

MINUTES of a regular public meeting of the Mayor and City Council of the City of LeRoy, McLean County, Illinois, held at the City Hall, 207 South East Street, LeRoy, Illinois, in said City at 7:00 o'clock P.M., on the 6th day of July, 2009.

* * *

The meeting was called to order by the Mayor, and upon the roll being called, Steve Dean, the Mayor, and the following aldermen were physically present at said location: John Haney, Dawn Thompson, Shirley Chancellor, Nancy Bentley, Dawn Hanafin, and Wendy Brent, and

The following aldermen were allowed by a majority of the City Council in accordance with and to the extent allowed by rules adopted by the City Council to attend the meeting by video or audio conference: _____

No alderman was not permitted to attend the meeting by video or audio conference.

The following aldermen were absent and did not participate in the meeting in any manner or to any extent whatsoever: T. A. Whitsitt and Boyd Denner

The Mayor announced that the next item of business before the City Council was the proposed issuance of the City's General Obligation Debt Certificates (Limited Tax), Series 2009, and that the City Council would consider the adoption of an ordinance providing for an Installment Purchase Agreement in order to finance the building and equipping of a recreational center and indoor and outdoor pools, and site and utility improvements, within the City, authorizing the issuance of said certificates evidencing the rights to payment under said Agreement and providing for the sale of said certificates.

Whereupon Alderman _____ presented and the City Clerk read by title a ordinance as follows, copies of which were made available to all in attendance at said meeting who requested a copy:

ORDINANCE NUMBER 09-07-01-10

AN ORDINANCE of the City of LeRoy, McLean County, Illinois, authorizing and providing for an Installment Purchase Agreement for the purpose of paying the cost of financing the building and equipping of a recreational center and indoor and outdoor pools, and site and utility improvements, in and for the City of LeRoy, McLean County, Illinois, and authorizing and providing for the issue of not to exceed \$800,000 General Obligation Debt Certificates (Limited Tax), Series 2009, evidencing the rights to payment under such Agreement, prescribing the details of the Agreement and Certificates, and providing for the security for and means of payment under the Agreement of the Certificates.

Adopted by the City
Council of said City on the
6th day of July, 2009.

ORDINANCE NUMBER 09-07-01-10

AN ORDINANCE of the City of LeRoy, McLean County, Illinois, authorizing and providing for an Installment Purchase Agreement for the purpose of paying the cost of financing the building and equipping of a recreational center and indoor and outdoor pools, and site and utility improvements, in and for the City of LeRoy, McLean County, Illinois, and authorizing and providing for the issue of not to exceed \$800,000 General Obligation Debt Certificates (Limited Tax), Series 2009, evidencing the rights to payment under such Agreement, prescribing the details of the Agreement and Certificates, and providing for the security for and means of payment under the Agreement of the Certificates.

WHEREAS, the City of LeRoy, McLean County, Illinois (the "City"), is a municipality and unit of local government of the State of Illinois (the "State") operating under and pursuant to the Illinois Municipal Code (the "Municipal Code"), the Local Government Debt Reform Act of the State of Illinois (the "Debt Reform Act"), and in particular, the provisions of Section 17 of the Debt Reform Act (the "Installment Purchase Provisions of the Debt Reform Act"), and all other Omnibus Certificate Acts of the State in each case, as supplemented and amended (collectively, "Applicable Law"); and

WHEREAS, the City Council of the City (the "Corporate Authorities") has considered the needs of the City and, in so doing, the Corporate Authorities have deemed and do now deem it advisable, necessary, and for the best interests of the City in order to promote and protect the public health, welfare, safety, and convenience of the residents of the City to build and equip a recreational center and indoor and outdoor pools, and site and utility improvements, including, in connection with said work, acquisition of all land or rights in land, mechanical, electrical, and other services necessary, useful or advisable thereto (the "Project"); and

WHEREAS, the Corporate Authorities have determined the total cost of the Project and expenses incidental thereto, including financial and legal services related to the Project and to the Agreement hereinafter provided for in this Ordinance (collectively "Related Expenses") to be

not less than \$800,000 plus estimated investment earnings which may be received on said sum prior to disbursement; and

WHEREAS, sufficient funds of the City are not available to pay the costs of the Project and Related Expenses, and it will, therefore, be necessary to borrow money in the amount not to exceed \$800,000 for the purpose of paying such costs; and

WHEREAS, pursuant to the Installment Purchase Provisions of the Debt Reform Act, the City has the power to purchase real or personal property through agreements that provide that the consideration for the purchase may be paid through installments made at stated intervals for a period of no more than 20 years, to sell, convey and reacquire either real or personal property upon any terms and conditions and in any manner as the Corporate Authorities shall determine, if the City will lease, acquire by purchase agreement, or otherwise reacquire the property as authorized by applicable law and to issue certificates evidencing indebtedness incurred under such agreements; and

WHEREAS, the Corporate Authorities find that it is desirable and in the best interests of the City to avail of the provisions of the Installment Purchase Provisions of the Debt Reform Act, to authorize an Installment Purchase Agreement (the "Agreement") more particularly as described and provided below in the text of this Ordinance; to name as counter-party to the Agreement the City Treasurer (the "Treasurer"), as nominee-seller; to authorize the Mayor of the City (the "Mayor") and the City Clerk (the "Clerk") to execute and attest, respectively, the Agreement on behalf of the City and to file same with the Clerk in his or her capacity as keeper of the records and files of the City; and to issue certificates evidencing the indebtedness incurred under the Agreement in the amount of not to exceed \$800,000, in form and having such details as set forth below in the text of this Ordinance:

Now THEREFORE Be It Ordained by the City Council of the City of LeRoy, McLean County, Illinois, as follows:

Section 1. Definitions. Words and terms used in this Ordinance shall have the meanings given them unless the context or use clearly indicates another or different meaning is intended. Words and terms defined in the singular may be used in the plural and vice-versa. Reference to any gender shall be deemed to include the other and also inanimate persons such as corporations, where applicable.

A. The following words and terms are as defined in the preambles hereto.

Applicable Law

City

Clerk

Corporate Authorities

Debt Reform Act

Installment Purchase Provisions of the Debt Reform Act

Mayor

Municipal Code

Project

Related Expenses

State

Treasurer

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

"*Agreement*" means the Installment Purchase Agreement, as referred to in the preambles of this Ordinance, for the purpose of purchasing and financing the Project and Related Expenses.

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"Certificates" means the not to exceed \$800,000 General Obligation Debt Certificates (Limited Tax), Series 2009, authorized to be issued by this Ordinance.

"Certificate Fund" means the fund established and defined in Section 13 of this Ordinance.

"Certificate Moneys" means moneys on deposit in the Certificate Fund.

"Certificate Register" means the books of the City kept by the Certificate Registrar to evidence the registration and transfer of the Certificates.

"Certificate Registrar" means the bank or trust company named in the Certificate Notification to act as certificate register and paying agent or a successor thereto or a successor designated as Certificate Registrar hereunder.

"Certificate Notification" means the Notification of Sale of the Certificates, including pertinent details of the sale.

"Code" means the Internal Revenue Code of 1986, as amended.

"Ordinance" means this Ordinance, numbered as set forth on the title page hereof, and passed by the Corporate Authorities on the 6th day of July, 2009.

"Project Fund" means the Project Fund established and defined in Section 13 of this Ordinance.

"Purchase Price" means the price to be paid by the Purchaser for the Certificates pursuant to the contract for the purchase of the Certificates, to-wit, not less than the par amount of the Certificates.

"Purchaser" means the purchaser (underwriter) of the Certificates, namely, First Midstate Inc., Bloomington, Illinois.

"Rebate Fund" means the Rebate Fund authorized to be established and as defined in Section 12 of this Ordinance.

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"Record Date" means the 15th day of the month next preceding the interest payment date.

"Tax-exempt" means, with respect to the Certificates, the status of interest paid and received thereon as not includible in the gross income of the owners thereof under the Code for federal income tax purposes except to the extent that such interest is taken into account in computing an adjustment used in determining the alternative minimum tax for certain corporations and in computing the "branch profits tax" imposed on certain foreign corporations.

C. Definitions also appear in the preambles hereto or in specific sections, as appear below. The headings in this Ordinance are for the convenience of the reader and are not a part of this Ordinance.

Section 2. Incorporation of Preambles. The Corporate Authorities hereby find that 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 Authorize and Enter into Agreement and to Issue Certificates. It is necessary and advisable for the public health, safety, welfare, and convenience of residents of the City to pay the costs of acquisition of the Project, including all Related Expenses and to borrow money and, in evidence thereof and for the purpose of financing same, enter into the Agreement and, further, to provide for the issuance and delivery of the Certificates evidencing the indebtedness incurred under the Agreement.

Section 4. Agreement is a General Obligation; Annual Appropriation. The City hereby represents, warrants, and agrees that the obligation to make the payments due under the Agreement shall be a lawful direct general obligation of the City payable from the corporate funds of the City and such other sources of payment as are otherwise lawfully available. The

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City represents and warrants that the total amount due the Seller under the Agreement, together with all other indebtedness of the City, is within all statutory and constitutional debt limitations.

The City agrees to appropriate funds of the City annually and in a timely manner so as to provide for the making of all payments when due under the terms of the Agreement.

Section 5. Execution and Filing of the Agreement. From and after the effective date of this Ordinance, the Mayor and Clerk be and they are hereby authorized and directed to execute and attest, respectively, the Agreement, in substantially the form thereof set forth below in the text of this Ordinance, and to do all things necessary and essential to effectuate the provisions of the Agreement, including the execution of any documents and certificates incidental thereto or necessary to carry out the provisions thereof. Further, as nominee-seller, the Treasurer is hereby authorized and directed to execute the Agreement. Upon full execution, the original of the Agreement shall be filed with the Clerk and retained in the City records and constitute authority for issuance of the Certificates. Subject to such discretion of the officers signatory to the document as described in the foregoing text, the Installment Purchase Agreement shall be in substantially the form as follows:

INSTALLMENT PURCHASE AGREEMENT for purchase of real or personal property, or both, in and for the City of LeRoy, McLean County, Illinois.

* * *

THIS INSTALLMENT PURCHASE AGREEMENT (this "Agreement") dated as of _____, 2009, by and between the Treasurer of the City (as hereinafter defined), as Nominee-Seller (the "Seller"), and the City of LeRoy, McLean County, Illinois, a unit of local government of the State of Illinois (the "City"):

WITNESSETH

A. The City Council (the "Corporate Authorities") has determined to finance the building and equipping of a recreational center and indoor and outdoor pools, and site and utility improvements, within the City including, in connection with said improvements, acquisition of all land or rights in land, mechanical, electrical and other services necessary, useful or advisable thereto, and, incidental to said improvements, to pay bond discount, bond interest, bond reserve account funding, legal, financing, and administrative expense (the "Project"), all as previously approved by the Corporate Authorities and on file with the City Clerk (the "City Clerk").

B. Pursuant to the provisions of the Illinois Municipal Code (the "Municipal Code"), the Local Government Debt Reform Act of the State of Illinois (the "Debt Reform Act"), and, in particular, the provisions of Section 17(b) of the Debt Reform Act (the "Installment Purchase Provisions"), in each case, as supplemented and amended (collectively "Applicable Law"), the City has the power to purchase real or personal property through agreements that provide that the consideration for the purchase may be paid through installments made at stated intervals for a period of no more than 20 years, to sell, convey and reacquire either real or personal property upon any terms and conditions and in any manner as the Corporate Authorities shall determine, if the City will lease, acquire by purchase agreement, or otherwise reacquire the property as

authorized by applicable law and to issue certificates evidencing indebtedness incurred under such agreements.

C. On the 6th day of July, 2009, the Corporate Authorities, pursuant to Applicable Law and the need to provide for the Project, adopted a ordinance (the "Ordinance") authorizing the borrowing of money for the Project, the execution and delivery of this Agreement to finance same, and the issuance of certificates evidencing the indebtedness so incurred.

D. The Ordinance is

(a) incorporated herein by reference; and

(b) made a part hereof as if set out at this place in full;

and each of the terms as defined in the Ordinance is also incorporated by reference for use in this Agreement.

E. The Seller, as nominee as expressly permitted by the Installment Purchase Provisions, has agreed to make, construct, and acquire the Project on the terms as hereinafter provided.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter contained and other valuable consideration, it is mutually agreed between the Seller and the City as follows:

1. MAKE AND ACQUIRE PROJECT

The Seller agrees to make, construct, and acquire the Project upon real estate owned or to be owned by or upon which valid easements have been obtained in favor of the City.

2. CONVEYANCE

The City conveys to the Seller any portion of the Project heretofore acquired by the City and to be paid from proceeds of the Certificates (as defined in the Ordinance). The Seller agrees to convey each part of the Project to the City and to perform all necessary work and convey all

necessary equipment; and the City agrees to purchase the Project from the Seller and pay for the Project the purchase price of \$800,000, plus the amount of investment earnings which are earned on the amount deposited with the Treasurer from the sale of the Certificates and in no event shall the total aggregate principal purchase price to be paid pursuant to this Agreement exceed the sum of \$800,000, plus the amount of investment earnings which are earned on the amount deposited with the Treasurer from the sale of the Certificates.

3. PAYMENTS

The payment of the entire sum of \$800,000 of said purchase price shall:

- (a) be payable in installments due on the dates and in the amounts;
 - (b) bear interest at the rates percent per annum which interest shall also be payable on the dates and in the amounts;
 - (c) be payable at the place or places of payment, in the medium of payment, and upon such other terms, including prepayment (redemption);
- all as provided for payment of the Certificates in the Ordinance.

4. ASSIGNMENT

Rights to payment of the Seller as provided in this Agreement are assigned as a matter of law under the Installment Purchase Provisions to the owners of the Certificates. This Agreement and any right, title, or interest herein, shall not be further assignable. The Certificates, evidencing the indebtedness incurred hereby, are assignable (registrable) as provided in the Ordinance.

5. TAX COVENANTS

The covenants relating to the tax-exempt status of the Certificates, as set forth in the Ordinance, insofar as may be applicable, apply to the work to be performed and the payments made under this Agreement.

6. TITLE

(a) *Vesting of Title.* Title in and to any part of the Project, upon delivery or as made, during all stages of the making or acquisition thereof, shall and does vest immediately in the City.

(b) *Damage, Destruction, and Condemnation.* If, during the term of this Agreement, (i) all or any part of the Project shall be destroyed, in whole or in part, or damaged by fire or other casualty or event; or (ii) title to, or the temporary or permanent use of, all or any part of the Project shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm, or corporation acting under governmental authority; or (iii) a material defect in construction of all or any part of the Project shall become apparent; or (iv) title to or the use of all or any part of the Project shall be lost by reason of a defect in title; then the City shall continue to make payments as promised herein and in the Certificates and to take such action as it shall deem necessary or appropriate to repair and replace the Project.

7. LAWFUL CORPORATE OBLIGATION

The City hereby represents, warrants, and agrees that the obligation to make the payments due hereunder shall be a lawful direct general obligation of the City payable from the general funds of the City and such other sources of payment as are otherwise lawfully available. The City represents and warrants that the total amount due the Seller hereunder, together with all other indebtedness of the City, is within all statutory and constitutional debt limitations. The City agrees to budget funds of the City annually and in a timely manner so as to provide for the making of all payments when due under the terms of this Agreement.

8. GENERAL COVENANT AND RECITAL

It is hereby certified and recited by the Seller and the City, respectively, that as to each, respectively, for itself, all conditions, acts, and things required by law to exist or to be done

precedent to and in the execution of this Agreement did exist, have happened, been done and performed in regular and due form and time as required by law.

9. NO SEPARATE TAX

THE SELLER AND THE CITY RECOGNIZE THAT THERE IS NO STATUTORY AUTHORITY FOR THE LEVY OF A SEPARATE TAX IN ADDITION TO OTHER TAXES OF THE CITY OR THE LEVY OF A SPECIAL TAX UNLIMITED AS TO RATE OR AMOUNT TO PAY ANY OF THE AMOUNTS DUE HEREUNDER.

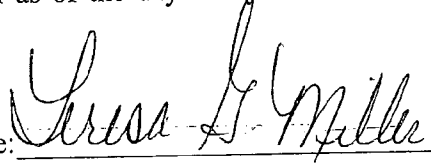
10. DEFAULT

In the event of a default in payment hereunder by the City, the Seller or any Certificateholder may pursue any available remedy by suit at law or equity to enforce the payment of all amounts due or to become due under this Agreement, including, without limitation, an action for specific performance.

IN WITNESS WHEREOF, the Seller has caused this Installment Purchase Agreement to be executed, and his or her signature to be attested by the City Clerk, and the City has caused this Installment Purchase Agreement to be executed by its Mayor, and also attested by the City Clerk and the official seal of the City to be hereunto affixed, all as of the day and year first above written.

SELLER:

Signature:



[Here type name]: Teresa Miller
as Nominee-Seller and the Treasurer

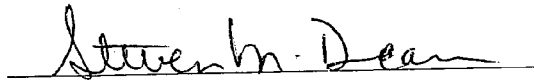
ATTEST:



City Clerk

[SEAL]

CITY OF LEROY, MCLEAN COUNTY, ILLINOIS



Mayor

ATTEST:



City Clerk

[SEAL]

STATE OF ILLINOIS)
) SS
COUNTY OF MCLEAN)

CERTIFICATE OF INSTALLMENT PURCHASE AGREEMENT FILING

I, the undersigned, do hereby certify that I am the duly qualified and acting City Clerk of the City of LeRoy, McLean County, Illinois (the "City"), and as such officer I do hereby certify that on the ___ day of _____, 2009, there was filed in my office a properly certified copy of that certain document, executed by the Mayor of the City, attested by me in my capacity as City Clerk, and further executed, as Nominee-Seller, by the Treasurer of the City, also attested by me, dated as of _____, 2009, and entitled "INSTALLMENT PURCHASE AGREEMENT for purchase of real or personal property, or both, in and for the City of LeRoy, McLean County, Illinois"; and supporting the issuance of certain General Obligation Debt Certificates (Limited Tax), Series 2009, of the City; that attached hereto is a true and complete copy of said Agreement as so filed; and that the same has been deposited in the official files and records of my office.

IN WITNESS WHEREOF, I hereunto affix my official signature, this ___ day of _____, 2009.



City Clerk

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The Certificates, if issued, shall be issued in an amount not to exceed \$800,000, shall be dated such date (not prior to July 1, 2009, and not later than January 1, 2010) as set forth in the Certificate Notification (as hereinafter defined), and shall also bear the date of authentication, shall be in fully registered form, shall be in denominations of \$5,000 each or authorized integral multiples thereof (but no single Certificate shall represent installments of principal maturing on more than one date), and shall be numbered 1 and upward. The Certificates shall become due and payable serially or be subject to mandatory redemption (subject to prior redemption as hereinafter described) on December 1 of each of the years (not later than December 1, 2024), in the amounts (not exceeding \$80,000 per year) and bearing interest at the rates per annum (not exceeding the greater of 9% per annum or 125% of the rate for the most recent date shown in the 20 G.O. Certificates Index of average municipal bond yields as published in the most recent edition of The Certificate Buyer, published in New York, New York (or any successor publication or index, or if such publication or index is no longer published, then any index of long term municipal tax-exempt bond yields then selected by the Corporate Authorities), at the time the contract is made for the sale of the certificates) as set forth in the Certificate Notification. The Certificates shall bear interest from their date or from the most recent interest payment date to which interest has been paid or duly provided for, until the principal amount of the Certificates is paid, such interest (computed upon the basis of a 360-day year of twelve 30-day months) being payable semi-annually commencing with the first interest payment date as set forth in the Certificate Notification, and on June 1 and December 1 of each year thereafter to maturity.

Interest on each Certificate shall be paid by check or draft of the Certificate Registrar (which shall be a bank or trust company with a corporate trust office located in the State of Illinois) set forth in the Certificate Notification, payable upon presentation in lawful money of

the United States of America, to the person in whose name such Certificate is registered at the close of business on the 15th day of the month next preceding the interest payment date. The principal of and premium, if any, on the Certificates shall be payable in lawful money of the United States of America at the principal corporate trust office of the Certificate Registrar.

The Certificates shall be signed by the facsimile signatures of the Mayor on behalf of the City and the City Clerk, and shall have impressed or imprinted thereon the corporate seal or facsimile thereof of the City. In case any officer whose signature shall appear on any Certificate shall cease to be such officer before the delivery of such Certificate, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery.

All Certificates shall have thereon a certificate of authentication substantially in the form hereinafter set forth duly executed by the Certificate Registrar as authenticating agent of the City and showing the date of authentication. No Certificate 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 Certificate Registrar by manual signature, and such certificate of authentication upon any such Certificate shall be conclusive evidence that such Certificate has been authenticated and delivered under this Ordinance. The certificate of authentication on any Certificate shall be deemed to have been executed by the Certificate Registrar if signed by an authorized officer of the Certificate Registrar, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Certificates issued hereunder.

Section 6. Registration of Certificates; Persons Treated as Owners. (a) General. The City shall cause books (the "Certificate Register") for the registration and for the transfer of the Certificates as provided in this Ordinance to be kept at the principal corporate trust office of the

Certificate Registrar, which is hereby constituted and appointed the registrar of the City. The City is authorized to prepare, and the Certificate Registrar shall keep custody of, multiple Certificate blanks executed by the City for use in the transfer and exchange of Certificates.

Upon surrender for transfer of any Certificate at the principal corporate trust office of the Certificate Registrar, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Certificate Registrar and duly executed by, the registered owner or his or her attorney duly authorized in writing, the City shall execute and the Certificate Registrar shall authenticate, date and deliver in the name of the transferee or transferees a new fully registered Certificate or Certificates of the same maturity of authorized denominations, for a like aggregate principal amount. Any fully registered Certificate or Certificates may be exchanged at said office of the Certificate Registrar for a like aggregate principal amount of Certificate or Certificates of the same maturity of other authorized denominations. The execution by the City of any fully registered Certificate shall constitute full and due authorization of such Certificate and the Certificate Registrar shall thereby be authorized to authenticate, date and deliver such Certificate, *provided, however*, the principal amount of outstanding Certificates of each maturity authenticated by the Certificate Registrar shall not exceed the authorized principal amount of Certificates for such maturity less previous retirements.

The Certificate Registrar shall not be required to transfer or exchange any Certificate during the period beginning at the close of business on the 15th day of the month next preceding any interest payment date on such Certificate and ending at the opening of business on such interest payment date, nor to transfer or exchange any Certificate after notice calling such Certificate for redemption has been mailed, nor during a period of fifteen (15) days next preceding mailing of a notice of redemption of any Certificates.

The person in whose name any Certificate 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 Certificate shall be made only to or upon the order of the registered owner thereof or his or her legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Certificate to the extent of the sum or sums so paid.

No service charge shall be made for any transfer or exchange of Certificates, but the City or the Certificate 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 Certificates except in the case of the issuance of a Certificate or Certificates for the unredeemed portion of a Certificate surrendered for redemption.

(b) *Global Book-Entry System.* The Certificates shall be initially issued in the form of a separate single fully registered Certificate for each of the maturities of the Certificates determined as described in Section 6 hereof. Upon initial issuance, the ownership of each such Certificate shall be registered in the Certificate Register in the name of Cede & Co., or any successor thereto ("*Cede*"), as nominee of The Depository Trust Company, New York, New York, and its successors and assigns ("*DTC*"). All of the outstanding Certificates shall be registered in the Certificate Register in the name of Cede, as nominee of DTC, except as hereinafter provided. The Mayor and the City Clerk of the City and the Certificate Registrar are each authorized to execute and deliver, on behalf of the City, such letters to or agreements with DTC as shall be necessary to effectuate such book-entry system (any such letter or agreement being referred to herein as the "*Representation Letter*"), which Representation Letter may provide for the payment of principal of or interest on the Certificates by wire transfer.

With respect to Certificates registered in the Certificate Register in the name of Cede, as nominee of DTC, the City and the Certificate Registrar shall have no responsibility or obligation

to any broker-dealer, bank or other financial institution for which DTC holds Certificates from time to time as securities depository (each such broker-dealer, bank or other financial institution being referred to herein as a "DTC Participant") or to any person on behalf of whom such a DTC Participant holds an interest in the Certificates. Without limiting the immediately preceding sentence, the City and the Certificate Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede or any DTC Participant with respect to any ownership interest in the Certificates, (ii) the delivery to any DTC Participant or any other person, other than a registered owner of a Certificate as shown in the Certificate Register, of any notice with respect to the Certificates, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than a registered owner of a Certificate as shown in the Certificate Register, of any amount with respect to the principal of or interest on the Certificates. The City and the Certificate Registrar may treat and consider the person in whose name each Certificate is registered in the Certificate Register as the holder and absolute owner of such Certificate for the purpose of payment of principal and interest with respect to such Certificate, for the purpose of giving notices of redemption and other matters with respect to such Certificate, for the purpose of registering transfers with respect to such Certificate, and for all other purposes whatsoever. The Certificate Registrar shall pay all principal of and interest on the Certificates only to or upon the order of the respective registered owners of the Certificates, as shown in the Certificate Register, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to payment of the principal of and interest on the Certificates to the extent of the sum or sums so paid. No person other than a registered owner of a Certificate as shown in the Certificate Register, shall receive a Certificate evidencing the obligation of the City to make payments of principal and interest with respect to any Certificate.

Upon delivery by DTC to the Certificate Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede, and subject to the provisions in Section 6 hereof with respect to the payment of interest to the registered owners of Certificates at the close of business on the 15th day of the month next preceding the applicable interest payment date, the name "Cede" in this Ordinance shall refer to such new nominee of DTC.

In the event that (i) the City determines that DTC is incapable of discharging its responsibilities described herein and in the Representation Letter, (ii) the agreement among the City, the Certificate Registrar and DTC evidenced by the Representation Letter shall be terminated for any reason or (iii) the City determines that it is in the best interests of the beneficial owners of the Certificates that they be able to obtain certificated Certificates, the City shall notify DTC and DTC Participants of the availability through DTC of certificated Certificates and the Certificates shall no longer be restricted to being registered in the Certificate Register in the name of Cede, as nominee of DTC. At that time, the City may determine that the Certificates shall be registered in the name of and deposited with such other depository operating a universal book-entry system, as may be acceptable to the City, or such depository's agent or designee, and if the City does not select such alternate universal book-entry system, then the Certificates may be registered in whatever name or names registered owners of Certificates transferring or exchanging Certificates shall designate, in accordance with the provisions of Section 7(a) hereof.

Notwithstanding any other provisions of this Ordinance to the contrary, so long as any Certificate is registered in the name of Cede, as nominee of DTC, all payments with respect to principal of and interest on such Certificate and all notices with respect to such Certificate shall be made and given, respectively, in the name provided in the Representation Letter.

Section 7. Redemption. (a) *Optional Redemption.* All or a portion of the Certificates due on and after the date, if any, specified in the Certificate Notification 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 Certificates of a single series and maturity to be selected by the Certificate Registrar), on the date specified in the Certificate Notification (but not later than December 1, 2019), and on any date thereafter, at the redemption prices (expressed as a percentage of the principal amount redeemed and not to exceed 100%) plus accrued interest to the date fixed for redemption, if applicable, as set forth in the Certificate Notification. The Certificates may have different optional redemption provisions within the parameters set forth in this paragraph.

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

The principal amounts of Certificates to be mandatorily redeemed in each year may be reduced through the earlier optional redemption thereof, with any partial optional redemptions of such Certificates 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 Certificate Registrar may, and if directed by the Corporate Authorities shall, purchase Certificates required to be retired on such mandatory redemption date. Any such Certificates so purchased shall be cancelled and the principal amount

thereof shall be credited against the mandatory redemption required on such next mandatory redemption date.

(c) *General.* The Certificates shall be redeemed only in the principal amount of \$5,000 and integral multiples thereof. The City shall, at least forty-five (45) days prior to the redemption date (unless a shorter time period shall be satisfactory to the Certificate Registrar) notify the Certificate Registrar of such redemption date and of the principal amount and maturity or maturities of Certificates to be redeemed. For purposes of any redemption of less than all of the outstanding Certificates of a single maturity, the particular Certificates or portions of Certificates to be redeemed shall be selected by lot by the Certificate Registrar from the Certificates of such maturity by such method of lottery as the Certificate Registrar shall deem fair and appropriate; *provided* that such lottery shall provide for the selection for redemption of Certificates or portions thereof so that any \$5,000 Certificate or \$5,000 portion of a Certificate shall be as likely to be called for redemption as any other such \$5,000 Certificate or \$5,000 portion. The Certificate Registrar shall make such selection upon the earlier of the irrevocable deposit of funds with an escrow agent sufficient to pay the redemption price of the Certificates to be redeemed or the time of the giving of official notice of redemption.

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

Section 8. Redemption Procedure. Unless waived by any holder of Certificates to be redeemed, notice of the call for any such redemption shall be given by the Certificate Registrar on behalf of the City by mailing the redemption notice by first class mail at least thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption to the registered owner of the Certificate or Certificates to be redeemed at the address shown on the Certificate Register

or at such other address as is furnished in writing by such registered owner to the Certificate Registrar.

All notices of redemption shall state:

- (1) the redemption date,
- (2) the redemption price,
- (3) if less than all outstanding Certificates are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Certificates to be redeemed,
- (4) that on the redemption date the redemption price will become due and payable upon each such Certificate or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date,
- (5) the place where such Certificates are to be surrendered for payment of the redemption price, which place of payment shall be the principal corporate trust office of the Certificate Registrar, and
- (6) such other information then required by custom, practice or industry standard.

Unless moneys sufficient to pay the redemption price of the Certificates to be redeemed shall have been received by the Certificate Registrar prior to the giving of such notice of redemption, such notice may, at the option of the City, state that said redemption shall be conditional upon the receipt of such moneys by the Certificate Registrar on or prior to the date fixed for redemption. If such moneys are not received, such notice shall be of no force and effect, the City shall not redeem such Certificates, and the Certificate Registrar shall give notice, in the same manner in which the notice of redemption shall have been given, that such moneys were not so received and that such Certificates will not be redeemed. Otherwise, prior to any redemption date, the City shall deposit with the Certificate Registrar an amount of money sufficient to pay the redemption price of all the Certificates or portions of Certificates which are to be redeemed on that date.

Subject to the provisions for a conditional redemption described above, notice of redemption having been given as aforesaid, the Certificates or portions of Certificates 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 Certificates or portions of Certificates shall cease to bear interest. Upon surrender of such Certificates for redemption in accordance with said notice, such Certificates shall be paid by the Certificate Registrar at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Certificate, there shall be prepared for the registered holder a new Certificate or Certificates of the same maturity in the amount of the unpaid principal.

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

Section 9. Form of Certificate. The Certificates shall be in substantially the following form; *provided, however,* that if the text of the Certificate is to be printed in its entirety on the front side of the Certificate, then paragraph [2] and the legend, "See Reverse Side for Additional Provisions", shall be omitted and paragraphs [6] through [11] shall be inserted immediately after paragraph [1]:

(Form of Certificate - Front Side)

REGISTERED
No. _____

REGISTERED
\$ _____

UNITED STATES OF AMERICA

STATE OF ILLINOIS

COUNTY OF McLEAN

CITY OF LEROY

GENERAL OBLIGATION DEBT CERTIFICATES (LIMITED TAX), SERIES 2009

See Reverse Side for
Additional Provisions

Interest Rate: _____% Maturity Date: December 1, 20__ Dated Date: July 1, 2009 CUSIP 521300

Registered Owner: _____

Principal Amount: _____

[1] KNOW ALL PERSONS BY THESE PRESENTS, that the City of LeRoy, McLean County, Illinois (the "City"), hereby acknowledges itself to owe and for value received promises to pay from the source and as hereinafter provided to the Registered Owner identified above, or registered assigns as hereinafter provided, on the Maturity Date identified above, the Principal Amount identified above and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on such Principal Amount from the date of this Certificate or from the most recent interest payment date to which interest has been paid at the Interest Rate per annum set forth above on June 1 and December 1 of each year, commencing December 1, 2010, until said Principal Amount is paid. Principal of this Certificate is payable in lawful money of the United States of America upon presentation and surrender hereof at the principal corporate trust office of _____, Illinois, as certificate registrar and paying agent (the "Certificate Registrar"). Payment of the installments of interest shall be

made to the Registered Owner hereof as shown on the registration books of the City maintained by the Certificate Registrar at the close of business on the 15th day of the month next preceding each interest payment date and shall be paid by check or draft of the Certificate Registrar, payable upon presentation in lawful money of the United States of America, mailed to the address of such Registered Owner as it appears on such registration books or at such other address furnished in writing by such Registered Owner to the Certificate Registrar.

[2] Reference is hereby made to the further provisions of this Certificate set forth on the reverse hereof and such further provisions shall for all purposes have the same effect as if set forth at this place.

[3] It is hereby certified and recited that all conditions, acts and things required by law to exist or to be done precedent to and in the issuance of this Certificate did exist, have happened, been done and performed in regular and due form and time as required by law; that the indebtedness of the City, including the issue of certificates of which this is one, does not exceed any limitation imposed by law; that the obligation to make payments due hereon is a general obligation of the City payable from any funds of the City legally available and annually budgeted for such purpose, and that the City shall budget funds annually and in a timely manner so as to provide for the making of all payments hereon when due. THE OWNER OF THIS CERTIFICATE ACKNOWLEDGES THAT THERE IS NO STATUTORY AUTHORITY FOR THE LEVY OF A SEPARATE TAX IN ADDITION TO OTHER TAXES OF THE CITY OR THE LEVY OF A SPECIAL TAX UNLIMITED AS TO RATE OR AMOUNT TO PAY ANY OF THE AMOUNTS DUE HEREUNDER.

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

[5] IN WITNESS WHEREOF, said City of LeRoy, McLean County, Illinois, by its City Council, has caused this Certificate to be signed by the manual or duly authorized facsimile

signature of the Mayor on behalf of the City and the City Clerk and its corporate seal or a facsimile thereof to be impressed or reproduced hereon, all as of the Dated Date identified above.

Mayor, City of LeRoy,
McLean County, Illinois

ATTEST:

City Clerk, City of LeRoy,
McLean County, Illinois

Date of Authentication: _____, 20__

CERTIFICATE
OF
AUTHENTICATION

Certificate Registrar and Paying Agent:

_____, Illinois

This Certificate is one of the Certificates described in the within mentioned ordinance and is one of the General Obligation Debt Certificates (Limited Tax), Series 2009, of City of LeRoy, McLean County, Illinois.

as Certificate Registrar

By _____
Authorized Officer

[Form of Certificate - Reverse Side]

CITY OF LEROY

MCLEAN COUNTY, ILLINOIS

GENERAL OBLIGATION DEBT CERTIFICATES (LIMITED TAX), SERIES 2009

[6] This Certificate is one of a series of certificates issued by the City to to finance the cost of the Project and Related Expenses, all as described and defined in the ordinance authorizing the Certificates, in full compliance with the provisions of the Illinois Municipal Code, and the Local Government Debt Reform Act of the State of Illinois, and all laws amendatory thereof and supplementary thereto, and is authorized by the City by a ordinance duly and properly adopted for that purpose, in all respects as provided by law. The Certificates issued by the City in connection with the Project have been issued in evidence of the indebtedness incurred pursuant to a certain Installment Purchase Agreement (the "*Agreement*"), dated as of _____, 2009, entered into by and between the City and its City Treasurer, as Seller-Nominee, to which reference is hereby expressly made for further definitions and terms and to all the provisions of which the holder by the acceptance of this certificate assents.

[7] [Optional and Mandatory Redemption provisions, as applicable, will be inserted here].

[8] Notice of any such redemption shall be sent by first class mail not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for redemption to the registered owner of each Certificate to be redeemed at the address shown on the registration books of the City maintained by the Certificate Registrar or at such other address as is furnished in writing by such registered owner to the Certificate Registrar. When so called for redemption, this Certificate will cease to bear interest on the specified redemption date, provided funds for

redemption are on deposit at the place of payment at that time, and shall not be deemed to be outstanding.

[9] This Certificate is transferable by the Registered Owner hereof in person or by his or her attorney duly authorized in writing at the principal corporate trust office of the Certificate Registrar in _____, Illinois, but only in the manner, subject to the limitations and upon payment of the charges provided in the authorizing ordinance, and upon surrender and cancellation of this Certificate. Upon such transfer a new Certificate or Certificates of authorized denominations of the same maturity and for the same aggregate principal amount will be issued to the transferee in exchange therefor.

[10] The Certificates are issued in fully registered form in the denomination of \$5,000 each or authorized integral multiples thereof. This Certificate may be exchanged at the principal corporate trust office of the Certificate Registrar for a like aggregate principal amount of Certificates of the same maturity of other authorized denominations, upon the terms set forth in the authorizing ordinance. The Certificate Registrar shall not be required to transfer or exchange any Certificate during the period beginning at the close of business on the 15th day of the month next preceding any interest payment date on such Certificate and ending at the opening of business on such interest payment date, nor to transfer or exchange any Certificate after notice calling such Certificate for redemption has been mailed, nor during a period of fifteen (15) days next preceding mailing of a notice of redemption of any Certificates.

[11] The City and the Certificate Registrar may deem and treat the Registered Owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes and neither the City nor the Certificate Registrar shall be affected by any notice to the contrary.

(ASSIGNMENT)

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

(Name and Address of Assignee)

the within Certificate and does hereby irrevocably constitute and appoint _____

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

Dated: _____

Signature guaranteed: _____

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears upon the face of the within Certificate in every particular, without alteration or enlargement or any change whatever.

Section 10. Sale of Certificates. The Mayor and the City Clerk of the City (the "Designated Representatives") are hereby authorized to proceed not later than the 6th day of January, 2010, without any further authorization or direction from the Corporate Authorities, to sell and deliver the Certificates upon the terms as prescribed in this Resolution. The Certificates hereby authorized shall be executed as in this Resolution provided as soon after the delivery of the Certificate Notification as may be, and thereupon be deposited with the Treasurer of the City, and, after authentication thereof by the Certificate Registrar, be by said Treasurer delivered to the Purchaser, upon receipt of the Purchase Price therefor, it being hereby found and determined that the sale of the Certificates to the Purchaser is in the best interests of the City and that no person holding any office of the City, either by election or appointment, is in any manner financially interested directly in his or her own name or indirectly in the name of any other person, association, trust or corporation, in the sale of the Certificates to the Purchaser.

Prior to the sale of the Certificates, the Mayor on behalf of the City or the City Clerk or Treasurer of the City is hereby authorized to approve and execute a commitment for the purchase of a Municipal Certificate Insurance Policy (as hereinafter defined), to further secure the Certificates, as long as the present value of the fee to be paid for the Municipal Certificate Insurance Policy (using as a discount rate the expected yield on the Certificates treating the fee paid as interest on the Certificates) is less than the present value of the interest reasonably expected to be saved on the Certificates over the term of the Certificates as a result of the Municipal Certificate Insurance Policy,

Upon the sale of the Certificates, the Designated Representatives shall prepare a Notification of Sale of the Certificates, which shall include the pertinent details of sale as provided herein (the "*Certificate Notification*"). In the Certificate Notification, the Designated Representatives shall find and determine that the Certificates have been sold at such price and bear interest at such rates that either the true interest cost (yield) or the net interest rate received upon the sale of the Certificates does not exceed the maximum rate otherwise authorized by applicable law. The Certificate Notification shall be entered into the records of the City and made available to the City Council at the next regular meeting thereof; but such action shall be for information purposes only, and the City Council shall have no right or authority at such time to approve or reject such sale as evidenced in the Certificate Notification.

Upon the sale of the Certificates, as evidenced by the execution and delivery of the Certificate Notification by the Designated Representatives, the Mayor and City Clerk of the City 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 Certificates as may be necessary, including, without limitation, the contract for the sale of the Certificates between the City and the Purchaser. Prior to the execution and delivery of the contract for the sale of the

Certificates, the Designated Representatives shall find and determine that no person holding any office of the City, either by election or appointment, is in any manner financially interested directly in his or her own name or indirectly in the name of any other person, association, trust or corporation, in the contract for the sale of the Certificates.

The use by the Purchaser of any Preliminary Official Statement and any final Official Statement relating to the Certificates (the "Official Statement") is hereby ratified, approved and authorized; the execution and delivery of the Official Statement is hereby authorized; and the Corporate Authorities are hereby authorized to take any action as may be required on the part of the City to consummate the transactions contemplated by the contract for the sale of the Certificates, this Ordinance, said Preliminary Official Statement, the Official Statement and the Certificates.

Section 11. Creation of Funds and Appropriations.

A. There is hereby created the "General Obligation Debt Certificates (Limited Tax), Series 2009, Certificate Fund" (the "Certificate Fund"), which shall be the fund for the payment of the principal of and interest on the Certificates. Accrued interest and premium, if any, received upon delivery of the Certificates shall be deposited into the Certificate Fund and be applied to pay the first interest coming due on the Certificates. Funds lawfully available for the purpose shall be deposited into the Certificate Fund and used solely and only for the purpose of paying the principal of and interest on the Certificates. Interest income or investment profit earned in the Certificate Fund shall be retained in the Certificate Fund for payment of the principal of or interest on the Certificates on the interest payment date next after such interest or profit is received or, to the extent lawful and as determined by the Corporate Authorities, transferred to such other fund as may be determined. Moneys in the Certificate Fund shall be applied to pay principal of and interest on the Certificates when due.

B. The amount necessary from the proceeds of the Certificates shall be used either to pay expenses directly at the time of issuance of the Certificates or be deposited into a separate fund, hereby created, designated the "*Expense Fund*," to be used to pay expenses of issuance of the Certificates. Disbursements from such fund shall be made from time to time as necessary. Moneys not disbursed from the Expense Fund within six (6) months shall be transferred by the appropriate financial officers for deposit into the Project Fund, and any deficiencies in the Expense Fund shall be paid by disbursement from the Project Fund.

C. The remaining proceeds of the Certificates shall be deposited into the Project Fund (the "*Project Fund*"), hereby created. Moneys in the Project Fund shall be used to pay costs of the Project in accordance with the following procedures:

1. Contracts ("*Acquisition Contracts*") shall be entered into by the City or awarded, from time to time, by the Corporate Authorities for the acquisition of Project; and the Corporate Authorities represent and covenant that each Acquisition Contract will be entered into in strict accordance with Applicable Law and the rules and procedures of the City for same.

2. Pursuant to ordinance or resolution to be duly adopted, the Corporate Authorities shall identify all or a designated portion of each Acquisition Contract to the Agreement. This Ordinance and any such further ordinance or resolution shall be filed of record with the Clerk and the Treasurer. The adoption and filing of any such ordinance or resolution and the Acquisition Contracts with such officers shall constitute authority for the officer or officers of the City to make disbursements from the Project Fund to pay amounts due under such Acquisition Contracts from time to time, upon such further resolutions, orders, vouchers, warrants or other proceedings as are required under Applicable Law and the rules and procedures of the City for same. No action need be

taken by or with respect to the sellers under the Acquisition Contracts as, pursuant to the Installment Purchase Provisions of the Debt Reform Act, the Treasurer acts as Nominee-Seller of the Project for all purposes, enabling the issuance of the Certificates. Funds on deposit in the Project Fund shall be invested by the appropriate officers of the City in any lawful manner. 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 Certificates, and the remainder shall be retained in the fund for costs of the Project. Within sixty (60) days after full depletion of the Project Fund, the appropriate offices of the City shall certify to the Corporate Authorities the fact of such depletion; and, upon approval of such certification by the Corporate Authorities, the Project Fund shall be closed.

3. The Treasurer has contracted with the City to convey to the City that portion of the Project heretofore or hereafter acquired by the City, to the City, for valuable consideration. Said Acquisition Contract between the Treasurer and the City is hereby identified to the Agreement in the full amount of the cost of said Acquisition Contract.

C. Alternatively to the creation of the funds described above, the appropriate officers may allocate the Certificate Moneys or proceeds of the Certificates to one or more related funds of the City already in existence and in accordance with good accounting practice; *provided, however,* that this shall not relieve such officers of the duty to account and invest the Certificate Moneys and the proceeds of the Certificates, as herein provided, as if such funds had in fact been created.

Section 12. Non-Arbitrage and Tax-Exemption. One purpose of this Section is to set forth various facts regarding the Certificates and to establish the expectations of the Board and

the City as to future events regarding the Certificates and the use of Certificate proceeds. The certifications, covenants and representations contained herein and at the time of the Closing are made on behalf of the City for the benefit of the owners from time to time of the Certificates. In addition to providing the certifications, covenants and representations contained herein, the City hereby covenants that it will not take any action, omit to take any action or permit the taking or omission of any action within its control (including, without limitation, making or permitting any use of the proceeds of the Certificates) if taking, permitting or omitting to take such action would cause any of the Certificates to be an arbitrage bond or a private activity bond within the meaning of the hereinafter defined Code or would otherwise cause the interest on the Certificates to be included in the gross income of the recipients thereof for federal income tax purposes. The City acknowledges that, in the event of an examination by the Internal Revenue Service of the exemption from federal income taxation for interest paid on the Certificates, under present rules, the City may be treated as a "taxpayer" in such examination and agrees that it will respond in a commercially reasonable manner to any inquiries from the Internal Revenue Service in connection with such an examination. The Corporate Authorities certify, covenant and represent as follows:

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

"Affiliated Person" means any Person that (a) at any time during the six months prior to the execution and delivery of the Certificates, (i) has more than five percent of the voting power of the governing body of the City in the aggregate vested in its directors, officers, owners, and employees or, (ii) has more than five percent of the voting power of its governing body in the aggregate vested in directors, officers, board members or employees of the City or (b) during the one-year period beginning six months prior to the execution and delivery of the Certificates, (i) the composition of the governing body of which is modified or established to reflect (directly or indirectly) representation of the interests of the City (or there is an agreement, understanding, or arrangement relating to such a modification or establishment during that one-year period) or (ii) the composition

of the governing body of the City is modified or established to reflect (directly or indirectly) representation of the interests of such Person (or there is an agreement, understanding, or arrangement relating to such a modification or establishment during that one-year period).

"Certificate Counsel" means Chapman and Cutler LLP or any other nationally recognized firm of attorneys experienced in the field of municipal bonds whose opinions are generally accepted by purchasers of municipal bonds.

"Capital Expenditures" means costs of a type that would be properly chargeable to a capital account under the Code (or would be so chargeable with a proper election) under federal income tax principles if the City were treated as a corporation subject to federal income taxation, taking into account the definition of Placed-in-Service set forth herein.

"Closing" means the first date on which the City is receiving the purchase price for the Certificates.

"Code" means the Internal Revenue Code of 1986, as amended.

"Commingled Fund" means any fund or account containing both Gross Proceeds and an amount in excess of \$25,000 that are not Gross Proceeds if the amounts in the fund or account are invested and accounted for, collectively, without regard to the source of funds deposited in the fund or account. An open-ended regulated investment company under Section 851 of the Code is not a Commingled Fund.

"Control" means the possession, directly or indirectly through others, of either of the following discretionary and non-ministerial rights or powers over another entity:

- (a) to approve and to remove without cause a controlling portion of the governing body of a Controlled Entity; or
- (b) to require the use of funds or assets of a Controlled Entity for any purpose.

"Controlled Entity" means any entity or one of a group of entities that is subject to Control by a Controlling Entity or group of Controlling Entities.

"Controlled Group" means a group of entities directly or indirectly subject to Control by the same entity or group of entities, including the entity that has Control of the other entities.

"Controlling Entity" means any entity or one of a group of entities directly or indirectly having Control of any entities or group of entities.

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“*Costs of Issuance*” means the costs of issuing the Certificates, including underwriters’ discount and legal fees, but not including the fees for the Credit Facility described in paragraph 5.6 hereof.

“*Credit Facility*” means the municipal bond insurance policy issued by the Credit Facility Provider.

“*Credit Facility Provider*” means the municipal bond insurer, if any, issuing the Credit Facility.

“*De minimis Amount of Original Issue Discount or Premium*” means with respect to an obligation (a) any original issue discount or premium that does not exceed two percent of the stated redemption price at maturity of the Certificates plus (b) any original issue premium that is attributable exclusively to reasonable underwriter’s compensation.

“*External Commingled Fund*” means a Commingled Fund in which the City and all members of the same Controlled Group as the City own, in the aggregate, not more than ten percent of the beneficial interests.

“*GIC*” means (a) any investment that has specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate and (b) any agreement to supply investments on two or more future dates (e.g., a forward supply contract).

“*Gross Proceeds*” means amounts in the Certificate Fund and the Project Fund.

“*Net Sale Proceeds*” means amounts actually or constructively received from the sale of the Certificates reduced by any such amounts that are deposited in a reasonably required reserve or replacement fund for the Certificates.

“*Person*” means any entity with standing to be sued or to sue, including any natural person, corporation, body politic, governmental unit, agency, authority, partnership, trust, estate, association, company, or group of any of the above.

“*Placed-in-Service*” means the date on which, based on all facts and circumstances (a) a facility has reached a degree of completion that would permit its operation at substantially its design level and (b) the facility is, in fact, in operation at such level.

“*Private Business Use*” means any use of the Project by any Person other than a state or local government unit, including as a result of (i) ownership, (ii) actual or beneficial use pursuant to a lease or a management, service, incentive payment, research or output contract or (iii) any other similar arrangement, agreement or understanding, whether written or oral, except for use of the Project on the same basis as the general public. Private Business Use includes any formal or informal arrangement with any person other than a state or local governmental unit that conveys special legal entitlements to any portion of the Project that is available for use by the general public or

that conveys to any person other than a state or local governmental unit any special economic benefit with respect to any portion of the Project that is not available for use by the general public.

"Qualified Administrative Costs of Investments" means (a) reasonable, direct administrative costs (other than carrying costs) such as separately stated brokerage or selling commissions but not legal and accounting fees, recordkeeping, custody and similar costs; or (b) all reasonable administrative costs, direct or indirect, incurred by a publicly offered regulated investment company or an External Commingled Fund.

"Qualified Tax Exempt Obligations" means (a) any obligation described in Section 103(a) of the Code, the interest on which is excludable from gross income of the owner thereof for federal income tax purposes and is not an item of tax preference for purposes of the alternative minimum tax imposed by Section 55 of the Code; (b) an interest in a regulated investment company to the extent that at least ninety-five percent of the income to the holder of the interest is interest which is excludable from gross income under Section 103 of the Code of any owner thereof for federal income tax purposes and is not an item of tax preference for purposes of the alternative minimum tax imposed by Section 55 of the Code; and (c) certificates of indebtedness issued by the United States Treasury pursuant to the Demand Deposit State and Local Government Series program described in 31 C.F.R. pt. 344.

"Rebate Fund" means the fund, if any, identified and defined in paragraph 4.2 herein.

"Rebate Provisions" means the rebate requirements contained in Section 148(f) of the Code and in the Regulations.

"Regulations" means United States Treasury Regulations dealing with the tax-exempt bond provisions of the Code.

"Reimbursed Expenditures" means expenditures of the City paid prior to Closing to which Sale Proceeds or investment earnings thereon are or will be allocated.

"Sale Proceeds" means amounts actually or constructively received from the sale of the Certificates, including (a) amounts used to pay underwriters' discount or compensation and accrued interest, other than accrued interest for a period not greater than one year before Closing but only if it is to be paid within one year after Closing and (b) amounts derived from the sale of any right that is part of the terms of a Certificate or is otherwise associated with a Certificate (e.g., a redemption right).

"Yield" means that discount rate which when used in computing the present value of all payments of principal and interest paid and to be paid on an obligation (using semiannual compounding on the basis of a 360-day year) produces an amount equal to the obligation's purchase price (or in the case of the Certificates, the issue price as established in paragraph 5.1 hereof), including accrued interest.

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“Yield Reduction Payment” means a rebate payment or any other amount paid to the United States in the same manner as rebate amounts are required to be paid or at such other time or in such manner as the Internal Revenue Service may prescribe that will be treated as a reduction in Yield of an investment under the Regulations.

2.1. *Purpose of the Certificates.* The Certificates are being issued to finance the Project in a prudent manner consistent with the revenue needs of the City. A breakdown of the sources and uses of funds is set forth in the preceding Section of this Ordinance. At least 75% of the sum of (i) Sale Proceeds plus (ii) all investment earnings thereon during the period ending on the date of completion of the Project, less (iii) Costs of Issuance paid from Sale Proceeds or investment earnings thereon, less (iv) Sale Proceeds or investment earnings thereon deposited in a reasonably required reserve or replacement fund, are expected to be used for construction purposes with respect to property owned by a governmental unit or a Section 501(c)(3) organization. Except for any accrued interest on the Certificates used to pay first interest due on the Certificates, no proceeds of the Certificates will be used more than 30 days after the date of issue of the Certificates for the purpose of paying any principal or interest on any issue of bonds, notes, certificates or warrants or on any installment contract or other obligation of the City or for the purpose of replacing any funds of the City used for such purpose.

2.2. *The Project — Binding Commitment and Timing.* The City has incurred or will, within six months of the Closing, incur a substantial binding obligation (not subject to contingencies within the control of the City or any member of the same Controlled Group as the City) to a third party to expend at least five percent of the Net Sale Proceeds on the Project. It is expected that the work of acquiring and constructing the Project and the expenditure of amounts deposited into the Project Fund will continue to proceed with due diligence through July 1, 2012, at which time it is anticipated that all Sale Proceeds and investment earnings thereon will have been spent.

2.3. *Reimbursement.* None of the Sale Proceeds or investment earnings thereon will be used for Reimbursed Expenditures.

2.4. *Working Capital.* All Sale Proceeds and investment earnings thereon will be used, directly or indirectly, to finance Capital Expenditures other than the following:

(a) an amount not to exceed five percent of the Sale Proceeds for working capital expenditures directly related to Capital Expenditures financed by the Certificates;

(b) payments of interest on the Certificates for a period commencing at Closing and ending on the later of the date three years after Closing or one year after the date on which the Project is Placed-in-Service;

(c) Costs of Issuance and Qualified Administrative Costs of Investments;

(d) payments of rebate or Yield Reduction Payments made to the United States under the Regulations;

(e) principal of or interest on the Certificates paid from unexpected excess Sale Proceeds and investment earnings thereon;

(f) fees for the Credit Facility; and

(g) investment earnings that are commingled with substantial other revenues and are expected to be allocated to expenditures within six months.

2.5. *Consequences of Contrary Expenditure.* The City acknowledges that if Sale Proceeds and investment earnings thereon are spent for non-Capital Expenditures other than as permitted by paragraph 2.4 hereof, a like amount of then available funds of the City will be treated as unspent Sale Proceeds.

2.6. *Investment of Certificate Proceeds.* Not more than 50% of the Sale Proceeds and investment earnings thereon are or will be invested in investments (other than Qualified Tax Exempt Obligations) having a Yield that is substantially guaranteed for four years or more. No portion of the Certificates is being issued solely for the purpose of investing a portion of Sale Proceeds or investment earnings thereon at a Yield higher than the Yield on the Certificates.

It is expected that the Sale Proceeds deposited into the Project Fund, including investment earnings on the Project Fund, will be spent to pay costs of the Project and interest on the Certificates not later than the date set forth in paragraph 2.2 hereof, the investment earnings on the Certificate Fund will be spent to pay interest on the Certificates, or to the extent permitted by law, investment earnings on amounts in the Project Fund and the Certificate Fund will be commingled with substantial revenues from the governmental operations of the City, and the earnings are reasonably expected to be spent for governmental purposes within six months of the date earned. Interest earnings on the Project Fund and the Certificate Fund have not been earmarked or restricted by the Board for a designated purpose.

2.7. *No Grants.* None of the Sale Proceeds or investment earnings thereon will be used to make grants to any person.

2.8. *Hedges.* Neither the City nor any member of the same Controlled Group as the City has entered into or expects to enter into any hedge (*e.g.*, an interest rate swap, interest rate cap, futures contract, forward contract or an option) with respect to the Certificates. The City acknowledges that any such hedge could affect, among other things, the calculation of Certificate Yield under the Regulations. The Internal Revenue Service could recalculate Certificate Yield if the failure to account for the hedge fails to clearly reflect the economic substance of the transaction.

The City also acknowledges that if it acquires a hedging contract with an investment element (including *e.g.*, an off-market swap agreement, or any cap agreement for which all or a portion of the premium is paid at, or before the effective date of the cap agreement), then a portion of such hedging contract may be treated as an investment of Gross Proceeds of the Certificates, and be subject to the fair market purchase price rules, rebate and yield restriction. The City agrees not to use proceeds of the Certificates to pay for any such hedging contract in whole or in part. The City also agrees that it will not give any assurances to any Certificate holder, the Credit Facility Provider, or any other credit or liquidity enhancer with respect to the Certificates that any such hedging contract will be entered into or maintained. The City recognizes that if a portion of a hedging contract is determined to be an investment of gross proceeds, such portion may not be fairly priced even if the hedging contract as a whole is fairly priced.

2.9. *Internal Revenue Service Audits.* The City represents that the Internal Revenue Service has not contacted the City regarding any obligations issued by or on behalf of the City. To the best of the knowledge of the City, no such obligations of the City are currently under examination by the Internal Revenue Service.

3.1. *Use of Proceeds.* (a) The use of the Sale Proceeds and investment earnings thereon and the funds held under this Ordinance at the time of Closing are described in the preceding Section of this Ordinance. No Sale Proceeds will be used to pre-pay for goods or services to be received over a period of years prior to the date such goods or services are to be received, except for any payment to the Credit Facility Provider. No Sale Proceeds or any investment earnings thereon will be used to pay for or otherwise acquire goods or services from an Affiliated Person.

(b) Only the funds and accounts described in said Section will be funded at Closing. There are no other funds or accounts created under this Ordinance, other than the Rebate Fund if it is created as provided in paragraph 4.2 hereof.

(c) Principal of and interest on the Certificates will be paid from the Certificate Fund.

(d) Any Costs of Issuance incurred in connection with the issuance of the Certificates to be paid by the City will be paid at the time of Closing.

(e) The costs of the Project will be paid from the Project Fund and no other moneys (except for investment earnings on amounts in the Project Fund) are expected to be deposited therein.

3.2. *Purpose of Certificate Fund.* The Certificate Fund will be used primarily to achieve a proper matching of revenues and earnings with principal and interest payments on the Certificates in each bond year. It is expected that the Certificate Fund will be depleted at least once a year, except for a reasonable carry over amount not to exceed the greater of (a) the earnings on the investment of moneys in the Certificate Fund

for the immediately preceding bond year or (b) 1/12th of the principal and interest payments on the Certificates for the immediately preceding bond year.

3.3. *No Other Gross Proceeds.* (a) Except for the Certificate Fund and the Project Fund, and except for investment earnings that have been commingled as described in paragraph 2.6 and any credit enhancement or liquidity device related to the Certificates, after the issuance of the Certificates, neither the City nor any member of the same Controlled Group as the City has or will have any property, including cash, securities or any other property held as a passive vehicle for the production of income or for investment purposes, that constitutes:

(i) Sale Proceeds;

(ii) amounts in any fund or account with respect to the Certificates (other than the Rebate Fund);

(iii) amounts that have a sufficiently direct nexus to the Certificates or to the governmental purpose of the Certificates to conclude that the amounts would have been used for that governmental purpose if the Certificates were not used or to be used for that governmental purpose (the mere availability or preliminary earmarking of such amounts for a governmental purpose, however, does not itself establish such a sufficient nexus);

(iv) amounts in a debt service fund, redemption fund, reserve fund, replacement fund or any similar fund to the extent reasonably expected to be used directly or indirectly to pay principal of or interest on the Certificates or any amounts for which there is provided, directly or indirectly, a reasonable assurance that the amount will be available to pay principal of or interest on the Certificates or any obligations under any credit enhancement or liquidity device with respect to the Certificates, even if the City encounters financial difficulties;

(v) any amounts held pursuant to any agreement (such as an agreement to maintain certain levels of types of assets) made for the benefit of the Certificateholders or any credit enhancement provider, including any liquidity device or negative pledge (*e.g.*, any amount pledged to pay principal of or interest on an issue held under an agreement to maintain the amount at a particular level for the direct or indirect benefit of holders of the Certificates or a guarantor of the Certificates); or

(vi) amounts actually or constructively received from the investment and reinvestment of the amounts described in (i) or (ii) above.

(b) No compensating balance, liquidity account, negative pledge of property held for investment purposes required to be maintained at least at a particular level or similar arrangement exists with respect to, in any way, the Certificates or any credit enhancement or liquidity device related to the Certificates.

(c) The term of the Certificates is not longer than is reasonably necessary for the governmental purposes of the Certificates. The average reasonably expected economic life of the Project is at least 15 years. The weighted average maturity of the Certificates does not exceed 15 years and does not exceed 120 percent of the average reasonably expected economic life of the Project. The maturity schedule of the Certificates (the "*Principal Payment Schedule*") is based on an analysis of revenues expected to be available to pay debt service on the Certificates. The Principal Payment Schedule is not more rapid (*i.e.*, having a lower average maturity) because a more rapid schedule would place an undue burden on tax rates and cause such rates to be increased beyond prudent levels, and would be inconsistent with the governmental purpose of the Certificates as set forth in paragraph 2.1 hereof.

4.1. *Compliance with Rebate Provisions.* The City covenants to take such actions and make, or cause to be made, all calculations, transfers and payments that may be necessary to comply with the Rebate Provisions applicable to the Certificates. The City will make, or cause to be made, rebate payments with respect to the Certificates in accordance with law.

4.2. *Rebate Fund.* The City is hereby authorized to create and establish a special fund to be known as the Rebate Fund (the "*Rebate Fund*"), which, if created, shall be continuously held, invested, expended and accounted for in accordance with this Ordinance. Moneys in the Rebate Fund shall not be considered moneys held for the benefit of the owners of the Certificates. Except as provided in the Regulations, moneys in the Rebate Fund (including earnings and deposits therein) shall be held in trust for payment to the United States as required by the Rebate Provisions and by the Regulations and as contemplated under the provisions of this Ordinance.

4.3. *Records.* The City agrees to keep and retain or cause to be kept and retained for the period described in paragraph 7.9 adequate records with respect to the investment of all Gross Proceeds and amounts in the Rebate Fund. Such records shall include: (a) purchase price; (b) purchase date; (c) type of investment; (d) accrued interest paid; (e) interest rate; (f) principal amount; (g) maturity date; (h) interest payment date; (i) date of liquidation; and (j) receipt upon liquidation.

If any investment becomes Gross Proceeds on a date other than the date such investment is purchased, the records required to be kept shall include the fair market value of such investment on the date it becomes Gross Proceeds. If any investment is retained after the date the last Certificate is retired, the records required to be kept shall include the fair market value of such investment on the date the last Certificate is retired. Amounts or investments will be segregated whenever necessary to maintain these records.

4.4. *Fair Market Value; Certificates of Deposit and Investment Agreements.* The City will continuously invest all amounts on deposit in the Rebate Fund, together with the amounts, if any, to be transferred to the Rebate Fund, in any investment permitted under this Ordinance. In making investments of Gross Proceeds or of amounts

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in the Rebate Fund the City shall take into account prudent investment standards and the date on which such moneys may be needed. Except as provided in the next sentence, all amounts that constitute Gross Proceeds and all amounts in the Rebate Fund shall be invested at all times to the greatest extent practicable, and no amounts may be held as cash or be invested in zero yield investments other than obligations of the United States purchased directly from the United States. In the event moneys cannot be invested, other than as provided in this sentence due to the denomination, price or availability of investments, the amounts shall be invested in an interest bearing deposit of a bank with a yield not less than that paid to the general public or held uninvested to the minimum extent necessary.

Gross Proceeds and any amounts in the Rebate Fund that are invested in certificates of deposit or in GICs shall be invested only in accordance with the following provisions:

(a) Investments in certificates of deposit of banks or savings and loan associations that have a fixed interest rate, fixed payment schedules and substantial penalties for early withdrawal shall be made only if either (i) the Yield on the certificate of deposit (A) is not less than the Yield on reasonably comparable direct obligations of the United States and (B) is not less than the highest Yield that is published or posted by the provider to be currently available from the provider on reasonably comparable certificates of deposit offered to the public or (ii) the investment is an investment in a GIC and qualifies under paragraph (b) below.

(b) Investments in GICs shall be made only if

(i) the bid specifications are in writing, include all material terms of the bid and are timely forwarded to potential providers (a term is material if it may directly or indirectly affect the yield on the GIC);

(ii) the terms of the bid specifications are commercially reasonable (a term is commercially reasonable if there is a legitimate business purpose for the term other than to reduce the yield on the GIC);

(iii) all bidders for the GIC have equal opportunity to bid so that, for example, no bidder is given the opportunity to review others bids (a last look) before bidding;

(iv) any agent used to conduct the bidding for the GIC does not bid to provide the GIC;

(v) at least three of the providers solicited for bids for the GIC are reasonably competitive providers of investments of the type purchased (*i.e.*, providers that have established industry reputations as competitive providers of the type of investments being purchased);

(vi) at least three of the entities that submit a bid do not have a financial interest in the Certificates;

(vii) at least one of the entities that provided a bid is a reasonably competitive provider that does not have a financial interest in the Certificates;

(viii) the bid specifications include a statement notifying potential providers that submission of a bid is a representation that the potential provider did not consult with any other provider about its bid, that the bid was determined without regard to any other formal or informal agreement that the potential provider has with the City or any other person (whether or not in connection with the Certificates) and that the bid is not being submitted solely as a courtesy to the City or any other person for purposes of satisfying the federal income tax requirements relating to the bidding for the GIC;

(ix) the determination of the terms of the GIC takes into account the reasonably expected deposit and drawdown schedule for the amounts to be invested;

(x) the highest-yielding GIC for which a qualifying bid is made (determined net of broker's fees) is in fact purchased; and

(xi) the obligor on the GIC certifies the administrative costs that it is paying or expects to pay to third parties in connection with the GIC.

(c) If a GIC is purchased, the City will retain the following records with its bond documents until three years after the Certificates are redeemed in their entirety:

(i) a copy of the GIC;

(ii) the receipt or other record of the amount actually paid for the GIC, including a record of any administrative costs paid, and the certification under subparagraph (b)(xi) of this paragraph;

(iii) for each bid that is submitted, the name of the person and entity submitting the bid, the time and date of the bid, and the bid results; and

(iv) the bid solicitation form and, if the terms of the GIC deviated from the bid solicitation form or a submitted bid is modified, a brief statement explaining the deviation and stating the purpose for the deviation.

Moneys to be rebated to the United States shall be invested to mature on or prior to the anticipated rebate payment date. All investments made with Gross Proceeds or amounts in the Rebate Fund shall be bought and sold at fair market value. The fair market value of an investment is the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction. Except for investments specifically described in this Section and United States Treasury obligations that are purchased directly from the United States Treasury, only investments that are traded on an established securities market, within the meaning of regulations promulgated under Section 1273 of the Code, will be purchased with Gross Proceeds. In general, an "established securities market" includes: (i) property that is listed on a national securities exchange, an interdealer quotation system or certain foreign exchanges; (ii) property that is traded on a Commodities Futures Trading Commission designated board of trade or an interbank market; (iii) property that appears on a quotation medium; and (iv) property for which price quotations are readily available from dealers and brokers. A debt instrument is not treated as traded on an established market solely because it is convertible into property which is so traded.

An investment of Gross Proceeds in an External Commingled Fund shall be made only to the extent that such investment is made without an intent to reduce the amount to be rebated to the United States Government or to create a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the rebate or Yield restriction requirements not been relevant to the City. An investment of Gross Proceeds shall be made in a Commingled Fund other than an External Commingled Fund only if the investments made by such Commingled Fund satisfy the provisions of this paragraph.

A single investment, or multiple investments awarded to a provider based on a single bid may not be used for funds subject to different rules relating to rebate or yield restriction.

The foregoing provisions of this paragraph satisfy various safe harbors set forth in the Regulations relating to the valuation of certain types of investments. The safe harbor provisions of this paragraph are contained herein for the protection of the City, who has covenanted not to take any action to adversely affect the tax-exempt status of the interest on the Certificates. The City will contact Certificate Counsel if it does not wish to comply with the provisions of this paragraph and forego the protection provided by the safe harbors provided herein.

4.5. *Arbitrage Elections.* The Mayor and City Clerk of the Board and the Treasurer are hereby authorized to execute one or more elections regarding certain matters with respect to arbitrage.

4.6. *Small Issuer Exception.* The City is a governmental unit that has the power to impose a tax or to cause another entity to impose a tax of general applicability that, when collected, may be used for the governmental purposes of the City. The power to impose such tax is not contingent on approval by another governmental unit; a tax of

general applicability is one that is not limited to a small number of persons. The City is not subject to Control by any other governmental unit or political subdivision. None of the Certificates is or will be a "private activity bond" (as defined in Section 141 of the Code). Ninety-five percent or more of the Sale Proceeds will be used for local governmental activities of the City. None of the City, any entity that issues tax-exempt bonds on behalf of the City or any entity subject to Control by the City will issue, during the calendar year 2009, any tax-exempt bonds (other than current refunding bonds to the extent of the aggregate face amount of the tax-exempt bonds being currently refunded thereby) in an aggregate face amount in excess of the *maximum aggregate face amount* (as hereinafter defined). As used herein, (a) "*tax-exempt bonds*" means obligations of any kind, the interest on which is excludable from gross income of the holders or owners thereof for federal income tax purposes pursuant to Section 103 of the Code but not including (i) "private activity bonds" (as defined in Section 141 of the Code) or (ii) obligations issued to refund another obligation if it is issued not more than 90 days before the redemption of the refunded obligation to the extent the amount of the refunding obligation does not exceed the outstanding amount of the refunded obligation, (b) "*aggregate face amount*" means, if an issue has more than a De minimis Amount of Original Issue Discount or Premium, the issue price of the issue and otherwise means the face amount of the issue and (c) "*maximum aggregate face amount*" means, the sum of (i) \$5,000,000. As of the date hereof, no tax-exempt bonds or other obligations (other than the Certificates) have been issued by the City, any entity that issues tax-exempt bonds on behalf of the City or any entity subject to Control by the City during the calendar year 2009. The City does not reasonably expect that it, any entity that issues tax-exempt bonds on behalf of the City or any entity subject to Control by the City (including but not limited to the City) will issue any such tax-exempt bonds or other obligations within calendar year 2009. Therefore, subject to compliance with all the terms and provisions hereof, the City is excepted from the required rebate of arbitrage profits on the Certificates under Section 148(f)(4)(D) of the Code and from the terms and provisions of this Ordinance that need only be complied with if the City is subject to the arbitrage rebate requirement.

5.1. *Issue Price.* For purposes of determining the Yield on the Certificates, the purchase price of the Certificates is equal to the first offering price (including accrued interest) at which the Purchaser sold at least ten percent of the principal amount of each maturity of the Certificates to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). All of the Certificates have been the subject of a bona fide initial offering to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) at prices equal to those set forth in the Official Statement. Based upon prevailing market conditions, such prices are not less than the fair market value of each Certificate as of the sale date for the Certificates.

5.2. *Yield Limits.* Except as provided in paragraph (a) or (b), all Gross Proceeds shall be invested at market prices and at a Yield (after taking into account any

Yield Reduction Payments) not in excess of the Yield on the Certificates plus, if only amounts in the Project Fund are subject to this yield limitation, 1/8th of one percent.

The following may be invested without Yield restriction:

(a)(i) amounts on deposit in the Certificate Fund (except for capitalized interest) that have not been on deposit under this Ordinance for more than 13 months, so long as the Certificate Fund continues to qualify as a bona fide debt service fund as described in paragraph 3.2 hereof;

(ii) amounts on deposit in the Project Fund that are reasonably expected to pay for the costs of the Project, costs of issuance of the Certificates, or interest on the Certificates during the three year period beginning on the date of issue of the Certificates prior to three years after Closing;

(iii) amounts in the Certificate Fund to be used to pay capitalized interest on the Certificates prior to the earlier of three years after Closing or the payment of all capitalized interest;

(b)(i) An amount not to exceed the lesser of \$100,000 or five percent of the Sale Proceeds;

(ii) amounts invested in Qualified Tax Exempt Obligations (to the extent permitted by law and this Ordinance);

(iii) amounts in the Rebate Fund;

(iv) all amounts other than Sale Proceeds for the first 30 days after they become Gross Proceeds; and

(v) all amounts derived from the investment of Sale Proceeds or investment earnings thereon for a period of one year from the date received.

5.3. *Continuing Nature of Yield Limits.* Except as provided in paragraph 7.10 hereof, once moneys are subject to the Yield limits of paragraph 5.2 hereof, such moneys remain Yield restricted until they cease to be Gross Proceeds.

5.4. *Federal Guarantees.* Except for investments meeting the requirements of paragraph 5.2(a) hereof, investments of Gross Proceeds shall not be made in (a) investments constituting obligations of or guaranteed, directly or indirectly, by the United States (except obligations of the United States Treasury, or investments in obligations issued pursuant to Section 21B(d)(3) of the Federal Home Loan Bank, as amended (*e.g.*, Refcorp Strips)); or (b) federally insured deposits or accounts (as defined in Section 149(b)(4)(B) of the Code). Except as otherwise permitted in the immediately prior sentence and in the Regulations, no portion of the payment of principal or interest on the Certificates or any credit enhancement or liquidity device relating to the foregoing

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is or will be guaranteed, directly or indirectly (in whole or in part), by the United States (or any agency or instrumentality thereof), including a lease, incentive payment, research or output contract or any similar arrangement, agreement or understanding with the United States or any agency or instrumentality thereof. No portion of the Gross Proceeds has been or will be used to make loans the payment of principal or interest with respect to which is or will be guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof). Neither this paragraph nor paragraph 5.5 hereof applies to any guarantee by the Federal Housing Administration, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Government National Mortgage Association, the Student Loan Marketing Association or the Bonneville Power Administration pursuant to the Northwest Power Act (16 U.S.C. 839d) as in effect on the date of enactment of the Tax Reform Act of 1984.

5.5. *Investments After the Expiration of Temporary Periods, Etc.* After the expiration of the temporary period set forth in paragraph 5.2(a)(ii) hereof, amounts in the Project Fund may not be invested in (i) federally insured deposits or accounts (as defined in Section 149(b)(4)(B) of the Code) or (ii) investments constituting obligations of or guaranteed, directly or indirectly, by the United States (except obligations of the United States Treasury or investments in obligations issued pursuant to Section 21B(d)(3) of the Federal Home Loan Bank Act, as amended (e.g., Refcorp Strips). Any other amounts that are subject to the yield limitation in paragraph 5.2 hereof because paragraph 5.2(a) hereof is not applicable and amounts not subject to yield restriction only because they are described in paragraph 5.2(b) hereof, are also subject to the limitation set forth in the preceding sentence.

5.6. *Treatment of Certain Credit Facility Fees.* The fee paid to the Credit Facility Provider with respect to the Credit Facility may be treated as interest in computing Certificate Yield.

Neither the City nor any member of the same Controlled Group as the City is a Related Person as defined in Section 144(a)(3) of the Code to the Credit Facility Provider. The fee paid to the Credit Facility Provider does not exceed ten percent of the Sale Proceeds. Other than the fee paid to the Credit Facility Provider, neither the Credit Facility Provider nor any person who is a Related Person to the Credit Facility Provider within the meaning of Section 144(a)(3) of the Code will use any Sale Proceeds or investment earnings thereon. The fee paid for the Credit Facility does not exceed a reasonable, arm's length charge for the transfer of credit risk. The fee does not include any payment for any direct or indirect services other than the transfer of credit risk.

6.1. *Payment and Use Tests.* (a) No more than five percent of the Sale Proceeds plus investment earnings thereon will be used, directly or indirectly, in whole or in part, in any Private Business Use. The City acknowledges that, for purposes of the preceding sentence, Gross Proceeds used to pay costs of issuance and other common costs (such as capitalized interest and fees paid for a qualified guarantee or qualified hedge) or invested in a reserve or replacement fund must be ratably allocated among all the purposes for which Gross Proceeds are being used.

(b) The payment of more than five percent of the principal of or the interest on the Certificates will not be, directly or indirectly (i) secured by any interest in (A) property used or to be used in any Private Business Use or (B) payments in respect of such property or (ii) on a present value basis, derived from payments (whether or not to the City or a member of the same Controlled Group as the City) in respect of property, or borrowed money, used or to be used in any Private Business Use.

(c) No more than the lesser of five percent of the sum of the Sale Proceeds and investment earnings thereon or \$5,000,000 will be used, directly or indirectly, to make or finance loans to any persons. The City acknowledges that, for purposes of the preceding sentence, Gross Proceeds used to pay costs of issuance and other common costs (such as capitalized interest and fees paid for a qualified guarantee or qualified hedge) or invested in a reserve or replacement fund must be ratably allocated among all the purposes for which Gross Proceeds are being used.

(d) No user of the Project other than a state or local governmental unit will use more than five percent of the Project, in the aggregate, on any basis other than the same basis as the general public.

6.2. *I.R.S. Form 8038-G.* The information contained in the Information Return for Tax-Exempt Governmental Obligations, Form 8038-G, is true and complete. The City will file Form 8038-G (and all other required information reporting forms) in a timely manner.

6.3. *Bank Qualification.* (a) The City hereby designates each of the Certificates as a "qualified tax-exempt obligation" for the purposes and within the meaning of Section 265(b)(3) of the Code. In support of such designation, the City hereby certifies that (i) none of the Certificates will be at anytime a "private activity bond" (as defined in Section 141 of the Code) other than a "qualified 501(c)(3) bond" (as defined in Section 145 of the Code), (ii) as of the date hereof in calendar year 2009, the City has not issued any tax-exempt obligations of any kind other than the Certificates nor have any tax-exempt obligations of any kind been issued on behalf of the City and (iii) not more than \$30,000,000 of obligations of any kind (including the Certificates) issued by or on behalf of the City during calendar year 2009 will be designated for purposes of Section 265(b)(3) of the Code.

(b) The City is not subject to Control by any entity, and there are no entities subject to Control by the City.

(c) On the date hereof, the City does not reasonably anticipate that for calendar year 2009 it will issue any Section 265 Tax-Exempt Obligations (other than the Certificates), or that any Section 265 Tax-Exempt Obligations will be issued on behalf of it. "*Section 265 Tax-Exempt Obligations*" are obligations the interest on which is excludable from gross income of the owners thereof under Section 103 of the Code, *except for* private activity bonds other than qualified 501(c)(3) bonds, both as defined in Section 141 of the Code. The City will not issue or permit the issuance on behalf of it or

by any entity subject to Control by the City (which may hereafter come into existence) of Section 265 Tax-Exempt Obligations (including the Certificates) that exceed the aggregate amount of \$30,000,000 during calendar year 2009 unless it first obtains an opinion of Certificate Counsel to the effect that such issuance will not adversely affect the treatment of the Certificates as "qualified tax-exempt obligations" for the purposes and within the meaning of Section 265(b)(3) of the Code.

7.1. *Termination; Interest of City in Rebate Fund.* The terms and provisions set forth in this Section shall terminate at the later of (a) 75 days after the Certificates have been fully paid and retired or (b) the date on which all amounts remaining on deposit in the Rebate Fund, if any, shall have been paid to or upon the order of the United States and any other payments required to satisfy the Rebate Provisions of the Code have been made to the United States. Notwithstanding the foregoing, the provisions of paragraphs 4.3, 4.4(c) and 7.9 hereof shall not terminate until the third anniversary of the date the Certificates are fully paid and retired.

7.2. *Separate Issue.* Since a date that is 15 days prior to the date of sale of the Certificates by the City to the Purchaser, neither the City nor any member of the same Controlled Group as the City has sold or delivered any tax-exempt obligations other than the Certificates that are reasonably expected to be paid out of substantially the same source of funds as the Certificates. Neither the City nor any member of the same Controlled Group as the City will sell or deliver within 15 days after the date of sale of the Certificates any tax-exempt obligations other than the Certificates that are reasonably expected to be paid out of substantially the same source of funds as the Certificates.

7.3. *No Sale of the Project.* (a) Other than as provided in the next sentence, neither the Project nor any portion thereof has been, is expected to be, or will be sold or otherwise disposed of, in whole or in part, prior to the earlier of (i) the last date of the reasonably expected economic life to the City of the property (determined on the date of issuance of the Certificates) or (ii) the last maturity date of the Certificates. The City may dispose of personal property in the ordinary course of an established government program prior to the earlier of (i) the last date of the reasonably expected economic life to the City of the property (determined on the date of issuance of the Certificates) or (ii) the last maturity of the Certificates, provided: (A) the weighted average maturity of the Certificates financing the personal property is not greater than 120 percent of the reasonably expected actual use of that property for governmental purposes; (B) the City reasonably expects on the issue date that the fair market value of that property on the date of disposition will be not greater than 25 percent of its cost; (C) the property is no longer suitable for its governmental purposes on the date of disposition; and (D) the City deposits amounts received from the disposition in a commingled fund with substantial tax or other governmental revenues and the City reasonably expects to spend the amounts on governmental programs within six months from the date of the commingling.

(b) The City acknowledges that if Certificate-financed property is sold or otherwise disposed of in a manner contrary to (a) above, such sale or disposition may constitute a "deliberate action" within the meaning of the Regulations that may require

remedial actions to prevent the Certificates from becoming private activity bonds. The City shall promptly contact Certificate Counsel if a sale or other disposition of bond-financed property is considered by the City.

7.4. *Purchase of Certificates by City.* The City will not purchase any of the Certificates except to cancel such Certificates.

7.5. *First Call Date Limitation.* The period between the date of Closing and the first call date of the Certificates is not more than 10-1/2 years.

7.6. *Registered Form.* The City recognizes that Section 149(a) of the Code requires the Certificates to be issued and to remain in fully registered form in order that interest thereon be exempt from federal income taxation under laws in force at the time the Certificates are delivered. In this connection, the City agrees that it will not take any action to permit the Certificates to be issued in, or converted into, bearer or coupon form.

7.7. *First Amendment.* The City acknowledges and agrees that it will not use, or allow the Project to be used, in a manner which is prohibited by the Establishment of Religion Clause of the First Amendment to the Constitution of the United States of America or by any comparable provisions of the Constitution of the State of Illinois.

7.8. *Future Events.* The City acknowledges that any changes in facts or expectations from those set forth herein may result in different Yield restrictions or rebate requirements from those set forth herein. The City shall promptly contact Certificate Counsel if such changes do occur.

7.9. *Records Retention.* The City agrees to keep and retain or cause to be kept and retained sufficient records to support the continued exclusion of the interest paid on the Certificates from federal income taxation, to demonstrate compliance with the covenants in this Ordinance and to show that all tax-exempt Certificate related returns submitted to the Internal Revenue Service are correct and timely filed. Such records shall include, but are not limited to, basic records relating to the Certificate transaction (including this Ordinance and the Certificate Counsel opinion); documentation evidencing the expenditure of Certificate proceeds; documentation evidencing the use of Certificate-financed property by public and private entities (*i.e.*, copies of leases, management contracts and research agreements); documentation evidencing all sources of payment or security for the Certificates; and documentation pertaining to any investment of Certificate proceeds (including the information required under paragraphs 4.3 and 4.4 hereof and in particular information related to the purchase and sale of securities, SLGs subscriptions, yield calculations for each class of investments, actual investment income received from the investment of proceeds, guaranteed investment contracts and documentation of any bidding procedure related thereto and any fees paid for the acquisition or management of investments and any rebate calculations). Such records shall be kept for as long as the Certificates are outstanding, plus three (3) years after the later of the final maturity date of the Certificates or the final maturity date of any

obligations or series of obligations issued to refund directly or indirectly all or a portion of the Certificates.

7.10. *Permitted Changes; Opinion of Certificate Counsel.* The Yield restrictions contained in paragraph 5.2 hereof or any other restriction or covenant contained herein need not be observed or may be changed if such nonobservance or change will not result in the loss of any exemption for the purpose of federal income taxation to which interest on the Certificates is otherwise entitled and the City receives an opinion of Certificate Counsel to such effect. Unless the City otherwise directs, such opinion shall be in such form and contain such disclosures and disclaimers as may be required so that such opinion will not be treated as a covered opinion or a state or local bond opinion for purposes of Treasury Department regulations governing practice before the Internal Revenue Service (Circular 230) 31 C.F.R. pt. 10.

7.11. *Successors and Assigns.* The terms, provisions, covenants and conditions of this Section shall bind and inure to the benefit of the respective successors and assigns of the Board and the City.

7.12. *Expectations.* The Board has reviewed the facts, estimates and circumstances in existence on the date of issuance of the Certificates. Such facts, estimates and circumstances, together with the expectations of the City as to future events, are set forth in summary form in this Section. Such facts and estimates are true and are not incomplete in any material respect. On the basis of the facts and estimates contained herein, the City has adopted the expectations contained herein. On the basis of such facts, estimates, circumstances and expectations, it is not expected that Sale Proceeds, investment earnings thereon or any other moneys or property will be used in a manner that will cause the Certificates to be arbitrage bonds within the meaning of the Rebate Provisions and the Regulations. Such expectations are reasonable and there are no other facts, estimates and circumstances that would materially change such expectations.

The City also agrees and covenants with the purchasers and holders of the Certificates from time to time outstanding that, to the extent possible under Illinois law, it will comply with whatever federal tax law is adopted in the future which applies to the Certificates and affects the tax-exempt status of the Certificates.

The Corporate Authorities hereby authorizes the officials of the City responsible for issuing the Certificates, the same being the Mayor, the City Clerk and the Treasurer, to make such further covenants and certifications as may be necessary to assure that the use thereof will not cause the Certificates to be arbitrage bonds and to assure that the interest on the Certificates

will be exempt from federal income taxation. In connection therewith, the City and the Corporate Authorities further agree: (a) through their officers, to make such further specific covenants, representations as shall be truthful, and assurances as may be necessary or advisable; (b) to consult with counsel approving the Certificates and to comply with such advice as may be given; (c) to pay to the United States, as necessary, such sums of money representing required rebates of excess arbitrage profits relating to the Certificates; (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 their officers, to employ and pay fiscal agents, financial advisors, attorneys, and other persons to assist the City in such compliance.

Section 13 List of Certificateholders. The Certificate Registrar shall maintain a list of the names and addresses of the holders of all Certificates and upon any transfer shall add the name and address of the new Certificateholder and eliminate the name and address of the transferor Certificateholder.

Section 14. Duties of Certificate Registrar. If requested by the Certificate Registrar, the Mayor and the City Clerk are authorized to execute the Certificate Registrar's standard form of agreement between the City and the Certificate Registrar with respect to the obligations and duties of the Certificate Registrar hereunder which may include the following:

(a) to act as certificate registrar, authenticating agent, paying agent and transfer agent as provided herein;

(b) to maintain a list of Certificateholders as set forth herein and to furnish such list to the City upon request, but otherwise to keep such list confidential;

(c) to give notice of redemption of Certificates as provided herein;

(d) to cancel and/or destroy Certificates which have been paid at maturity or upon earlier redemption or submitted for exchange or transfer;

(e) to furnish the City at least annually a certificate with respect to Certificates cancelled and/or destroyed; and

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

Section 15. Municipal Certificate Insurance. In the event the payment of principal and interest on the Certificates is insured pursuant to a municipal bond insurance policy (the "*Municipal Certificate Insurance Policy*") issued by a bond insurer (the "*Certificate Insurer*"), and as long as such Municipal Certificate Insurance Policy shall be in full force and effect, the City and the Certificate Registrar agree to comply with such usual and reasonable provisions regarding presentment and payment of the Certificates, subrogation of the rights of the Certificateholders to the Certificate Insurer upon payment of the Certificates by the Certificate 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 16. Severability. If any section, paragraph, clause or provision of this Ordinance shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this Ordinance.

Section 17. Repeal. All ordinances or parts thereof in conflict herewith be and the same are hereby repealed, and this Ordinance shall be in full force and effect forthwith upon its adoption.

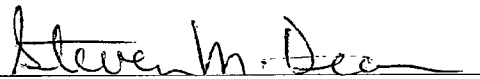
AYES: John Haney, Dawn Thompson, Shirley Chancellor, Dawn Hanafin and Steve Dean.

NAYS: NANCY BENTLEY AND WENDY BRENT.

ABSENT: T. A. WHITSITT AND BOYD DENNER.

Adopted July 6, 2009.

APPROVED: July 6, 2009



Mayor, City of LeRoy,
McLean County, Illinois



City Clerk, City of LeRoy,
McLean County, Illinois

Recorded in City Records: July 6, 2009

ATTEST:



City Clerk, City of LeRoy,
McLean County, Illinois

Alderman Dawn Hanafin moved and Alderman Shirley Chancellor seconded the motion that said ordinance as presented and read by title be adopted.

After a full discussion thereof, the Mayor directed that the roll be called for a vote upon the motion to adopt said ordinance.

Upon the roll being called, the following aldermen voted AYE: JOHN HANEY, DAWN THOMPSON, SHIRLEY CHANCELLOR, DAWN THOMPSON AND STEVE DEAN
The following aldermen voted NAY: Nancy Bentley and Wendy Brent

Whereupon the Mayor declared the motion carried and said ordinance adopted, approved and signed the same in open meeting and directed the City Clerk to record the same in the records of the City Council of the City of LeRoy, McLean County, Illinois, which was done.

Other business not pertinent to the adoption of said ordinance was duly transacted at the meeting.

Upon motion duly made, seconded and carried, the meeting was adjourned.


City Clerk

EXHIBIT 1

WORK CONTRACTS

STATE OF ILLINOIS)
) SS
COUNTY OF MCLEAN)

CERTIFICATION OF MINUTES AND ORDINANCE

I, the undersigned, do hereby certify that I am the duly qualified and acting City Clerk of the City of LeRoy, McLean County, Illinois (the "City"), and as such official I am the keeper of the official journal of proceedings, books, records, minutes, and files of the City and of the City Council of the City (the "Corporate Authorities") thereof.

I do further certify that the foregoing constitutes a full, true and complete transcript of the minutes of the meeting of the Corporate Authorities held on the 6th day of July, 2009, insofar as same relates to the adoption of an ordinance entitled:

ORDINANCE of the City of LeRoy, McLean County, Illinois, authorizing and providing for an Installment Purchase Agreement for the purpose of paying the cost of financing the building and equipping of recreational center and indoor and outdoor pools, and site and utility improvements, in and for the City of LeRoy, McLean County, Illinois, and authorizing and providing for the issue of \$800,000 General Obligation Debt Certificates (Limited Tax), Series 2009, of said City evidencing the rights to payment under such Agreement, prescribing the details of the Agreement and Certificates, and providing for the security for and means of payment under the Agreement of the Certificates.

a true, correct and complete copy of which said ordinance as adopted at said meeting appears in the foregoing transcript of the minutes of said meeting.

I do further certify that the deliberations of the Corporate Authorities on the adoption of said ordinance were conducted openly, that the vote on the adoption of said ordinance was taken openly, that said meeting was called and held at a specified time and place convenient to the public, that notice of said meeting was duly given to all of the news media requesting such notice, that an agenda for said meeting was posted at the location where said meeting was held and at the principal office of the Board at least 96 hours in advance of the holding of said meeting, that a true, correct and complete copy of said agenda as so posted is attached hereto as *Exhibit A*, that said meeting was called and held in strict compliance with the provisions of the Open Meetings Act of the State of Illinois, as amended, and with the provisions of the Illinois Municipal Code, as amended, and that the Corporate Authorities have complied with all of the provisions of said Act and said Code and with all of the procedural rules of the Corporate Authorities.

IN WITNESS WHEREOF, I hereunto affix my official signature, this 6th day of July, 2009.



City Clerk