in part, for an expenditure that has been paid by the City prior to the date hereof except architectural or engineering costs incurred prior to commencement of any of the construction of the Project or expenditures for which an intent to reimburse it was properly declared under Treasury Regulations Section 1.150-2. This Ordinance adopted by the Corporate Authorities on June 6, 2016, is a declaration of official intent under Treasury Regulations Section 1.150-2 as to all costs of the Project paid after the date hereof and prior to issuance of the Bonds.

Section 20. Not Private Activity Bonds. None of the Bonds is a "private activity bond" as defined in Section 141(a) of the Code. In support of such conclusion, the City certifies, represents and covenants as follows:

A. No direct or indirect payments are to be made on any Bond with respect to any private business use by any person other than a state or local governmental unit.

B. None of the proceeds of the Bonds is to be used, directly or indirectly, to make or finance loans to persons other than a state or local governmental unit.

C. No user of the Project or the Prior Project, other than the City or another governmental unit, will use the same on any basis other than the same basis as the general public; and no person other than the City or another governmental unit will be a user of the Project or the Prior Project as a result of (i) ownership or (ii) actual or beneficial use pursuant to a lease, a management or incentive payment contract, or (iii) any other arrangement.

Section 21. Tax Covenants. In order to preserve the exclusion of interest on the Bonds from gross income for federal tax purposes under Section 103 of the Internal Revenue Code of 1986 as existing on the date of issuance of the Bonds (the "Code") and as an inducement to underwriters of the Bonds, the City represents, covenants and agrees that:

A. No more than 10% of the payment of the principal of or interest on the Bonds will be (under the terms of the Bonds, this ordinance or any underlying arrangement), directly or indirectly, (i) secured by any interest in property used or to be used for a private business use or payments in respect of such property or (ii) derived from payments (whether or not to the City) in respect of such property or borrowed money used or to be used for a private business use.

B. No more than 5% of the Bond proceeds will be loaned to any entity or person other than a state or local governmental unit. No more than 5% of the Bond proceeds will be transferred, directly or indirectly, or deemed transferred to a nongovernmental person in any manner that would in substance constitute a loan of the Bond proceeds.

C. The City reasonably expects, as of the date hereof, that the Bonds will not meet either the private business use test described in paragraph (a) above or the private loan test described in paragraph (b) above during the entire term of the Bonds.

D. Neither the City nor the Corporate Authorities will take any action or fail to take any action with respect to the Bonds that would result in the loss of the exclusion from gross income for federal tax purposes on the Bonds pursuant to Section 103 of the Code, nor will the City or the Corporate Authorities act in any other manner which would adversely affect such exclusion.

E. It shall not be an event of default under this ordinance if the interest on any Bond is not excludable from gross income for federal tax purposes or otherwise pursuant to any provision of the Code which is not currently in effect and in existence on the date of issuance of the Bonds.

F. These covenants are based solely on current law in effect and in existence of the date of delivery of the Bonds.

Section 22. Bank Qualified Bonds. Pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, the City as applicable at the time of sale and delivery of Bonds shall designate such Bonds as "qualified tax-exempt obligations" as defined in Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. The City by any such designation represents that the reasonably anticipated amount of tax-exempt obligations that will be issued by the City and all subordinate entities (of which there are none) of the City during the calendar year in which the Bonds are issued will not exceed \$10,000,000 within the meaning of or to be taken into account under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. The City by any such designation covenants that in that connection it will not so designate and

issue more than \$10,000,000 aggregate principal amount of tax-exempt obligations in such calendar year. For purposes of this Section, the term "tax-exempt obligations" includes "qualified 501(c)(3) Bonds" (as defined in the Section 145 of the Internal Revenue Code of 1986, as amended) but does not include other "private activity bonds" (as defined in Section 141 of the Internal Revenue Code of 1986, as amended).

Section 23. Registered Form. The City recognizes that Section 149 of the Code requires the Bonds to be issued and to remain in fully registered form in order to be and remain Tax-exempt. In this connection, the City agrees that it will not take any action to permit the Bonds to be issued in, or converted into, bearer or coupon form.

Section 24. Covenants of the City. Subject to the terms and provisions contained in this section, and not otherwise, the City covenants and agrees so long as there are any Outstanding Bonds (as defined herein), as follows:

(a) The City will take all action necessary either to impose, collect, apply or to maintain the right to receive and apply the Pledged Revenues and Pledged Taxes in the manner contemplated by this Ordinance, and such Pledged Revenues shall not be less than as shall be required under Section 15 of the Debt Reform Act to maintain the Bonds as Alternate Bonds.

(b) The City covenants that it will, while any of the Bonds shall remain outstanding, ensure that the Pledged Revenues will be sufficient to provide for or pay each of the following in any given year: (1) debt service on all Outstanding revenue bonds payable from such revenue sources, (2) the debt service on all Outstanding revenue bonds payable from pledged revenue sources, (3) all amounts required to meet any fund or account requirements with respect to such Outstanding revenue bonds, (4) other contractual or tort liability obligations, if any, payable from such pledged revenues, (5) other contractual or tort liability obligations, if any, payable from

such revenue sources, and (6) in each year, an amount not less than 1.25 times debt service of all (i) alternate bonds payable from such revenue source previously issued and outstanding and (ii) alternate bonds proposed to be issued (i.e. the Bonds).

(c) The determination of the sufficiency of the Pledged Revenues is expected to be supported by reference to the most recent audit of the City, which audit is for a Fiscal Year ending not earlier than 18 months previous to the time of issuance of the Bonds.

(d) The City will make and keep proper books and accounts (separate and apart from all other records and accounts of the City), in which complete entries shall be made of all transactions related to the Pledged Revenues, and covenants that within 210 days following the close of each Fiscal Year, it will cause the books and accounts related to the Pledged Revenues to be audited by independent certified public accountants. Such audit will be available for inspection by the registered owners of any of the Bonds. Each such audit, in addition to whatever matters may be thought proper by the accountants to be included therein, shall, without limiting the generality of the foregoing, include the following:

(i) A balance sheet as of the end of such Fiscal Year, including a statement of the amount held in each of the funds under this Ordinance.

(ii) The amount and details of all Outstanding bonds.

(iii) The accountant's comments, if any, regarding the manner in which the City has carried out the accounting requirements of the Ordinance (including as to the Alternate Bond status of the Bonds) and has complied with Section 15 of the Debt Reform Act, and the accountant's recommendations for any changes.

(e) The City will keep its books and accounts in accordance with generally accepted accounting principles for local government entities and enterprise funds; provided, however, that the credits to the Bond Fund shall be in cash, and such funds shall be held separate and apart in cash and investments. For the purpose of determining whether sufficient cash and investments are on deposit in such accounts under the terms and requirements of this Ordinance, investments

shall be valued at market price on the valuation date thereof, which valuation date shall be not less frequently than annually.

(f) The City will take no action in relation to the Pledged Revenues or the Pledged Taxes which would unfavorably affect the security of the Bonds or the prompt payment of the principal and interest thereon or the 125% coverage required in subsection (b) above to maintain the Bonds as "alternate bonds" under Section 15 of the Debt Reform Act.

(g) The owner of any Bond may proceed by civil action to compel performance of all duties required by law and this Ordinance.

Section 25. Further Tax Covenants. The City agrees to comply with all provisions of the Code which, if not complied with by the City, would cause the Bonds not to be Tax-exempt. In furtherance of the foregoing provisions, but without limiting their generality, the City agrees: (a) through its officers, to make such further specific covenants, representations as shall be truthful, and assurances as may be necessary or advisable; (b) to comply with all representations, covenants and assurances contained in certificates or agreements as may be prepared by Bond Counsel; (c) to consult with Bond Counsel and to comply with such advice as may be given; (d) to file such forms, statements and supporting documents as may be required and in a timely manner; and (e) if deemed necessary or advisable by its officers, to employ and pay fiscal agents, financial advisors, attorneys and other persons to assist the City in such compliance.

The City further certifies and covenants as follows with respect to the requirements of Section 148(f) of the Code, relating to the rebate of "excess arbitrage profits" (the "Rebate Requirement") to the United States:

A. Unless an applicable exception to the Rebate Requirement is available to the City, the City will meet the Rebate Requirement.

B. Relating to applicable exceptions, the City Administrator or the Mayor is hereby authorized to make such elections under the Code as either such officer shall deem reasonable and in the best interests of the City. If such election may result in a “penalty in lieu of rebate” as provided in the Code, and such penalty is incurred (the “Penalty”), then the City shall pay such Penalty.

C. The Designated Officers shall cause to be established, at such time and in such manner as they may deem necessary or appropriate hereunder, a “2016B General Obligation Bonds Rebate or Penalty, if applicable, Fund” (the “148 Compliance Fund”) for the Bonds, and such officers shall further, not less frequently than annually, cause to be transferred to the 148 Compliance Fund the amount determined to be the accrued liability under the Rebate Requirement or Penalty. Said Designated Officers shall cause to be paid to the United States Treasury, without further order or direction from the Corporate Authorities, from time to time as required, amounts sufficient to meet the Rebate Requirement or to pay the Penalty.

D. Interest earnings in the Bond Fund are hereby authorized to be transferred, without further order or direction from the Corporate Authorities, from time to time as required, to the 148 Compliance Fund for the purposes herein provided; and proceeds of the Bonds and other funds of the City are also hereby authorized to be used to meet the Rebate Requirement or to pay the Penalty, but only if necessary after application of investment earnings as aforesaid and only as appropriated by the Corporate Authorities.

The City also certifies and further covenants with the Underwriter and registered owners of the Bonds from time to time outstanding that moneys on deposit in any fund or account in connection with the Bonds, whether or not such moneys were derived from the proceeds of the sale of the Bonds or from any other source, will not be used in a manner which will cause the

Bonds to be “arbitrage bonds” within the meaning of Code Section 148 and any lawful regulations promulgated thereunder, as the same presently exist or may from time to time hereafter be amended, supplemented or revised.

Section 26. Noncompliance with Tax Covenants. Notwithstanding any other provisions of this Ordinance, the covenants and authorizations contained in this Ordinance (the “Tax Sections”) which are designed to preserve the exclusion of interest on the Bonds from gross income under federal law (the “Tax Exemption”) need not be complied with if the City receives an opinion of nationally recognized bond counsel that any Tax Section is unnecessary to preserve the Tax Exemption.

Section 27. Opinion of Counsel Exception. The City reserves the right to use or invest moneys in connection with the Bonds in any manner, notwithstanding the tax-related covenants set forth in Sections 19 through 26 herein, *provided* it shall first have received an opinion from Bond Counsel (or, in the event that Bond Counsel is unable or unwilling to provide such opinion, then from another attorney or a firm of attorneys of nationally recognized standing as bond counsel) to the effect that use or investment of such moneys as contemplated is valid and proper under applicable law and this Ordinance and, further, will not adversely affect the Tax-exempt status for the Bonds.

Section 28. Rights and Duties of Bond Registrar and Paying Agent. The Bond Registrar and Paying Agent shall:

- (a) act as bond registrar, paying agent, authenticating agent, and transfer agent as provided herein;
- (b) maintain a list of Bondholders as set forth herein;

(c) cancel and/or destroy Bonds which have been paid at maturity or submitted for exchange or transfer; and

(d) furnish the City at least annually an audit confirmation of Bonds paid, Bonds outstanding and payments made with respect to interest on the Bonds.

Section 29. Defeasance. Any Bond or Bonds which (a) are paid and canceled, (b) which have matured and for which sufficient sums been deposited with the Paying Agent to pay all principal and interest due thereon, or (c) for which sufficient funds and Defeasance Obligations have been deposited with the Paying Agent or similar institution having trust powers to pay, taking into account investment earnings on such obligations, all principal of and interest on such Bond or Bonds when due at maturity or as called for redemption, pursuant to an irrevocable escrow or trust agreement, shall cease to have any lien on or right to receive or be paid from the Pledged Taxes hereunder and shall no longer have the benefits of any covenant for the registered owners of outstanding Bonds as set forth herein as such relates to lien and security of the outstanding Bonds. All covenants relative to the payment, registration, transfer, and exchange; are expressly continued for all Bonds whether outstanding Bonds or not. For purposes of this section, "Defeasance Obligations" means (a) direct and general full faith and credit obligations of the United States Treasury ("Directs"), (b) certificates of participation or trust receipts in trusts comprised wholly of Directs or (c) other obligations unconditionally guaranteed as to timely payment by the United States Treasury.

Section 30. Continuing Disclosure Undertaking. Any Designated Officer is hereby authorized to execute and deliver the Continuing Disclosure Undertaking, in customary form as previously executed by the City and as provided by Bond Counsel, to effect compliance with Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities

Exchange Act of 1934. When such Continuing Disclosure Undertaking is executed and delivered on behalf of the City, it will be binding on the City and the officers, agents, and employees of the City, and the same are hereby authorized and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of such Continuing Disclosure Undertaking as executed and delivered. Notwithstanding any other provisions hereof, the sole remedies for failure to comply with such Continuing Disclosure Undertaking shall be the ability of the beneficial owner of any Bond to seek mandamus or specific performance by court order, to cause to the City to comply with its obligations thereunder.

Section 31. Municipal Bond Insurance Policy. In the event the Underwriter certifies to the City that it would be economically advantageous for the City to acquire a Policy for the Bonds, the City hereby authorizes and directs the City Administrator or other Designated Officer to obtain such an insurance policy, as shall be further set forth in the Bond Order. The acquisition of a Policy is hereby deemed economically advantageous if the difference between the present value cost of (a) the total debt service on the Bonds if issued without municipal bond insurance and (b) the total debt service on the Bonds if issued with municipal bond insurance, is greater than the cost of the premium on the municipal bond insurance policy. In the event the payment of principal and interest on the Bonds is insured pursuant to a Policy issued by an Insurer, and as long as such Policy shall be in full force and effect, the City and the Bond Registrar agree to comply with such usual and reasonable provisions regarding presentment and payment of the Bonds, subrogation of the rights of the Bondholders to the Insurer upon payment of the Bonds by the Insurer, amendment hereof, or other terms, as approved by the Mayor on

advice of counsel, his or her approval to constitute full and complete acceptance by the City of such terms and provisions under authority of this Section.

Section 32. Publication of Ordinance. A full, true and complete copy of this Ordinance shall be published within ten days after passage in pamphlet form by authority of the Corporate Authorities.

Section 33. Superseder. All ordinances, resolutions and orders, or parts thereof, in conflict herewith, are to the extent of such conflict hereby superseded; and this Ordinance shall be in full force and effect immediately upon its passage and approval.

PASSED by the City Council of the City of Le Roy, Illinois, upon the motion made by Dawn Hanafin, and seconded by Hilary Neal by roll call vote on the 6th day of June, 2016 as follows

Aldermen elected 8

Aldermen Present 6

Voting Aye:

Dawn Hanafin, Judy Marshall, Brad Poindexter, Glenn Reinhart, Ron Legner, Hilary Neal.

Voting Nay:

None

Absent:

Anne Anderson, Greg Steffen

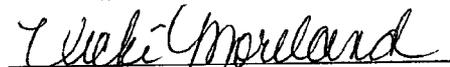
Abstain:

None

Other:

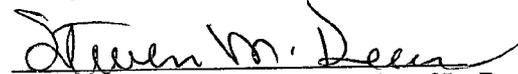
None

And deposited and filed in the office of the City Clerk in said municipality on the 6th day of June, 2016.



Vicki Moreland, City Clerk of the
City of Le Roy
Mc Lean County, Illinois

APPROVED BY the Mayor of the City of Le Roy, Illinois, this 6th day of June, 2016



Steven M. Dean, Mayor of the City of Le Roy,
Mc Lean County, Illinois

ATTEST: (SEAL)



Vicki Moreland, City Clerk of the City of Le Roy
Mc Lean County, Illinois

CERTIFICATE

I, Vicki Moreland, certify that I am the duly appointed and acting municipal clerk of the City of Le Roy, of McLean County, Illinois.

I further certify that on **June 6, 2016** the Corporate Authorities of such municipality passed and approved **Ordinance No. 16-06-02-10** entitled:

AN ORDINANCE AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION BONDS (ALTERNATE REVENUE SOURCE), SERIES 2016B OF THE CITY OF LE ROY, MCLEAN COUNTY, ILLINOIS, IN AN AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$4,000,000 FOR THE PURPOSE OF FINANCING THE COSTS OF CERTAIN CAPITAL PROJECTS WITHIN THE CITY, REFINANCING CERTAIN OUTSTANDING OBLIGATIONS AND PAYING FOR COSTS RELATED THERETO

Which provided by its terms that it should be published in pamphlet form.

The pamphlet form of Ordinance No. **16-06-02-10**, including the Ordinance and a cover sheet thereof, was prepared, and a copy of such Ordinance was posted at the municipal building, commencing on **June 6, 2016** and continuing for at least ten days thereafter. Copies of such Ordinance were also available for public inspection upon request in the office of the municipal clerk.

Dated at Le Roy, Illinois this 6th day of June, 2016.

(SEAL)


Vicki Moreland
City Clerk of the City of
Le Roy, McLean County, Illinois

STATE OF ILLINOIS)
) SS:
COUNTY OF MCLEAN)

I, Vicki Moreland, do hereby certify that I am the duly qualified and acting City Clerk of the City of Le Roy, McLean County, Illinois, and as such City Clerk that I am the keeper of the records and files of the Mayor and the City Council of said City.

I do further certify that the foregoing is a true, correct and complete copy of an ordinance entitled:

AN ORDINANCE AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION BONDS (ALTERNATE REVENUE SOURCE), SERIES 2016B OF THE CITY OF LE ROY, MCLEAN COUNTY, ILLINOIS, IN AN AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$4,000,000 FOR THE PURPOSE OF FINANCING THE COSTS OF CERTAIN CAPITAL PROJECTS WITHIN THE CITY, REFINANCING CERTAIN OUTSTANDING OBLIGATIONS AND PAYING FOR COSTS RELATED THERETO

I do further certify said *ordinance* was adopted by the City Council of the City of Le Roy at a regular meeting on the 6th day of June, 2016 and prior to the making of this certificate the said ordinance was on file with the permanent records of said City where it now appears and remains as a permanent record of said ordinance in the record books.

Dated this 6th day of June, 2016

(SEAL)


VickMoreland
City Clerk of the City of Le Roy
McLean County, Illinois