

The City Council of the City of Mattoon held a regular meeting in the City Hall Council Chambers on May 20, 2014.

Mayor Gover presided and called the meeting to order at 6:30 p.m.

Mayor Gover led the Pledge of Allegiance.

The following members of the Council answered roll call physically present: YEA Commissioner Dave Cox, YEA Commissioner Sandra Graven, YEA Commissioner Rick Hall, YEA Commissioner Preston Owen, and YEA Mayor Tim Gover.

Also physically present were City personnel: City Administrator Kyle Gill, City Attorney Janett Winter-Black, Finance Director/Treasurer Beth Wright, Public Works Director Dean Barber, Fire Chief Tony Nichols, Police Chief Jeff Branson, and City Clerk Susan J. O'Brien.

CONSENT AGENDA

Mayor Gover seconded by Commissioner Cox moved to approve the consent agenda consisting of minutes of the regular meeting May 6, 2014 and special meeting May 13, 2014; Fire department report for the month on March, 2014; bills and payroll for the first half of May, 2014.

Bills and Payroll for the first half of May, 2014

General Fund

Payroll		\$	248,459.03
Bills		\$	<u>98,511.71</u>
	Total	\$	346,970.74

Hotel Tax Administration

Payroll		\$	2,681.24
Bills		\$	<u>178.65</u>
	Total	\$	2,859.89

Insurance & Tort Judgement

Bills		\$	<u>48,609.00</u>
	Total	\$	48,609.00

Capital Project Fund

Bills		\$	<u>7,630.75</u>
	Total	\$	7,630.75

Broadway E Bus Dist

Bills		\$	<u>2,828.19</u>
	Total	\$	2,828.19

	<u>Water Fund</u>		
Payroll		\$	34,000.42
Bills		\$	32,908.28
		Total	\$ 66,908.70
	<u>Sewer Fund</u>		
Payroll		\$	32,961.77
Bills		\$	164,696.99
		Total	\$ 197,658.76
	<u>Heath Insurance Fund</u>		
Bills		\$	132,027.68
		Total	\$ 132,027.68
	<u>Motor Fuel</u>		
Bills		\$	11,668.38
		Total	\$ 11,668.38

Mayor Gover opened the floor for comments/discussion which was followed with no response.

Mayor Gover declared the motion to approve the consent agenda carried by the following vote: YEA Commissioner Cox, YEA Commissioner Graven, YEA Commissioner Hall, YEA Commissioner Owen, YEA Mayor Gover.

Mayor Gover opened the floor for Public questions or comments which was followed with no response.

NEW BUSINESS

Commissioner Owen seconded by Commissioner Hall moved to adopt Ordinance No. 2014-5368, adopting an ordinance authorizing the issuance of general obligation refunding bonds (alternate revenue source), Series 2014, of the City of Mattoon, Coles County, Illinois, providing the details of such bonds and for applicable alternate revenue sources and the levies of direct annual taxes sufficient to pay the principal of and interest on such bonds, and related matters.

**CITY OF MATTOON, ILLINOIS
ORDINANCE NO. 2014-5368**

AN ORDINANCE AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION REFUNDING BONDS (ALTERNATE REVENUE SOURCE), SERIES 2014, OF THE CITY OF MATTOON, COLES COUNTY, ILLINOIS, PROVIDING THE DETAILS OF SUCH BONDS AND FOR APPLICABLE ALTERNATE REVENUE SOURCES AND THE LEVIES OF DIRECT ANNUAL TAXES SUFFICIENT TO PAY THE PRINCIPAL OF AND INTEREST ON SUCH BONDS, AND RELATED MATTERS

WHEREAS, the City of Mattoon, Coles County, Illinois (the “**Issuer**”), is a non-home rule municipality duly established and operating under the Illinois Municipal Code (Section 5/1-1-1 *et seq.* of Chapter 65 of the Illinois Compiled Statutes and owns and operates a municipally-owned separate waterworks system (the “**Waterworks System**”) and separate sewerage system (the “**Sewerage System**”) in accordance with the provisions of as applicable Divisions 129 and 141 of Article 11 of the Illinois Municipal Code (Section 5/11-141-1 *et seq.* of Chapter 65 of the Illinois Compiled Statutes), as supplemented and amended, and is entitled to receive certain proceeds of State of Illinois income taxes (such distributive share referred to herein as the “**Revenue Sharing Receipts**”) imposed by the State of Illinois pursuant to the Income Tax Act and distributed pursuant to the State Revenue Sharing Act; and

WHEREAS, the Issuer has outstanding part of (collectively, the “**Prior Obligations**”, under applicable authorizing ordinances (as supplemented and amended, collectively, the “**Prior Bond Ordinances**” issued to finance related “**Prior Projects**”): (A) \$4,210,000 initial principal amount General Obligation Bonds (Sewerage Alternate Revenue Source), Series 2005A (to the extent to be refunded hereunder, the “**2005A Obligations**”), to finance certain sewerage system facilities, improvements and costs (the “**2005A Project**”); (B) \$2,105,000 initial principal amount General Obligation Bonds (Alternate Revenue Source), Series 2005B (to the extent to be refunded hereunder, the “**2005B Obligations**”), to finance municipal building facilities, improvements and costs (collectively, the “**2005B Project**”); and (C) Loan Agreements (each a “**Loan Agreement**”) with the Illinois Environmental Protection Agency (“**IEPA**”) with respect to (collectively, the “**IEPA Obligations**”): (i) Water Project (“**L17-1265 Project**”) Loan No. L17-1265 (the “**IEPA L17-1265 Obligations**”); and (ii) Wastewater Projects: (x) (“**L17-1737 Project**”) Loan No. L17-1737 (the “**IEPA L17-1737 Obligation**”); and (y) (“**L17-1187 Project**”) Loan No. L17-1187 (the “**IEPA L17-1187 Obligation**”); and

WHEREAS, of the estimated cost to provide for refinancing certain Prior Projects by refunding all or part of the Prior Obligations (each a “**Refunding**”), and related legal, financial, bond discount, printing and publication costs, and other expenses in connection therewith, a sufficient amount is presently anticipated and planned to be paid from proceeds of the hereinafter described Bonds, and the Issuer presently has no funds available from existing or anticipated sources for such purposes; and

WHEREAS, the Issuer has insufficient funds to pay the costs of the Refunding of the Prior Obligations, and therefore, must borrow money and issue one or more series of bonds authorized under this ordinance, at one time or from time to time, in evidence thereof in the aggregate principal amounts as herein provided for such purposes; and

WHEREAS, through Speer Financial, Inc., Chicago, Illinois, as Financial Advisor (the “**Financial Advisor**”), pursuant to the offering of the Bonds (as defined in Section 1) for placement and sale and the related Preliminary Official Statement (the “**Preliminary Official Statement**”, which when supplemented and completed is to constitute a final “**Official Statement**”), the Issuer has determined to accept the Bond purchase agreement (which when executed and delivered to constitute a “**Purchase Agreement**”) as submitted by Bernardi Securities, Inc., Chicago, Illinois (the “**Underwriter**”), with respect to which the Issuer will execute a related Continuing Disclosure Certificate and Agreement (each a “**Disclosure Agreement**”) under Rule 15c2-12 of the Securities and Exchange Commission (“**Rule**”

15c2-12”) and will either fund an amount or amounts sufficient to refund Prior Obligations by direct payment or through paying or other fiscal agents for such Prior Obligations (as applicable, each a “**Refunding Deposit**”) or will fund an escrow, deposit or refunding account (as applicable, each a “**Refunding Account**”) under an escrow, deposit or refunding agreement (as applicable, each a “**Refunding Agreement**”) with a designated escrow, deposit or refunding agent (as applicable, each a “**Refunding Agent**”), to refund Prior Obligations; and

WHEREAS, for convenience of reference only this ordinance is divided into numbered sections with headings, which shall not define or limit the provisions hereof, as follows:

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NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF MATTOON, COLES COUNTY, ILLINOIS, as follows:

Section 1. Definitions. (a) Certain words and terms used in this ordinance shall have the meanings given them herein, including above in the preambles hereto, and the meanings given them in this Section 1, unless the context or use clearly indicates another or different meaning is intended. Certain definitions are as follows:

“**Act**” means, collectively and as applicable, the Local Government Debt Reform Act (Section 350/1 *et seq.* of Chapter 30 (and particularly Section 350/15 thereof concerning alternate bonds) of the Illinois Compiled Statutes, as supplemented and amended, and Division 141 of Article 11 of the Illinois Municipal Code (Sections 5/11-141-1 *et seq.* of Chapter 65 of the Illinois Compiled Statutes), the Illinois Municipal Code (65 ILCS 5/1-1-1 *et seq.*), and applicable law in connection with the pledged revenue source, as supplemented and amended, including, without limitation, by the Intergovernmental Cooperation Act [5 ILCS 220/1 *et seq.*], Section 10 (Intergovernmental Cooperation) of Article VII (Local Government) of the Constitution of the State of Illinois, the Registered Bond Act, the Illinois Bond Replacement Act and the Bond Authorization Act.

“**Alternate Bonds**” means “**alternate bonds**” as described in Section 15 of the Local Government Debt Reform Act (Section 350/15 of Chapter 30 of the Illinois Compiled Statutes), and includes expressly the Bonds.

“**Applicable Percentage Limit**” means, as applicable to each maturity of Bonds, the limit on the percentage of debt service which the Issuer is authorized to pay from applicable Enterprise Revenues.

“**Arbitrage Regulation Agreement**” means the Arbitrage Regulation Agreement in connection with, among other things, arbitrage rebate and/or Yield Reduction Payments for the Bonds.

“**BDSF**” or “**bona fide debt service fund**” means a fund, which may include proceeds of an issue, that (1) is used to primarily to achieve a proper matching of revenues with principal and interest payments, within each bond year (i.e. each January 2 to January 1 annual period); and (2) is depleted at

least once each bond year, except for a reasonable carryover amount not to exceed the greater of: **(i)** the earnings on the fund for the immediately preceding bond year; or **(ii)** one-twelfth of the principal and interest payments on the issue for the immediately preceding bond year.

“Bond” or **“Bonds”** means, as issued at one time or from time to time, collectively, the Issuer’s Series 2014 Bonds, in each case as authorized to be issued by this ordinance, as supplemented and amended.

“Bond Order” means one or more certificates signed by the Mayor, and attested by the City Clerk and under the seal of the Issuer, setting forth and specifying details of and related to the Bonds, including, but without limitation, identification or specification of a Policy and an Insurer, book-entry only registration, payment dates, final interest rates, final maturity schedules, Senior and/or Junior Bond designation, series designation, denomination, Applicable Percentage Limits, Pledged Revenues, Pledged Taxes, optional and mandatory redemption provisions, conditional call provisions, status as **“qualified tax-exempt obligations,”** original issue discount (**“OID”**) and/or reoffering premium, designation of the Bond Registrar, Paying Agent, other fiscal agent, and, as applicable, a Refunding Agent under a Refunding Agreement, specification of particular Prior Obligations (including maturities thereof) to be subject to Refunding, subject to not exceeding the specified aggregate principal amount for the Bonds or any increase in the aggregate taxes levied or authorized in each year in Section 10 as Pledged Taxes, Refunding Investments or Refunding Securities, which may or may not effect a legal defeasance, with respect to any Refunding, and identification of particular Prior Obligations to be refunded.

“Bond Year” means each annual period of December 16 to the next December 15, for the Bonds, subject to such lawful elections as the Issuer may make.

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

“Corporate Authorities” means the Issuer’s City Council.

“Depository” means a securities depository with respect to Bonds subject to global book entry registration, initially The Depository Trust Company (**“DTC”**), New York, New York.

“Disclosure Agreement” means the Issuer’s Continuing Disclosure Certificate and Agreements under Rule 15c2-12 related to the Bonds.

“Enterprise Revenues”, securing and paying the Bonds, subject to an Applicable Percentage Limit on debt service for each maturity of Bonds, means Net Revenues of the applicable System.

“Fiscal Year” means the twelve-month period constituting the Issuer’s fiscal year, not inconsistent with applicable law.

“Gross Revenues” means all income from whatever source derived from each applicable System, including: **(i)** user charges, fees, rates and other receipts (including revenues for use of the

System facilities to be received by the Issuer); (ii) investment income; (iii) connection, permit and inspection fees and the like; and (iv) penalties and delinquency charges, but excluding expressly (a) nonrecurring income from the sale of real estate; (b) governmental or other grants; (c) advances or grants made to or from the Issuer; (d) capital development, reimbursement, or recovery charges and the like; (e) annexation or preannexation charges; and (f) as otherwise determined in accordance with generally accepted accounting principles for local government funds.

“IEPA Obligations”, **“IEPA L17-1265 Obligations”**, **“L17-1187 Obligations”** and **“IEPA L17-1737 Obligations”** each shall have the meaning above in the recitals in the preamble to this ordinance.

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

“Issuer” means the City of Mattoon, Coles County, Illinois.

“Junior Bond” means any Outstanding bond or Outstanding bonds payable from the Junior Debt Service Account of the Bond and Interest Account under this ordinance.

“L17-1265 Project” and **“L17-1737 Project”** each shall have the meaning in the recitals in the preamble to this ordinance.

“Net Revenues” means, with respect to each System, Gross Revenues minus Operation and Maintenance Expenses.

“Net Revenues Subaccount” shall have the meaning in Section 12.

“Operation and Maintenance Expenses” means all expenses of operating, maintaining and routine repair of each applicable System, including wages, salaries, costs of materials and supplies, power, fuel, insurance and related services; but excluding debt service, depreciation, or any reserve requirements, and otherwise as determined in accordance with generally accepted accounting principles for local government enterprise funds.

“Outstanding”, when used with reference to any referenced obligation, means any referenced obligation which is outstanding and unpaid; provided, however, such term shall not include obligations: (i) which have matured and for which moneys are on deposit with proper paying agents, or are otherwise properly available, sufficient to pay all principal and interest thereof, or (ii) the provision for payment of which has been made by the Issuer by the deposit in an irrevocable trust or escrow of funds of direct, full faith and credit non-callable obligations of the United States of America, the principal and interest of which will be sufficient to pay at maturity or as called for redemption all the principal of and applicable premium on such obligations, and will not result in the loss of the exclusion from gross income of the interest thereon under Section 103 of the Code.

“Parity Bonds” means bonds or any other obligations which share ratably and equally in the Pledged Revenues with either the Senior Bonds or the Junior Bonds, as set forth and provided for in any such ordinance authorizing the issuance of any such Parity Bonds.

“Pledged Revenues” means, subject to the limitation as to the Applicable Percentage Limit of debt service for each maturity of the Bonds, constituting **“enterprise revenues”** Revenue Sharing Receipts constituting a **“revenue source”**, under the Local Government Debt Reform Act.

“Pledged Taxes” means the general property taxes authorized to be levied in Section 10, and specified in an applicable Bond Order, to secure and pay the Bonds.

“Pledged Taxes Subaccount” shall have the meaning in Section 12.

“Policy” means, if any, an Insurer’s bond insurance policy or other credit facility securing payment of one or more series of Bonds.

“Prior Obligations” means, collectively, the IEPA Obligations, the 2005A Obligations and 2005B Obligations to be refunded under this ordinance.

“Prior Bond Ordinances” shall have the meaning above in the recitals in the preamble to this ordinance.

“Prior Projects” means, collectively, the L17-1265 Project, L17-1737 Project, 2005A Project, and 2005B Project, each as reference in the recitals in the preamble to this ordinance.

“Purchase Agreement” means the Bond purchase agreement with the Underwriter for the purchase of Bonds, which upon acceptance and execution by the Issuer and the Underwriter constitutes the Purchase Agreement for the Bonds.

“Qualified Investments” means legal investments of the Issuer under applicable law, limited and restricted with respect to any applicable Insurer’s Policy.

“Refunding”, **“Refunding Account”**, **“Refunding Agent”**, **“Refunding Agreement”** and **“Refunding Deposit”** each shall have the meaning above in the recitals in the preamble to this ordinance, as applicable to each Refunding.

“Refunding Investments” or **“Refunding Securities”** means the investments funding the Refunding Account with respect to the Refunding of Prior Obligations, which Refunding Investments or Refunding Securities, as applicable, may result in an economic or legal defeasance of Prior Obligations to which they relate.

“Revenue Fund” means the Revenue Fund created and established under Section 12 of this ordinance with respect to the Bonds.

“Revenue Sharing Receipts” shall have the meaning above in the recitals in the preamble to this ordinance.

“Revenue Source” means Revenue Sharing Receipts.

“Rule 15c2-12” means Rule 15c2-12 of the Securities and Exchange Commission (“SEC”).

“Senior Bond” means any Outstanding bond or Outstanding bonds payable from the Senior Debt Service Account of the Bond and Interest Account.

“Series 2014 Bonds” or **“Series 2014”** each means the Issuer’s General Obligation Refunding Bonds (Alternate Revenue Source), Series 2014, issued under this ordinance.

“Sewerage Fund” means the Issuer’s Sewerage Fund, as continued or created and established, as the case may be, with respect to applicable Prior Obligations.

“Sewerage System” shall have the meaning above in the recitals in the preamble to this ordinance.

“Systems”, as applicable, shall mean the Waterworks System and/or Sewerage System above in the recitals in the preamble to this ordinance.

“2005A Obligations” and **“2005B Obligations”** each shall have the meaning above in the recitals in the preamble to this ordinance.

“2005A Project” means Sewerage System facilities, improvements and costs, to be refinanced with proceeds of the Bonds.

“2005B Project” means municipal building facilities, improvements and costs, to be refinanced with proceeds of the Bonds.

“Underwriter” means Bernardi Securities, Inc., Chicago, Illinois, the underwriter in connection with the Bonds, identified in the recitals in the preamble to this ordinance.

“Waterworks Fund” means the Issuer’s Waterworks Fund, as continued or created and established, as the case may be, with respect to applicable Prior Obligations.

“Waterworks System” shall have the meaning above in the recitals in the preamble to this ordinance.

“Yield” or **“yield”** means yield computed under Section 1.148-4 of the Income Tax Regulations for the Bonds, and yield computed under Section 1.148-5 of the Income Tax Regulations for an investment.

“Yield Reduction Payments” or **“yield reduction payments”** shall have the meaning in Income Tax Regulations Section 1.148-5(c).

“Yield Restricted” or **“yield restricted”** with reference to an obligation means that the yield thereon is limited to the yield on the Bonds.

(b) As used in this ordinance words and terms, defined and not defined, may be prefaced by references to “IEPA”, “L17-1265”, “L17-1737”, “L17-1187”, “2005A” and “2005B”, “Sewerage” and “Waterworks”, to further define the reference to applicable words and terms with respect to related Prior Obligations, Prior Projects and Systems.

Section 2. Preambles, Authority and Purpose. The Corporate Authorities hereby find that all the recitals contained in the preambles and recitals to this ordinance are true, complete and correct, and hereby incorporate them into this ordinance by this reference thereto. This ordinance is adopted pursuant to the Constitution and applicable laws of the State of Illinois, including the Act, for the purpose of paying all or a portion of the costs of refunding Prior Bonds, and costs of issuance of the Bonds. The Corporate Authorities hereby determine the remaining period of usefulness of each Prior Project to be not less than twenty (20) years from the expected date of delivery of the Bonds.

Section 3. Authorization and Terms of Bonds. To meet all or a part of the estimated costs of refinancing the Prior Projects and the Refunding of Prior Obligations, there is hereby allocated the applicable sum to be derived from the proceeds of the Bonds. For the purpose of financing such allocation, Bonds of the Issuer shall be issued and sold at one time or from time to time in the aggregate principal amount authorized herein, as follows: **General Obligation Refunding Bonds (Alternate Revenue Source), Series 2014** (\$9,500,000 maximum aggregate principal amount), and shall be issuable in the denominations of \$5,000 each or any authorized integral multiple thereof.

(a) **General Terms.** The Bonds shall be numbered consecutively from 1 upwards in order of their issuance and may bear such identifying numbers or letters as shall be useful to facilitate the registration, transfer and exchange of the Bonds. Unless otherwise determined in an order to authenticate the Bonds, the Bonds shall be dated as of or before the date or dates of the issuance and sale thereof and acceptable to the Underwriter. Subject to a Bond Order, the Bonds are hereby authorized to bear interest at the rate or rates percent per annum not exceeding **6.00%** and shall mature on December 15 of the years (subject to redemption, as the case may be), and in the principal amount in each year, commencing not before the year 2015 and ending not later than the year 2024 as shall be specified in an applicable Bond Order.

Each Bond shall bear interest from its date, or from the most recent interest payment date to which interest has been paid, computed on the basis of a 360-day year consisting of twelve 30-day months, and payable in lawful money of the United States of America semiannually on each June 15 and December 15, commencing on or after December 15, 2014, at the rate or rates percent per annum herein authorized. The principal of and premium, if any, on the Bonds shall be payable in lawful money of the United States of America upon presentation and surrender thereof at the designated payment office of the financial institution authorized to be designated in this ordinance to act as the Paying Agent for the Bonds (including its successors, the “**Paying Agent**”). Interest on the Bonds shall be payable on each interest payment date to the registered owners of record appearing on the registration books maintained by the financial institution authorized to be designated in this ordinance to act as the Bond Registrar on behalf of the Issuer for such purpose (including its successors, the “**Bond Registrar**”), at the designated corporate trust office of the Bond Registrar as of the close of business on the last day (whether or not a business

day) of the calendar month next preceding the applicable interest payment date. Interest on the Bonds shall be paid by check or draft on, as applicable, receipts of Pledged Revenues and Pledged Taxes (or other funds) mailed or otherwise transmitted by the Paying Agent to such registered owners at their addresses appearing on the registration books.

(b) **Redemption**. The Bonds are subject to redemption, if at all, as follows:

(i) **Optional Redemption**. Bonds maturing on and after December 15 as specified in an applicable Bond Order shall be subject to redemption prior to maturity on any date on December 15 of the year or years specified and thereafter in whole or in part on any date, in the principal amount from such maturities or in any order of maturity specified (but in inverse order if none is specified), at a redemption price of par, plus accrued interest to the date fixed for redemption, and otherwise are not subject to optional redemption.

(ii) **Sinking Fund Redemption**. This subsection (b) shall apply only to the extent an applicable Bond Order shall specify any Term Bonds (as applicable to a particular series, the “**Term Bonds**”), and otherwise shall not apply. Bonds so specified as Term Bonds, if any, are subject to mandatory sinking fund redemption in the principal amount on January 1 of the years so specified, but corresponding to the amounts specified above in Section 3(a), or otherwise as duly set forth in a Bond Order.

At its option before the 45th day (or such lesser time acceptable to the Bond Registrar) next preceding any mandatory sinking fund redemption date in connection with Term Bonds the Issuer by furnishing the Bond Registrar and the Paying Agent an appropriate certificate of direction and authorization executed by the Mayor or City Treasurer may: (i) deliver to the Bond Registrar for cancellation Term Bonds in any authorized aggregate principal amount desired; or (ii) furnish the Paying Agent funds for the purpose of purchasing any of such Term Bonds as arranged by the Issuer; or (iii) receive a credit (not previously given) with respect to the mandatory sinking fund redemption obligation for such Term Bonds which prior to such date have been redeemed and cancelled. Each such Bond so delivered, previously purchased or redeemed shall be credited at 100% of the principal amount thereof, and any excess shall be credited with regard to future mandatory sinking fund redemption obligations for such Bonds in chronological order, and the principal amount of Bonds to be so redeemed as provided shall be accordingly reduced. In the event Bonds being so redeemed are in a denomination greater than \$5,000, a portion of such Bonds may be so redeemed, but such portion shall be in the principal amount of \$5,000 or any authorized integral multiple thereof.

(iii) **Procedure**. The Issuer covenants that it will redeem Bonds pursuant to the redemption provisions applicable to such Bonds. Proper provision for redemption having been made, the Issuer covenants that the Bonds so selected for redemption shall be payable as at maturity.

The Issuer shall, at least 45 days prior to an optional redemption date (unless a shorter time shall be satisfactory to the Bond Registrar), notify the Bond Registrar of any optional redemption date and of the principal amount of Bonds to be redeemed (no such notice shall be required in the case of any mandatory sinking fund redemption of Term Bonds). In the event that less than all of the Bonds of a

particular series or maturity are called for redemption as aforesaid, as necessary, the particular Bonds or portions of Bonds to be redeemed shall be selected not more than sixty (60) days or less than thirty (30) days prior to the redemption date by the Bond Registrar by such method as the Bond Registrar shall deem fair and appropriate; provided, that such lottery shall provide for the selection for redemption of Bonds or portions thereof so that any \$5,000 Bond or \$5,000 portion of a Bond shall be as likely to be called for redemption as any other such \$5,000 Bond or \$5,000 portion. The Bond Registrar shall promptly notify the Issuer in writing of the Bonds or portions of Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed.

Unless waived by the registered owner of Bonds to be redeemed, presentment for payment being conclusively such a waiver, notice of any such redemption shall be given by the Bond Registrar on behalf of the Issuer by mailing the redemption notice by first class mail not less than thirty (30) days and not more than sixty (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 each such registered owner to the Bond Registrar.

All notices of redemption shall include at least the information as follows: **(1)** the identification of the particular Bonds to be redeemed; **(2)** the redemption date; **(3)** the redemption price; **(4)** if less than all of the Bonds of a particular maturity are to be redeemed, the identification numbers and maturities (and, in the case of partial redemption of any Bond, the respective principal amounts) of the Bonds to be redeemed; **(5)** 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 such date; and **(6)** the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal payment office of the Paying Agent.

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

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, together with accrued interest, and from and after such date (unless the Issuer shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Neither the failure to mail such redemption notice nor any defect in any notice so mailed to any particular registered owner of a Bond shall affect the sufficiency of such notice with respect to any other registered owner. Notice having been properly given, failure of a registered owner of a Bond to receive such notice shall not be deemed to invalidate, limit or delay the effect of the notice or the redemption action described in the notice. Such notice may be waived in writing by a registered owner of a Bond, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice 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 such notice, such Bonds shall be paid from available funds therefor by the Paying Agent at the redemption price. Interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. Upon surrender for the partial redemption of any Bond, there shall be prepared for the registered owner a new Bond or Bonds of the same maturity 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, and premium, if any, shall, until paid, 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 marked cancelled by the Bond Registrar and shall not be reissued.

In addition to the foregoing notice set forth above, further notice shall be given by the Bond Registrar on behalf of the Issuer as set out below, but no defect in such further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed. Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (a) the CUSIP numbers of all Bonds being redeemed; (b) the date of issue of the Bonds as originally issued; (c) the rate of interest borne by each Bond being redeemed; (d) the maturity date of each Bond being redeemed; and (e) any series or other descriptive information needed to identify accurately the Bonds being redeemed.

Each further notice of redemption shall be sent at least thirty (30) days before the redemption date to all registered securities depositories then holding any Bonds.

Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall identify the series and the Bond or Bonds, or portion thereof, being redeemed with the proceeds of such check or other transfer.

Section 4. Registration of Bonds and Book-Entry. The Bonds shall be negotiable, subject to the provisions for registration of transfer contained herein and related to book-entry only registration.

(a) **General** This subsection (a) is subject to the provisions of subsection (b) concerning book-entry only provisions. The Issuer shall cause books (the “**Bond Register**”) for the registration and for the transfer of the Bonds as provided in this ordinance to be kept at the principal payment office of the Bond Registrar, which is hereby constituted and appointed the Bond Registrar of the Issuer. The Issuer is authorized to prepare, and the Bond Registrar shall keep custody of, multiple Bond blanks executed by the Issuer for use in the issuance from time to time of the Bonds and in the transfer and exchange of Bonds.

Upon surrender for transfer of any Bond at the designated 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 such owners attorney duly authorized in writing, the Issuer 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 series and maturity of authorized denominations, for a like aggregate principal amount. Any fully registered Bond or Bonds may be exchanged at the office of the Bond Registrar for a like aggregate principal amount of Bond or Bonds of the same series and maturity of other authorized denominations. The execution by the Issuer 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.

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

The person in whose name any Bond shall be registered on the Bond Register shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal of, premium (if any) or interest on any Bond shall be made only to or upon the order of the registered owner thereof or such registered owners 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 Issuer 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 exchanged in the case of the issuance of a Bond or Bonds for the outstanding portion of a Bond surrendered for redemption. In the event any registered owner fails to provide a correct taxpayer identification number to the Paying Agent, the Paying Agent may make a charge against such registered owner sufficient to pay any governmental charge required to be paid as a result of such failure. In compliance with Section 3406 of the Code, such amount may be deducted by the Paying Agent from amounts otherwise payable to such registered owner hereunder or under the Bonds.

The Mayor or City Treasurer may, in his or her discretion at any time, designate a bank with trust powers or trust company, duly authorized to do business as a bond registrar, paying agent, or both, to act in one or both such capacities hereunder, in the event the Mayor or City Treasurer shall determine it to be advisable. Notice shall be given to the registered owners of any such designation in the same manner, as near as may be practicable, as for a notice of redemption of Bonds, and as if the date of such successor taking up its duties were the redemption date.

(b) Book-Entry-Only Provisions. Unless otherwise provided in a Bond Order, as the case may be, the Bonds shall be issued in the form of a separate single fully registered Bond of each series for each of the maturities of the Bonds. Upon initial issuance, the ownership of each such Bond shall be registered in the Bond Register therefor in a street name (initially “Cede & Co.” for DTC) of the Depository, or any successor thereto, as nominee of the Depository. The outstanding Bonds from time to time may be registered by the Bond Register in a street name, as nominee of the Depository. The Issuer’s Mayor or City Treasurer is authorized to execute and deliver on behalf of the Issuer such letters to or agreements with the Depository as shall be necessary to effectuate such book-entry system (any such

letter or agreement being referred to herein as the “**Representation Letter**”). Without limiting the generality of the authority given to the Mayor or City Treasurer with respect to entering into such Representation Letter, it may contain provisions relating to, among other things, **(a)** payment procedures, **(b)** transfers of the Bonds or of beneficial interest therein, **(c)** redemption notices and procedures unique to the Depository, **(d)** additional notices or communications, and **(e)** amendment from time to time to conform with changing customs and practices with respect to securities industry transfer and payment practices.

With respect to Bonds registered in the Bond Register in the name of a nominee of the Depository, the Issuer and the Bond Registrar shall have no responsibility or obligation to any broker-dealer, bank or other financial institution for which the Depository holds Bonds from time to time as securities depository (each such broker-dealer, bank or other financial institution being referred to herein as a “**Depository Participant**”) or to any person on behalf of whom such a Depository Participant or an Indirect Participant holds an interest in the Bonds (an “**indirect participant**” or a “**beneficial owner**”). Without limiting the meaning of the foregoing, the Issuer and the Bond Registrar or Paying Agent shall have no responsibility or obligation with respect to **(a)** the accuracy of the records of the Depository, the nominee, or any Depository Participant, Indirect Participant or Beneficial Owner, with respect to any ownership interest in the Bonds, **(b)** the delivery to any Depository Participant or any other person, other than a registered owner of a Bond as shown in the Bond Register, of any notice with respect to the Bonds, including any notice of redemption, or **(c)** the payment to any Depository Participant or any other person, other than a registered owner of a Bond as shown in the Bond Register, of any amount with respect to principal of or interest on the Bonds.

As long as the Bonds are held in a book-entry-only system, no person other than the nominee of the Depository, or any successor thereto, as nominee for the Depository, shall receive a Bond certificate with respect to any Bonds. Upon delivery by the Depository to the Bond Registrar of written notice to the effect that the Depository has determined to substitute a new nominee in place of the prior nominee, and subject to the provisions hereof with respect to the payment of interest to the registered owners of Bonds as of the close of business on the fifteenth (15th) day (whether or not a business day) of the month next preceding the applicable interest payment date, the reference herein to nominee in this ordinance shall refer to such new nominee of the Depository.

In the event that **(a)** the Issuer determines that the Depository is incapable of discharging its responsibilities described herein and in the Representation Letter, **(b)** the agreement among the Issuer, the Bond Registrar, the Paying Agent and the Depository evidenced by the Representation Letter shall be terminated for any reason or **(c)** the Issuer determines that it is in the best interests of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, the Issuer shall notify the Depository and the Depository Participants of the availability of Bond certificates, and the Bonds shall no longer be restricted to being registered in the Bond Register in the name of a nominee of the Depository. At that time, the Issuer may determine that the Bonds shall be registered in the name of and deposited with a successor depository operating a book-entry system, as may be acceptable to the Issuer, or such depository’s agent or designee, and if the Issuer does not select such alternate 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 hereof. Notwithstanding any other provision of this ordinance to the contrary, so long as any Bond is registered in the name of a nominee of the Depository, 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 manner provided in the Representation Letter.

Section 5. Execution and Authentication. Each Bond shall be executed in the name of the Issuer by the manual or authorized facsimile signature of its Mayor and the corporate seal of the Issuer, or a facsimile thereof, shall be thereunto affixed, impressed or otherwise reproduced or placed thereon and attested by the manual or authorized facsimile signature of its City Clerk. Temporary Bonds, in lieu of or preliminary to the availability of Bonds in definitive form, shall be and are hereby authorized and approved. Typewritten Bonds are authorized in the event Section 4(b) applies.

In case any officer whose signature, or a facsimile of whose signature, shall appear on any Bond shall cease to hold such office before the issuance of such Bond, such Bond shall nevertheless be valid and sufficient for all purposes, the same as if the person whose signature, or a facsimile thereof, appears on such Bond had not ceased to hold such office. Any Bond may be signed, sealed or attested on behalf of the Issuer by any person who, on the date of such act, shall hold the proper office, notwithstanding that at the date of such Bond such person may not hold such office. No recourse shall be had for the payment of any Bonds against any member of the Corporate Authorities or any officer or employee of the Issuer (past, present or future) who executes the Bonds, or on any other basis.

Each Bond shall bear thereon a certificate of authentication executed manually by the Bond Registrar. No Bond shall be entitled to any right or benefit under this ordinance or shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Bond Registrar. 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 the Bond Registrar if signed by an authorized officer of or signer for the Bond Registrar, but it shall not be necessary that the same signer or officer sign the certificate of authentication on all of the Bonds issued hereunder.

Section 6. Transfer, Exchange and Registration. Each Bond shall be transferable only upon the registration books maintained by the Bond Registrar on behalf of the Issuer for that purpose at the designated office of the Bond Registrar, by the registered owner thereof in person or by such registered owners attorney duly authorized in writing upon surrender thereof together with a written instrument of transfer satisfactory to the Bond Registrar and duly executed by the registered owner or such registered owners duly authorized attorney. Upon the surrender for transfer of any such Bond, the Issuer shall execute and the Bond Registrar shall authenticate and deliver a new Bond or Bonds registered in the name of the transferee of the same aggregate principal amount, maturity and interest rate as the surrendered Bond. Bonds, upon surrender thereof at the principal office of the Bond Registrar, with a written instrument satisfactory to the Bond Registrar, duly executed by the registered owner or such

registered owners attorney duly authorized in writing, may be exchanged for an equal aggregate principal amount of Bonds of the same maturity and interest rate and of the denomination of \$5,000 or any authorized integral multiple thereof, less previous retirements.

For every such exchange or registration of transfer of Bonds, the Issuer or the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. No other charge shall be made for the privilege of making such transfer or exchange. The provisions of the Illinois Bond Replacement Act shall govern the replacement of lost, destroyed or defaced Bonds.

The Issuer, the Paying Agent and the Bond Registrar may deem and treat the person in whose name any Bond shall be registered upon the registration books as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of, premium, if any, or interest thereon and for all other purposes whatsoever, and all such payments so made to any such registered owner or upon such registered owners order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Issuer nor the Paying Agent or the Bond Registrar shall be affected by any notice to the contrary.

Section 7. Bond Registrar and Paying Agent. The Bond Registrar and Paying Agent with respect to this ordinance and the Bonds shall be designated in an applicable Bond Order. The Issuer covenants that it shall at all times retain a Bond Registrar and Paying Agent with respect to the Bonds and shall cause to be maintained at the office of such Bond Registrar a place where Bonds may be presented for registration of transfer or exchange, that it will maintain at the designated payment office of the Paying Agent a place where Bonds may be presented for payment, that it shall require that the Bond Registrar maintain proper registration books and that it shall require the Bond Registrar and Paying Agent to perform the other duties and obligations imposed upon each of them by this ordinance in a manner consistent with the standards, customs and practices concerning municipal securities. The Issuer may enter into appropriate agreements with any Bond Registrar and any Paying Agent in connection with the foregoing, including as follows:

- (a) to act as Bond Registrar, authenticating agent, Paying Agent and transfer agent as provided herein;
- (b) to maintain a list in the Bond Register of the registered owners of the Bonds as set forth herein and to furnish such list to the Issuer upon request, but otherwise to keep such list confidential;
- (c) to cancel and/or destroy Bonds which have been paid at maturity or submitted for exchange or transfer;
- (d) to give notices of redemption of Bonds to be redeemed;

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

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

In any event, the Bond Registrar and Paying Agent shall comply with (a) - (f) above.

The Bond Registrar and Paying Agent shall signify their acceptances of the duties and obligations imposed upon them by this ordinance. The Bond Registrar by executing the certificate of authentication on any Bond shall be deemed to have certified to the Issuer that it has all requisite power to accept, and has accepted, such duties and obligations, including as Paying Agent, as the case may be, not only with respect to the Bond so authenticated but with respect to all of the Bonds. The Bond Registrar and Paying Agent are the agents of the Issuer for such purposes and shall not be liable in connection with the performance of their respective duties except for their own negligence or default. The Bond Registrar shall, however, be responsible for any representation in its certificate of authentication on the Bonds.

The Issuer may remove the Bond Registrar or Paying Agent at any time. In case at any time the Bond Registrar or Paying Agent shall resign (such resignation to not be effective until a successor has accepted such role) or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Bond Registrar or Paying Agent, or of its property, shall be appointed, or if any public officer shall take charge or control of the Bond Registrar or Paying Agent or of their respective properties or affairs, the Issuer covenants and agrees that it will thereupon appoint a successor Bond Registrar or Paying Agent, as the case may be. The Issuer shall mail or cause to be mailed notice of any such appointment made by it to each registered owner of Bonds within twenty (20) days after such appointment. Any Bond Registrar or any Paying Agent appointed under the provisions of this Section 7 shall be a bank, trust company or other qualified professional with respect to such matters, authorized to exercise such functions in the State of Illinois.

The Issuer shall provide to the Bond Registrar and Paying Agent a copy of any amendment to this ordinance or in connection with the Bonds.

Section 8. Alternate Bonds; General Obligations. The Bonds are and constitute Alternate Bonds under the Local Government Debt Reform Act, anticipated to be paid from applicable Pledged Revenues. Bonds, regardless of the date or dates of their issuance, are on parity with each other and shall share equally and ratably as to payment in the Pledged Revenues applicable to the Bonds. Under and pursuant to Section 15 of the Local Government Debt Reform Act, the full faith and credit of the Issuer are hereby irrevocably pledged to the punctual payment of the principal of, premium, if any, and interest on the Bonds; the Bonds shall be direct and general obligations of the Issuer; and the Issuer shall be obligated to levy ad valorem taxes upon all the taxable property within the Issuer's corporate limits, for the payment when due the Bonds and the interest thereon, without limitation as to rate or amount (such ad valorem taxes being the "**Pledged Taxes**"), as authorized herein.

The applicable Pledged Revenues for Bonds are hereby determined by the Corporate Authorities to be sufficient to provide for or pay in each year to final maturity of the Bonds, as applicable, the following: (1) Operation and Maintenance Expenses of the enterprise, but not including depreciation, (2) the debt service on all Outstanding revenue bonds payable from applicable Pledged Revenues, (3) all amounts required to meet any fund or account requirements with respect to such Outstanding revenue bonds, (4) other contractual or tort liability obligations, if any, payable from applicable Pledged Revenues, and (5) in each year, an amount not less than 1.25 times debt service of all (i) Alternate Bonds payable from such Pledged Revenues previously issued and outstanding, and (ii) Alternate Bonds payable from such Pledged Revenues proposed to be issued, including the Bonds. The applicable Pledged Revenues shall be and are hereby determined by the Corporate Authorities to provide in each year an amount not less than 1.25 times debt service (as defined in Section 2 of the Local Government Debt Reform Act) of Alternate Bonds payable from such Pledged Revenues previously issued and outstanding and Alternate Bonds proposed to be issued. Such conditions enumerated need not be met for that amount of debt service (as defined in Section 2 of the Local Government Debt Reform Act) provided for by the setting aside of proceeds of bonds or other moneys at the time of the delivery of such bonds. The Pledged Revenues (but only Gross Revenues for Operation and Maintenance Expenses) are hereby determined by the Corporate Authorities to provide in each year Operation and Maintenance Expenses, all amounts required to meet any fund or account requirements with respect to this ordinance, any other contractual or tort liability obligations, if any, payable from Pledged Revenues, and an amount not less than 1.25 times debt service (as defined in Section 2 of the Local Government Debt Reform Act) of all of the Outstanding Bonds, payable from Pledged Revenues.

The determination of the sufficiency of applicable Pledged Revenues is expected to be supported by reference to the most recent audit of the Issuer, which is for a Fiscal Year ending not earlier than 18 months previous to the time of issuance of the Alternate Bonds. If such Pledged Revenues are otherwise shown to be insufficient, the determination of sufficiency, if applicable law so requires (which is not presently required for refunding alternate bonds), and not otherwise, shall be supported by the “**report**” of an independent accountant or feasibility analyst, the latter having a national reputation for expertise in such matters, demonstrating the sufficiency of such revenues and explaining, if appropriate, by what means the Pledged Revenues will be greater than as shown in the audit. Whenever the sufficiency of Pledged Revenues is demonstrated by reference to higher rates or charges and fees for enterprise revenues (with respect to the System), such higher rates or charges and fees with respect to the use of the services of the System shall have been properly imposed by an ordinance adopted prior to the time of delivery of the Bonds. Although such technical compliance for refunding bonds is not required, the Issuer anticipates such compliance.

Section 9. Forms of Bonds. Unless Bonds in typewritten form are accepted or in any contract for the sale of the Bonds the purchaser or purchasers of the Bonds shall agree to accept typewritten or other temporary Bonds preliminary to the availability of, or in lieu of, Bonds in printed form prepared in compliance with the National Standard Specifications for Fully Registered Municipal Securities prepared by the American National Standards Institute, Bonds shall comply therewith, and in any event shall be in substantially the following forms [provided, however, that appropriate insertions,

deletions and modifications in the form of the Bonds may be made, including as to the custom of printing Bonds in part on the front and back of certificates, a payment schedule and the issuance of a single Bond for each maturity, and to conform to applicable Bonds Orders; in an appropriate form approved by Bond counsel]:

(A) [FORM/SERIES 2014 BONDS]

UNITED STATES OF AMERICA

STATE OF ILLINOIS

THE COUNTY OF COLES

CITY OF MATTOON

GENERAL OBLIGATION REFUNDING BOND

(ALTERNATE REVENUE SOURCE)

SERIES 2014

REGISTERED NO. _____

REGISTERED \$ _____

INTEREST RATE:

MATURITY DATE:

DATED DATE:

CUSIP:

Registered Owner:

Principal Amount:

[1] **KNOW ALL BY THESE PRESENTS** that the City of Mattoon (the “**Issuer**”), a non-home rule municipality situated in The County of Coles, in the State of Illinois, acknowledges itself indebted and for value received hereby promises to pay to the Registered Owner identified above, or registered assigns, the Principal Amount set forth above on the Maturity Date specified above, and to pay interest on such Principal Amount from the later of the Dated Date hereof or the most recent interest payment date to which interest has been paid, at the Interest Rate per annum set forth above, computed on the basis of a 360-day year consisting of twelve 30-day months and payable in lawful money of the United States of America semiannually on the fifteenth (15th) days of June and December in each year, commencing _____ 15, 201__, until the Principal Amount hereof shall have been paid, by check or draft on Issuer funds mailed to the Registered Owner of record hereof as of the close of business on the last day (whether or not a business day) of the calendar month next preceding each interest payment date, at the address of such Registered Owner appearing on the registration books maintained for such purpose at the designated corporate trust office of First Mid-Illinois Bank & Trust, N.A., Mattoon, Illinois, as Bond Registrar (including its successors, the “**Bond Registrar**”). This Bond, as to principal

and premium, if any, when due, will be payable in lawful money of the United States of America upon presentation and surrender of this Bond at the designated payment office of First Mid-Illinois Bank & Trust, N.A., in Mattoon, Illinois, as Paying Agent (including its successors, the “**Paying Agent**”). [Insert as applicable: Interest on each Bond also may be payable by wire or electronic transfer to (and at the expense of) any registered owner of a Bond or Bonds (as of the applicable record date) holding an aggregate principal amount of \$500,000 or more when such registered owner shall have requested such wire or electronic transfer payment to a bank in the continental United States by written instruction (with sufficient directions, including bank address and routing and account numbers) to the Paying Agent at least fifteen (15) days prior to an interest payment date.] The Bonds are payable from the receipts derived by the Issuer from certain Pledged Revenues (that is, from Net Revenues derived from the Issuer’s operation of its municipally-owned separate waterworks and sewerage system (each a “**System**”, subject to Applicable Percentage Limits for each System,) and Revenue Sharing Receipts, and although it is expected, and has been certified, that the Bonds are to be paid from such Net Revenues [and Revenue Sharing Receipts], which Pledged Revenues are pledged to the payment thereof[, second, junior and subordinate to any bonds or other obligations thereon having or to have a prior claim], the full faith and credit of the Issuer, including the power to levy taxes without limit as to rate or amount (that is, Pledged Taxes) are irrevocably pledged for the punctual payment of the principal of and interest on this Bond and each Bond of the series of which it is a part, according to the terms thereof.

[2] This Bond is one of a series of Bonds issued in the aggregate principal amount of \$_____, which are all of like tenor, except as to maturity, interest rate[and right of and redemption], and which are authorized and issued under and pursuant to and in accordance with Ordinance No. _____, adopted by the City Council of the Issuer on _____, 2014, and entitled: “AN ORDINANCE AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION REFUNDING BONDS (ALTERNATE REVENUE SOURCE), SERIES 2014, OF THE CITY OF MATTOON, COLES COUNTY, ILLINOIS, PROVIDING THE DETAILS OF SUCH BONDS AND FOR APPLICABLE ALTERNATE REVENUE SOURCES AND THE LEVIES OF DIRECT ANNUAL TAXES SUFFICIENT TO PAY THE PRINCIPAL OF AND INTEREST ON SUCH BONDS, AND RELATED MATTERS” (with respect to which undefined terms herein shall have the meanings therein, the “**Bond Ordinance**”, as supplemented and amended), pursuant to the Constitution and laws of the State of Illinois, including Section 15 of the Local Government Debt Reform Act (Section 350/15 of Chapter 30 of the Illinois Compiled Statutes, in connection with “**alternate bonds**”, as supplemented and amended), Divisions 129 and 141 of Article 11 of the Illinois Municipal Code (Section 5/11-141-1 *et seq.* of Chapter 65 of the Illinois Compiled Statutes), as supplemented and amended, and applicable laws in connection with the imposition, distribution, receipt and application of Net Revenues and Revenue Sharing Receipts, the Registered Bond Act, the Illinois Bond Replacement Act and the Bond Authorization Act. The Bonds are issued to pay costs of refinancing the acquisition, construction and installation of certain System and municipal building facilities, improvements and costs.

[3] [Insert and adapt, as applicable: Bonds maturing December 15, 20____, 20____ and 20____ are Term Bonds (the “**Term Bonds**”), subject to mandatory sinking fund redemption in the principal amount on December 15 of each of the years, as follows:

Dec. 15, 20__ Term Bond		Dec. 15, 20__ Term Bond		Dec. 15, 20__ Term Bond	
Principal		Principal		Principal	
<u>Year</u>	<u>Amount(\$)</u>	<u>Year</u>	<u>Amount(\$)</u>	<u>Year</u>	<u>Amount(\$)</u>

*To be paid at maturity unless previously retired.]

[Insert and adapt, as applicable: Bonds of this series maturing on and after December 15, 201__, shall be subject to optional redemption prior to maturity on any date on and after December 15, 201__, in whole or in part in the principal amount from such maturities or in any order specified (but in inverse order if none is specified) of maturity, at a redemption price of par, plus accrued interest to the date fixed for redemption. OR The Bonds of this series are not subject to call for optional redemption.]

[4] [In the event of the redemption of less than all the Bonds of like maturity, the aggregate principal amount thereof to be redeemed shall be \$5,000 or an authorized integral multiple thereof, and the Bond Registrar shall assign to each Bond of such maturity a distinctive number for each \$5,000 principal amount of such Bond and shall select by lot from the numbers so assigned as many numbers as, at \$5,000 for each number, shall equal the principal amount of such Bonds to be redeemed. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected; provided that only so much of the principal amount of each Bond shall be redeemed as shall equal \$5,000 for each number assigned to it and so selected.]

[5] [The Issuer shall deposit with the Paying Agent an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on the redemption date, together with interest to such redemption date, prior to the redemption date. Notice of the redemption of Bonds shall be given by first class mail not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for such redemption to the registered owners of Bonds to be redeemed at their last addresses appearing on the registration books therefor. The Bonds or portions thereof specified in such notice shall become due and payable at the redemption price on the redemption date therein designated, and if, on the redemption date, moneys for payment of the redemption price of all the Bonds or portions thereof to be redeemed, together with interest to the redemption date, remain on deposit with the Paying Agent, and if notice of redemption shall have been mailed as aforesaid (and notwithstanding any defect therein or the lack of actual receipt thereof by any registered owner), then from and after the redemption date interest on such Bonds or portions thereof shall cease to accrue and become payable. If there shall be drawn for redemption less than all of a Bond, the Issuer shall execute and the Bond Registrar shall authenticate and deliver, upon the surrender of such Bond, without charge to the registered owner thereof, for the unredeemed balance of the Bond so surrendered, Bonds of like maturity and of the denomination of \$5,000 or any authorized integral multiple thereof.]

[6] [All notices of redemption shall include at least the information as follows: (1) the redemption date; (2) the redemption price; (3) if less than all of the Bonds of a given maturity are to be redeemed, the

identification and, in the case of partial redemption of the 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 such 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 office of the Paying Agent.]

[7] This Bond is transferable only upon the registration books therefor by the Registered Owner hereof in person, or by such Registered Owners attorney duly authorized in writing, upon surrender hereof at the designated office of the Bond Registrar together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the Registered Owner or by such Registered Owners duly authorized attorney, and thereupon a new registered Bond or Bonds, in the denominations of \$5,000 or any authorized integral multiple thereof and of the same aggregate principal amount as this Bond shall be issued to the transferee in exchange therefor. In like manner, this Bond may be exchanged for an equal aggregate principal amount of Bonds of any authorized denomination.]

[8] The Bond Registrar shall not be required to exchange or transfer any Bond during the period from the fifteenth (15th) day of the month next preceding any interest payment date and ending on such interest payment date[or during a period of fifteen (15) days next preceding the mailing of a notice of redemption which could designate all or a part of such Bond for redemption, nor to transfer or exchange any Bond after notice calling such Bond for prepayment has been mailed, nor during a period of fifteen (15) days next preceding mailing of a notice of prepayment and redemption of any Bonds]. The Issuer or the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to the transfer or exchange of this Bond. No other charge shall be made for the privilege of making such transfer or exchange. The Issuer, the Paying Agent and the Bond Registrar may treat and consider the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal, premium, if any, and interest due hereon and for all other purposes whatsoever, and all such payments so made to such Registered Owner or upon such Registered Owners order shall be valid and effectual to satisfy and discharge the liability upon this Bond to the extent of the sum or sums so paid, and neither the Issuer nor the Paying Agent or the Bond Registrar shall be affected by any notice to the contrary.

[9] No recourse shall be had for the payment of any Bonds against the Mayor or any member of the city Council or any other officer or employee of the Issuer (past, present or future) who executes any Bonds, or on any other basis. The Issuer may remove the Bond Registrar or Paying Agent at any time and for any reason and appoint a successor.

[10] This Bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been duly executed by the Bond Registrar.

[11] The Issuer has designated the Bonds of this series as “**qualified tax-exempt obligations**” under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

[12] It is hereby certified, recited and declared that all acts, conditions and things required to be done, exist and be performed precedent to and in the issuance of this Bond in order to make it a legal, valid and binding general obligation of the Issuer have been done, exist and have been performed in regular and due time, form and manner as required by law, and that the series of Bonds of which this Bond is one, together with all other indebtedness of the Issuer is within every debt or other limit prescribed by law.

[13] **IN WITNESS WHEREOF**, the City of Mattoon, Coles County, Illinois, has caused this Bond to be executed in its name and on its behalf by the manual or facsimile signature of its Mayor, and its corporate seal, or a facsimile thereof, to be hereunto affixed or otherwise reproduced hereon and attested by the manual or facsimile signature of its City Clerk, all as of the Dated Date set forth above.

(SEAL)

CITY OF MATTOON,

Coles County, Illinois

Attest:

/s/Susan J. O'Brien

/s/ Timothy D. Gover

City Clerk

Mayor

[14] **CERTIFICATE OF AUTHENTICATION**

Dated: _____

This is one of the General Obligation Refunding Bonds (Alternate Revenue Source), Series 2014, described in the within mentioned Bond Ordinance.

FIRST MID-ILLINOIS BANK & TRUST, N.A.

Mattoon, Illinois, as Bond Registrar

By: _____

Authorized Signer

Bond Registrar and First Mid-Illinois Bank & Trust, N.A.

Paying Agent: Mattoon, Illinois

[15] **ASSIGNMENT**

For value received the undersigned sells, assigns and transfers unto _____

[Name, Address and Tax Identification Number of Assignee]

the within Bond and hereby irrevocably constitutes and appoints _____

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

Dated _____

Signature

Signature Guarantee By:

(Name of Eligible Guarantor Institution as defined

by SEC Rule 17 Ad-15 (17 CFR 240.1 Ad-15))

NOTICE: The signature on this 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 10. Levy and Extension of Taxes. For the purpose of providing the money required to pay the interest on the Bonds when and as the same falls due and to pay and discharge the principal thereof as the same shall mature, there shall be levied upon all the taxable property within the Issuer’s corporate limits in each year while any of the Bonds shall be Outstanding, direct annual taxes, constituting Pledged Taxes, sufficient for that purpose and there is hereby authorized to be levied upon all of the taxable property within the Issuer’s corporate limits, in addition to all other taxes, direct annual taxes, in the amounts for each tax or levy year, commencing not before levy year 2014 and ending not later than 2024, as shall be specified in one or more Bond Orders (i.e. Pledged Taxes).

To the extent lawful, interest or principal coming due at any time when there shall be insufficient funds on hand to pay the same shall be paid promptly when due from current funds on hand in advance of the collection of the taxes herein levied; and when such taxes shall have been collected, reimbursement shall be made to such fund or funds from which such advance was made in the amounts thus advanced.

As soon as this ordinance becomes effective, a copy thereof, certified by the City Clerk of the Issuer, which certificate shall recite that this ordinance has been duly adopted, together with specified levies of Pledged Taxes in a Bond Order, shall be filed with the County Clerk of Coles County, Illinois, who is hereby directed to ascertain the rate percent required to produce the aggregate Pledged Taxes to be levied in the years as authorized herein and to extend the same for collection on the tax books in connection with other taxes levied in each of such years, in and by the Issuer for general corporate purposes of the Issuer, and in each of such years such annual Pledged Taxes shall be levied and collected in like manner as taxes for general corporate purposes for each of such years are levied and collected and, when collected, such Pledged Taxes shall be used solely for the purpose of paying the principal of and interest on the Bonds herein authorized as the same become due and payable.

The Issuer covenants and agrees with the owners of the Bonds that so long as any of the Bonds remain Outstanding, the Issuer will not cause the abatement of the foregoing taxes and otherwise will take no action or fail to take any action which in any way would adversely affect the ability of the

Issuer to levy and collect the foregoing Levied Taxes and/or Pledged Taxes, unless and to the extent there then shall be moneys irrevocably on deposit therefor in the applicable debt service account established under Section 12 below. The Issuer and its officers will comply with all present and future applicable laws in order to assure that the foregoing Pledged Taxes will be levied, extended and collected as provided herein and deposited in the applicable debt service account established in Section 12 below to pay the principal of and interest on the Bonds; and whenever the debt service deposit requirements in this paragraph have been satisfied, the Corporate Authorities shall duly direct the abatement of Pledged Taxes for the year with respect to which such Pledged Taxes have been levied, to the extent so satisfied, and appropriate certification of such abatement shall be timely filed with the County Clerk of Coles County in connection with such abatement. If for any reason there is abatement of such levy of taxes and the failure thereafter to pay debt service in respect of such abatement, the additional amount, together with additional interest accruing, shall be added to the tax levy in the year of, or the next year following, such failure.

Section 11. Related Agreements. The Official Statement, Purchase Agreement, Refunding Agreement, Arbitrage Regulation Agreement and Disclosure Agreement, in substantially the forms thereof customary to the transactions under this ordinance shall be and are hereby approved and authorized to be executed, delivered and performed.

The Official Statement in connection with the Bonds, as presented before the Corporate Authorities in preliminary form, shall be and is hereby approved, deemed final under Rule 15c2-12 and is authorized to be used by the Underwriter in the offering and sale of the Bonds. The Preliminary Official Statement is hereby authorized to be completed to constitute a final Official Statement under such Rule 15c2-12. The Issuer is authorized to cooperate with the Underwriter in connection with compliance by the Underwriter with Rule 15c2-12 and applicable rules of the Municipal Securities Rulemaking Board related to the Bonds.

All things done with respect to the Purchase Agreement, Refunding Agreement, Arbitrage Regulation Agreement, Disclosure Agreement and the Official Statement by the Issuer's Mayor, City Clerk, City Administrator, City Treasurer or City Attorney, in connection with the issuance and sale of the Bonds, shall be and are hereby in all respects ratified, confirmed and approved. The Mayor, City Clerk, City Administrator, City Treasurer, City Attorney and other officials of the Issuer are hereby authorized and directed to do and perform, or cause to be done or performed for or on behalf of the Issuer, each and every thing necessary for the issuance of the Bonds, including the proper execution, delivery and performance by the Issuer of the Official Statement, Purchase Agreement, Disclosure Agreement, Refunding Agreement and Arbitrage Regulation Agreement, and related instruments and certificates, such documents to be in substantially forms usual to transactions herein described, with such changes therein as the officers executing them shall approve, and the purchase by and delivery of the Bonds to or at the direction of the Underwriter.

No elected or appointed officer of the Issuer is in any manner interested, directly or indirectly, in his or her own name or in the name of any other person, association, trust or corporation in the Purchase Agreement.

Section 12. Special Funds and Accounts. The **(I)** Waterworks Fund, **(II)** Sewerage Fund and **(III)** Revenue Fund shall be created and established, or continued, as the case may be. The Bonds shall be Junior or Senior Bonds as specified in an applicable Bond Order. Unless otherwise specified in a Bond Order all funding shall be on or before the first day of each month.

(I) WATERWORKS FUND. Upon the issuance of any Bonds, the Waterworks System shall continue to be operated on a Fiscal Year basis commencing on the first day of May and ending the last day of April of each calendar year. All of the revenues from any source whatsoever derived from the operation of the System shall continue to be set aside as collected and be deposited in or credited to a separate fund and in accounts in a bank to be designated or continued under another ordinance, as the case may be, by the Corporate Authorities, which fund is hereby created and established or continued, as the case may be, as the Issuer's "**Waterworks Fund**", which shall constitute a trust fund, including for the purpose of carrying out the covenants, terms, and conditions of this ordinance related to the Bonds, including, without limitation, the establishment (or continuance and redesignation as desirable) within such fund of the "**Operation and Maintenance Account**", the "**Bond and Interest Account**" (within which may be a "**Senior Debt Service Account**" and/or "**Senior Reserve Account**" and/or a "**Junior Debt Service Account**", and/or a "**Junior Reserve Account**"), the "**Depreciation Account**", the "**Reserve Account**" and the "**Surplus Account**".

First, there shall be deposited to or retained in the **Operation and Maintenance Account** an amount sufficient, when added to the amount then on deposit in such Account, to establish or maintain a balance to an amount not less than the amount considered necessary to pay operation and maintenance expenses for the System for the then current and next month. Then, within the Waterworks Fund, there shall be credited and paid into the applicable Debt Service Account, on or before the first day of each month after any Bonds are issued, by the City Treasurer or other appropriate financial officer of the Issuer, without any further official action or direction than this ordinance, in the order in which such Accounts are hereinafter mentioned (provided **(X)** that any Net Revenues to be deposited into or credited to a "**Net Revenues Subaccount**" of applicable Debt Service Account for the Bonds shall be subject to the Applicable Percentage Limit and **(Y)** that any Pledged Taxes with respect to the Bonds shall be deposited directly into a "**Pledged Taxes Subaccount**" of the applicable Debt Service Account), and **(Z)** Revenue Sharing Receipts shall be directly deposited into or credited to the applicable Debt Service Account, subject to the requirements of any account having a prior claim, all moneys in the Waterworks Fund in accordance with the following provisions:

(a) Senior Debt Service Account. There shall be credited to the Senior Debt Service Account and held, in cash and investments, a fractional amount of the interest becoming due on the next succeeding interest payment date on all applicable Outstanding Senior Bonds, if any, payable from each such Account and also a fractional amount of the principal becoming due or subject to mandatory redemption on the next succeeding principal maturity or mandatory redemption date of all Outstanding Senior Bonds, if any, payable from the Senior Debt Service Account until there shall have been accumulated and held, in cash and investments, in the Senior Debt Service Account in or before the

month preceding such maturity date of interest or maturity or mandatory redemption date of principal, an amount sufficient to pay such principal or interest, or both.

All moneys in each such Senior Debt Service Account shall be used only for the purpose of paying interest on and principal of applicable Outstanding Senior Bonds.

(A) Receipts of Pledged Taxes with respect to the Bonds shall be deposited into a separate Pledged Taxes Subaccount of the Senior Debt Service Account and as required by this ordinance shall be used solely and only to pay debt service on applicable Bonds.

(B) Within the Senior Debt Service Account there shall be a “**Pledged Subaccount**”. Moneys deposited/credited to the Senior Debt Service Account in excess of the amount qualifying for treatment as a BDSF shall be deposited or credited to the related Pledged Subaccount for later transfer to the Senior Debt Service Account when the transferred amount will not disqualify the Senior Debt Service Account as a BDSF. Moneys in the Pledged Subaccount are hereby pledged to the payment of the Bonds and are subject to determination of and payment as to Yield Reduction Payments.

(b) **Senior Reserve Account.** There shall next be credited to the Senior Reserve Account and held, in cash and investments or as otherwise provided, such amount or amounts at such times as may be required in the applicable ordinance or ordinances by which applicable Outstanding Senior Bonds have been or are to be authorized and issued.

Amounts to the credit of each Senior Reserve Account shall be used to pay principal of or interest on applicable Outstanding Senior Bonds of the Waterworks System at any time when there are insufficient funds available in the Senior Debt Service Account to pay the same as may be provided in the applicable ordinances and shall be transferred to such Account for such purpose.

(c) **Junior Debt Service Account:** There shall be deposited and credited to the Junior Debt Service Account and held, in cash and investments, a fractional amount (not less than 1/6) of the interest becoming due on the next succeeding interest payment date on applicable Outstanding Junior Bonds and also a fractional amount (not less than 1/12) of the principal becoming due (or subject to mandatory redemption) on the next succeeding principal maturity date of all of the Outstanding Junior Bonds until there shall have been accumulated and held in cash and investments in each such Account on or before the month preceding such interest payment date or principal maturity date, or both, an amount sufficient to pay such principal or interest, or both.

In computing the fractional amount to be set aside each month in the Junior Debt Service Account, the fraction shall be so computed that a sufficient amount will be set aside in the Junior Debt Service Account and will be available for the prompt payment of such principal of and interest on applicable Outstanding Junior Bonds and shall be not less than one-sixth (1/6) of the interest becoming due on the next succeeding interest payment date and not less than one-twelfth (1/12) of the principal becoming due (or subject to mandatory redemption) on the next succeeding principal payment date on applicable Outstanding Junior Bonds until there is sufficient money in the Junior Debt Service Account to pay such principal or interest, or both.

Credits into the Junior Debt Service Account may be suspended in any Bond Year at such time as there shall be a sufficient sum held in cash and investments in such Account to meet principal and interest requirements in such Account for the balance of such Bond Year, but such credits shall again be resumed at the beginning of the next Bond Year. All moneys in the Junior Debt Service Account shall be used only for the purpose of paying interest and principal and applicable premium on Outstanding Junior Bonds.

(A) Receipts of Pledged Taxes with respect to the Bonds shall be deposited into a separate Pledged Taxes Subaccount of the Junior Debt Service Account and as required by this ordinance shall be used solely and only to pay debt service on the Bonds.

(B) Within the Junior Debt Service Account there shall be a “**Pledged Subaccount**”. Moneys deposited/credited to the Junior Debt Service Account in excess of the amount qualifying for treatment as a BDSF shall be deposited or credited to the related Pledged Subaccount for later transfer to the Junior Debt Service Account when the transferred amount will not disqualify the Junior Debt Service Account as a BDSF. Moneys in the Pledged Subaccount are hereby pledged to the payment of the Bonds and are subject to determination and payment as to Yield Reduction Payments.

(d) **Junior Reserve Account.** There shall next be credited to the Junior Reserve Account and held, in cash and investments or as otherwise provided, such amount or amounts at such times as may be required in the applicable ordinance or ordinances by which Outstanding Junior Parity Bonds are authorized and issued.

Amounts to the credit of each Junior Reserve Account shall be used to pay principal of or interest on the applicable Outstanding Junior Bonds as they may secure at any time when there are insufficient funds available in the Junior Debt Service Account to pay the same as may be provided in the applicable ordinances and shall be transferred to such Account for such purpose.

(e) **Depreciation Account:** There next shall be deposited in and credited to each applicable Depreciation Account such amounts as the Corporate Authorities from time to time by resolution or other appropriate action direct.

Amounts to the credit of a Depreciation Account shall be used for (i) the payment of the costs of extraordinary maintenance, necessary repairs and replacements, or contingencies, the payment for which no other funds are available, in order that the Waterworks System may at all times be able to render efficient service and, although it is not expected, (ii) the payment of principal of or interest and applicable premium on any Outstanding bonds payable from the Pledged Revenues of the System at any time when there are no other funds available for that purpose in order to prevent a default and shall be transferred to the appropriate account or accounts for such purpose.

Whenever an amount is withdrawn from the Depreciation Account for the purpose stated in clause (ii) of the preceding paragraph, the Issuer shall have undertaken a rate study of the System by a qualified accountant, engineer or other finance professional. Each expenditure to be made from a Depreciation Account for the purpose stated in clause (i) of the preceding paragraph shall be made only

after an approving vote of the Corporate Authorities has certified that such expenditure is necessary to the continued effective and efficient operation of the System.

(f) Surplus Account: All moneys remaining in the Waterworks Fund, after crediting the required amounts to the respective Accounts above, and after making up any deficiency in the Accounts above, shall be used, if at all, for one or more of the following purposes (and not for any general corporate purpose) without any priority among them:

(1) For the purpose of constructing or acquiring repairs, replacements, renewals, improvements or extensions to the System; or

(2) For the purpose of calling and redeeming applicable Outstanding bonds payable from Pledged Revenues of the System; or

(3) For the purpose of paying principal and interest and applicable premium on any subordinate bonds or obligations issued for the purpose of acquiring or constructing repairs, replacements, renewals, improvements and extensions to the System; or

(4) For any other lawful purpose, including the authorized purchase of outstanding bonds payable from applicable Pledged Revenues at the applicable price plus applicable premium and accrued interest.

(g) Investments: Money to the credit of the funds and accounts under this part I shall be invested from time to time by the Issuer's City Treasurer in **(i)** interest-bearing bonds, notes, or other direct full faith and credit obligations of the United States of America, **(ii)** obligations unconditionally guaranteed as to both principal and interest by the United States of America, or **(iii)** certificates of deposit or time deposits of any bank or savings and loan association, as defined by Illinois laws, provided such bank or savings and loan association is insured by the Federal Deposit Insurance Corporation or a successor corporation to the Federal Deposit Insurance Corporation and provided further that the principal of such deposits are secured by a pledge of obligations as described in clauses (g) (i) and (g) (ii) above in the full principal amount of such deposits, or otherwise collateralized in such amount and in such manner as may be required by law. Such investments may be sold from time to time by the Treasurer of the Issuer as funds may be needed for the purpose for which such Accounts have been created. All interest on any funds so invested shall be credited to the applicable Account of the Fund and is hereby deemed and allocated as expended with the next expenditure or expenditures of money from the applicable Subaccount or Account of the applicable Fund. Moneys in any of such accounts shall be invested by the Issuer's Treasurer, if necessary, in investments restricted as to yield, which investments may be in U.S. Treasury Securities - State and Local Government Series, if available, and to such end the Issuer's Treasurer shall refer to any investment restrictions covenanted by the Issuer or any officer thereof as part of the transcript of proceedings for the issuance of the Bonds, and to appropriate opinions of counsel.

(II) SEWERAGE FUND. Upon the issuance of any Bonds, the Sewerage System shall continue to be operated on a Fiscal Year basis commencing on the first day of May and ending the last day of April of each calendar year. All of the revenues from any source whatsoever derived from the operation of the

System shall continue to be set aside as collected and be deposited in or credited to a separate fund and in accounts in a bank to be designated or continued under another ordinance, as the case may be, by the Corporate Authorities, which fund is hereby created and established or continued, as the case may be, as the Issuer's "**Sewerage Fund**", which shall constitute a trust fund, including for the purpose of carrying out the covenants, terms, and conditions of this ordinance related to the Bonds, including, without limitation, the establishment (or continuance and redesignation as desirable) within such fund of the "**Operation and Maintenance Account**", the "**Bond and Interest Account**" (within which may be a "**Senior Debt Service Account**" and/or "**Senior Reserve Account**" and/or a "**Junior Debt Service Account**", and/or a "**Junior Reserve Account**"), the "**Depreciation Account**", the "**Reserve Account**" and the "**Surplus Account**".

First, there shall be deposited to or retained in the **Operation and Maintenance Account** an amount sufficient, when added to the amount then on deposit in such Account, to establish or maintain a balance to an amount not less than the amount considered necessary to pay operation and maintenance expenses for the System for the then current and next month. Then, within the Sewerage Fund, there shall be credited and paid into the applicable Debt Service Account, on or before the first day of each month after any Bonds are issued, by the City Treasurer or other appropriate financial officer of the Issuer, without any further official action or direction than this ordinance, in the order in which such Accounts are hereinafter mentioned (provided **(X)** that ant Net Revenues to be deposited into or credited to a "**Net Revenues Subaccount**" of applicable Debt Service Account for the Bonds shall be subject to the Applicable Percentage Limit and **(Y)** that any Pledged Taxes with respect to the Bonds shall be deposited directly into a "**Pledged Taxes Subaccount**" of the applicable Debt Service Account), and **(Z)** Revenue Sharing Receipts shall be directly deposited into or credited to the applicable Debt Service Account, subject to the requirements of any account having a prior claim, all moneys in the Sewerage Fund in accordance with the following provisions:

(a) Senior Debt Service Account. There shall be credited to the Senior Debt Service Account and held, in cash and investments, a fractional amount of the interest becoming due on the next succeeding interest payment date on all applicable Outstanding Senior Bonds, if any, payable from each such Account and also a fractional amount of the principal becoming due or subject to mandatory redemption on the next succeeding principal maturity or mandatory redemption date of all Outstanding Senior Bonds, if any, payable from the Senior Debt Service Account until there shall have been accumulated and held, in cash and investments, in the Senior Debt Service Account in or before the month preceding such maturity date of interest or maturity or mandatory redemption date of principal, an amount sufficient to pay such principal or interest, or both.

All moneys in each such Senior Debt Service Account shall be used only for the purpose of paying interest on and principal of applicable Outstanding Senior Bonds.

(A) Receipts of Pledged Taxes with respect to the Bonds a shall be deposited into a separate Pledged Taxes Subaccount of the Senior Debt Service Account and as required by this ordinance shall be used solely and only to pay debt service on applicable Bonds.

(B) Within the Senior Debt Service Account there shall be a “**Pledged Subaccount**”. Moneys deposited/credited to the Senior Debt Service Account in excess of the amount qualifying for treatment as a BDSF shall be deposited or credited to the related Pledged Subaccount for later transfer to the Senior Debt Service Account when the transferred amount will not disqualify the Senior Debt Service Account as a BDSF. Moneys in the Pledged Subaccount are hereby pledged to the payment of the Bonds and are subject to determination of and payment as to Yield Reduction Payments.

(b) Senior Reserve Account. There shall next be credited to the Senior Reserve Account and held, in cash and investments or as otherwise provided, such amount or amounts at such times as may be required in the applicable ordinance or ordinances by which applicable Outstanding Senior Bonds have been or are to be authorized and issued.

Amounts to the credit of each Senior Reserve Account shall be used to pay principal of or interest on applicable Outstanding Senior Bonds of the Sewerage System at any time when there are insufficient funds available in the Senior Debt Service Account to pay the same as may be provided in the applicable ordinances and shall be transferred to such Account for such purpose.

(c) Junior Debt Service Account: There shall be deposited and credited to the Junior Debt Service Account and held, in cash and investments, a fractional amount (not less than $1/6$) of the interest becoming due on the next succeeding interest payment date on applicable Outstanding Junior Bonds and also a fractional amount (not less than $1/12$) of the principal becoming due (or subject to mandatory redemption) on the next succeeding principal maturity date of all of the Outstanding Junior Bonds until there shall have been accumulated and held in cash and investments in each such Account on or before the month preceding such interest payment date or principal maturity date, or both, an amount sufficient to pay such principal or interest, or both.

In computing the fractional amount to be set aside each month in the Junior Debt Service Account, the fraction shall be so computed that a sufficient amount will be set aside in the Junior Debt Service Account and will be available for the prompt payment of such principal of and interest on applicable Outstanding Junior Bonds and shall be not less than one-sixth ($1/6$) of the interest becoming due on the next succeeding interest payment date and not less than one-twelfth ($1/12$) of the principal becoming due (or subject to mandatory redemption) on the next succeeding principal payment date on applicable Outstanding Junior Bonds until there is sufficient money in the Junior Debt Service Account to pay such principal or interest, or both.

Credits into the Junior Debt Service Account may be suspended in any Bond Year at such time as there shall be a sufficient sum held in cash and investments in such Account to meet principal and interest requirements in such Account for the balance of such Bond Year, but such credits shall again be resumed at the beginning of the next Bond Year. All moneys in the Junior Debt Service Account shall be used only for the purpose of paying interest and principal and applicable premium on Outstanding Junior Bonds.

(A) Receipts of Pledged Taxes with respect to the Bonds shall be deposited into a separate Pledged Taxes Subaccount of the Junior Debt Service Account and as required by this ordinance shall be used solely and only to pay debt service on the Bonds.

(B) Within the Junior Debt Service Account there shall be a “**Pledged Subaccount**”. Moneys deposited/credited to the Junior Debt Service Account in excess of the amount qualifying for treatment as a BDSF shall be deposited or credited to the related Pledged Subaccount for later transfer to the Junior Debt Service Account when the transferred amount will not disqualify the Junior Debt Service Account as a BDSF. Moneys in the Pledged Subaccount are hereby pledged to the payment of the Bonds and are subject to determination and payment as to Yield Reduction Payments.

(d) **Junior Reserve Account.** There shall next be credited to the Junior Reserve Account and held, in cash and investments or as otherwise provided, such amount or amounts at such times as may be required in the applicable ordinance or ordinances by which Outstanding Junior Parity Bonds are authorized and issued.

Amounts to the credit of each Junior Reserve Account shall be used to pay principal of or interest on the applicable Outstanding Junior Bonds as they may secure at any time when there are insufficient funds available in the Junior Debt Service Account to pay the same as may be provided in the applicable ordinances and shall be transferred to such Account for such purpose.

(e) **Depreciation Account:** There next shall be deposited in and credited to each applicable Depreciation Account such amounts as the Corporate Authorities from time to time by resolution or other appropriate action direct.

Amounts to the credit of a Depreciation Account shall be used for (i) the payment of the costs of extraordinary maintenance, necessary repairs and replacements, or contingencies, the payment for which no other funds are available, in order that the Sewerage System may at all times be able to render efficient service and, although it is not expected, (ii) the payment of principal of or interest and applicable premium on any Outstanding bonds payable from the Pledged Revenues of the System at any time when there are no other funds available for that purpose in order to prevent a default and shall be transferred to the appropriate account or accounts for such purpose.

Whenever an amount is withdrawn from the Depreciation Account for the purpose stated in clause (ii) of the preceding paragraph, the Issuer shall have undertaken a rate study of the System by a qualified accountant, engineer or other finance professional. Each expenditure to be made from a Depreciation Account for the purpose stated in clause (i) of the preceding paragraph shall be made only after an approving vote of the Corporate Authorities has certified that such expenditure is necessary to the continued effective and efficient operation of the System.

(f) **Surplus Account:** All moneys remaining in the Sewerage Fund, after crediting the required amounts to the respective Accounts above, and after making up any deficiency in the Accounts above, shall be used, if at all, for one or more of the following purposes (and not for any general corporate purpose) without any priority among them:

(1) For the purpose of constructing or acquiring repairs, replacements, renewals, improvements or extensions to the System; or

(2) For the purpose of calling and redeeming applicable Outstanding bonds payable from Pledged Revenues of the System; or

(3) For the purpose of paying principal and interest and applicable premium on any subordinate bonds or obligations issued for the purpose of acquiring or constructing repairs, replacements, renewals, improvements and extensions to the System; or

(4) For any other lawful purpose, including the authorized purchase of outstanding bonds payable from applicable Pledged Revenues at the applicable price plus applicable premium and accrued interest.

(g) Investments: Money to the credit of the funds and accounts under this part II shall be invested from time to time by the Issuer's City Treasurer in **(i)** interest-bearing bonds, notes, or other direct full faith and credit obligations of the United States of America, **(ii)** obligations unconditionally guaranteed as to both principal and interest by the United States of America, or **(iii)** certificates of deposit or time deposits of any bank or savings and loan association, as defined by Illinois laws, provided such bank or savings and loan association is insured by the Federal Deposit Insurance Corporation or a successor corporation to the Federal Deposit Insurance Corporation and provided further that the principal of such deposits are secured by a pledge of obligations as described in clauses (g) (i) and (g) (ii) above in the full principal amount of such deposits, or otherwise collateralized in such amount and in such manner as may be required by law. Such investments may be sold from time to time by the Treasurer of the Issuer as funds may be needed for the purpose for which such Accounts have been created. All interest on any funds so invested shall be credited to the applicable Account of the Fund and is hereby deemed and allocated as expended with the next expenditure or expenditures of money from the applicable Subaccount or Account of the applicable Fund. Moneys in any of such accounts shall be invested by the Issuer's Treasurer, if necessary, in investments restricted as to yield, which investments may be in U.S. Treasury Securities - State and Local Government Series, if available, and to such end the Issuer's Treasurer shall refer to any investment restrictions covenanted by the Issuer or any officer thereof as part of the transcript of proceedings for the issuance of the Bonds, and to appropriate opinions of counsel.

(III) REVENUE FUND. Upon the issuance of any of the Bonds, the Issuer shall continue to be operated on a Fiscal Year basis. Revenue Sharing Receipts constituting Pledged Revenues shall be set aside as collected and be deposited into a separate fund to be designated or continued, as the case may be, as the Revenue Fund (the "**Revenue Fund**"). Such Fund shall constitute a trust fund for the purpose of carrying out the covenants, terms, and conditions of this ordinance, and shall be used only in paying the principal of and interest on specified obligations which by their terms are payable from Revenue Sharing Receipts, and providing for the establishment of and expenditure from the respective accounts as described in this ordinance.

In the Revenue Fund, there shall be and there are hereby created and established, as appropriate, the separate accounts known as the “**Senior Bond and Interest Account**”) for the Bonds), the “**Senior Bond Reserve Account**,” the “**Junior Bond and Interest Account**,” “**Junior Bond Reserve Account**,” the “**Depreciation Account**,” and the “**General Account**,” to which there shall be credited, without any further official action or direction, in the order in which such accounts are hereinafter mentioned, from Revenue Sharing Receipts, to be held in such Revenue Fund, in accordance with the following provisions:

(a) Senior Bond and Interest Account.

There shall be credited to the Senior Bond and Interest Account and held, in cash and investments, the amount of the interest becoming due on the next succeeding interest payment date on applicable Outstanding Senior Bonds, if any, payable from such Account and also the amount of the principal becoming due or subject to mandatory redemption on the next succeeding principal maturity or mandatory redemption date of all of the Outstanding Senior Bonds, if any, payable from such Account until there shall have been accumulated and held, in cash and investments, in the Senior Bond and Interest Account in or before the day next preceding such payment date of interest or maturity and/or mandatory redemption date of principal, an amount sufficient to pay such principal or interest, or as applicable, the Pledged Account funding date to abate Pledged Taxes.

Upon issuance of the Bonds, accrued interest from the sale of the Bonds shall be deposited into such Account and used to pay first interest due on the Bonds.

All moneys in such Account shall be used only for the purpose of paying interest on and principal of such Outstanding Senior Bonds. Such moneys as are sufficient to make payments of principal of and interest on such Bonds when due, along with any fees then due, shall be transferred to the Paying Agent not less than five (5) days prior to the applicable principal or interest payment date.

(A) Receipts of Pledged Taxes with respect to the Bonds shall be deposited into a separate Pledged Taxes Subaccount of the Junior Debt Service Account and as required by this ordinance shall be used solely and only to pay debt service on the Bonds.

(B) Within the Junior Debt Service Account there shall be a “**Pledged Subaccount**”. Moneys deposited/credited to the Junior Debt Service Account in excess of the amount qualifying for treatment as a BDSF shall be deposited or credited to the related Pledged Subaccount for later transfer to the Junior Debt Service Account when the transferred amount will not disqualify the Junior Debt Service Account as a BDSF. Moneys in the Pledged Subaccount are hereby pledged to the payment of the Bonds and are subject to determination and payment as to Yield Reduction Payments.

(b) Senior Bond Reserve Account.

There shall next be credited to the Senior Bond Reserve Account and held, in cash and investments or as otherwise provided, such amount or amounts at such times and frequency as may be required in the applicable ordinance or ordinances by which Outstanding Senior Bonds are authorized and issued.

Amounts to the credit of the Senior Bond Reserve Account shall be used to pay principal of or interest on such Outstanding Senior Bonds at any time when there are insufficient funds available in the Senior Bond and Interest Account to pay the same as may be provided in the applicable ordinances and shall be transferred to such Account for such purpose.

(c) Junior Bond and Interest Account.

There next shall be credited to the Junior Bond and Interest Account and held, in cash and investments, a fractional amount of the interest becoming due on the next succeeding interest payment date on all Outstanding Junior Bonds payable from such Account and also a fractional amount of the principal becoming due or subject to mandatory redemption on the next succeeding principal maturity or mandatory redemption date of all of the Outstanding Junior Bonds payable from such Account until there shall have been accumulated and held, in cash and investments, in the Junior Bond and Interest Account in or before the month preceding such maturity date of interest or maturity or mandatory redemption date of principal, an amount sufficient to pay such principal or interest, or both.

In computing the fractional amount to be set aside each month in the Junior Bond and Interest Account, the fraction shall be so computed that a sufficient amount will be set aside in said Account and will be available for the prompt payment of such principal of and interest on all Outstanding Junior Bonds payable from such Account and , subject to an applicable Bond Order, shall be not less than 1/6 of the interest becoming due on the next succeeding interest payment date and not less than 1/12 of the principal becoming due or subject to mandatory redemption on the next succeeding principal payment or mandatory redemption date on all Outstanding Junior Bonds payable from such Account until there is sufficient money in such Account to pay such principal or interest, or both.

Upon issuance of the Bonds, accrued interest from the sale of the Bonds shall be deposited into such Account and used to pay first interest due on the Bonds.

All moneys in such Account shall be used only for the purpose of paying interest on and principal of such Outstanding Junior Bonds. Such moneys as are sufficient to make payments of principal of and interest on such Bonds when due, along with any fees then due, shall be transferred to the Paying Agent not less than five (5) days prior to the applicable principal or interest payment date.

(d) Junior Bond Reserve Account.

There shall next be credited to the Junior Bond Reserve Account and held, in cash and investments or as otherwise provided, such amount or amounts at such times as may be required in the applicable ordinance or ordinances by which Outstanding Junior Parity Bonds are authorized and issued.

Amounts to the credit of the Junior Bond Reserve Account shall be used to pay principal of or interest on the Bonds and such other Outstanding Junior Bonds as they may secure at any time when there are insufficient funds available in the Junior Bond and Interest Account to pay the same as may be provided in the applicable ordinances and shall be transferred to said Account for said purpose.

(e) Depreciation Account.

No payments need be made to the Depreciation Account, except: **(i)** for such amount or amounts at such times as may be required in any applicable ordinance or ordinances by which Outstanding Bonds payable from the Pledged Revenues are authorized and issued; or **(ii)** that when any money is paid out of such Account, monthly payments into such Account shall be resumed and continued until such Account has been restored to the amount required by any applicable ordinance or ordinances by which any Outstanding Bonds payable from the Pledged Revenues are authorized and issued.

Amounts to the credit of such Depreciation Account shall be used as follows: **(i)** for the payment of the cost of extraordinary maintenance, necessary repairs and replacements, or contingencies, or for improvements, repairs or replacements as provided in such other ordinances, the payment for which no other funds are available; **(ii)** as budgeted from time to time, and provided the Corporate Authorities have determined that the amount otherwise on deposit to the credit of this Account is sufficient at such time for the purposes set forth in clause (i) immediately preceding, for the payment of the costs of constructing and acquiring applicable improvements and extensions; and **(iii)** for the payment of principal of or interest on any Outstanding bonds payable from Pledged Revenues at any time when there are no other funds available for that purpose in order to prevent a default and shall be transferred to the appropriate Bond and Interest Account for such purpose. Whenever an amount is withdrawn from such Account for the purpose stated in clause (iii) of this paragraph immediately above, the amount so transferred shall be added to the amount to be next and thereafter credited to this Account until full reimbursement to this Account has been made.

(f) General Account.

All moneys remaining in the Fund, after crediting the required amounts to the respective accounts hereinabove provided for, and after making up any deficiency in the accounts described in paragraphs (a) through (e), inclusive, shall be credited each month to the General Account. Funds in the General Account shall be used: **first**, to make up any subsequent deficiencies in any of the Accounts hereinabove named; and, **second**, at the discretion of the Corporate Authorities shall be applied for one or more of the following purposes without any priority among them:

1. For the purpose of calling and redeeming Outstanding Bonds payable from Revenue Sharing Receipts;
2. For the purpose of purchasing Outstanding Bonds payable from such Revenue Sharing Receipts;
3. For the purpose of paying principal of and interest on any subordinate bonds or obligations; or
4. For any other lawful corporate purpose.

(g) Investments: Money to the credit of the funds and accounts under this part II shall be invested from time to time by the Issuer's City Treasurer in **(i)** interest-bearing bonds, notes, or other direct full faith and credit obligations of the United States of America, **(ii)** obligations unconditionally guaranteed as to both principal and interest by the United States of America, or **(iii)** certificates of deposit

or time deposits of any bank or savings and loan association, as defined by Illinois laws, provided such bank or savings and loan association is insured by the Federal Deposit Insurance Corporation or a successor corporation to the Federal Deposit Insurance Corporation and provided further that the principal of such deposits are secured by a pledge of obligations as described in clauses (g) (i) and (g) (ii) above in the full principal amount of such deposits, or otherwise collateralized in such amount and in such manner as may be required by law. Such investments may be sold from time to time by the Treasurer of the Issuer as funds may be needed for the purpose for which such Accounts have been created. All interest on any funds so invested shall be credited to the applicable Account of the Fund and is hereby deemed and allocated as expended with the next expenditure or expenditures of money from the applicable Subaccount or Account of the applicable Fund. Moneys in any of such accounts shall be invested by the Issuer's Treasurer, if necessary, in investments restricted as to yield, which investments may be in U.S. Treasury Securities - State and Local Government Series, if available, and to such end the Issuer's Treasurer shall refer to any investment restrictions covenanted by the Issuer or any officer thereof as part of the transcript of proceedings for the issuance of the Bonds, and to appropriate opinions of counsel.

(IV) MISCELLANEOUS. Any amounts to the credit of the Accounts in excess of the then current requirements therefor may be transferred at any time by the Corporate Authorities to such other Account or Accounts of the same Fund as it may in its sole discretion lawfully designate.

(A) Bona Fide Debt Service Fund. Money preliminary to deposit in applicable subsections above for debt service and used to abate taxes under Section 13 below, which if deposited into the an applicable Debt Service Account would disqualify such Debt Service Account as a “**bona fide debt service fund**” (“**BFDSF**”) shall be in qualified Investments, shall be held in a separate account designated the “**Pledged Account**” (the “**Pledged Account**”) of such Debt Service Account and the investment yield thereon yield restricted and subject to yield reduction payments. Funds in the Pledged Account shall be transferred to the applicable Debt Service Account at the time and in the manner that would not disqualify such Debt Service Account to the extent as a BFDSF.

(B) Yield Reduction Payments. Unless the Issuer shall have requested and received an approving written opinion of Bond Counsel to the contrary, moneys on deposit or credited to any Pledged Account shall be restricted as to yield to the yield on the Bonds, subject to “**yield reduction payments**”, as applicable, under Section 1.148-5(e) of the Income Tax Regulations, which the Issuer shall determine and, as applicable, pay in the same manner as arbitrage rebate.

Section 13. Bond Proceeds Account. Except for accrued interest received on the sale of the Bonds (and an amount of applicable Bond proceeds or other available funds to pay interest to and including certain initial interest payment dates as specified in an applicable Bond Order), which shall be deposited or credited to upon issuance of the Bonds into the applicable Debt Service Account, all remaining proceeds derived from the sale of the Bonds, and net of applicable issuance costs directly to be paid by the Underwriter, shall be deposited in each applicable “**Bond Proceeds Account**”, within which there further shall be, as applicable, a “**Proceeds Subaccount**” with respect to application of excess proceeds to project costs and issuance costs, and a “**Refunding Subaccount**” with respect to applicable Refunding costs not paid by a direct deposit into a Refunding Account or for a Refunding Deposit, which

are hereby established as special accounts and subaccounts of the Issuer. Moneys in the applicable accounts or subaccounts of the Bond Proceeds Account shall be used for the purposes specified in Section 3 of this ordinance (that is, issuance costs and costs of a project (from excess proceeds) and Refunding with respect to which the Bonds are issued) and for the payment of costs of issuance of such Bonds, but may thereafter be reallocated and used for other lawful purposes in accordance with applicable law. Before any such reallocation shall be made, there shall be requested and filed with the Issuer's City Clerk, an opinion of Evans, Froehlich, Beth & Chamley, Champaign, Illinois, or other nationally recognized Bond counsel ("**Bond Counsel**") to the effect that such reallocation is authorized and will not adversely affect the tax-exempt status of the Bonds under Section 103 of the Internal Revenue Code of 1986, as amended. Moneys in each subaccount of the Bond Proceeds Account be withdrawn from time to time as needed for the payment of costs and expenses incurred by the Issuer in connection with the Refunding and other authorized costs and for paying the fees and expenses incidental thereto. Moneys shall be withdrawn from the depository in connection with such funds from time to time by the City Treasurer or other appropriate financial officer of the Issuer only upon submission to such officer of the following (provided that funds to refund Prior Obligations shall be directly applied without this process either from an applicable Refunding Subaccount or Deposit or Refunding Account under a Refunding Agreement):

A duplicate copy of the order signed by the Mayor or such other officer(s) as may from time to time be by law authorized to sign and countersign orders of the Issuer, the Bond Proceeds Account and the purpose for which the order is issued and indicating that the payment for which the order is issued has been approved by the Corporate Authorities.

Within sixty (60) days after completion of the Refunding or any project related costs, the Mayor shall certify to the Corporate Authorities the fact that a project and/or applicable Refunding has been completed, and after all costs have been paid, the Mayor shall execute a completion certificate and file it with the City Treasurer and in the records of the Issuer certifying that the related project has been completed and that all costs have been paid; and, if at that time any funds remain in the Bond Proceeds Account, the same shall be applied for other authorized improvements or work or such officer shall credit such funds to the applicable Debt Service Account, as the Corporate Authorities direct.

Section 14. Issuance of Additional Bonds. In connection with the Bonds, subject to any ordinance or obligation having a higher claim against Pledged Revenues, the Issuer reserves the right to issue:

(a) Parity Bonds payable from applicable Pledged Revenues, possibly subject to an Applicable Percentage Limit, provided that the applicable Pledged Revenues, as determined or as adjusted as hereinbelow set out shall be sufficient to provide for or pay all of the following (as applicable): (i) Operation and Maintenance expenses of the System (with respect to System Net Revenues, but not including depreciation, (ii) debt service on all Outstanding bonds payable from such Pledged Revenues computed immediately after the issuance of any proposed Parity Bonds, (iii) all amounts required to meet any fund or account requirements with respect to such Outstanding bonds, (iv) other contractual or tort liability obligations then due and payable, if any, and (e) an additional amount not less than 0.25 times debt service (as provided in Section 15 of the

Local Government Debt Reform Act) on such of the Alternate Bonds as shall remain Outstanding bonds after the issuance of the proposed Parity Bonds. Such sufficiency shall be calculated for each year to the final maturity of such Alternate Bonds which shall remain Outstanding after the issuance of the proposed Parity Bonds. The determination of the sufficiency of the applicable Pledged Revenues, subject to applicable law, shall be supported by reference to the most recent audit of the Issuer, which audit shall be for a Fiscal Year ending not earlier than eighteen (18) months previous to the time of issuance of the proposed Parity Bonds. If such audit shows the applicable Pledged Revenues to be insufficient, then the determination of sufficiency, supported by a “**report**” under the Local Government Debt Reform Act, may be made in either of the following two ways:

1. The applicable source of Pledged Revenues may be adjusted, including in the event there has been an increase in the rates or revenues of the System, as the case may be, from the revenues or the rates in effect for the Fiscal Year of such audit (if such rate increase is still in effect at the time of the issuance of such proposed Parity Bonds) or other applicable Pledged Revenues are increased, to show such Pledged Revenues as they would have been if such increased rates or receipts had been in effect during all of said Fiscal Year. Any such adjusted statement of Pledged Revenues shall be evidenced by the certificate of an independent consulting engineer, an independent certified public accountant or an independent financial consultant employed for such purpose, in accordance with applicable law.

2. The determination of sufficiency of such Pledged Revenues may be supported by the report of an independent accountant or feasibility analyst, the latter having a national reputation for expertise in such matters, and as may be the case, with no other involvement in any related project, demonstrating the sufficiency of the applicable Pledged Revenues and explaining by what means they will be greater than as shown in the audit and sufficient under the Local Government Debt Reform Act.

The reference to and acceptance of an audit, such an adjusted statement of the Pledged Revenues, or a report, as the case may be, and the determination of the Corporate Authorities of the sufficiency of the applicable Pledged Revenues shall be conclusive evidence that the conditions of this Section 14(a) have been met and that the Parity Bonds are properly issued hereunder; and no right to challenge such determination is granted to the registered owners of the Bonds.

(b) bonds or other obligations payable from applicable Pledged Revenues subordinate to the lien of any prior or superior bonds which remain Outstanding after the issuance of such bonds or other obligations.

Section 15. Arbitrage Rebate. The Issuer shall comply with the provisions of Section 148(f) of the Internal Revenue Code of 1986, as amended, relating to the rebate of certain investment earnings at periodic intervals to the United States of America to the extent that there shall have been

requested and filed with the Issuer's City Clerk an opinion of Bond Counsel to the effect that such compliance is necessary to preserve the exclusion from gross income for federal income tax purposes of interest on any series of the Bonds under Section 103 of the Internal Revenue Code of 1986, as amended. There is hereby authorized to be created a separate and special accounts identified to the Bonds, to be known as the "**Rebate Account**", into which there shall be deposited as necessary investment earnings to the extent required so as to maintain the tax-exempt status of the interest on the Bonds under Section 148(f) of the Internal Revenue Code of 1986, as amended. All rebates, special impositions or taxes or yield reduction payments for such purpose payable to the United States of America (Internal Revenue Service) shall be payable from applicable excess earnings or other sources which are to be deposited into the Rebate Account.

Section 16. Investment Regulations. All investments shall be in Qualified Investments, unless otherwise expressly herein provided. No investment shall be made of any moneys in the applicable Debt Service Account, related to the Bonds, or the Bond Proceeds Account related to the Bonds, except in accordance with the tax covenants and other covenants set forth in Section 17 of this ordinance. All income derived from such investments in respect of moneys or securities in any fund or account shall be credited in each case to the fund or account in which such moneys or securities are held.

Any moneys in any fund or account that are subject to investment yield restrictions may be invested in United States Treasury Securities, State and Local Government Series, pursuant to the regulations of the United States Treasury Department, Bureau of Public Debt. The City Treasurer or other appropriate financial officer of the Issuer and agents designated by such officers are hereby authorized to submit on behalf of the Issuer subscriptions for such United States Treasury Securities and to request redemption of such United States Treasury Securities.

Section 17. 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 Corporate Authorities and the Issuer as to future events regarding the Bonds and the use of Bond proceeds. The certifications and representations made herein and at the time of the issuance of the Bonds are intended, and may be relied upon, as certifications and expectations described in Section 1.148-1 *et seq.* of the Income Tax Regulations dealing with arbitrage and rebate (the "**Regulations**"). The covenants and agreements contained herein and at the time of the issuance of the Bonds are made for the benefit of the registered owners from time to time of the Bonds. The Corporate Authorities and the Issuer agree, certify, covenant and represent as follows:

(a) The Bonds are being issued to pay costs of refinancing the Prior Projects by refunding Prior Obligations and related costs and expenses, and all of the amounts received upon the sale of the Bonds, plus all investment earnings thereon (the "**Proceeds**") are needed for the purposes for which the Bonds are being issued. The Prior Obligations will be retired as provided in a Refunding Agreement or as provided with respect to one or more Refunding Deposit.

(b) The Issuer has entered into, or did within six months from the date of issue of the Prior Obligations enter into, and with respect to the projects will enter into, binding contracts or

commitments obligating it to spend at least 5% of the proceeds of the applicable Prior Obligations for constructing, acquiring and installing the related Prior Projects. The work of acquiring, constructing and installing the Prior Projects timely commenced and continued to proceed with due diligence to completion within 3 years of issuance, at which time all of the Prior Obligations Proceeds were spent and all of the Bond Proceeds are expected to be spent. There are no unspent Prior Obligation proceeds.

(c) The Issuer has on hand no funds which could legally and practically be used for refunding Prior Obligations and refinancing the related Prior Projects, which are not pledged, budgeted, earmarked or otherwise necessary to be used for other purposes. Accordingly, no portion of the Proceeds of the Bonds will be used (i) directly or indirectly to replace funds of the Issuer or any agency, department or division thereof that could be used for refunding Prior Obligations, or (ii) to replace any proceeds of the Bonds or any prior issuance of obligations by the Issuer. No portion of the Bonds is being issued solely for the purpose of investing Proceeds at a Yield higher than the Yield on any issue of Bonds. For purposes of this Section, “Yield” means that yield (that is, the discount rate) which when used in computing the present worth of all payments of principal and interest to be paid on an obligation (using semi-annual compounding on the basis of a 360-day year) produces an amount equal to the purchase price of the Bonds, including accrued interest, and the purchase price of the Bonds is generally equal to the first offering price at which more than 10% of the principal amount of each maturity of a particular series of the Bonds is sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers).

(d) All principal proceeds of the Bonds, net of accrued interest and issuance costs directly paid by an applicable fiscal agent, will be deposited in the Bond Proceeds Account (or applied as Refunding Deposit with the paying agent for the applicable Prior Obligations or funding a Refunding Account under a Refunding Agreement) and used to pay related costs and Refunding Prior Obligations and costs of issuance of the Bonds, and any accrued interest and premium received on the delivery of the Bonds will be deposited in the applicable subaccounts of the applicable Debt Service Account and used to pay initial interest on the Bonds. Earnings on the investment of moneys in any fund or account or subaccount will be credited to that fund or account. Other refunding costs, including issuance costs of the Bonds, will be paid directly from other proceeds or from the Bond Proceeds Account, and no other moneys are expected to be deposited therein. This ordinance provides that moneys in the Depreciation Account to an extent related to the Applicable Percentage Limit may be applied to pay debt service on Bonds in the event there shall be an insufficiency therefor. However, due to the expected application of such moneys to pay costs of replacement, repair and extraordinary maintenance of the System, it is unlikely such moneys will be available for such purpose. Interest on and principal of Bonds will be paid from the applicable Debt Service Account. Except as provided in a Refunding Agreement, no Proceeds will be used more than ninety (90) days after the date of issue of the Bonds for the purpose of paying any principal or interest on any other issue of bonds, notes, certificates or

warrants or on any installment contract or other obligation of the Issuer or for the purpose of replacing any funds of the Issuer used for such purpose.

(e) The applicable Debt Service Account (except the related Pledged Subaccount) is established to achieve a proper matching of revenues and earnings with debt service in each year for the Bonds. Other than any amounts held to pay principal of matured Bonds that have not been presented for payment, it is expected that any moneys deposited in the applicable Debt Service Account (except the related Pledged Subaccount) will be spent within the 12-month period beginning on the date of deposit therein. Any earnings from the investment of amounts in the applicable Debt Service Account (except the related Pledged Subaccount) will be spent within a one-year period beginning on the date of receipt of such investment earnings. Other than any amounts held to pay principal of matured Bonds that have not been presented for payment, it is expected that the applicable Debt Service Account (except the related Pledged Subaccount) will be depleted at least once a year, except for a reasonable carryover amount not to exceed the greater of (i) one-year's earnings on the investment of moneys in each Debt Service Account (except the related Pledged Subaccount), or (ii) in the aggregate one-twelfth (1/12th) of the annual debt service on the Bonds.

(f) Other than the applicable Debt Service Account, no funds or accounts, including any Depreciation Account, have been or are expected to be established, and no moneys or property have been or are expected to be pledged (no matter where held or the source thereof) which will be available to pay, directly or indirectly, the Bonds or restricted so as to give reasonable assurance of their availability for such purposes. No property of any kind is pledged to secure, or is available to pay, obligations of the Issuer to any credit enhancer or liquidity provider.

(g) (i) All amounts on deposit in the Bond Proceeds Account or in the applicable Debt Service Account and all Proceeds, no matter in what funds or accounts deposited ("**Gross Proceeds**"), to the extent not exempted in (ii) below, and all amounts in any fund or account or subaccount pledged directly or indirectly to the payment of the related series of Bonds which will be available to pay, directly or indirectly, the related series of Bonds or restricted so as to give reasonable assurance of their availability for such purpose contrary to the expectations set forth in (f) above, shall be invested at market prices and at a Yield not in excess of the Yield on such Bonds plus, for amounts in the applicable Bond Proceeds Account to be applied to finance an applicable project with excess proceeds, 1/8 of 1%.

(ii) The following may be invested without Yield restriction:

(A) amounts invested in obligations described in Section 103(a) of the Internal Revenue Code of 1986, as amended (but not specified private activity bonds as defined in Section 57(a)(5)(C) of the Code), the interest on which is not includable in the gross income of any registered owner thereof for federal income tax purposes ("**Tax-Exempt Obligations**");

(B) amounts deposited in the applicable Debt Service Account (except the related Pledged Subaccount) that are reasonably expected to be expended within thirteen (13) months from the deposit date and have not been on deposit therein for more than thirteen (13) months;

(C) amounts, if any, in the Bond Proceeds Account constituting excess proceeds to be applied to a project to the earlier of completion (or abandonment) of such improvements or three (3) years from the date of issue of the particular series of related Bonds for each such project;

(D) an amount not to exceed the lesser of \$100,000 or 5% of a particular series of Bond proceeds;

(E) all amounts for the first thirty (30) days after they become Gross Proceeds (e.g., date of deposit in any fund or account securing a particular series of Bonds);

(F) all amounts (other than with respect to refundings) derived from the investment of the Proceeds for a period of one (1) year from the date received; and

(G) all amounts for a project for up to a 3-year temporary period.

(h) Subject to (q) below, once moneys are subject to the Yield limits of (g)(i) above, such moneys remain Yield restricted until they cease to be Gross Proceeds.

(i) Pursuant to Section 148(f)(4)(D) of the Internal Revenue Code of 1986, as amended, the Issuer is excepted from the required rebate of arbitrage profits on the Bonds. The Issuer is a governmental unit with general taxing powers, none of the Bonds is a **“private activity bond”** as defined in Section 141(a) of the Internal Revenue Code of 1986, as amended, and all the net proceeds of the Bonds are to be used for the local government activities of the Issuer (i.e., Refunding Prior Bonds), the aggregate face amount of all tax-exempt obligations (and excluding **“private activity bonds”** as defined in Internal Revenue Code of 1986, as amended) to be issued by the Issuer and all subordinate entities thereof (of which there are none) during the calendar year of issuance of the Bonds, including the Bonds, is reasonably expected to exceed \$5,000,000 to be taken into account under such Section 148(f)(4)(D). In any event, the Issuer reserves the right to use any applicable exception from such arbitrage rebate, including the 6-month expenditure and 2-year construction spend down exception under Section 148(f)(4)(C) of the Internal Revenue Code of 1986, as amended, or the 18-month expenditure exception under Section 1.148-7(d) of the Regulations, and the Mayor is authorized to select and document any such exception.

(j) None of the Proceeds will be used, directly or indirectly, to replace funds which were used in any business carried on by any person other than a state or local governmental unit.

(k) The payment of the principal of or the interest on any series of the Bonds will not be, directly or indirectly: **(A)** secured by any interest in **(i)** property used or to be used for a private business use by any person other than a state or local governmental unit, or **(ii)** payments in respect of such property, or **(B)** derived from payments (whether or not by or to the Issuer), in respect of property, or borrowed money, used or to be used for a private business use by any person other than a state or local governmental unit.

(l) None of the Proceeds will be used, directly or indirectly, to make or finance loans to persons other than a state or local governmental unit.

(m) No user of any Prior Project, other than a state or local government unit, will use such Prior Project on any basis other than the same basis as the general public, and no person other than a state or local governmental unit will be a user of such Prior Projects as a result of **(i)** ownership, or **(ii)** actual or beneficial use pursuant to a lease or a management or incentive payment contract, or **(iii)** any other similar arrangement.

(n) Beginning on the 15th day prior to the sale date of Bonds, the Issuer has not sold or delivered, and will not sell or deliver, (nor will it deliver within 15 days after the date of issuance of such Bonds) any other obligations pursuant to a common plan of financing, which will be paid out of substantially the same source of funds (or which will have substantially the same claim to be paid out of substantially the same source of funds) as the particular series of Bonds or will be paid directly or indirectly from Proceeds.

(o) No portion of any Prior Project is expected to be sold or otherwise disposed of prior to the last maturity of the Bonds.

(p) The Issuer has not been notified of any disqualification or proposed disqualification of it by the Internal Revenue Service as a bond issuer which may certify bond issues under Section 1.148-0 *et seq.* of the Regulations.

(q) The Yield restrictions contained in (g) above or any other restriction or covenant contained herein need not be observed and may be changed if the Issuer receives an opinion of Bond Counsel to the effect that such non-observance or change will not adversely affect the tax-exempt status of interest on any series of Bonds to which such Bonds otherwise are entitled.

(r) The Issuer 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 that Bond Counsel should be contacted if such changes do occur.

(s) The Corporate Authorities have no reason to believe the facts, estimates, circumstances and expectations set forth herein are untrue or incomplete in any material respect. On the basis of such facts, estimates, circumstances and expectations, it is not expected that the Proceeds or any other moneys or property will be used in a manner that will cause the Bonds to be private activity bonds, arbitrage bonds or hedge bonds within the meaning of Sections 141, 148 or

149(g) of the Internal Revenue Code of 1986, as amended, and of applicable regulations. To the best of the knowledge and belief of the Corporate Authorities, such expectations are reasonable, and there are no other facts, estimates and circumstances that would materially change such expectations.

The Issuer also agrees and covenants with the owners of Bonds from time to time outstanding that, to the extent possible under Illinois law, it will comply with all present federal tax law and related regulations and with whatever federal tax law is adopted and regulations promulgated in the future which apply to such Bonds and affect the tax-exempt status of such Bonds.

Section 18. Further Assurances and Actions. The Corporate Authorities hereby authorize the officials of the Issuer responsible for issuing the Bonds, the same being the Issuer's Mayor, City Clerk, City Administrator and City Treasurer, to make such further filings, covenants, certifications and supplemental agreements (including but not limited to a Purchase Agreement, Disclosure Agreement, Refunding Agreement and Arbitrage Regulation Agreement) as may be necessary to assure that any new project, the Prior Projects, the Bonds, and related proceeds, will not cause any of the Bonds to be private activity bonds, arbitrage bonds or hedge bonds and to assure that the interest on the Bonds will be excluded from gross income for federal income tax purposes and that there will be compliance by the Underwriter with Rule 15c2-12. In connection therewith, the Issuer and the Corporate Authorities further agree: **(a)** through the officers of the Issuer, to make such further specific covenants, representations as shall be true, correct and complete, and assurances as may be necessary or advisable; **(b)** to consult with Bond 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, to employ and pay fiscal agents, financial advisors, attorneys, and other persons to assist the Issuer in such compliance. The call (and other arrangements) to retire the Prior Obligations is hereby authorized and approved or ratified if already given and abatement of related prior pledged taxes and/or levied taxes is authorized upon the Refundings.

Section 19. General Covenants. The Issuer covenants and agrees with the owners of the Outstanding Bonds, so long as there are any Outstanding Bonds (as defined herein) of the applicable series, as follows:

(a) The Issuer will take all action necessary to impose, levy and collect the applicable Pledged Revenues and the Pledged Taxes at the times, in the manner and with the effect contemplated by this ordinance, and such Pledged Revenues (subject to the Applicable Percentage Limit) shall not be less than as shall be required under Section 15 of the Local Government Debt Reform Act to maintain the Bonds as Alternate Bonds according to their terms.

(b) In connection with Alternate Bonds, the Issuer covenants that it will, while any of the Bonds shall remain outstanding, charge rates and fees (including for usage of the System in connection with Net Revenues) which, together with any other Pledged Revenues applicable to the Bonds, are sufficient to provide for or pay each of the following in any given year: **(1)** Operation

and Maintenance Expenses of the System (but not including depreciation); (2) debt service on all Outstanding revenue bonds payable from the applicable Pledged Revenues; (3) all amounts required to meet any fund or account requirements with respect to the Bonds, remaining Prior Obligations, as applicable, or any other obligations payable from applicable Pledged Revenues; (4) any other contractual or tort liability obligations, if any, payable from applicable Pledged Revenues; and (5) in each year, an amount not less than 1.25 times the debt service for all (i) Alternate Bonds payable from applicable Pledged Revenues, and the Bonds Outstanding; and (ii) Alternate Bonds proposed to be issued and payable from the applicable Pledged Revenues.

(c) Whenever the 125% coverage in subsection (b) above is not effected or any Alternate Bonds under this ordinance at any time fail to qualify as Alternate Bonds not subject to any applicable debt limit under Section 15 of the Local Government Debt Reform Act Pledged Taxes are extended and collected as in Section 10 hereof, the Issuer covenants to promptly have prepared a financial analysis of, as applicable, Net Revenues of the System or other applicable Pledged Revenues by an independent consulting accountant or other qualified professional employed for that purpose, and further, to send a copy of such analysis, when completed, to the Underwriter of the Bonds along with a letter indicating what action the Issuer has taken responsive to such study and to comply with Section 15 of the Local Government Debt Reform Act.

(d) The Issuer will make and keep proper books and accounts (separate and apart from all other records and accounts of the Issuer), in which complete entries shall be made of all transactions relating to the Pledged Taxes, the Pledged Revenues and the operation of the System, and hereby covenants that within 120 days following the close of each Fiscal Year, it will cause the books and accounts related to the Pledged Revenues and the System and the Pledged Taxes, to be audited by independent certified public accountants. Such audit will be available for inspection by owners of any of the Bonds. Supplemental to any Disclosure Agreement, upon availability, the Issuer upon request will send to the Underwriter a copy of such audit and of its general audit in each year. Each such audit, in addition to whatever matters may be thought proper by the accountants to be included therein, shall, without limiting the generality of the foregoing, include the following:

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

(ii) A list of all insurance policies in force at the end of the Fiscal Year, setting out as to each policy the amount of the policy, the risks covered, the name of the insurer, and the expiration date of the policy.

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

(iv) The accountants comments regarding the manner in which the Issuer has carried out the accounting requirements of this ordinance (including as to the Alternate Bond, the status of the Bonds), including the Applicable Percentage Limit, and has

complied with Section 15 of the Local Government Debt Reform Act, and the accountants recommendations for any changes.

It is further covenanted and agreed that a copy of each such audit upon request shall be furnished upon completion to the Underwriter.

(e) The Issuer will keep its books and accounts in accordance with generally accepted fund reporting practices for local government entities and enterprise funds; provided, however, that the monthly credits to the applicable Debt Service Account shall be in cash, and such funds shall be held separate and apart in cash and investments. For the purpose of determining whether sufficient cash and investments are on deposit in such accounts under the terms and requirements of this ordinance, investments shall be valued at the lower of the cost or market price on the valuation date thereof, which valuation date shall be not less frequently than annually.

(f) The Issuer will take no action in relation to the Pledged Revenues or the Pledged Taxes which would unfavorably affect the security of any of the Outstanding Bonds or the prompt payment of the principal and interest thereon or qualification of any Bonds as Alternate Bonds.

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

(h) The Issuer will adopt a budget and/or approve appropriations for the System and its general fund prior to the beginning of each Fiscal Year (or in the next quarter if applicable law permits), subject to all applicable laws, providing for payment of all sums to be due in the Fiscal Year or Bond Year so as to comply with the terms of this ordinance. The budget may include in its estimate of income the use of available surplus moneys or other funds of the Issuer appropriated for such purposes. If during the Fiscal Year there are extraordinary receipts or payments of unusual cost, the Issuer will adopt an amended budget for the remainder of the Fiscal Year, providing for receipts or payments pursuant to this ordinance.

(i) The Issuer will comply with the special covenants concerning Alternate Bonds as required by Section 15 of the Local Government Debt Reform Act and this ordinance.

(j) The Issuer will not sell, lease, loan, mortgage or in any manner dispose of or encumber the System or the Prior Projects (subject to the right of the Issuer to issue additional bonds (i.e. including Parity Bonds) as provided in this ordinance, to issue obligations subordinate to the applicable Outstanding Bonds, and to dispose of real or personal property which is no longer useful or necessary to the operation of the System or to the function of the Prior Projects), and the Issuer will take no action in relation to the System, any project or the Prior Projects which would unfavorably affect the security of any of applicable Outstanding Bonds or the prompt payment of the principal and interest thereon.

(k) The Issuer will pay, or cause to be paid, as the same become due, all taxes and governmental charges of any kind whatsoever that may at any time be lawfully assessed, imposed or levied against the System or the Issuer or to the Prior Projects.

(l) The Issuer will carry insurance on the System and on the Prior Projects of the kinds and in the amounts which are usually carried by private parties operating similar properties, covering such risks as shall be recommended by a competent consulting engineer or insurance consultant employed by the Issuer for the purpose of making such recommendations. All moneys received for loss under such insurance policies shall be deposited in a segregated insurance account and used in making good the loss or damage in respect of which they were paid, either by repairing the property damaged or making replacement of the property destroyed, and provision for making good such loss or damage shall be made within ninety (90) days from the date of the loss. The payment of premiums for all insurance policies required under the provisions of this covenant in connection with the facilities related to the System shall be considered an Operation and Maintenance Expense for the System. The proceeds derived from any and all policies for workers compensation or public liability shall be paid into a segregated account and used in paying the claims on account of which they were received.

(m) After their issuance, to the extent lawful the Bonds shall be incontestable by the Issuer.

Section 20. Ordinance to Constitute a Contract. The provisions of this ordinance shall constitute a contract between the Issuer and the owners of the Bonds. Any pledge made in this ordinance and the provisions, covenants and agreements herein set forth to be performed by or on behalf of the Issuer shall be for the equal benefit, protection and security of the registered owners of any and all of the Bonds. All of the Alternate Bonds issued under this ordinance, regardless of the time or times of their issuance, shall be of equal rank in the related Pledged Revenues without preference, priority or distinction of any of such Bonds over any other thereof, except as expressly provided in or pursuant to this ordinance. This ordinance, as supplemented and amended, shall constitute full authority for the issuance of the Bonds, and to the extent that the provisions thereof conflict with the provisions of any other ordinance or resolution of the Issuer, the provisions of this ordinance shall control.

Section 21. Severability and No Contest. If any section, paragraph or provision of this ordinance shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this ordinance or any ordinance supplemental hereto. Upon the issuance of the Bonds, neither the Bonds nor this ordinance shall be subject to contest by or in respect of the Issuer, to the extent lawful.

Section 22. Bank Qualified Bonds. Pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, the Issuer as applicable at the time of sale and delivery of Bonds shall designate in an applicable Bond Order such Bonds as “**qualified tax-exempt obligations**” as defined in Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. The Issuer by any such designation represents that the reasonably anticipated amount of tax-exempt obligations that will be

issued by the Issuer and all subordinate entities (of which there are none) of the Issuer during the calendar year in which the Bonds are issued will not exceed \$10,000,000 within the meaning of or to be taken into account under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. The Issuer by any such designation covenants that in that connection it will not so designate and issue more than \$10,000,000 aggregate principal amount of tax-exempt obligations in such calendar year. For purposes of this Section, the term “**tax-exempt obligations**” includes “**qualified 501(c)(3) Bonds**” (as defined in the Section 145 of the Internal Revenue Code of 1986, as amended) but does not include other “**private activity bonds**” (as defined in Section 141 of the Internal Revenue Code of 1986, as amended). The Issuer anticipates designating the Bonds as “**qualified tax-exempt obligations**,” but reserves the right in a Bond Order to redesignate such Bonds.

Section 23. Conflict. All ordinances, resolutions or parts thereof in conflict herewith be and the same are hereby superseded to the extent of such conflict and this ordinance shall be in full force and effect forthwith upon its adoption. This ordinance has remained continuously on file with the City Clerk for public inspection, in the form in which it finally passed, for at least one week before the final passage thereof.

Section 24. Effective Date. This ordinance shall become effective immediately upon its adoption and approval in the manner provided by law, and upon its becoming effective and upon or prior to the issuance of any Bonds a certified copy of this ordinance, together with a related Bond Order setting Pledged Taxes, shall be filed with the County Clerk of Coles County, Illinois.

Upon motion by Commissioner Owen, seconded by Commissioner Hall, adopted this 20th day of May, 2014, by roll call vote as follows:

Ayes (Names):	<u>Commissioner Cox, Commissioner Graven,</u> <u>Commissioner Hall, Commissioner Owen,</u> <u>Mayor Gover</u>
Nays (Names):	<u>None</u>
Absent (Names):	<u>None</u>

APPROVED: May 20, 2014

(SEAL)

ATTEST:

/s/ Timothy D. Gover
Mayor

/s/Susan J. O'Brien
City Clerk

Mayor Gover opened the floor for comments/discussion. Mr. Dan Forbes, Vice President of Speer Financial, Inc., addressed the Council regarding the upcoming bond refunding. He expected a good reception with good markets and low yields, an overall savings range of \$200,000 over a lifetime of the bonds, and Moody's reaffirming of the City's A1 rating. He commended Administrator Gill and Finance Director & Treasurer Wright on their meeting with Moody's. Administrator Gill thanked Mr. Forbes for

his assistance with preparing for the Moody's meeting. Mayor Gover opened the floor for further comments with no response.

Mayor Gover declared the motion carried by the following vote: YEA Commissioner Cox, YEA Commissioner Graven, YEA Commissioner Hall, YEA Commissioner Owen, YEA Mayor Gover.

Commissioner Owen seconded by Commissioner Graven moved to approve Council Decision Request 2014-1513, approving an interfund loan in the amount of \$40,000 from the General Fund to the Mattoon Library.

Mayor Gover opened the floor for comments/discussion. Commissioner Owen noted the loan was a standard operating procedure.

Mayor Gover declared the motion carried by the following vote: YEA Commissioner Cox, YEA Commissioner Graven, YEA Commissioner Hall, YEA Commissioner Owen, YEA Mayor Gover.

Mayor Gover seconded by Commissioner Hall moved to approve Council Decision Request 2014-1514, authorizing the purchase of one 2014 Chevrolet Tahoe Police Interceptor vehicle from Miles Chevrolet in Decatur in the amount of \$30,615 for the Mattoon Police Department.

Mayor Gover opened the floor for comments/discussion which was followed with no response.

Mayor Gover declared the motion carried by the following vote: YEA Commissioner Cox, YEA Commissioner Graven, YEA Commissioner Hall, YEA Commissioner Owen, YEA Mayor Gover.

Mayor Gover seconded by Commissioner Cox moved to approve Council Decision Request 2014-1515, approving the bid specifications for replacement windows at the Mattoon Police Department and authorizing the solicitation of bids for the replacement windows.

Mayor Gover opened the floor for comments/discussion. Council with input from Administrator Gill and Chief Branson discussed the bid alternates, complete replacement of all windows, previously received quotes, and need for replacing the windows.

Mayor Gover declared the motion carried by the following vote: YEA Commissioner Cox, YEA Commissioner Graven, YEA Commissioner Hall, YEA Commissioner Owen, YEA Mayor Gover.

DEPARTMENT REPORTS:

CITY ADMINISTRATOR/ COMMUNITY DEVELOPMENT elaborated on various meetings attended, additional budget completion and wireless lease agreement preparation. Mayor Gover opened the floor for questions with no response.

CITY ATTORNEY announced an upcoming liquor license violation hearing. Mayor Gover opened the floor for questions with no response.

CITY CLERK noted payroll updates due to the settlement of the Fire union contract, several new summer personnel, birth/death certificates, and rentals of the Burgess Osborne. Mayor Gover opened the floor for questions with no response.

FINANCE presented the April Financial Report and noted an improved condition. Administrator Gill noted some payments received for the delinquent hotel/motel taxes.

PUBLIC WORKS updated Council on the Public Works activities and projects, State mowing right-of-ways, approaching City-wide Cleanup Day, and promotion of Stan Kenton to Street/Utility Supervisor. Mayor Gover opened the floor for questions with no response.

FIRE noted several public relations activities. Mayor Gover opened the floor for questions with no response.

POLICE had nothing new to report.

COMMENTS BY THE COUNCIL

Commissioners Cox, Graven, Hall, and Owen had no further comments.

Mayor Gover seconded by Commissioner Owen move to recess to closed session at 6:57 p.m. pursuant to the Illinois Open Meetings Act for the purpose of discussing the appointment, employment, compensation, discipline, performance, or dismissal of specific employees of the City (5ILCS/20 (2)(C)(1)).

Mayor Gover declared the motion carried by the following vote: YEA Commissioner Cox, YEA Commissioner Graven, YEA Commissioner Hall, YEA Commissioner Owen, YEA Mayor Gover.

Council reconvened at 7:14 p.m.

Commissioner Hall seconded by Commissioner Cox moved to adjourn at 7:14 p.m.

Mayor Gover declared the motion carried by the following vote: YEA Commissioner Cox, YEA Commissioner Graven, YEA Commissioner Hall, NAY Commissioner Owen, YEA Mayor Gover.

/s/ Susan J. O'Brien
City Clerk