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CITY OF LE ROY
COUNTY OF McLEAN, STATE OF ILLINOIS

ORDINANCE NO. 07-09-01-20

**AN ORDINANCE AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF
\$3,600,000 GENERAL OBLIGATION BONDS (ALTERNATE REVENUE
SOURCE), SERIES 2007, OF THE CITY OF LE ROY, MCLEAN COUNTY,
ILLINOIS, AND PROVIDING FOR THE IMPOSITION OF TAXES TO PAY
THE SAME.**

ADOPTED BY THE CITY COUNCIL OF THE CITY OF LE ROY THIS
4th Day of September 2007

PRESENTED: **September 4, 2007**

PASSED: **September 4, 2007**

APPROVED: **September 4, 2007**

RECORDED: **September 4, 2007**

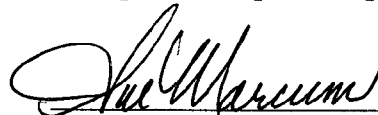
PUBLISHED: **September 4, 2007**

In Pamphlet Form

Voting "Aye" 8
Voting "Nay" 0

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

(SEAL)



City Clerk of City of Le Roy

Dated: September 4, 2007

MINUTES of a regular public meeting of the City Council of the City of LeRoy, McLean County, Illinois, held at the City Hall, 207 South East Street, LeRoy, Illinois, at 7:00 P.M., on the 4th day of September, 2007.

The meeting was called to order by the Mayor Pro Tem, and upon the roll being called, Dave McClelland, the Mayor Pro Tem, and the following Aldermen were physically present at said location: John Haney, T.A. Whitsitt, George Cook Jr., Shirley Chancellor, Dawn Thompson, Dawn Hanafin and Nancy Bentley.

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 Mayor, Gary Koerner, was absent and did not participate in the meeting in any manner or to any extent whatsoever.

The Mayor Pro Tem announced that the next item of business before the City Council was the proposed issuance of its General Obligations Bonds (Alternate Revenue Source), Series 2007.

Whereupon the City Clerk presented the following ordinance, copies of which were made available to all in attendance at said meeting who requested a copy:

ORDINANCE NUMBER 07-09-01-20

AN ORDINANCE authorizing and providing for the issuance of \$3,600,000 General Obligation Bonds (Alternate Revenue Source), Series 2007, of the City of LeRoy, McLean County, Illinois, and providing for the imposition of taxes to pay the same.

WHEREAS, the City of LeRoy, McLean County, Illinois (the "*City*"), is a duly organized and existing municipality and unit of local government of the State of Illinois, and is operating under and pursuant to the provisions of the Illinois Municipal Code, and all laws amendatory thereof and supplementary thereto (the "*Municipal Code*"); and

WHEREAS, the City Council of the City (the "*Corporate Authorities*") has determined that it is advisable, necessary and in 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 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*"); and

WHEREAS, the Corporate Authorities have determined and do hereby determine that the Project is a lawful corporate purpose; and

WHEREAS, the estimated costs of acquiring, constructing and installing the Project, including engineering, legal, financial, bond discount, printing and publication costs, and other expenses, are \$3,600,000; and

WHEREAS, there are insufficient funds on hand and lawfully available to pay costs of the Project, and there exists sources of funds, other than enterprise revenues, namely, (a) collections distributed to the City from those taxes imposed pursuant to (i) the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act and the Retailers' Occupation Tax Act and (ii) the

Illinois Income Tax Act, each as supplemented and amended or substitute taxes therefor as provided by the State of Illinois in the future and (b) such other funds of the City as may be necessary and on hand from time to time and lawfully available for such purposes, as authorized to be issued at this time pursuant to the Local Government Debt Reform Act of the State of Illinois, as amended (the "*Reform Act*"); and

WHEREAS, the costs of the Project is expected to be defrayed by up to \$3,600,000 of the proceeds of alternate bonds issued pursuant to the Reform Act; and

WHEREAS, it is necessary and for the best interests of the City that the Project be undertaken, and in order to raise the funds required for such purpose, it will be necessary for the City to borrow an amount not to exceed \$3,600,000 and in evidence thereof to issue alternate bonds, being General Obligation Bonds (Alternate Revenue Source) payable from any revenue source as provided by the Reform Act, in an aggregate principal amount not to exceed \$3,600,000, all in accordance with the Reform Act; and

WHEREAS, the Corporate Authorities, on the 21st day of May, 2007, adopted Ordinance Number 07-05-03-10 (the "*Authorizing Ordinance*"), authorizing the issuance of certain Alternate Bonds, being General Obligation Bonds (Alternate Revenue Source) payable from revenue sources as provided by the Reform Act (the "*Bonds*"), in an amount not to exceed \$3,600,000 for the Project; and

WHEREAS, on the 13th day of June, 2007, the Authorizing Ordinance, which included therein a notice in the statutory form, was published in the *LeRoy Journal*, and an affidavit evidencing the publication of the Authorizing Ordinance and said notice has heretofore been presented to the Corporate Authorities and made a part of the permanent records of the City; and

WHEREAS, no petition has ever been filed with the City Clerk, requesting that the question of the issuance of the Bonds for the Project be submitted to referendum; and

WHEREAS, the Corporate Authorities have been authorized to issue the Bonds to the amount of \$3,600,000 in accordance with the provisions of the Reform Act and the Authorizing Ordinance; none of such bonds have heretofore been issued by the City; and the Corporate Authorities hereby determine that it is necessary and advisable that there be issued at this time \$3,600,000 of the authorized amount; and

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

WHEREAS, the Corporate Authorities hereby determine that the Pledged Revenues will provide in each year to final maturity of the proposed Bonds an amount not less than 1.25 times debt service of the proposed Bonds, said series of bonds being the only series of alternate bonds payable in part from the Pledged Revenues; and

WHEREAS, such determination of the sufficiency of the Pledged Revenues is supported by the Independent Auditor's Report for the City for the year ending April 30, 2006 (the "Audit"), which is the most recent audit of the City, which Audit has been presented to and is now on file with the Corporate Authorities; and

WHEREAS, pursuant to and in accordance with the provisions of the Bond Issue Notification Act of the State of Illinois, as amended, the Mayor (the "Mayor"), on the 16th day of July, 2007, executed an Order calling a public hearing (the "Hearing") for the 20th day of August, 2007, concerning the intent of the Corporate Authorities to sell not to exceed \$3,600,000 General Obligation Bonds (Alternate Revenue Source); and

WHEREAS, notice of the Hearing was given by (i) publication at least once not less than seven (7) nor more than thirty (30) days before the date of the Hearing in the *LeRoy Journal*, the same being a newspaper of general circulation in the City and (ii) posting at least 72 hours before the Hearing a copy of said notice at the principal office of the Corporate Authorities; and

WHEREAS, the Hearing was held on the 20th day of August, 2007, and at the Hearing, the Corporate Authorities explained the reasons for the proposed bond issue and permitted persons desiring to be heard an opportunity to present written or oral testimony within reasonable time limits; and

WHEREAS, the Hearing was finally adjourned on the 20th day of August, 2007, and not less than seven (7) days have passed since the final adjournment of the Hearing; and

WHEREAS, the Corporate Authorities are now authorized to issue the Bonds to the amount of \$3,600,000 in accordance with the provisions of the Reform Act, and the Corporate Authorities hereby determine that it is necessary and advisable that there be issued at this time \$3,600,000 of the bonds so authorized:

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

Section 1. Definitions. The words and terms used in this Ordinance shall have the meanings set forth and defined for them herein unless the context or use clearly indicates another or different meaning is intended, including the words and terms as follows:

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

"Alternate Bonds" means any outstanding Bonds issued as alternate bonds under and pursuant to the provisions of the Reform Act, and includes, expressly, the Bonds.

"Applicable Law" means, collectively, the Municipal Code and the Reform Act.

"Audit" is defined in the preambles hereto.

"Authorizing Ordinance" is defined in the preambles hereto.

"Bond" or *"Bonds"* means one or more, as applicable, of the \$3,600,000 General Obligation Bonds (Alternate Revenue Source), Series 2007, authorized to be issued by this Ordinance, as defined in the preambles hereto.

"Bond Fund" means the Series 2007 Alternate Bond Fund established hereunder and further described herein.

"Bond Registrar" means the books of the City kept by the Bond Registrar to evidence the registration and transfer of the Bonds.

"Bond Registrar" or *"Paying Agent"* means Heartland Bank and Trust Company, Bloomington, Illinois, or a successor thereto, duly authorized to do business as a bond registrar and as paying agent as herein required.

"City" is defined in the preambles hereto.

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

"Corporate Authorities" is defined in the preambles hereto.

"County Clerk" means the County Clerk of The County of McLean, Illinois.

"Designated Officers" means the Mayor, City Clerk, or Treasurer, or assigns, or any of them acting together.

"Expense Fund" means the fund established hereunder and further described herein.

"Fiscal Year" means that twelve-calendar month period selected by the Corporate Authorities as the Fiscal Year for the City.

"Hearing" is defined in the preambles hereto.

"Mayor" is defined in the preambles hereto.

"Municipal Code" means the Illinois Municipal Code, as supplemented and amended.

"*Ordinance*" means this ordinance as supplemented or amended from time to time.

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

"*Pledged Moneys*" means, collectively, Pledged Revenues and Pledged Taxes as both are defined herein.

"*Pledged Revenues*" means (a) collections distributed to the City from those taxes imposed pursuant to (i) the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act and the Retailers' Occupation Tax Act and (ii) the Illinois Income Tax Act, each as supplemented and amended, or substitute taxes therefor as provided by the State of Illinois in the future and (b) such other funds of the City as may be necessary and on hand from time to time and lawfully available for such purposes.

"*Pledged Taxes*" means the *ad valorem* taxes levied against all of the taxable property in the City without limitation as to rate or amount, pledged hereunder by the City as security for the Bonds.

"*Project*" is defined in the preambles hereto.

"Project Fund" means the Series 2007 Project Fund established hereunder and further described herein.

"Purchase Price" means the price paid for the Bonds, to-wit: par plus accrued interest to the date of delivery.

"Purchaser" means First Midstate Inc., Bloomington, Illinois.

"Record Date" means the fifteenth day of the month of any regularly scheduled interest payment date.

"Reform Act" is defined in the preambles hereto.

"Tax-exempt" means, with respect to the Bonds, 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.

"Treasurer" means the Treasurer of the City.

Section 2. Incorporation of Preambles. The Corporate Authorities hereby find that the recitals contained in the preambles to this Ordinance are true and correct and do incorporate them into this Ordinance by this reference, and such finding shall be incontestable under the Reform Act as therein provided.

Section 3. Authorization. It is hereby found and determined that the Corporate Authorities have been authorized by law to borrow the sum of \$3,600,000 upon the credit of the City and as evidence of such indebtedness to issue bonds of the City in said amount, the proceeds of said bonds to be used for the Project, and that it is necessary to borrow \$3,600,000 of said authorized sum and issue the Bonds in evidence thereof for purposes of paying costs of the

Project, and that it is necessary and for the best interests of the City that there be issued at this time \$3,600,000 of the bonds so authorized for the Project.

Section 4. Determination to Issue Bonds; Acceptance of Audit. It is necessary and in the best interests of the City for the City to undertake the Project for the public health, safety and welfare, in accordance with the plans therefor as described, and to issue the Bonds to enable the City to pay the costs thereof. The Audit is hereby accepted by the Corporate Authorities.

Section 5. Bond Details. For the purpose of providing for the payment of the costs of the Project, there shall be issued and sold the Bonds in the principal amount of \$3,600,000. The Bonds shall each be designated "General Obligation Bond (Alternate Revenue Source), Series 2007," and be dated September 1, 2007 (the "*Dated Date*"), and shall also bear the date of authentication thereof. The Bonds shall be in fully registered form, shall be in denominations of \$5,000 or authorized integral multiples thereof (but no single Bond shall represent principal maturing on more than one date), as shall be numbered in such reasonable fashion as may be selected by the Bond Registrar, and shall be due and payable (subject to prior redemption as hereinafter provided) on December 1 of the years and in the amounts and bearing interest at the rates per annum as follows:

2008	\$ 40,000	8.75%
2009	95,000	8.75%
2010	100,000	8.60%
2011	110,000	8.60%
2012	120,000	8.60%
2013	130,000	8.60%
2014	145,000	8.60%
2015	155,000	8.50%
2016	170,000	8.50%
2017	185,000	5.50%
2018	200,000	4.15%
2019	205,000	4.15%
2020	210,000	4.15%
2021	220,000	4.20%
2022	230,000	4.25%
2023	235,000	4.30%
2024	245,000	4.30%
2025	260,000	4.35%
2026	270,000	4.40%
2027	275,000	4.40%

Each Bond shall bear interest from the later of its Dated Date as herein above provided or from the most recent interest payment date to which interest has been paid or duly provided for, until the principal amount of such Bond is paid or duly provided for, such interest (computed upon the basis of a 360-day year of twelve 30-day months) being payable semiannually on each June 1 and December 1, commencing on December 1, 2008. Interest on each Bond shall be paid by check or draft of the Bond Registrar, payable upon presentation thereof in lawful money of the United States of America, to the person in whose name such Bond is registered at the close of business on the Record Date. The principal of the Bonds shall be payable upon presentation in lawful money of the United States of America at the principal office of the Bond Registrar.

Section 6. Redemption. The Bonds maturing on and after December 1, 2018, are subject to redemption prior to maturity at the option of the City as a whole, or in part in any order of maturity determined by the City (less than all of the Bonds of a single maturity to be selected by the Bond Registrar), on December 1, 2017, or on any date thereafter, at the redemption price of par plus accrued interest to the date of redemption.

The Bonds shall be redeemed only in the principal amount of \$5,000 and integral multiples thereof. The City shall, at least 45 days prior to any optional redemption date (unless a shorter time period shall be satisfactory to the Bond Registrar), notify the Bond Registrar of such redemption date and of the principal amount and maturities of Bonds to be redeemed. For purposes of any redemption of less than all of the Bonds of a single maturity, the particular Bonds or portions of Bonds to be redeemed shall be selected by lot not more than 60 days prior to the redemption date by the Bond Registrar for the Bonds of such maturity by such method of lottery as the Bond Registrar shall deem fair and appropriate; *provided*, that such lottery shall provide for the selection for redemption of Bonds or portions thereof so that any \$5,000 Bond or \$5,000 portion of a Bond shall be as likely to be called for redemption as any other such \$5,000 Bond or \$5,000 portion. The Bond Registrar shall make such selection upon the earlier of the irrevocable deposit of funds with an escrow agent sufficient to pay the redemption price of the Bonds to be redeemed or the time of the giving of official notice of redemption.

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

Section 7. Redemption Procedure. Unless waived by the registered owner of Bonds to be redeemed, official notice of any such redemption shall be given by the Bond Registrar on behalf of the City by mailing the redemption notice by first-class mail not less than 30 days and not more than 60 days prior to the date fixed for redemption to each registered owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such registered owner to the Bond Registrar.

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

- (1) the redemption date;
- (2) the redemption price;
- (3) if less than all of the Bonds of a single maturity are to be redeemed, the identification (and, in the case of partial redemption of any Bonds, the respective principal amounts) of the Bonds to be redeemed;
- (4) a statement that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption and that interest thereon shall cease to accrue from and after said date; and
- (5) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal corporate trust business office of the Bond Registrar.

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

Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the City shall default in the payment of the redemption price), such Bonds or portions of Bonds shall cease to bear interest. Neither the failure to mail such redemption notice, nor any defect in any notice so mailed, to any particular registered owner, shall affect the sufficiency of such notice with respect to other Bonds. Notice having been properly given, failure of a registered owner to receive such notice shall not be deemed to invalidate, limit or delay the effect of the notice or redemption action described in the notice. Such notice may be waived in writing by the registered owner entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by registered owners shall be filed with the Bond Registrar, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Paying Agent at the redemption price. The procedure for payment of interest due on or prior to the redemption date shall be as herein provided for payment of interest otherwise due. Upon surrender for any partial redemption of any Bond, there shall be prepared for the registered owner a new Bond or Bonds of like tenor, of authorized denominations, of the same maturity and bearing the same rate of interest in the amount of the unpaid principal. If any Bond or portion of Bond called for redemption shall not be so paid upon surrender thereof for redemption, the principal shall, until paid or duly provided for, bear interest from the redemption date at the rate borne by the Bond or portion of Bond so called for redemption. All Bonds which have been redeemed shall be cancelled and destroyed by the Bond Registrar and shall not be reissued.

Section 8. Execution; Authentication. The Bonds shall be executed on behalf of the City with the manual or duly authorized facsimile signature of the Mayor and attested with the manual or duly authorized facsimile signature of the City Clerk, as they may determine, and shall have impressed or imprinted thereon the corporate seal or facsimile thereof of the City. In case any officer whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery.

All Bonds shall have thereon a certificate of authentication substantially in the form hereinafter set forth duly executed by the Bond Registrar as authenticating agent of the City and showing the date of authentication. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this Ordinance unless and until such certificate of authentication shall have been duly executed by the Bond Registrar by manual signature, and such certificate of authentication upon any such Bond shall be conclusive evidence that such

Bond has been authenticated and delivered under this Ordinance. The certificate of authentication on any Bond shall be deemed to have been executed by it if signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds issued hereunder.

Section 9. Registration of Bonds; Persons Treated as Owners. (a) General. The City shall cause books for the registration and for the transfer of the Bonds as provided in this Ordinance to be kept at the principal corporate trust office of the Bond Registrar, which is hereby constituted and appointed the registrar of the City for this issue. The City is authorized to prepare, and the Bond Registrar shall keep custody of, multiple Bond blanks executed by the City for use in the transfer and exchange of Bonds.

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

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

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

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

(b) *Global Book-Entry System.* The Bonds shall be initially issued in the form of a separate single fully registered Bond for each of the maturities of the Bonds determined as described in Section 5 hereof. Upon initial issuance, the ownership of each such Bond shall be registered in the Bond Register in the name of Cede & Co., or any successor thereto ("*Cede*"), as nominee of The Depository Trust Company, New York, New York, and its successors and assigns ("*DTC*"). All of the outstanding Bonds shall be registered in the Bond Register in the name of Cede, as nominee of DTC, except as hereinafter provided. The Mayor and Clerk of the City Council and the Bond 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 Bonds by wire transfer.

With respect to Bonds registered in the Bond Register in the name of Cede, as nominee of DTC, the City and the Bond Registrar shall have no responsibility or obligation to any broker-dealer, bank or other financial institution for which DTC holds Bonds 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 Bonds. Without limiting the immediately preceding sentence, the City and the Bond 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 Bonds, (ii) the delivery to any DTC Participant or any other person, other than a registered owner of a Bond as shown in the Bond Register, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than a registered owner of a Bond as shown in the Bond Register, of any amount with respect to the principal of or interest on the Bonds. The City and the Bond Registrar may treat and consider the person in whose name each Bond is registered in the Bond Register as the holder and absolute owner of such Bond for the purpose of payment of principal and interest with respect to such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Bond Registrar shall pay all principal of and interest on the Bonds only to or upon the order of the respective registered owners of the Bonds, as shown in the Bond 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 Bonds to the extent of the sum or sums so paid. No person other than a registered owner of a Bond as shown in the Bond Register, shall receive a Bond evidencing the obligation of the City to make payments of principal and interest with respect to any Bond. Upon delivery by DTC to the Bond 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 3 hereof with respect to the payment of interest to the registered owners of Bonds at the close of business on the 15th day of the month next preceding the applicable interest payment date, the name "Cede" in this resolution 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 Bond 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 Bonds that they be able to obtain certificated Bonds, the City shall notify DTC and DTC Participants of the availability through DTC of certificated Bonds and the Bonds shall no longer be restricted to being registered in the Bond Register in the name of Cede, as nominee of DTC. At that time, the City may determine that the Bonds 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 Bonds may be registered in whatever name or names registered owners of Bonds transferring or exchanging Bonds shall designate, in accordance with the provisions of Section 9(a) hereof.

Notwithstanding any other provisions of this resolution to the contrary, so long as any Bond is registered in the name of Cede, as nominee of DTC, all payments with respect to

principal of and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, in the name provided in the Representation Letter.

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

[Form of Bond - Front Side]

REGISTERED
NO.

REGISTERED
\$

UNITED STATES OF AMERICA

STATE OF ILLINOIS

COUNTY OF McLEAN

CITY OF LeROY

**GENERAL OBLIGATION BOND
(ALTERNATE REVENUE SOURCE), SERIES 2007**

See Reverse Side for
Additional Provisions

Interest Maturity Dated
Rate: Date: December 1, _____ Date: September 1, 2007 CUSIP: 521300 _____

Registered Owner: CEDE & Co.

Principal Amount:

KNOW ALL PERSONS BY THESE PRESENTS that the City of LeRoy, McLean County, Illinois, a municipality and unit of local government and political subdivision of the State of Illinois (the "City"), hereby acknowledges itself to owe and for value received promises to pay 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 later of the Dated Date of this Bond identified above or from the most recent interest payment date to which interest has been paid or duly provided for at the Interest Rate per annum identified above, such interest to be payable semiannually on June 1 and December 1 of each year, commencing on December 1, 2008, until the Principal Amount is paid or duly provided for. The Principal Amount of this Bond is payable in lawful money of the United States of America upon presentation at the principal corporate trust office of Heartland Bank and Trust Company,

Bloomington, Illinois, as paying agent and bond registrar (the "*Bond Registrar*"). Payment of interest shall be made to the Registered Owner hereof, as shown on the registration books of the City maintained by Bond Registrar at the close of business on the Record Date. The Record Date shall be the 15th day of the month next preceding any regular or other interest payment date occurring on the 1st day of any month. Interest shall be paid by check or draft of the Bond 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 Bond Registrar.

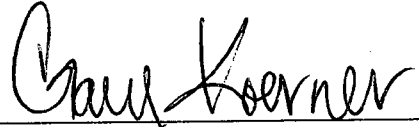
Reference is hereby made to the further provisions of this Bond set forth on the reverse hereof, and such further provisions shall for all purposes have the same effect as if set forth at this place.

It is hereby certified and recited that all acts, conditions and things required to be done precedent to and in the issuance of this Bond have been done and have happened and have been performed in regular and due form of law; that the indebtedness of the City, including the issue of Bonds of which this is one, does not exceed any limitation imposed by law, unless the Pledged Taxes shall have been extended pursuant to the general obligation full faith and credit promise supporting the Bonds, in which case the amount of the Bonds then outstanding shall be included in the computation of indebtedness of the City for purposes of all statutory provisions or limitations until such time as an audit of the City shall show that the Bonds have been paid from the Pledged Revenues for a complete Fiscal Year; that provision has been made for the collection of the Pledged Revenues, the levy and collection of the Pledged Taxes, and the segregation of the Pledged Moneys to pay the interest hereon as it falls due and also to pay and discharge the principal hereof at maturity; and that the City hereby covenants and agrees that it will properly account for said Pledged Moneys and will comply with all the covenants of and maintain the

funds and accounts as provided by the Ordinance. For the prompt payment of this Bond, both principal and interest at maturity, the full faith, credit and resources of the City are hereby irrevocably pledged.

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

IN WITNESS WHEREOF, the City of LeRoy, McLean County, Illinois, by its City Council, has caused this Bond to be executed with the manual or duly authorized facsimile signature of its Mayor and attested by the manual or duly authorized facsimile signature of its City Clerk and its corporate seal or a facsimile thereof to be impressed or reproduced hereon, all as appearing hereon and as of the Dated Date identified above.



Mayor, City of LeRoy, McLean
County, Illinois

ATTEST:



City Clerk, City of LeRoy,
McLean County, Illinois

[SEAL]

Date of Authentication: _____, 20__

CERTIFICATE
OF
AUTHENTICATION

Bond Registrar and Paying Agent:
Heartland Bank and Trust Company,
Bloomington, Illinois

This Bond is one of the Bonds described in the within-mentioned Ordinance and is one of the General Obligation Bonds (Alternate Revenue Source), Series 2007, of the City of LeRoy, McLean County, Illinois.

HEARTLAND BANK AND TRUST COMPANY,
as Bond Registrar

By _____

[Form of Bond - Reverse Side]

CITY OF LEROY, MCLEAN COUNTY, ILLINOIS

GENERAL OBLIGATION BOND

(ALTERNATE REVENUE SOURCE)

SERIES 2007

This bond and the bonds of the series of which it forms a part ("*Bond*" and "*Bonds*" respectively) are of an authorized issue of Three Million Six Hundred Thousand Dollars (\$3,600,000) of like dated date and tenor except as to maturity and rate of interest, and are issued pursuant to the Illinois Municipal Code, as amended (the "*Municipal Code*"), the Local Government Debt Reform Act, as amended, and all acts of the General Assembly of the State of Illinois, and as supplemented and amended (collectively, the "*Applicable Law*"), for the purpose of financing the building and equipping of a recreational center and indoor and outdoor pools, and site and utility improvements, within the City (the "*Project*"), as more fully described in the Ordinance as herein below defined. The Bonds are issued pursuant to an ordinance adopted by the City Council of the City on the 4th day of September, 2007 (the "*Ordinance*"), to which reference is hereby expressly made for further definitions and terms and to all the provisions of which the Registered Owner by the acceptance of this Bond assents.

The Bonds are payable from those collections distributed to the City from (a) taxes imposed pursuant to (i) the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act and the Retailers' Occupation Tax Act and (ii) the Illinois Income Tax Act, each as supplemented and amended, or substitute taxes therefor as provided by the State of Illinois in the future and (b) such other funds of the City as may be necessary and on hand from time to time and lawfully available for such purposes (the "*Pledged Revenues*"). The Bonds are also payable from ad valorem taxes levied against all of the taxable property in the City without limitation as

to rate or amount (the "*Pledged Taxes*") (the Pledged Revenues and the Pledged Taxes being collectively called the "*Pledged Moneys*"), all in accordance with the provisions of the Applicable Law. The City reserves the right to issue Additional Bonds without limit from time to time payable from the Pledged Revenues, and any such Additional Bonds shall share ratably and equally in the Pledged Revenues with the Bonds; *provided, however*, that no Additional Bonds shall be issued except in accordance with Applicable Law.

The Bonds due on and after December 1, 2018, are subject to redemption prior to maturity at the option of the City, from any available funds, in whole or in part on any date on or after December 1, 2017, and if in part, in such order of maturity as may be selected by the City, and if less than an entire maturity, in integral multiples of \$5,000, selected by lot, at the redemption price of par plus accrued interest to the date fixed for redemption.

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 Bond to be redeemed at the address shown on the registration books of the City maintained by the Bond Registrar or at such other address as is furnished in writing by such registered owner to the Bond Registrar. When so called for redemption, this Bond 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.

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

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

The City and the Bond 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 Bond Registrar shall be affected by any notice to the contrary.

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns and transfers unto

[Identifying Numbers]

(Name and Address of Assignee)

the within Bond and does hereby irrevocably constitute and appoint _____

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

Dated: _____

Signature guaranteed: _____

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

Section 11. Sale of the Bonds. The Bonds hereby authorized shall be sold and executed as in this Ordinance provided as soon after the passage hereof as may be, and thereupon be deposited with the Treasurer, and be by said Treasurer delivered to the Purchaser, upon receipt of the Purchase Price. The contract for the sale of the Bonds presented to the Corporate Authorities at this time is hereby approved and confirmed, it being hereby found and determined that said contract for the sale of the Bonds is in the best interests of the City and that no person holding an office of the City either by election or appointment, is in any manner financially interested, either directly in his or her own name or indirectly in the name of any other person, association, trust or corporation, in said contract for the purchase of the Bonds. The Designated Officers are hereby authorized to execute such additional certificates, agreements and contracts, including, specifically, a tax exemption certificate and agreement, as shall be reasonably and customarily necessary to effectuate the sale of the Bonds.

The use by the Purchaser of any Preliminary Official Statement and any final Official Statement relating to the Bonds is hereby ratified, approved and authorized; the execution and delivery of said final Official Statement is hereby authorized; and the officers of 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 Bonds, this Ordinance, said Preliminary Official Statement, said final Official Statement and the Bonds.

Section 12. Treatment of Bonds as Debt. The Bonds shall be payable from the Pledged Moneys and shall not constitute an indebtedness of the City within the meaning of any

constitutional or statutory limitation, unless the Pledged Taxes shall have been extended pursuant to the general obligation, full faith and credit promise supporting the Bonds, as set forth herein, in which case the amount of the Bonds then Outstanding shall be included in the computation of indebtedness of the City for purposes of all statutory provisions or limitations until such time as an audit of the City shall show that the Bonds have been paid from the Pledged Revenues for a complete Fiscal Year, in accordance with the Reform Act.

Section 13. Alternate Bond Fund. There is hereby created a special fund of the City, which fund shall be held by the Treasurer separate and apart from all other funds and accounts of the City and be known as the "Series 2007 Alternate Bond Fund" (the "*Bond Fund*"). The purpose of the Bond Fund is to provide a fund to receive and disburse the Pledged Revenues and to receive and disburse Pledged Taxes for any (or all) of the Bonds. There are hereby created two accounts of the Bond Fund, designated the Pledged Revenues Account and the Pledged Taxes Account. The Pledged Revenues shall be deposited to the Pledged Revenues Account, and all Pledged Taxes shall be deposited to the credit of the Pledged Taxes Account. The Bond Fund and its respective accounts constitute a trust fund established for the purpose of carrying out the covenants, terms and conditions imposed upon the City by this Ordinance.

Any Pledged Taxes received by the City shall promptly be deposited into the Pledged Taxes Account of the Bond Fund. Pledged Taxes on deposit to the credit of the Pledged Taxes Account shall be fully spent to pay the principal of and interest on the Bonds for which such taxes were levied and collected prior to use of any moneys on deposit in the Pledged Revenues Account of the Bond Fund.

Section 14. Alternate Revenue Source; Appropriation; Tax Levy; Pledged Taxes. To the extent necessary to pay the interest on the Bonds promptly when and as the same falls due, and to pay and discharge the principal thereof at maturity, the City covenants and agrees with the

purchasers and the owners of the Bonds that the City will deposit the Pledged Revenues into the Bond Fund, as hereinafter defined.

The Pledged Revenues are hereby pledged to the payment of the Bonds and the City covenants and agrees to provide for, appropriate, collect and apply the Pledged Revenues to the payment of the Bonds and the provision of not less than an additional .25 times debt service.

For the purpose of providing additional funds to pay the principal of and interest on the Bonds, there is hereby levied upon all of the taxable property within the City, in the years for which any of the Bonds are outstanding, a direct annual tax for each of the years while the Bonds or any of them are outstanding, in amounts sufficient for that purpose, and there be and there hereby is levied upon all of the taxable property in the City the following direct annual taxes (the "Pledged Taxes"):

FOR THE YEAR	A TAX SUFFICIENT TO PRODUCE THE SUM OF:	
2007	\$391,942.50	for principal and interest up to and including June 1, 2009
2008	\$289,453.75	for principal and interest
2009	\$285,997.50	for principal and interest
2010	\$286,967.50	for principal and interest
2011	\$287,077.50	for principal and interest
2012	\$286,327.50	for principal and interest
2013	\$289,502.50	for principal and interest
2014	\$286,680.00	for principal and interest
2015	\$287,867.50	for principal and interest
2016	\$290,555.00	for principal and interest
2017	\$296,317.50	for principal and interest
2018	\$292,913.75	for principal and interest
2019	\$289,302.50	for principal and interest
2020	\$290,325.00	for principal and interest
2021	\$290,817.50	for principal and interest
2022	\$285,877.50	for principal and interest
2023	\$285,557.50	for principal and interest
2024	\$289,635.00	for principal and interest
2025	\$288,040.00	for principal and interest
2026	\$281,050.00	for principal and interest

Interest or principal coming due at any time when there are insufficient funds on hand from the Pledged Taxes to pay the same shall be paid promptly when due from current funds on hand in advance of the collection of the Pledged Taxes herein levied; and when the Pledged Taxes shall have been collected, reimbursement shall be made to said funds in the amount so advanced.

Subject to the provisions of this section, the City covenants and agrees with the purchasers and the owners of the Bonds that so long as any of the Bonds remain outstanding, the City will take no action or fail to take any action which in any way would adversely affect the ability of the City to collect the Pledged Revenues or to levy and collect the Pledged Taxes. The City and its officers will comply with all present and future applicable laws in order to assure that the Pledged Revenues will be available and that the Pledged Taxes will be levied, extended and collected as provided herein and deposited in the Bond Fund.

Section 15. Filing of Ordinance. Forthwith upon the passage of this Ordinance, the City Clerk is hereby directed to file a certified copy of this Ordinance with the County Clerk, and it shall be the duty of the County Clerk to annually in and for each of the years 2007 to 2026, inclusive, ascertain the rate necessary to produce the Pledged Taxes herein levied, and extend the same for collection on the tax books against all of the taxable property within the City in connection with other taxes levied in each of said years in and by the City for general corporate purposes of the City in order to raise the respective amounts aforesaid and in each of said years the Pledged Taxes shall be computed, extended and collected in the same manner as now or hereafter provided by law for the computation, extension and collection of taxes for general corporate purposes of the City, and, when collected, the Pledged Taxes shall be placed to the credit of the Bond Fund.

Section 16. Abatement of Pledged Taxes. As provided in the Applicable Law and upon the terms and conditions set forth herein, whenever in the discretion of the City Council funds are or will be available to pay any principal of or interest on the Bonds when due, so as to enable the abatement of the Pledged Taxes levied for the same, the City Council, or the officers of the City acting with proper authority, shall direct the abatement of the Pledged Taxes by such amount, and proper notification of such abatement shall be filed with the County Clerk in a timely manner to effect such abatement.

Section 17. General Covenants. The City covenants and agrees with the registered owners of the Bonds, so long as any Bonds remain Outstanding, as follows:

A. The City pledges the Pledged Revenues to the payment of the Bonds, and the Corporate Authorities covenant and agree to provide for, collect and apply Pledged Revenues, or any combination thereof, to the payment of the Bonds payable from such Pledged Revenues as hereinabove provided and the provision of not less than an additional .25 times debt service. The determination of the sufficiency of the Pledged Revenues pursuant to this subsection (A) shall be supported by reference to the Audit and the reference to and acceptance of the Audit by the Corporate Authorities shall be conclusive evidence that the conditions of Section 15 of the Reform Act have been met.

B. The City will punctually pay or cause to be paid from the Bond Fund the principal of and interest on the Bonds in strict conformity with the terms of the Bonds and this Ordinance, and it will faithfully observe and perform all of the conditions, covenants and requirements thereof and hereof.

C. The City will pay and discharge, or cause to be paid and discharged, from the Bond Fund any and all lawful claims which, if unpaid, might become a lien or charge upon the Pledged Moneys, or any part thereof, or upon any funds in the hands of the

Paying Agent, or which might impair the security of the Bonds. Nothing herein contained shall require the City to make any such payment so long as the City in good faith shall contest the validity of said claims.

D. The City will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the City, in which complete and correct entries shall be made of all transactions relating to the Pledged Moneys and the Bond Fund.

E. The City will preserve and protect the security of the Bonds and the rights of the registered owners of the Bonds, and will warrant and defend their rights against all claims and demands of all persons. From and after the sale and delivery of any of the Bonds by the City, the Bonds shall be incontestable by the City.

F. The City will adopt, make, execute and deliver any and all such further ordinances, resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention of, or to facilitate the performance of, this Ordinance, and for the better assuring and confirming unto the registered owners of the Bonds of the rights and benefits provided in this Ordinance.

G. As long as any Bonds are Outstanding, the City will continue to deposit and apply the Pledged Revenues and, if applicable, the Pledged Taxes as provided herein. The City covenants and agrees with the purchasers of the Bonds and with the registered owners thereof that so long as any Bonds remain Outstanding, the City will take no action or fail to take any action which in any way would adversely affect the ability of the City to levy the Pledged Taxes and to collect and to segregate the Pledged Moneys. The City and its officers will comply with all present and future applicable laws in order to assure

that the Pledged Taxes can be levied and extended and that the Pledged Revenues and the Pledged Taxes may be collected and deposited into the Bond Fund, as provided herein.

H. The Outstanding Bonds shall be and forever remain until paid or defeased the general obligation of the City, for the payment of which its full faith and credit are pledged, and shall be payable, in addition to from the Pledged Revenues, as herein provided, from the levy of the Pledged Taxes as provided in the Reform Act.

Section 18. Additional Bonds. The City reserves the right to issue Additional Bonds from time to time payable from the Pledged Revenues, and any such Additional Bonds shall share ratably and equally in the Pledged Revenues with the Bonds; *provided, however,* that no Additional Bonds shall be issued except upon compliance with the provisions of the Reform Act as the Reform Act is written at this time.

Section 19. Use of Proceeds. The proceeds derived from the sale of the Bonds shall be used as follows:

Accrued interest shall be credited to the Pledged Revenues Account of the Bond Fund and applied to pay first interest due on the Bonds. The principal proceeds of the Bonds shall be deposited into the Project Fund, hereby created; and disbursements shall be made from the Project Fund only for the purposes for which the Bonds are being issued and for which the principal proceeds are hereby appropriated. Interest received from deposits in the Project Fund shall, at the discretion of the City Council, be transferred to the Bond Fund for payment of the principal of or interest on the Bonds on the interest payment date next after such interest is received, be retained in the Project Fund or be used for such other purposes as is permitted by applicable law.

Section 20. Non-Arbitrage and Tax-Exemption. One purpose of this Section is to set forth various facts regarding the Bonds and to establish the expectations of the City Council and

the City as to future events regarding the Bonds and the use of Bond 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 Bonds. 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 Bonds) if taking, permitting or omitting to take such action would cause any of the Bonds to be an arbitrage bond or a private activity bond within the meaning of the Code or would otherwise cause the interest on the Bonds 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 Bonds, under present rules, the City is treated as the "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 City Council and the City 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 Bonds, (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 Bonds, (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 for which 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 for which an agreement, understanding,

or arrangement relating to such a modification or establishment during that one-year period).

"Bond 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 date on which the City is receiving the purchase price for the Bonds.

"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.

"Costs of Issuance" means the costs of issuing the Bonds, including underwriter's 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 XL Capital Assurance Inc., New York, New York.

"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 Bonds 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 Bond Fund and Project Fund.

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

"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 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; (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 that 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. part 344.

"Rebate Fund" means the fund, if any, identified and defined in Section 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 Bonds, including (a) amounts used to pay underwriter's 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 Bond or is otherwise associated with a Bond (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 Bonds, the issue price as established in Section 5.1), including accrued interest.

"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 Bonds.* The Bonds are being issued to finance the Project in a prudent manner consistent with the revenue needs of the City. 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.

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 September 1, 2010 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 amounts spent for 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 Bonds;

(b) payments of interest on the Bonds 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 Bonds paid from unexpected excess Sale Proceeds and investment earnings thereon; and

(f) fees for the Credit Facility.

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 Section 2.4 hereof, a like amount of then available funds of the City will be treated as unspent Sale Proceeds.

2.6. *Investment of Bond 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 Bonds 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 Bonds.

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 Bonds not later than the date set forth in paragraph 2.2 hereof, the investment earnings on the Bond Fund will be spent to pay interest on the Bonds, or to the extent permitted by law, investment earnings on amounts in the Project Fund and the Bond 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 Bond 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 Bonds. The City acknowledges that any such hedge could affect, among other things, the calculation of Bond Yield under the Regulations. The Internal Revenue Service could recalculate Bond 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 Bonds, and be subject to the fair market purchase price rules, rebate and yield restriction. The City agrees not to use proceeds of the Bonds 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 Bond holder, the Credit Facility Provider, or any other credit or liquidity enhancer with respect to the Bonds 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 the 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 Bonds will be paid from the Bond Fund.

(d) Costs of Issuance incurred in connection with the issuance of the Bonds will be paid from the Expense Fund 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 Bond Fund.* The Bond Fund will be used primarily to achieve a proper matching of revenues and earnings with principal and interest payments on the Bonds in each bond year. It is expected that the Bond 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 Bond Fund for the immediately preceding bond year or (b) 1/12th of the principal and interest payments on the Bonds for the immediately preceding bond year.

3.3. *No Other Gross Proceeds.* (a) Except for investment earnings that have been commingled as described in Section 2.2, after the issuance of the Bonds, 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 Bonds and amounts in the funds described in Section 3.4 hereof;

(iii) amounts that have a sufficiently direct nexus to the Bonds or to the governmental purpose of the Bonds to conclude that the amounts would have been used for that governmental purpose if the Bonds 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 Bonds 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 Bonds or any credit enhancement or liquidity device with respect to the Bonds, 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 holders of the Bonds, 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 Bonds or a guarantor of the Bonds); 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 Bonds, or any credit enhancement or liquidity device related to the Bonds.

(c) The term of the Bonds is not longer than is reasonably necessary for the governmental purposes of the Bonds. The average reasonably expected economic life of the Project is at least 20 years. The weighted average maturity of the Bonds does not exceed 20 years and does not exceed 120 percent of the average reasonably expected economic life of the Project. 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 Bonds as set forth in paragraph 2.2 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 Bonds. The City will make, or cause to be made, rebate payments with respect to the Bonds in accordance with law.

4.2. *Rebate Fund.* The City is authorized by the Ordinance to create and establish a special fund to be known as the Rebate Fund, which, if created, shall be continuously held, invested, expended and accounted for in accordance with the Ordinance. Moneys in the Rebate Fund shall not be considered moneys held for the benefit of the owners of the Bonds. 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 until six years (three years for the records required by paragraph 4.4(c) hereof) after the Bonds are paid in full 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 Bond is retired, the records required to be kept shall include the fair market value of such investment on the date the last Bond 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 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 other 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 Bonds;

(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 Bonds;

(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 Bonds) 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 Bonds 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 paragraph (b)(xi) of this section;
- (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 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 Section 4.4.

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 Section 4.4 satisfy various safe harbors set forth in the Regulations relating to the valuation of certain types of investments. The safe harbor provisions of this Section 4.4 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 Bonds. The City will contact Bond Counsel if it does not wish to comply with the provisions of this Section 4.4 and forego the protection provided by the safe harbors provided herein.

4.5. *Arbitrage Elections.* The Mayor, City Clerk and City 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 Bonds is or will be a "private activity bond" (as defined in Section 129 of the Code). Ninety-five percent or more of the Sale Proceeds will be used for local governmental activities of the City. Neither the City, any entity that issues tax-exempt bonds on behalf of the City nor any entity subject to Control by the City will issue, during the calendar year 2007, any tax-exempt bonds 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 "private activity bonds" (as defined in Section 129 of the Code), (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 \$5,000,000. As of the date hereof, no tax-exempt bonds or other obligations (other than the Bonds) 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 2007. 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 2007. Therefore, subject to compliance with all the terms and provisions hereof, the City is excepted from the required rebate of arbitrage profits on the Bonds under Section 148(f)(4)(D) of the Code and from the terms and provisions of this Resolution 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 Bonds, the purchase price of the Bonds 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 Bonds 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 Bonds 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 Bond as of the sale date for the Bonds.

5.2. *Yield Limits.* (a) Except as provided in paragraph (b) or (c), 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 Bonds 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:

(b)(i) amounts on deposit in the Bond Fund (except for capitalized interest) that have not been on deposit under the Ordinance for more than 13 months, so long as the Bond Fund continues to qualify as a bona fide debt service fund as described in Section 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 Bonds, or interest on the Bonds during the three year period beginning on the date of issue of the Bonds prior to three years after Closing;

(iii) amounts in the Expense Fund prior to the earlier of three years after Closing or the payment of all expenses to be paid from that fund;

(c)(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 the 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 Section 7.9, once moneys are subject to the Yield limits of Section 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 Sections 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 Act, 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 this Section and the Regulations, no portion of the payment of principal or interest on the Bonds, or any credit enhancement or liquidity device relating to the foregoing 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 Section nor Section 5.5 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 Section 5.2(a)(ii), 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 Section 5.2 because Section 5.2(a) are not applicable and amounts not subject to yield restriction only because they are described in Section 5.2(b), 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 Bond 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 Test.* (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 Bonds 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 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 Bonds 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 Bonds will be at anytime a "private activity bond" (as defined in Section 129 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 2007, the City has not issued any tax-exempt obligations of any kind other than the Bonds nor have any tax-exempt obligations of any kind been issued on behalf of the City and (iii) not more than \$10,000,000 of obligations of any kind (including the Bonds) issued by or on behalf of the City during calendar year 2007 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 2007 it will issue any Section 265 Tax-Exempt Obligations (other than the Bonds), 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 129 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 Bonds) that exceed the aggregate amount of \$10,000,000 during calendar year 2007 unless it first obtains an opinion of Bond Counsel to the effect that such issuance will not adversely affect the treatment of the Bonds 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 Issuer in Rebate Fund.* The terms and provisions set forth in this Section shall terminate at the later of (a) 75 days after the Bonds 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 payments, if any, required to satisfy the Rebate Provisions of the Code have been made to the United States. Notwithstanding the foregoing, the provisions of Section 4.3 hereof shall not terminate until the sixth anniversary of the date the Bonds are fully paid and retired, and the provisions of Section 4.4(c) and Section 7.10 shall not terminate until the third anniversary of the date the Bonds are fully paid and retired.

7.2. *No Common Plan of Financing.* Since a date that is 15 days prior to the date of the sale of the Bonds 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 obligations other than the Bonds that are reasonably expected to be paid out of substantially the same source of funds as the Bonds. Neither the City nor any member of the same Controlled Group as the City will sell or deliver within 15 days after the date hereof any obligations other than the Bonds that are reasonably expected to be paid out of substantially the same source of funds as the Bonds.

7.3. *No Sale of the Project.* (a) Other than as provided in the previous or 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 Bonds) or (ii) the last maturity date of the Bonds. 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 Bonds) or (ii) the last maturity of the Bonds, provided: (A) the weighted average maturity of the Bonds 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 Bond-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 Bonds from becoming private activity bonds. The City shall promptly contact Bond Counsel if a sale or other disposition of Bond-financed property is considered by the City.

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

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

7.6. *Registered Form.* The City recognizes that Section 149(a) of the Code requires the Bonds 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 Bonds are delivered. In this connection, the City agrees that it will not take any action to permit the Bonds to be issued in, or converted into, bearer or coupon form.

7.7. *First Amendment.* The City acknowledges and agrees that it will not use, or allow the Project to be used, in a manner that 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 and in the memorandum of Bond Counsel. The City shall promptly contact Bond Counsel if such changes do occur.

7.9. *Permitted Changes; Opinion of Bond Counsel.* The Yield restrictions contained in Section 5.2 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 Bonds is otherwise entitled and the Issuer receives an opinion of Bond Counsel to such effect. Unless the Issuer 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 CFR Part 10.

7.10. *Records Retention.* The Issuer [and the trustee] agree[s] to keep and retain or cause to be kept and retained sufficient records to support the continued exclusion of the interest paid on the Bonds from federal income taxation, to demonstrate compliance with the covenants in this Agreement, and to show that all tax-exempt Bond related tax returns related to the Bonds submitted or required to be 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 Bond transaction (including this Agreement, the Resolution and the Bond Counsel opinion); documentation evidencing the expenditure of Bond proceeds; documentation evidencing the use of Bond-financed property by public and private entities (including, copies of leases, management contracts and research agreements); documentation evidencing all sources of payment or security for the Bonds; and documentation pertaining to any investment of Bond proceeds (including the information required under Section 4.3 and Section 4.4 hereof and in particular information related to the purchase and sale of securities, SLGS subscriptions, yield calculations for each class of investments if any, 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 Bonds are outstanding, plus the period ending three years after the latest of the final payment date of the Bonds or the final payment date of any obligations or series of obligations issued to refund directly or indirectly all or any portion of the Bonds.

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 City.

7.12. *Expectations.* The City (including the undersigned officer) has reviewed the facts, estimates and circumstances presented by the City and other persons in existence on the date of issuance of the Bonds. 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 Bonds 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 Bonds 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 Bonds and affects the tax-exempt status of the Bonds.

The Council hereby authorizes the officials of the City responsible for issuing the Bonds, the same being the Mayor, City Clerk and City Treasurer, to make such further covenants and certifications as may be necessary to assure that the use thereof will not cause the Bonds to be arbitrage bonds and to assure that the interest on the Bonds will be exempt from federal income taxation. In connection therewith, the City and the Council 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 Bonds 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 Bonds; (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 21. This Ordinance a Contract. The provisions of this Ordinance shall constitute a contract between the City and the owners of the outstanding Bonds. All covenants relating to the Bonds and the conditions and obligations imposed by Section 15 of the Debt Reform Act are enforceable by any holder of the Bonds affected, any taxpayer of the City and the People of the State of Illinois acting through the Attorney General or any designee.

Section 22. Duties of Bond Registrar. If requested by the Bond Registrar, the Mayor and City Clerk are authorized to execute the Bond Registrar's standard form of agreement between the City and the Bond Registrar with respect to the obligations and duties of the Bond Registrar hereunder which may include the following:

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

(b) to maintain a list of Bondholders 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 Bonds as provided herein;

(d) to cancel and/or destroy Bonds 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 Bonds cancelled and/or destroyed; and

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

Section 23. Continuing Disclosure Undertaking. The Mayor is hereby authorized, empowered and directed to execute and deliver a Continuing Disclosure Undertaking under Section (b)(5) of Rule 15c2-12 adopted by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended (the "*Continuing Disclosure Undertaking*"). When the Continuing Disclosure Undertaking is executed and delivered on behalf of the City as herein provided, the Continuing Disclosure Undertaking will be binding on the City and the officers, employees and agents of the City, and the officers, employees and agents of the City are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Continuing Disclosure Undertaking as executed. Notwithstanding any other provision of this Ordinance, the sole remedy for failure to comply with the Continuing Disclosure Undertaking shall be the ability of the beneficial owner of any Bond to seek mandamus or specific performance by court order to cause the District to comply with its obligations under the Continuing Disclosure Undertaking.

Section 24. Municipal Bond Insurance. The Commitment for municipal fund insurance (the "*Commitment*") issued by XL Capital Assurance Inc. ("*XLCA*") is hereby accepted and approved and the President of the Board, the Business Manager and the Superintendent of the

District, or any of them, are authorized to execute and deliver the Commitment in substantially the form attached hereto.

(a) *XLCA as Third Party Beneficiary.* XLCA is hereby recognized as being a third-party beneficiary with the power to enforce any right, remedy or claim conferred, given or granted under this Resolution.

(b) *Subrogation.* If principal and/or interest due on the Bonds shall be paid by XLCA, the Bonds shall remain outstanding under this Resolution for all purposes, and shall not be deemed defeased or otherwise satisfied, or paid by the District, and the assignment and pledge of all covenants, agreements and other obligations of the District to the owners shall continue to exist and shall run to the benefit of XLCA, and XLCA shall be subrogated to the rights of such owners.

(c) *Payments under the Policy.* If, on the third Business Day prior to the related scheduled interest payment date or principal payment date ("*Payment Date*"), there is not on deposit with the District under the Resolution, after making all transfers and deposits required under the Resolution, moneys sufficient to pay the principal of, and interest on, Insured Bonds due on such Payment Date, the District shall give notice to XLCA and to its designated agent (if any) (the "*Insurer's Fiscal Agent*"), by telephone or telecopy, of the amount of such deficiency by 10:00 a.m., New York City time, on such Business Day. If, on the Business Day prior to the related Payment Date, there is not on deposit with the Bond Registrar moneys sufficient to pay the principal of, and interest on, the Insured Bonds due on such Payment Date, the Bond Registrar shall make a claim under the Insurance Policy and given notice to XLCA and XLCA's Fiscal Agent (if any) by telephone of the amount of any deficiency in the amount available to pay principal and interest, and the allocation of such deficiency between the amount required to pay interest

on the Insured Bonds and the amount required to pay principal of the Insured Bonds, confirmed in writing to the related Insurer and XLCA's Fiscal Agent by 10:00 a.m., New York City time, on such Business Day, by delivering the Notice of Nonpayment and Certificate.

For the purposes of the preceding paragraph, "*Notice*" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from the Bond Registrar to XLCA, which notice shall specify (a) the name of the entity making the claim, (b) the policy number, (c) the claimed amount and (d) the date such claimed amount will become Due for Payment. "*Nonpayment*" means the failure of the District to have provided sufficient funds to the Bond Registrar for payment in full of all principal of, and interest on, the XLCA Insured Bonds that are Due for Payment. "*Due for Payment*," when referring to the principal of Insured Bonds, means when the stated maturity date or mandatory redemption date for the application of a required sinking fund installment has been reached and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by application of required sinking fund installments, acceleration or other advancement of maturity, unless XLCA shall elect, in its sole discretion, to pay such principal due upon such acceleration), and when referred to interest on Bonds, means when the stated date for payment of interest has been reached. "*Certificate*" means a certificate in form and substance satisfactory to XLCA as to the Bond Registrar's right to receive payment under the Insurance Policy.

The Bond Registrar shall designate any portion of payment of principal on Insured Bonds paid by XLCA at maturity on its books as a reduction in the principal amount of Insured Bonds registered to the then current Bondholder, whether DTC or its

nominee or otherwise, and shall issue a replacement Insured Bond to XLCA, registered in the name of XLCA, as the case may be, in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); *provided* that the Bond Registrar's failure to so designate any payment or issue any replacement Insured Bond shall have no effect on the amount of principal or interest payable by the District on any Insured Bond or the subrogation rights of XLCA.

The Bond Registrar shall keep a complete and accurate record of all funds deposited by XLCA into the Policy Payments Account (as hereinafter defined) and the allocation of such funds to payment of interest on and principal paid with respect to any insured Bond. XLCA shall have the right to inspect such records at reasonable times upon reasonable notice to the Bond Registrar.

Upon payment of a claim under the Insurance Policy, the Bond Registrar shall establish a separate special purpose trust account for the benefit of holders of Insured Bonds referred to herein as the "Policy Payments Account" and over which the Bond Registrar shall have exclusive control and sole right of withdrawal. The Bond Registrar shall receive any amount paid under Insurance Policy in trust on behalf of holders of Insured Bonds and shall deposit any such amount in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Bond Registrar to holders of Insured Bonds in the same manner as principal and interest payments are to be made with respect to the Insured Bonds under the sections hereof regarding payment of Insured Bonds. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments.

Funds held in the Policy Payments Account shall not be invested by the Bond Registrar and may not be applied to satisfy any costs, expenses or liabilities of the Bond Registrar.

Any funds remaining in the Policy Payments Account following an Insured Bond payment date shall promptly be remitted to XLCA.

Defined terms used in this Section shall have the meanings ascribed to them in the Commitment.

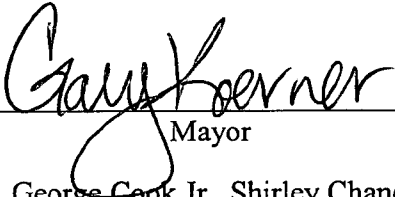
Section 25. Severability. If any section, paragraph, clause or provision of this Ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this Ordinance.

Section 26. Repealer. All ordinances, resolutions or orders, or parts thereof, in conflict with the provisions of this Ordinance are to the extent of such conflict hereby repealed.

Section 27. *Effective Date.* This Ordinance shall be effective immediately upon its passage and approval.

PASSED by the City Council on September 4, 2007.

APPROVED: September 6, 2007.



Mayor


AYES: Dave McClelland, John Haney, T.A. Whitsitt, George Cook Jr., Shirley Chancellor,
Dawn Thompson, Dawn Hanafin and Nancy Bentley.

NAY: _____

ABSENT: _____

RECORDED in the City Records on September __, 2007.

ATTEST:



City Clerk

[SEAL]

Alderman Dawn Thompson moved and Alderman Dawn Hanafin seconded the motion that said ordinance as presented be adopted.

After a full and complete discussion thereof, including a public recital of the nature of the matter being considered and such other information as would inform the public of the business being conducted, the Mayor Pro Tem directed that the roll be called for a vote upon the motion to adopt the ordinance.

Upon the roll being called, the following Aldermen voted:

AYES: Dave McClelland, John Haney, T.A. Whitsitt, George Cook Jr., Shirley Chancellor,
Dawn Thompson, Dawn Hanafin and Nancy Bentley


NAY: _____

ABSENT: _____

Whereupon the Mayor Pro Tem declared the motion carried and the ordinance adopted, and did direct the City Clerk to record the same in full in the records of the Corporate Authorities, which was thereupon done.

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

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



City Clerk

STATE OF ILLINOIS)
) SS
COUNTY OF MCLEAN)

CERTIFICATION OF ORDINANCE AND MINUTES

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 am the keeper of the books, records, files, and journal of proceedings of the City and of the City Council (the "Corporate Authorities") thereof.

I do further certify that the foregoing constitutes a full, true and complete transcript of the minutes of the legally convened meeting of the Corporate Authorities held on the 4th day of September, 2007, insofar as same relates to the adoption of an ordinance numbered 07-09-01-20 and entitled:

AN ORDINANCE authorizing and providing for the issuance of \$3,600,000 General Obligation Bonds (Alternate Revenue Source), Series 2007, of the City of LeRoy, McLean County, Illinois, and providing for the imposition of taxes to pay the same.

true, correct and complete copies of which said ordinance as adopted at said meeting appear 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 taken openly; that the votes on the adoption of said ordinance were taken openly; that said meeting was 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 the meeting was posted at least 96 hours before the meeting at the location where said meeting was held and at the principal office of the Corporate Authorities; that said agenda contained a separate specific item concerning the proposed adoption of said ordinance, a true, correct and complete copy of said agenda as so posted being attached to this certificate; that said meeting was called and held in strict accordance with the provisions of the Illinois Municipal Code and the Open Meetings Act of the State of Illinois, as amended; and that the Corporate Authorities have complied with all of the applicable provisions of said laws and its own procedural rules in the adoption of said ordinances.

IN WITNESS WHEREOF I have hereunto affixed my official signature and the seal of the City, this 4th day of September, 2007.



City Clerk

[SEAL]

PASSED by the City Council of the City of Le Roy, Illinois, upon the motion made by Dawn Thompson, and seconded by Dawn Hanafin by roll call vote on the 4th day of September, 2007, as follows

Aldermen elected 8

Aldermen Present 8

Voting Aye:

Shirley Chancellor, Nancy Bentley, T.A. Whitsitt, Dawn Hanafin, George Cook Jr., Dave McClelland, Dawn Thompson, John Haney

Voting Nay:

None

Absent:

None

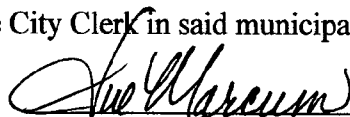
Abstain:

None

Other:

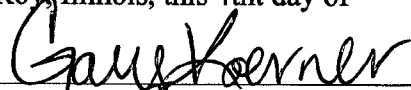
None

and deposited and filed in the office of the City Clerk in said municipality on the 4th day of September, 2007.




Sue Marcum, City Clerk of the City of Le Roy
Mc Lean County, Illinois

APPROVED BY the Mayor of the City of Le Roy, Illinois, this 4th day of September, 2007.



Gary Koerner Mayor of the City of Le Roy,
Mc Lean County, Illinois

ATTEST: (SEAL)



Sue Marcum, City Clerk of the City of Le Roy
Mc Lean County, Illinois

CERTIFICATE

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

I further certify that on **September 4, 2007** the Corporate Authorities of such municipality passed and approved **Ordinance No. 07-09-01-20** entitled:

AN ORDINANCE AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF \$3,600,000 GENERAL OBLIGATION BONDS (ALTERNATE REVENUE SOURCE), SERIES 2007, OF THE CITY OF LE ROY, MCLEAN COUNTY, ILLINOIS, AND PROVIDING FOR THE IMPOSITION OF TAXES TO PAY THE SAME.

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

The pamphlet form of Ordinance No. **07-09-01-20**, including the Ordinance and a cover sheet thereof, was prepared, and a copy of such Ordinance was posted at the municipal building, commencing on **September 4, 2007** and continuing for at least ten days thereafter. Copies of such Ordinance were also available for public inspection upon request in the office of the municipal clerk.

Dated at Le Roy, Illinois this 4th day of September 2007.

(SEAL)


Municipal Clerk

STATE OF ILLINOIS)
) SS:
COUNTY OF MCLEAN)

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

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

AN ORDINANCE AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF \$3,600,000 GENERAL OBLIGATION BONDS (ALTERNATE REVENUE SOURCE), SERIES 2007, OF THE CITY OF LE ROY, MCLEAN COUNTY, ILLINOIS, AND PROVIDING FOR THE IMPOSITION OF TAXES TO PAY THE SAME.

I do further certify said *ordinance* was adopted by the City Council of the City of Le Roy at a regular meeting on the 4th day of September, 2007, and prior to the making of this certificate the said ordinance was on file with the permanent records of said City where it now appears and remains as a permanent record of said ordinance in the record books.

Dated this 4th day of September 2007

(SEAL)



City Clerk