

CITY OF LINCOLN

ORDINANCE NO. 2014-818

ADOPTED BY THE
CITY COUNCIL
OF THE

CITY OF LINCOLN, ILLINOIS

THIS 18TH DAY OF AUGUST, 2014

Published in pamphlet form by authority of the City Council of the
City of Lincoln, Illinois this 19th day of August, 2014.

STATE OF ILLINOIS)
)
COUNTY OF LOGAN)

CERTIFICATE OF PUBLICATION IN PAMPHLET FORM

I, the undersigned, do hereby certify that I am the duly qualified and elected City Clerk of the City of Lincoln, Logan County, Illinois (the "City"), and as such official I am the keeper of the official journal of proceeding, books, records, minutes and files of the City and of the City Council thereof (the "Council").

I do further certify that on the 19th day of August, 2014, there was published in pamphlet form, by authority of the City Council, a true, correct and complete copy of Ordinance No. 2014-818 of the City termed

ORDINANCE AUTHORIZING AND PROVIDING FOR THE ISSUE OF NOT TO EXCEED \$2,500,000 OF GENERAL OBLIGATION BONDS (ALTERNATE REVENUE SOURCE), SERIES 2014, OF THE CITY OF LINCOLN, LOGAN COUNTY, ILLINOIS FOR THE PURPOSE OF IMPROVING STREETS, CURBS AND SIDEWALKS AND REHABILITATING, RECONSTRUCTING OR REPAIRING OR REMODELING EXISTING PUBLIC OR PRIVATE BUILDINGS WITHIN THE CENTRAL BUSINESS TAX INCREMENT FINANCING DISTRICT OF THE CITY, THE PLEDGE OF CERTAIN REVENUES TO THE PAYMENT OF THE PRINCIPAL AND INTEREST ON THE BONDS AND THE LEVY OF DIRECT ANNUAL TAX TO PAY SUCH INTEREST AND PRINCIPAL IF THE PLEDGED REVENUES ARE INSUFFICIENT TO MAKE SUCH PAYMENT

and that said ordinance as so published was on said date readily available for public inspection and distribution, in sufficient number, at the office of the City Clerk located in the City.

IN WITNESS WHEREOF, I hereunto affix my official signature and seal of the City, this 19th day of August, 2014.


City Clerk

(SEAL)

MINUTES of a regular public meeting of the City Council of the City of Lincoln, Logan County, Illinois, held in the Council Chambers of City Hall, 700 Broadway Street, Lincoln, Illinois, in said City at 7:00 P.M., on the 18th day of August, 2014.

* * *

The meeting was called to order by the Mayor, and upon the roll being called, Keith Snyder, the Mayor, and the following Aldermen were physically present at said location: Scott Cooper, Melody Anderson, Kathleen Horn, Michelle Bauer, Tom O'Donohue, Jonette Tibbs, Jeff Hoinacki and Martha Neitzel.

The following Aldermen were allowed by a majority of the members of the City Council in accordance with and to the extent allowed by rules adopted by the City Council to attend the meeting by video or audio conference: None

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

The following Aldermen were absent and did not participate in the meeting in any manner or to any extent whatsoever: None

The Mayor announced that the next item for consideration before the City Council would be the proposed issuance of its General Obligation Bonds (Alternate Revenue Source), Series 2014, for the purpose of improving streets, curbs and sidewalks and rehabilitating, reconstructing or repairing or remodeling existing public or private buildings with the Central Business Tax Increment Financing District of the City, and that the City Council would consider the adoption of an ordinance providing for the issue of the bonds, the pledge of certain revenues to the payment of principal and interest on such bonds and the levy of a direct annual tax to pay such principal and interest if the pledged revenues are insufficient to make such payment.

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

ORDINANCE NO. 2014-818

AN ORDINANCE authorizing and providing for the issue of \$2,285,000 General Obligation Bonds (Alternate Revenue Source), Series 2014, of the City of Lincoln, Logan County, Illinois, for the purpose of improving streets, curbs and sidewalks and rehabilitating, reconstructing or repairing or remodeling existing public or private buildings within the Central Business Tax Increment Financing District of the City, the pledge of certain revenues to the payment of principal and interest on the bonds and the levy of a direct annual tax to pay such principal and interest if the pledged revenues are insufficient to make such payment.

* * *

WHEREAS, the City of Lincoln, Logan County, Illinois (the "*City*"), is a duly organized and existing municipality and unit of local government created under the provisions of the laws of the State of Illinois, is now operating under the provisions of the Illinois Municipal Code (the "*Municipal Code*"), and all laws amendatory thereof or supplementary thereto, including the Local Government Debt Reform Act of the State of Illinois, as amended (the "*Debt Reform Act*"); and

WHEREAS, the City Council of the City (the "*Council*") does hereby determine that it is advisable, necessary and in the best interests of the City and its residents, in order to promote the public health, welfare, safety and convenience, to undertake a redevelopment plan (the "*Plan*") and project (the "*Project*") in order to assure the redevelopment of the Central Business Tax Increment Financing District (the "*Project Area*" or the "*District*") by improving streets, curbs and sidewalks and rehabilitating, reconstructing or repairing or remodeling existing public or private buildings within the District (said portion of the Project being, collectively, the "*Redevelopment Project*"), all as set forth in the Plan and the related redevelopment agreement between the City and MMIL Entertainment, LLC (the "*Redevelopment Agreement*"), at an estimated cost, including expenses and contingencies, of not less than \$2,285,000, plus investment earnings thereon, for which there are no funds of the City on hand and lawfully

available for the purpose, and the entire \$2,285,000 will need to be obtained through the borrowing of money and the issuance of bonds, pursuant to and in accordance with the provisions of the Tax Increment Allocation Redevelopment Act, as amended (the "*TIF Act*"), the Municipal Code and the Debt Reform Act; and

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

WHEREAS, the Redevelopment Project is also expected to create employment opportunities and retain commercial businesses within the City; and

WHEREAS, on the 16th day of June, 2014, the Council adopted an ordinance (the "*Authorizing Ordinance*") authorizing the issuance of alternate bonds (the "*Bonds*"), being general obligation bonds payable from (a)(i) collections distributed to the City from those incremental property taxes derived from the District (as hereinafter more fully defined, the "*Incremental Property Taxes*"), and (ii) collections of the simplified telecommunications taxes imposed by the City pursuant to the Simplified Municipal Telecommunications Tax Act of the Municipal Code or substitute taxes as thereafter provided by the State of Illinois in the future (the "*Telecommunications Taxes*" and, together with the Incremental Property Taxes, the "*Pledged Revenues*") and (b) ad valorem taxes levied against all of the taxable property in the City without limitation as to rate or amount (the "*Pledged Taxes*"), pursuant to and in accordance with the provisions of the Debt Reform Act, in an amount not to exceed \$2,500,000; and

WHEREAS, on the 16th day of June, 2014, the Authorizing Ordinance, together with a notice in the statutory form (the "*Notice*"), was published in *The Courier*, the same being a newspaper of general circulation in the City, and an affidavit evidencing the publication of the Authorizing Ordinance and the Notice have heretofore been presented to the Council and made a part of the permanent records of the Council; and

WHEREAS, more than thirty (30) days have expired since the date of publication of the Authorizing Ordinance and the Notice, and no petition with the requisite number of valid signatures thereon has been filed with the City Clerk requesting that the question of the issuance of the Bonds be submitted to referendum; and

WHEREAS, the Council is now authorized to issue the Bonds to the amount of \$2,500,000 pursuant to and in accordance with the provisions of the Debt Reform Act, and the Council hereby determines that it is advisable, necessary and in the best interests of the City and its residents that there be issued \$2,285,000 of the Bonds so authorized; and

WHEREAS, the Pledged Revenues, including the Incremental Property Taxes, have not been pledged or hypothecated in whole or in part in any manner or for any purpose, other than for the payment of principal of and interest on the Bonds pursuant to and in accordance with the provisions of the Redevelopment Agreement, the Authorizing Ordinance and this Ordinance; and

WHEREAS, the Council hereby further determines that the Pledged Revenues will provide in each year an amount not less than 1.25 times debt service of the Bonds; and

WHEREAS, such determination is supported by the most recent audit of the City (the "Audit"), which Audit is for a fiscal year ending not earlier than 18 months previous to the time of issuance of the Bonds has been presented to the Council and is now on file with the City Clerk of the City (the "City Clerk"); and

WHEREAS, pursuant to and in accordance with the provisions of the Bond Issue Notification Act of the State of Illinois, as amended, the Mayor of the City (the "Mayor") on the 18th day of June, 2014, executed an Order calling a public hearing (the "Hearing") for the 7th day of July, 2014, concerning the intent of the Council to sell the Bonds; and

WHEREAS, notice of the Hearing was given by (i) publication at least once not less than seven (7) nor more than thirty (30) days before the date of the Hearing in *The Courier*, and (ii) posting at least 96 hours before the Hearing a copy of said notice at the principal office of the

Council, which notice was continuously available for public review during the entire 96-hour period preceding the Hearing; and

WHEREAS, the Hearing was held on the 7th day of July, 2014, and at the Hearing the Council explained the reasons for the proposed issuance of the Bonds and permitted persons desiring to be heard on opportunity to present written or oral testimony within reasonable time limits; and

WHEREAS, the Hearing was finally adjourned on the 7th day of July, 2014, and not less than seven (7) days have passed since the final adjournment of the Hearing:

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

Section 1. Definitions. Words and terms used in this Ordinance shall have the following meanings unless the context or use clearly indicates another or different meaning is intended.

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

- Audit
- Authorizing Ordinance
- Bonds
- City
- City Clerk
- Council
- Debt Reform Act
- District
- Hearing
- Mayor
- Municipal Code
- Notice
- Plan
- Pledged Revenues
- Pledged Taxes
- Project
- Project Area
- Redevelopment Agreement
- Redevelopment Project
- Telecommunications Taxes
- TIF Act

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

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

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

“Bond Registrar” means State Bank of Lincoln, Lincoln, Illinois, or successor designated hereunder, in its respective capacities as bond registrar and paying agent.

“Code” means the Internal Revenue Code of 1986, as amended.

“County Clerk” means the County Clerk of The County of Logan, Illinois.

“Fiscal Year” means that twelve-calendar month period beginning on May 1 of the calendar year and ending on the next succeeding April 30.

“Incremental Property Taxes” means the ad valorem taxes, if any, arising from the tax levies upon taxable real property in the Project Area by any and all taxing districts or municipal corporations having the power to tax real property in the Project Area, which taxes are attributable to the increase in the then current equalized assessed valuation of each taxable lot, block, tract or parcel of real property in the Project Area over and above the “total initial equalized assessed value” of each such piece of property, all as determined by the County Clerk in accord with Section 11-74.4-9 of the TIF Act.

“Outstanding” or *“outstanding”* when used with reference to the Bonds and Additional Bonds means such of those bonds which are outstanding and unpaid; *provided, however*, such term shall not include the Bonds or Additional Bonds (i) which have matured and for which moneys are on deposit with proper paying agents or are otherwise sufficiently available to pay all principal thereof and interest thereon or (ii) the provision for payment of which has been made

by the City by the deposit in an irrevocable trust or escrow of funds or direct, full faith and credit obligations of the United States of America, the principal of and interest on which will be sufficient to pay at maturity or as called for redemption all the principal of and interest on such Bonds or Additional Bonds.

“*Qualified Investments*” means investments as are authorized for the City under Illinois law.

“*Special Tax Allocation Fund*” means the Lincoln Central Redevelopment Project Area Special Tax Allocation Fund, heretofore established by the City, and expressly continued hereunder.

“*Treasurer*” means the Treasurer of the City.

Section 2. Incorporation of Preambles; Acceptance of Audit; Determination of Public Purpose. The Council hereby find that all of the recitals contained in the preambles to this Ordinance are full, true and correct and does incorporate them into this Ordinance by this reference. The Audit has been and is hereby accepted by the Council. The Council hereby determine the Project to be a proper corporate and public purpose as heretofore approved in the redevelopment plan and project for the Project Area and further expressly hereby determines that the costs of the Redevelopment Project are “redevelopment project costs” as defined in the TIF Act and that said costs have heretofore been approved by the Council as part of the Plan.

Section 3. Authorization. It is hereby found and determined that the City has been authorized by law to borrow an amount not to exceed \$2,500,000 upon the credit of the City and as evidence of such indebtedness to issue the Bonds to said amount, the proceeds of Bonds to be used for the purpose of paying the cost of the Project, and it is necessary and for the best interests of the City that there be issued at this time \$2,285,000 of the Bonds so authorized.

Section 4. Bond Details. There be borrowed on the credit of and for and on behalf of the City the amount of \$2,285,000 for the purpose aforesaid; and that the Bonds shall be issued

in said amount and shall be designated “General Obligation Bonds (Alternate Revenue Source), Series 2014.” The Bonds shall be dated September 1, 2014, and shall also bear the date of authentication, shall be in fully registered form, shall be in denominations of \$5,000 each and authorized integral multiples thereof (but no single Bond shall represent installments of principal maturing on more than one date), and shall be numbered 1 and upward. The Bonds shall become due and payable on December 1 of each of the years (subject to redemption prior to maturity as hereinafter described), in the amounts and bearing interest at the rate per annum as follows:

YEAR OF MATURITY	PRINCIPAL AMOUNT	RATE OF INTEREST
2016	\$ 90,000	3.00%
2017	90,000	3.00%
2018	95,000	3.00%
2019	95,000	3.00%
2020	100,000	3.50%
2021	100,000	3.50%
2022	105,000	3.50%
2024	225,000	3.10%
2026	235,000	3.30%
2028	255,000	3.50%
2030	275,000	4.25%
2034	620,000	4.75%

The Bonds shall bear interest from their date or from the most recent interest payment date to which interest has been paid or duly provided for, until the principal amount of the Bonds is paid, such interest (computed upon the basis of a 360-day year of twelve 30-day months) being payable on June 1 and December 1 of each year, commencing December 1, 2015. Interest on each Bond shall be paid by check or draft of the Bond Registrar, payable upon presentation in lawful money of the United States of America, to the person in whose name such Bond is registered at the close of business on the 15th day of the month next preceding the interest payment date. The principal of the Bonds shall be payable in lawful money of the United States of America at the principal office of the Bond Registrar.

The Bonds shall be signed by the manual or facsimile signature of the Mayor, and shall be attested by the manual or facsimile signature of the City Clerk, and in case any officer whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery.

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

Section 5. Registration of Bonds; Persons Treated as Owners. (a) General. The City 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 office of the Bond Registrar, which is hereby constituted and appointed the registrar of the City. The City is authorized to prepare, and the Bond Registrar or such other authorized person as the officers of the City may designate shall keep custody of, multiple Bond blanks executed by the City for use in the transfer and exchange of Bonds.

Upon surrender for transfer of any Bond at the principal office of the Bond Registrar, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form

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

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

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

No service charge shall be made for any transfer or exchange of Bonds, but the City or the Bond Registrar may require payment of a sum sufficient to cover any tax or other

governmental charge that may be imposed in connection with any transfer or exchange of Bonds, except in the case of the issuance of a Bond or Bonds for the unredeemed portion of a Bond surrendered for redemption.

(b) *Global Book-Entry System.* The Bonds shall be initially issued in the form of a separate single fully registered Bond for each of the maturities of the Bonds determined as described in Section 4 hereof. Upon initial issuance, the ownership of each such Bond shall be registered in the Bond Register in the name of Cede & Co., or any successor thereto ("*Cede*"), as nominee of The Depository Trust Company, New York, New York, and its successors and assigns ("*DTC*"). All of the outstanding Bonds shall be registered in the Bond Register in the name of Cede, as nominee of DTC, except as hereinafter provided. Any officer of the City who is a signatory on the Bonds is authorized to execute and deliver, on behalf of the City, such letters to or agreements with DTC as shall be necessary to effectuate such book-entry system (any such letter or agreement being referred to herein as the "*Representation Letter*"), which Representation Letter may provide for the payment of principal of or interest on the Bonds by wire transfer.

With respect to Bonds registered in the Bond Register in the name of Cede, as nominee of DTC, the City and the Bond Registrar shall have no responsibility or obligation to any broker-dealer, bank or other financial institution for which DTC holds Bonds from time to time as securities depository (each such broker-dealer, bank or other financial institution being referred to herein as a "*DTC Participant*") or to any person on behalf of whom such a DTC Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the City and the Bond Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than a

registered owner of a Bond as shown in the Bond Register, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than a registered owner of a Bond as shown in the Bond Register, of any amount with respect to the principal of or interest on the Bonds. The City and the Bond Registrar may treat and consider the person in whose name each Bond is registered in the Bond Register as the holder and absolute owner of such Bond for the purpose of payment of principal and interest with respect to such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Bond Registrar shall pay all principal of and interest on the Bonds only to or upon the order of the respective registered owners of the Bonds, as shown in the Bond Register, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to payment of the principal of and interest on the Bonds to the extent of the sum or sums so paid. No person other than a registered owner of a Bond as shown in the Bond Register, shall receive a Bond evidencing the obligation of the City to make payments of principal and interest with respect to any Bond. Upon delivery by DTC to the Bond Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede, and subject to the provisions in Section 4 hereof with respect to the payment of interest to the registered owners of Bonds at the close of business on the 15th day of the month next preceding the applicable interest payment date, the name "Cede" in this Ordinance shall refer to such new nominee of DTC.

In the event that (i) the City determines that DTC is incapable of discharging its responsibilities described herein and in the Representation Letter, (ii) the agreement among the City, the Bond Registrar and DTC evidenced by the Representation Letter shall be terminated for

any reason or (iii) the City determines that it is in the best interests of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, the City shall notify DTC and DTC Participants of the availability through DTC of certificated Bonds and the Bonds shall no longer be restricted to being registered in the Bond Register in the name of Cede, as nominee of DTC. At that time, the City may determine that the Bonds shall be registered in the name of and deposited with such other depository operating a universal book-entry system, as may be acceptable to the City, or such depository's agent or designee, and if the City does not select such alternate universal book-entry system, then the Bonds may be registered in whatever name or names registered owners of Bonds transferring or exchanging Bonds shall designate, in accordance with the provisions of Section 4(a) hereof.

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

Section 6. Redemption. (a) Optional Redemption. The Bonds due on and after December 1, 2024, shall be subject to redemption prior to maturity at the option of the City as a whole or in part in integral multiples of \$5,000 in any order of their maturity as determined by the City (less than all of the Bonds of a single maturity to be selected by the Bond Registrar), on December 1, 2022, and on any date thereafter, at the redemption price of par plus accrued interest to the redemption date.

(b) *Mandatory Redemption.* The Bonds due on December 1, 2024, shall be subject to mandatory redemption, in integral multiples of \$5,000 selected by lot by the Bond Registrar, at a redemption price of par plus accrued interest to the redemption date, on December 1 of the years and in the principal amounts as follows:

YEAR	PRINCIPAL AMOUNT
2023	\$110,000
2024 (maturity)	115,000

The Bonds due on December 1, 2026, shall be subject to mandatory redemption, in integral multiples of \$5,000 selected by lot by the Bond Registrar, at a redemption price of par plus accrued interest to the redemption date, on December 1 of the years and in the principal amounts as follows:

YEAR	PRINCIPAL AMOUNT
2025	\$115,000
2026 (maturity)	120,000

The Bonds due on December 1, 2028, shall be subject to mandatory redemption, in integral multiples of \$5,000 selected by lot by the Bond Registrar, at a redemption price of par plus accrued interest to the redemption date, on December 1 of the years and in the principal amounts as follows:

YEAR	PRINCIPAL AMOUNT
2027	\$125,000
2028 (maturity)	130,000

The Bonds due on December 1, 2030, shall be subject to mandatory redemption, in integral multiples of \$5,000 selected by lot by the Bond Registrar, at a redemption price of par plus accrued interest to the redemption date, on December 1 of the years and in the principal amounts as follows:

YEAR	PRINCIPAL AMOUNT
2029	\$135,000
2030 (maturity)	140,000

The Bonds due on December 1, 2034, shall be subject to mandatory redemption, in integral multiples of \$5,000 selected by lot by the Bond Registrar, at a redemption price of par plus accrued interest to the redemption date, on December 1 of the years and in the principal amounts as follows:

YEAR	PRINCIPAL AMOUNT
2031	\$145,000
2032	150,000
2033	160,000
2034 (maturity)	165,000

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

(c) *General.* The Bonds shall be redeemed only in the principal amount of \$5,000 and integral multiples thereof. The City shall, at least forty-five (45) days prior to any optional redemption date (unless a shorter time period shall be satisfactory to the Bond Registrar) notify the Bond Registrar of such redemption date and of the principal amount and maturity or maturities of Bonds to be redeemed. For purposes of any redemption of less than all of the outstanding Bonds of a single maturity, the particular Bonds or portions of Bonds to be redeemed shall be selected by lot by the Bond Registrar from the Bonds of such maturity by such method of lottery as the Bond Registrar shall deem fair and appropriate; *provided* that such lottery shall provide for the selection for redemption of Bonds or portions thereof so that any \$5,000 Bond or

\$5,000 portion of a Bond shall be as likely to be called for redemption as any other such \$5,000 Bond or \$5,000 portion. The Bond Registrar shall make such selection upon the earlier of the irrevocable deposit of funds with an escrow agent sufficient to pay the redemption price of the Bonds to be redeemed or the time of the giving of official notice of redemption.

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

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

All notices of redemption shall state:

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

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

Subject to the provisions for a conditional redemption described above, notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the City shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Bond Registrar at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the registered holder 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 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 cancelled and destroyed by the Bond Registrar and shall not be reissued.]

3 4

Section 8. Form of Bond. The Bonds shall be in substantially the following form; *provided, however,* that if the text of the Bond is to be printed in its entirety on the front side of the Bond, then paragraph [2] and the legend, “See Reverse Side for Additional Provisions”, shall be omitted and paragraphs [6] through [17] shall be inserted immediately after paragraph [1]:

[Form of Bond - Front Side]

REGISTERED
No. _____

REGISTERED
\$ _____

UNITED STATES OF AMERICA

STATE OF ILLINOIS

COUNTY OF LOGAN

CITY OF LINCOLN

**GENERAL OBLIGATION BOND (ALTERNATE REVENUE SOURCE),
SERIES 2014**

See Reverse Side for
Additional Provisions

Interest Maturity Dated
Rate: _____% Date: December 1, 20____ Date: September 1, 2014 CUSIP: 533645 _____

Registered Owner: CEDE & Co.

Principal Amount:

[1] KNOW ALL PERSONS BY THESE PRESENTS, that the City of Lincoln, Logan County, Illinois (the "*City*"), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns as hereinafter provided, on the Maturity Date identified above, the Principal Amount identified above and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on such Principal Amount from the date of this Bond or from the most recent interest payment date to which interest has been paid at the Interest Rate per annum set forth above on June 1 and December 1 of each year, commencing December 1, 2015, until said Principal Amount is paid. Principal of this Bond is payable in lawful money of the United States of America at the principal office of State Bank of Lincoln, Lincoln, Illinois, as bond registrar and paying agent (the "*Bond Registrar*"). Payment of the installments of interest shall be made to the Registered Owner hereof as shown on the

registration books of the City maintained by the Bond Registrar at the close of business on the 15th day of the month next preceding each interest payment date and shall be paid by check or draft of the Bond Registrar, payable upon presentation in lawful money of the United States of America, mailed to the address of such Registered Owner as it appears on such registration books or at such other address furnished in writing by such Registered Owner to the Bond Registrar. For the prompt payment of this Bond, both principal and interest at maturity, the full faith, credit and resources of the City are hereby irrevocably pledged.

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

[3] It is hereby certified and recited that all acts, conditions and things required to be done precedent to and in the issuance of this Bond have been done and have happened and have been performed in regular and due form of law; that the indebtedness of the City, including the issue of Bonds of which this is one, does not exceed any limitation imposed by law; that provision has been made for the collection of the Pledged Revenues, the levy and collection of the Pledged Taxes and the segregation of the Pledged Revenues and the Pledged Taxes to pay the interest hereon as it falls due and also to pay and discharge the principal hereof at maturity; and that the City hereby covenants and agrees that it will properly account for the Pledged Revenues and the Pledged Taxes and will comply with all the covenants of, and maintain the funds and accounts as provided by, the ordinance adopted by the City Council of the City on the 18th day of August, 2014 (the "*Bond Ordinance*").

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

[5] IN WITNESS WHEREOF, said City of Lincoln, Logan County, Illinois, by its City Council, has caused this Bond to be signed by the manual or duly authorized facsimile signature of the Mayor of the City, and to be attested by the manual or duly authorized facsimile signature of the City Clerk of the City, all as of the Dated Date identified above.

Mayor

Attest:

City Clerk

Date of Authentication: _____, 20__

CERTIFICATE
OF
AUTHENTICATION

Bond Registrar and Paying Agent:
State Bank of Lincoln,
Lincoln, Illinois

This Bond is one of the Bonds described in the within mentioned ordinance and is one of the General Obligation Bonds (Alternate Revenue Source), Series 2014, of the City of Lincoln, Logan County, Illinois.

STATE BANK OF LINCOLN,
as Bond Registrar

By _____
Authorized Officer

[Form of Bond - Reverse Side]

CITY OF LINCOLN

LOGAN COUNTY, ILLINOIS

GENERAL OBLIGATION BOND (ALTERNATE REVENUE SOURCE),
SERIES 2014

[6] This Bond is one of a series of bonds issued by the City pursuant to the Local Government Debt Reform Act of the State of Illinois, as amended (the "*Debt Reform Act*"), and the Illinois Municipal Code, as amended (the "*Municipal Code*"), for the purpose of improving, altering, repairing and maintaining streets and constructing a parking lot within the Central Business Tax Increment Financing District (the "*District*"), and is authorized by the Bond Ordinance, duly and properly adopted for that purpose, in all respects as provided by law.

[7] The Bonds are payable from (a)(i) collections distributed to the City from those incremental property taxes derived from the District and (ii) collections of the simplified telecommunications taxes imposed by the City pursuant to the Simplified Municipal Telecommunications Tax Act of the Municipal Code or substitute taxes as thereafter provided by the State of Illinois in the future (the "*Pledged Revenues*"), and (b) ad valorem taxes levied against all of the taxable property in the City without limitation as to rate or amount (the "*Pledged Taxes*"), all in accordance with the provisions of the Debt Reform Act. The City reserves the right to issue additional bonds without limit from time to time payable from the Pledged Revenues, and any such additional bonds shall share ratably and equally in the Pledged Revenues with the Bonds; *provided, however*, that no additional bonds shall be issued except in accordance with the Debt Reform Act.

[8] Bonds of the issue of which this Bond is one due on December 1, 2024, shall be subject to mandatory redemption, in integral multiples of \$5,000 selected by lot by the Bond

Registrar, at a redemption price of par plus accrued interest to the redemption date, on December 1 of the years and in the principal amounts as follows:

YEAR	PRINCIPAL AMOUNT
2023	\$110,000
2024 (maturity)	115,000

[9] Bonds of the issue of which this Bond is one due on December 1, 2026, shall be subject to mandatory redemption, in integral multiples of \$5,000 selected by lot by the Bond Registrar, at a redemption price of par plus accrued interest to the redemption date, on December 1 of the years and in the principal amounts as follows:

YEAR	PRINCIPAL AMOUNT
2025	\$115,000
2026 (maturity)	120,000

[10] Bonds of the issue of which this Bond is one due on December 1, 2028, shall be subject to mandatory redemption, in integral multiples of \$5,000 selected by lot by the Bond Registrar, at a redemption price of par plus accrued interest to the redemption date, on December 1 of the years and in the principal amounts as follows:

YEAR	PRINCIPAL AMOUNT
2027	\$125,000
2028 (maturity)	130,000

[11] Bonds of the issue of which this Bond is one due on December 1, 2030, shall be subject to mandatory redemption, in integral multiples of \$5,000 selected by lot by the Bond Registrar, at a redemption price of par plus accrued interest to the redemption date, on December 1 of the years and in the principal amounts as follows:

YEAR	PRINCIPAL AMOUNT
2029	\$135,000
2030 (maturity)	140,000

[12] Bonds of the issue of which this Bond is one due on December 1, 2034, shall be subject to mandatory redemption, in integral multiples of \$5,000 selected by lot by the Bond Registrar, at a redemption price of par plus accrued interest to the redemption date, on December 1 of the years and in the principal amounts as follows:

YEAR	PRINCIPAL AMOUNT
2031	\$145,000
2032	150,000
2033	160,000
2034 (maturity)	165,000

[13] Bonds of the issue of which this Bond is one due on and after December 1, 2024, shall be subject to redemption prior to maturity at the option of the City as a whole or in part in integral multiples of \$5,000 in any order of their maturity as determined by the City (less than all the Bonds of a single maturity to be selected by lot by the Bond Registrar), on December 1, 2022, and on any date thereafter, at the redemption price of par plus accrued interest to the redemption date.

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

[15] This Bond is transferable by the Registered Owner hereof in person or by his or her attorney duly authorized in writing at the principal office of the Bond Registrar in Lincoln, Illinois, but only in the manner, subject to the limitations and upon payment of the charges provided in the Bond Ordinance, and upon surrender and cancellation of this Bond. Upon such

transfer a new Bond or Bonds of authorized denominations of the same maturity and for the same aggregate principal amount will be issued to the transferee in exchange therefor.

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

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

(ASSIGNMENT)

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

(Name and Address of Assignee)

the within Bond and does hereby irrevocably constitute and appoint _____

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

Dated: _____

Signature guaranteed: _____

NOTICE: The signature to this 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 9. Sale of Bonds. The Bonds hereby authorized shall be executed as in this Ordinance provided as soon after the passage hereof as may be, and thereupon be deposited with the Treasurer, and be by the Treasurer delivered to First Midstate Inc., Bloomington, Illinois, upon receipt of the purchase price therefor, the same being par, plus accrued interest to date of delivery; the contract for the sale of the Bonds heretofore entered into (the "*Purchase Contract*") is in all respects ratified, approved and confirmed, it being hereby found and determined that the Bonds have been sold at such price and bear interest at such rates that neither the true interest cost (yield) nor the net interest rate received upon such sale exceed the maximum rate otherwise authorized by Illinois law and that the Purchase Contract is in the best interests of the City and that no person holding any office of the City, either by election or appointment, is in any manner financially interested directly in his or her own name or indirectly in the name of any other person, association, trust or corporation, in the Purchase Contract.

The use by said purchaser of any Preliminary Official Statement and any final Official Statement relating to the Bonds and before the Council at the time of the adoption hereof is hereby ratified, approved and authorized; the execution and delivery of said final Official Statement is hereby authorized; and the officers of the Council are hereby authorized to take any action as may be required on the part of the City to consummate the transactions contemplated by the Purchase Contract, this Ordinance, said Preliminary Official Statement, said final Official Statement and the Bonds.

Section 10. Treatment of Bonds as Debt. The Bonds shall be payable from the Pledged Revenues and the Pledged Taxes and do not and shall not constitute an indebtedness of the City within the meaning of any constitutional or statutory limitation, unless the Pledged Taxes shall be extended pursuant to the general obligation, full faith and credit promise supporting the Bonds, as set forth in Section 12 hereof, in which case the amount of the Bonds then Outstanding

shall be included in the computation of indebtedness of the City for purposes of all statutory provisions or limitations until such time as an audit of the City shall show that the Bonds have been paid from the Pledged Revenues for a complete Fiscal Year in accordance with the Debt Reform Act.

Section 11. Special Tax Allocation Fund. The Special Tax Allocation Fund is hereby created or continued as a special fund of the City, to be held by the City, which fund shall be held separate and apart from all other funds and accounts of the City. All of the Incremental Property Taxes shall be set aside as collected and be remitted by the Treasurer for deposit in the Special Tax Allocation Fund, which is a trust fund heretofore established and hereby continued for the purpose of carrying out the covenants, terms and conditions imposed upon the City by this Ordinance.

Not more than ten days prior to each payment date on the Bonds, the Treasurer shall conduct an accounting (an "*Accounting*") to determine the balance of the moneys on deposit in and to the credit of the Special Tax Allocation Fund. Prior to each payment date on the Bonds, the Treasurer shall credit to and transfer into the Pledged Revenues Account of the Bond Fund (as hereinafter defined) moneys on deposit in and to the credit of the Special Tax Allocation Fund in an amount equal to the principal and interest due on the Bonds on such payment date (the "*Principal and Interest Requirement*"). If, upon any Accounting, there are funds on deposit in and to the credit of the Special Tax Allocation Fund in excess of the principal and interest due on the Bonds on the next two succeeding payment dates on the Bonds, the Treasurer shall credit such excess funds to a surplus account of the Special Tax Allocation Fund (the "*Surplus Account*"), hereby created. Moneys on deposit in and to the credit of the Surplus Account shall be used for one or more of the following purposes, without any priority among them:

- (i) for the payment of principal of and interest on the Bonds; or

- (ii) for the purpose of paying costs of the Project; or
- (iii) for the purpose of redeeming Bonds; or
- (iv) for the purpose of purchasing Bonds at a price not in excess of par plus accrued interest to the purchase date; or
- (v) for the purpose of refunding, advance refunding or prepaying any Bond; or
- (vi) for the purpose of creating such reserves as may be deemed necessary by the Council, it being the express intent of the Council to reserve the right to establish such reserves in order to assure that the Pledged Taxes may be abated in each tax year while any Bonds remain Outstanding; or
- (vii) for the purpose of reimbursing the City for any transfer of general corporate funds of the City for purposes relating to the Plan, the Project Area or the Redevelopment Project, including, but not limited to, funds disbursed for the payment of redevelopment project costs incurred by the City or advanced to abate the Pledged Taxes, whether or not such reimbursement occurs in the relevant tax year for which such advance was made; or
- (viii) for the purpose of distributing Incremental Property Taxes to the taxing districts or municipal corporations having the power to tax real property in the Project Area or to the City pursuant to any redevelopment agreement; or
- (ix) for the purpose of paying principal of, or premium, if any, or interest on any obligation of the City issued to pay redevelopment project costs for the Project Area, whether or not secured by a pledge of the monies to the credit of the Special Tax Allocation Fund; or
- (x) for any other purpose related to the Plan, the Project, the Project Area or the Redevelopment Project, pursuant to and in accordance with the TIF Act.

Section 12. Investments. The moneys on deposit in the Special Tax Allocation Fund, Bond Fund and Project Fund (as hereinafter defined) may be invested from time to time in Qualified Investments. Any such investments may be sold from time to time as moneys may be needed for the purposes for which such funds were created. All investment earnings shall be attributed to the fund or account for which the investment was made.

Section 13. Bond Fund. There is hereby established a special fund of the City known as the "Alternate Bond and Interest Fund of 2014" (the "*Bond Fund*"). The Bond Fund is a trust fund established for the purpose of carrying out the covenants, terms and conditions imposed

upon the City by this Ordinance. The Bonds are secured by a pledge of all of the moneys on deposit in the Bond Fund, and such pledge is irrevocable until the Bonds have been paid in full or until the obligations of the City under this Ordinance are discharged.

Section 14. Alternate Revenue Source; Appropriation; Tax Levy; Pledged Taxes. For the purpose of providing funds to pay the principal of and interest on the Bonds, the City covenants and agrees with the purchasers and the owners of the Bonds that so long as any Bonds are outstanding and unpaid, either as to principal or interest, the City will deposit the Pledged Revenues into the Bond Fund in the manner set forth in Section 9 of this Ordinance and this Section. All payments with respect to the Bonds shall be made directly from the Bond Fund. There are hereby created two accounts in the Bond Fund, designated as the "Pledged Revenues Account" and as the "Pledged Taxes Account." All Pledged Taxes shall be deposited to the credit of the Pledged Taxes Account. Pledged Taxes on deposit to the credit of the Pledged Taxes Account shall be fully spent to pay the principal of and interest on the respective Bonds for which such taxes were levied and collected prior to use of any moneys on deposit in the Pledged Revenues Account. On each payment date on the Bonds, the City shall deposit into the Pledged Revenues Account an amount of Telecommunications Taxes equal to the Principal and Interest Requirement on such payment date less the amount of funds on deposit in and to the credit of the Pledged Revenues Account.

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

For the purpose of providing additional funds to pay the principal of and interest on the Bonds, there is hereby levied upon all of the taxable property within the City, in the years for which any of the Bonds are outstanding, a direct annual tax for each of the years while the Bonds

or any of them are outstanding, in amounts sufficient for that purpose, and there be and there hereby is levied upon all of the taxable property in the City the following direct annual taxes (the “Pledged Taxes” as heretofore defined):

FOR THE YEAR	A TAX SUFFICIENT TO PRODUCE THE SUM OF:	
2014	\$151,493.13	for principal and interest up to and including June 1, 2016
2015	\$175,217.50	for principal and interest
2016	\$172,517.50	for principal and interest
2017	\$174,742.50	for principal and interest
2018	\$171,892.50	for principal and interest
2019	\$173,717.50	for principal and interest
2020	\$170,217.50	for principal and interest
2021	\$171,630.00	for principal and interest
2022	\$173,087.50	for principal and interest
2023	\$174,600.00	for principal and interest
2024	\$170,920.00	for principal and interest
2025	\$172,042.50	for principal and interest
2026	\$172,875.00	for principal and interest
2027	\$173,412.50	for principal and interest
2028	\$173,268.75	for principal and interest
2029	\$172,425.00	for principal and interest
2030	\$171,006.25	for principal and interest
2031	\$169,000.00	for principal and interest
2032	\$171,637.50	for principal and interest
2033	\$168,918.75	for principal and interest

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

Subject to the provisions of Section of this Ordinance, the City covenants and agrees with the purchasers and the owners of the Bonds that so long as any of the Bonds remain outstanding, the City will take no action or fail to take any action which in any way would adversely affect the ability of the City to collect the Pledged Revenues or to levy and collect the Pledged Taxes.

The City and its officers will comply with all present and future applicable laws in order to assure that the Pledged Revenues will be available and that the Pledged Taxes will be levied, extended and collected as provided herein and deposited in the Bond Fund.

Section 15. Filing of Ordinance; Bond Fund. After this Ordinance becomes effective, a copy hereof, certified by the City Clerk, shall be filed with the County Clerk. The County Clerk shall in and for each of the years required ascertain the rate percent required to produce the aggregate Pledged Taxes hereinbefore provided to be levied in each of said years; and the County Clerk shall extend the same for collection on the tax books in connection with other taxes levied in said years in and by the City for general corporate purposes of the City; and the County Clerk, or other appropriate officer or designee, shall remit the Pledged Taxes for deposit to the Bond Fund, and in said years the Pledged Taxes shall be levied and collected by and for and on behalf of the City in like manner as taxes for general corporate purposes of the City for said years are levied and collected, and in addition to and in excess of all other taxes. The Pledged Taxes are hereby irrevocably pledged to and shall be used only for the purpose of paying principal of and interest on the Bonds.

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

Section 17. General Covenants. So long as any Bonds remain Outstanding, that the City covenants and agrees with the holders of the Bonds that:

A. The City will punctually pay or cause to be paid from the Bond Fund the principal of and interest on the Bonds in strict conformity with the terms of the Bonds

and this Ordinance, and it will faithfully observe and perform all of the conditions, covenants and requirements thereof and hereof.

B. The City will pay and discharge, or cause to be paid and discharged, from the Bond Fund any and all lawful claims which, if unpaid, might become a lien or charge upon the Pledged Revenues or Pledged Taxes, or any part thereof, or upon any funds in the hands of the Bond Registrar, or which might impair the security of the Bonds. Nothing herein contained shall require the City to make any such payment so long as the City in good faith shall contest the validity of said claims.

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

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

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

F. The City will continue to deposit the Pledged Revenues and, if applicable, the Pledged Taxes to the Bond Fund.

G. The City will take no action or fail to take any action which in any way would adversely affect the ability of the City (i) to allocate or collect the Pledged Revenues, (ii) to levy the Pledged Taxes or (iii) to collect and to segregate the Pledged Revenues and Pledged Taxes. The City and its officers will comply with all present and future applicable laws in order to assure that the Pledged Revenues can be allocated and collected, that the Pledged Taxes can be levied and extended and that the Pledged Revenues and the Pledged Taxes may be collected and deposited into the Bond Fund, respectively, as provided herein.

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

Section 18. Covenants Pertaining to the Project Area. So long as any Bonds remain Outstanding, the City covenants and agrees with the holders of the Bonds that:

(a) The City will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the City, in which complete and correct entries shall be made of all transactions relating to the Redevelopment Project and the Incremental Property Taxes. Such books of record and accounts shall at all times during business hours be subject to the inspection of the holders of not less than ten per cent (10%) of the aggregate principal amount of the Bonds then Outstanding, or their representatives authorized in writing.

(b) The City will timely prepare or cause the preparation of complete financial statements with respect to the preceding Fiscal Year showing the Incremental Property Taxes received, all disbursements from the funds and accounts created by this Ordinance and the financial condition of the Redevelopment Project, including the balances in all funds and accounts relating to the Bonds and the Redevelopment Project as of the end of such Fiscal Year, all when and as required by the TIF Act, which statements shall be accompanied by a certificate or opinion in writing of an Independent certified public accountant. The City will furnish a copy of such statements to any registered owner of ten percent (10%) or more in aggregate principal amount of Outstanding Bonds, upon written request of such owner.

(c) The City will continue to implement the Redevelopment Project with all practicable dispatch in accord with its stated objectives and purposes in conformity with the Plan and the TIF Act.

Section 19. Additional Bonds. The City reserves the right to issue Additional Bonds from time to time payable from the Pledged Revenues, and any such Additional Bonds shall share ratably and equally in the Pledged Revenues with the Bonds; *provided, however,* that no Additional Bonds shall be issued except upon compliance with the provisions of the Debt Reform Act as the Debt Reform Act is written at this time.

Section 20. Use of Proceeds. Accrued interest received on delivery of the Bonds shall be credited to the Bond Fund and applied to pay first interest due on the Bonds. Proceeds received from the sale of the Bonds shall be set aside in a separate fund hereby created and designated as the "Central Business TIF District Project Fund (Series 2014)" (the "*Project Fund*") to be held by the Treasurer in a separate and segregated account. Moneys in the Project

Fund shall be withdrawn from time to time as needed for the payment of costs of issuance of the Bonds, the Redevelopment Project and paying the fees and expenses incidental thereto and said moneys shall be disbursed by the Treasurer in accordance with normal and customary City disbursement procedures.

Section 21. 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 Council and the City as to future events regarding the Bonds and the use of Bond proceeds. The certifications, covenants and representations contained herein and at the time of the Closing are made on behalf of the City for the benefit of the owners from time to time of the Bonds. In addition to providing the certifications, covenants and representations contained herein, the City hereby covenants that it will not take any action, omit to take any action or permit the taking or omission of any action within its control (including, without limitation, making or permitting any use of the proceeds of the Bonds) if taking, permitting or omitting to take such action would cause any of the Bonds to be an arbitrage bond or a private activity bond within the meaning of the Code or would otherwise cause the interest on the Bonds to be included in the gross income of the recipients thereof for federal income tax purposes. The City acknowledges that, in the event of an examination by the Internal Revenue Service of the exemption from federal income taxation for interest paid on the Bonds, under present rules, the City may be treated as a "taxpayer" in such examination and agrees that it will respond in a commercially reasonable manner to any inquiries from the Internal Revenue Service in connection with such an examination. The Council and the City certify, covenant and represent as follows:

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

“*Affiliated Person*” means a Person that is affiliated with another Person (including the City) because either (a) at any time during the six months prior to the execution and delivery of the Bonds, more than five percent of the voting power of the governing body of either Person is in the aggregate vested in the other Person and its directors, officers, owners, and employees, or (b) during the one-year period beginning six months prior to the execution and delivery of the Bonds, the composition of the governing body of the Person (or any Person that controls the Person) is modified or established to reflect (directly or indirectly) representation of the interests of the other Person (or there is an agreement, understanding, or arrangement relating to such a modification or establishment during that one-year period).

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

“*Bond Fund*” means, with respect to this section of the Ordinance, the Special Tax Allocation Fund (not including the Surplus Account) and the Bond Fund.

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

“*Closing*” means the first date on which the City is receiving the purchase price for the Bonds.

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

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

(a) to approve and to remove without cause a controlling portion of the governing body of a Controlled Entity; or

(b) to require the use of funds or assets of a Controlled Entity for any purpose.

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

“*Controlled Group*” means a group of entities directly or indirectly subject to Control by the same entity or group of entities. A Controlled Group includes the entity that has Control of the other entities.

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

“*Costs of Issuance*” means the costs of issuing the Bonds, including underwriters’ discount and legal fees.

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

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

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

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

“*Person*” means and includes any individual, body politic, governmental unit, agency or authority, trust, estate, partnership, association, company, corporation, joint-stock company, syndicate, group, pool, joint venture, other unincorporated organization or group, or group of any of the above.

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

“*Private Business Use*” means any use of the Project by any Person (including the federal government) other than a state or local governmental unit, including as a result of (i) ownership, (ii) actual or beneficial use pursuant to a lease or a management, service, incentive payment, research or output contract or (iii) any other similar arrangement, agreement or understanding, whether written or oral, except for use of the Project on the same basis as the general public. Private Business Use includes any formal or informal arrangement with any Person other than a state or local governmental unit (i) that conveys special legal entitlements to any portion of the Project, or (ii) under which any Person other than a state or local governmental unit has any special economic benefit with respect to any portion of the Project that is not available for use by the general public.

“*Project*” means, when used in this section of this Ordinance, the Redevelopment Project.

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

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

“*Rebate Fund*” means the fund, if any, identified and defined in paragraph 4.1 herein.

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

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

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

“*Reserve Portion of the Bond Fund*” means the portion of the Bond Fund funded in excess of the amount of debt service payable each year.

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

“*Yield*” means that discount rate which when used in computing the present value of all payments of principal and interest paid and to be paid on an obligation produces an

amount equal to the obligation's purchase price (or in the case of the Bonds, the issue price as established in Section 5.1), including accrued interest. For purposes of computing the Yield on the Bonds and on investments, the same compounding interval (which must be an interval of not more than one year) and standard financial conventions (such as a 360-day year) must be used.

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

2.1. Purpose of the Bonds. The Bonds are being issued to finance the Project in a prudent manner consistent with the revenue needs of the City. A breakdown of the sources and uses of funds is set forth in the preceding Section of this Ordinance. Except for any accrued interest on the Bonds used to pay first interest due on the Bonds, no proceeds of the Bonds will be used more than 30 days after the date of issue of the Bonds for the purpose of paying any principal or interest on any issue of bonds, notes, certificates or warrants or on any installment contract or other obligation of the City or for the purpose of replacing any funds of the City used for such purpose.

2.2. The Project—Binding Commitment and Timing. The City has incurred or will, within six months of the Closing, incur a substantial binding obligation (not subject to contingencies within the control of the City or any member of the same Controlled Group as the City) to a third party to expend at least five percent of the Sale Proceeds on the Project. It is expected that the work of acquiring and constructing the Project and the expenditure of amounts deposited into the Project Fund will continue to proceed with due diligence through the last date shown on the draw schedule to be attached to the Treasurer's Receipt as an Exhibit (the *"Exhibit"*) at the time of Closing, which is no later than three years after Closing, at which time it is anticipated that all Sale Proceeds and investment earnings thereon will have been spent.

2.3. Reimbursement. With respect to expenditures for the Project paid within the 60 day period ending on this date and with respect to which no declaration of intent was previously made, the City hereby declares its intent to reimburse such expenditures and hereby allocates Sale Proceeds in the amount indicated in the Treasurer's Receipt to be delivered in connection with the issuance of the Bonds to reimburse said expenditures. Otherwise, none of the Sale Proceeds or investment earnings thereon will be used for Reimbursed Expenditures.

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

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

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

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

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

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

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

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

2.6. *Payments to City or Related Persons.* The City acknowledges that if Sale Proceeds or investment earnings thereon are transferred to or paid to the City or any member of the same Controlled Group as the City, those amounts will not be treated as having been spent for federal income tax purposes. However, Sale Proceeds or investment earnings thereon will be allocated to expenditures for federal income tax purposes if the City uses such amounts to reimburse itself for amounts paid to persons other than the City or any member of the same Controlled Group as the City, *provided* that the original expenditures were paid on or after Closing and *provided* that the original expenditures were not otherwise paid out of Sale Proceeds or investment earnings thereon or the proceeds of any other borrowing. Any Sale Proceeds or investment earnings thereon that are transferred to or paid to the City or any member of the same Controlled Group as the City will remain Sale Proceeds or investment earnings thereon, and thus Gross Proceeds, until such amounts are allocated to expenditures for federal income tax purposes. If the City does not otherwise allocate any such amounts to expenditures for the Project or other expenditures permitted under this Ordinance, any such amounts will be allocated for federal income tax purposes to the next expenditures, not otherwise paid out of Sale Proceeds or investment earnings thereon or the proceeds of any other borrowing, for interest on the Bonds prior to the later of the date three years after Closing or one year after the date on which the Project is Placed-in-Service. The City will consistently follow this accounting method for federal income tax purposes.

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

portion of Sale Proceeds or investment earnings thereon at a Yield higher than the Yield on the Bonds.

It is expected that the Sale Proceeds deposited into the Project Fund, plus investment earnings on the Project Fund, will be spent to pay costs of the Project, including any capitalized interest on the Bonds, in accordance with the estimated drawdown schedule contained in the Exhibit, the investment earnings on the Bond Fund will be spent to pay interest on the Bonds, or to the extent permitted by law, investment earnings on amounts in the Project Fund and the Bond Fund may be commingled with substantial revenues from the governmental operations of the City, and the earnings are reasonably expected to be spent for governmental purposes within six months of the date commingled. Interest earnings on the Project Fund and the Bond Fund have not been earmarked or restricted by the Council for a designated purpose.

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

2.9. *Hedges.* Neither the City nor any member of the same Controlled Group as the City has entered into or expects to enter into any hedge (*e.g.*, an interest rate swap, interest rate cap, futures contract, forward contract or an option) with respect to the Bonds. The City acknowledges that any such hedge could affect, among other things, the calculation of Bond Yield under the Regulations. The IRS could recalculate Bond Yield if the failure to account for the hedge fails to clearly reflect the economic substance of the transaction. The City acknowledges that if it wishes to take any such hedge into account in determining Bond Yield, various requirements under the Regulations, including prompt identification of the hedge with the Bonds on the City's books and records, need to be met.

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

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

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

(b) Only the funds and accounts described in said Section will be funded at Closing. There are no other funds or accounts created under this Ordinance, other than the Rebate Fund if it is created as provided in paragraph 4.1.

(c) Principal of and interest on the Bonds will be paid from the Bond Fund.

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

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

3.2. *Purpose of Bond Fund.* The Bond Fund (other than the Reserve Portion of the Bond Fund) will be used primarily to achieve a proper matching of revenues and earnings with principal and interest payments on the Bonds in each bond year. It is expected that the Bond Fund (other than the Reserve Portion of the Bond Fund) will be depleted at least once a year, except for a reasonable carry over amount not to exceed the greater of (a) the earnings on the investment of moneys in the Bond Fund (other than the Reserve Portion of the Bond Fund) for the immediately preceding bond year or (b) 1/12th of the principal and interest payments on the Bonds for the immediately preceding bond year.

Except for the Reserve Portion of the Bond Fund, the Bond Fund will be depleted each year as described above. The Reserve Portion of the Bond Fund will be treated as a separate account not treated as part of the bona fide debt service fund. The Reserve Portion of the Bond Fund is subject to yield restriction requirements except as it may otherwise be excepted as provided in 5.2 below. It is also subject to the rebate requirements.

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

(i) Sale Proceeds;

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

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

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

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

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

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

(c) The term of the Bonds is not longer than is reasonably necessary for the governmental purposes of the Bonds. The average reasonably expected economic life of the Project is at least 20 years. The weighted average maturity of the Bonds does not exceed 20 years and does not exceed 120 percent of the average reasonably expected economic life of the Project. The maturity schedule of the Bonds (the "*Principal Payment Schedule*") is based on an analysis of revenues expected to be available to pay debt service on the Bonds. The Principal Payment Schedule is not more rapid (i.e., having a lower average maturity) because a more rapid schedule would place an undue burden on tax rates and cause such rates or the rates of other revenue sources to be increased beyond prudent levels, and would be inconsistent with the governmental purpose of the Bonds as set forth in paragraph 2.1 hereof.

3.4. *Final Allocation of Proceeds.* Subject to the requirements of this Section, including those concerning working capital expenditures in paragraph 2.4, the City may generally use any reasonable, consistently applied accounting method to account for Gross Proceeds, investments thereon, and expenditures. The City must account for the final allocation of proceeds of the Bonds to expenditures not later than 18 months after the later of the date the expenditure is paid or the date the property with respect to which the expenditure is made is Placed-in-Service. This allocation must be made in any event by the date 60 days after the fifth anniversary of the issue date of the Bonds or the date 60 days after the retirement of the Bonds, if earlier.

Reasonable accounting methods for allocating funds include any of the following methods if consistently applied: a specific tracing method; a Gross Proceeds spent first method; a first-in, first-out method; or a ratable allocation method. The City may also reallocate proceeds of the Bonds from one expenditure to another until the end of the period for final allocation, discussed above. Unless the City has taken an action to use a different allocation method by the end of the period for a final allocation, proceeds of the Bonds will be treated as allocated to expenditures using the specific tracing method.

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

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

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

If any investment becomes Gross Proceeds on a date other than the date such investment is purchased, the records required to be kept shall include the fair market value of such investment on the date it becomes Gross Proceeds. If any investment ceases to be Gross Proceeds on a date other than the date such investment is sold or is retained after the date the last Bond is retired, the records required to be kept shall include the fair market value of such investment on the date the last Bond is retired.

Amounts or investments will be segregated whenever necessary to maintain these records.

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

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

(a) Investments in certificates of deposit of banks or savings and loan associations that have a fixed interest rate, fixed payment schedules and substantial penalties for early withdrawal shall be made only if either (i) the Yield on the certificate of deposit (A) is not less than the Yield on reasonably comparable direct obligations of the United States and (B) is not less than the highest Yield that is published or posted by the provider to be currently available from the provider on reasonably comparable certificates of deposit offered to the public or (ii) the investment is an investment in a GIC and qualifies under paragraph (b) below. Investments in federally insured deposits or accounts, including certificates of deposit, may not be made except as allowed under paragraph 5.4.

(b) Investments in GICs shall be made only if

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

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

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

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

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

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

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

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

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

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

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

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

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

(i) a copy of the GIC;

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

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

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

All investments made with Gross Proceeds or amounts in the Rebate Fund shall be bought and sold at fair market value. The fair market value of an investment is the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction. Except for investments specifically described in (a) or (b) of this paragraph and United States Treasury obligations that are purchased directly from the United States Treasury, only investments that are traded on an established securities market, within the meaning of regulations promulgated under Section 1273 of the Code, will be purchased with Gross Proceeds. In general, an investment is traded on an established securities market only if at any time during the 31-day period ending 15 days after the purchase date: (i) within a reasonable period of time after the sale, the price for an executed purchase or sale of the investment (or information sufficient to calculate the sales price) appears in a medium that is made available to issuers of debt instruments, persons that regularly purchase or sell debt instruments (including a price provided only to certain customers or to subscribers), or persons that broker purchases or sales of debt instruments; (ii) there are one or more firm quotes for the investment (a firm quote is considered to exist when a price quote is available from at least one broker, dealer, or pricing service (including a price provided only to certain customers or to subscribers) for property and the quoted price is substantially the same as the price for which the person receiving the quoted price could purchase or sell the property; a price quote is considered to be available whether the quote is initiated by a person providing the quote or provided at the request of the person receiving the quote; the identity of the person providing the quote must be reasonably ascertainable for a quote to be considered a firm quote for this purpose; a quote will be considered a firm quote if the quote is designated as a firm quote by the person providing the quote or if market participants typically purchase or sell, as the case may be, at the quoted price, even if the party providing the quote is not legally obligated to purchase or sell at that price); or (iii) there are one or more indicative quotes for the investment (an indicative quote is considered to exist when a price quote is available from at least one broker, dealer, or pricing service (including a price provided only to certain customers or to subscribers) for property and the price quote is not a firm quote described in the prior clause). However, a maturity of a debt instrument is not treated as traded on an established market if at the time the determination is made the outstanding stated principal amount of the maturity that includes the debt instrument does not exceed \$100,000,000 (or, for a debt instrument

denominated in a currency other than the U.S. dollar, the equivalent amount in the currency in which the debt instrument is denominated).

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

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

4.4. Arbitrage Elections. The Mayor, City Clerk and Treasurer are hereby authorized to execute one or more elections regarding certain matters with respect to arbitrage.

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

5.2. Yield Limits. (a) Except as provided in paragraph (b), all Gross Proceeds shall be invested at market prices and at a Yield (after taking into account any Yield Reduction Payments) not in excess of the Yield on the Bonds plus, if only amounts in the Project Fund are subject to this yield limitation, 1/8th of one percent.

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

(i) amounts qualifying for a temporary period consisting of:

(A) amounts on deposit in the Bond Fund (except for capitalized interest) (other than the Reserve Portion of the Bond Fund) that have not been on deposit under this Ordinance for more than 13 months, so long as

the Bond Fund continues to qualify as a bona fide debt service fund as described in paragraph 3.2 hereof; and

(B) amounts on deposit in the Project Fund prior to the earlier of three years after Closing or the date the City no longer expects to spend all such amounts;

(ii) amounts qualifying for other exceptions consisting of:

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

(B) amounts invested in Qualified Tax Exempt Obligations;

(C) amounts in the Rebate Fund;

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

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

5.3. *Federal Guarantees.* Except as otherwise permitted by the Regulations, no portion of the payment of principal or interest on the Bonds or any credit enhancement or liquidity device relating to the foregoing is or will be guaranteed, directly or indirectly (in whole or in part), by the United States (or any agency or instrumentality thereof), including a lease, incentive payment, research or output contract or any similar arrangement, agreement or understanding with the United States or any agency or instrumentality thereof. No portion of the Gross Proceeds has been or will be used to make loans the payment of principal or interest with respect to which is or will be guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof). This paragraph does not apply to any guarantee by the Federal Housing Administration, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Government National Mortgage Association, the Student Loan Marketing Association or the Bonneville Power Administration pursuant to the Northwest Power Act (16 U.S.C. 839d) as in effect on the date of enactment of the Tax Reform Act of 1984.

5.4. *Federally Guaranteed Investments.* (a) Certain Gross Proceeds may not be invested in a manner that is considered to create a federal guarantee. The restrictions in this paragraph 5.4 apply to all Gross Proceeds except:

(i) amounts on deposit in the Project Fund prior to the earlier of three years after Closing or the date the City no longer expects to spend all such amount;

(ii) amounts on deposit in the Bond Fund (other than the Reserve Portion of the Bond Fund) to the extent the Bond Fund qualifies as a bona fide debt service fund described in paragraph 3.2; and

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

(b) If the City holds any Gross Proceeds other than those listed in the preceding paragraph (a), then any such Gross Proceeds in an amount in excess of five percent of the Sale Proceeds shall not be invested in:

(i) federally insured deposits or accounts, such as bank accounts and C.D.s;

(ii) Obligations of or directly or indirectly guaranteed, in whole or in part, by the United States (or any agency or instrumentality of the United States), other than the following:

(a) United States Treasury Obligations;

(b) obligations issued by the Ordinance Funding Corporation pursuant to Section 21B(d)(3) of the Federal Home Loan Bank Act, as amended by Section 511 of the Financial Institutions Reform, Recovery and Enforcement Act of 1989, or any successor provision (*e.g.*, Refcorp Strips); and

(c) obligations guaranteed by the Federal Housing Administration, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Government National Mortgage Association, the Student Loan Marketing Association or the Bonneville Power Administration pursuant to the Northwest Power Act (16 U.S.C. 839d) as in effect on the date of enactment of the Tax Reform Act of 1984.

Because of these investment limitations, after the date three years after Closing, any amounts remaining in the Project Fund must be invested in U.S. Treasury obligations (including obligations of the State and Local Government Series, known as SLGS) or otherwise invested to avoid violating the restrictions set forth in this section.

6.1. Payment and Use Tests. (a) No more than five percent of the Sale Proceeds plus investment earnings thereon (not including amounts used to pay costs of issuance and other common costs (such as capitalized interest and fees paid for a qualified guarantee or qualified hedge) and amounts invested in a reserve or replacement fund), will be used, directly or indirectly, in whole or in part, in any Private Business Use.

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

(c) No more than the lesser of five percent of the sum of the Sale Proceeds and investment earnings thereon (not including amounts used to pay costs of issuance and other common costs (such as capitalized interest and fees paid for a qualified guarantee or qualified hedge) and amounts invested in a reserve or replacement fund) or \$5,000,000 will be used, directly or indirectly, to make or finance loans to any persons.

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

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

6.3. *Bank Qualification.* (a) The City hereby designates each of the Bonds as a “qualified tax-exempt obligation” for the purposes and within the meaning of Section 265(b)(3) of the Code.

(b) The City has not entered into and will not enter into any agreements under which obligations issued by any other entity in calendar year 2014 were or will be allocated to the City for purposes of Section 265(b)(3) of the Code.

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

(d) The par amount of the Bonds does not exceed \$10,000,000 and the issue price of the Bonds does not exceed \$10,000,000. The Bonds have not been sold in conjunction with any other obligations.

(e) In calendar year 2014, other than the Bonds and the [General Obligation Waterworks and Sewerage Bonds (Alternate Revenue Source), Series 2014] expected to be issued during calendar year 2014, no tax-exempt obligations of any kind have been issued, are reasonably expected to be issued, or will be issued (A) by or on behalf of the City or (B) by any entity subject to Control by the City (which may hereafter come into existence).

(f) In calendar year 2014, no entity has issued or will issue tax-exempt obligations which, but for the \$10,000,000 limitations of Section 265(b)(3) of the Code

would have been or would be issued (A) by or on behalf of the City or (B) by any entity subject to Control by the City (which may hereafter come into existence). The Bonds would have been issued by the City (and not by another entity) regardless of the \$10,000,000 limitations of Section 265(b)(3) of the Code.

(g) The City may take an action or permit an action to be taken that is contrary to the requirements of this paragraph 6.3 only if, in addition to the requirements of paragraph 7.8, the action will not adversely affect the treatment of the Bonds as “qualified tax-exempt obligations” for the purpose and within the meaning of Section 265(b)(3) of the Code and the City first obtains an opinion of Bond Counsel to that effect.

7.1. Termination; Interest of City in Rebate Fund. The terms and provisions set forth in this Section shall terminate at the later of (a) 75 days after the Bonds have been fully paid and retired or (b) the date on which all payments, if any, required to satisfy the Rebate Provisions of the Code have been made to the United States. Notwithstanding the foregoing, the provisions of paragraphs 4.2, 4.3(c) and 7.9 hereof shall not terminate until the third anniversary of the date the Bonds are fully paid and retired.

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

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

(b) The City acknowledges that if Bond-financed property is sold or otherwise disposed of in a manner contrary to (a) above, such sale or disposition may constitute a “deliberate action” within the meaning of the Regulations that may require prompt remedial actions to prevent interest on the Bonds from being included in gross income for federal income tax purposes. The City shall promptly contact Bond Counsel if a sale or other disposition of Bond-financed property in a manner contrary to (a) above is considered by the City.

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

7.5. Final Maturity. The period between the date of Closing and the final maturity of the Bonds is not more than 10-1/2 years.

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

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

7.8. Permitted Changes; Opinion of Bond Counsel. Any restriction or covenant contained in this Section need not be observed, and any provision of this Section may be changed or amended, only if (in addition to any requirements for a particular change contained elsewhere in this Section) such nonobservance, change or amendment will not result in the loss of the exclusion from gross income for federal income tax purposes of interest on the Bonds or the inclusion of interest on the Bonds as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Code and the City receives an opinion of Bond Counsel to such effect. Unless the City otherwise directs, such opinion shall be in such form and contain such disclosures and disclaimers as may be required so that such opinion will not be treated as a covered opinion for purposes of Treasury Department regulations governing practice before the IRS (Circular 230) 31 C.F.R. pt. 10.

7.9. Records Retention. The City agrees to keep and retain or cause to be kept and retained sufficient records to support the continued exclusion of the interest paid on the Bonds from federal income taxation, to demonstrate compliance with the covenants in this Ordinance and to show that all tax returns related to the Bonds submitted or required to be submitted to the IRS are correct and timely filed. Such records shall include, but are not limited to, basic records relating to the Bond transaction (including this Ordinance and the Bond Counsel opinion); documentation evidencing the expenditure of Bond

proceeds; documentation evidencing the use of Bond-financed property by public and private entities (*i.e.*, copies of leases; management contracts and research agreements); documentation evidencing all sources of payment or security for the Bonds; and documentation pertaining to any investment of Bond proceeds (including the information required under paragraphs 4.2 and 4.3 hereof and in particular information related to the purchase and sale of securities, SLGs subscriptions, yield calculations for each class of investments, actual investment income received from the investment of proceeds, guaranteed investment contracts and documentation of any bidding procedure related thereto and any fees paid for the acquisition or management of investments and any rebate calculations). Such records shall be kept for as long as the Bonds are outstanding, plus three (3) years after the later of the final payment date of the Bonds or the final payment date of any obligations or series of obligations issued to refund directly or indirectly all or any portion of the Bonds.

7.10. Post-Issuance Compliance Policy. The City acknowledges that the IRS encourages issuers of tax-exempt bonds to adopt written post-issuance compliance policies in addition to its bond documents, and provides certain potential benefits to issuers that do so. For example, issuers may receive more favorable terms on any voluntary settlement pursuant to the IRS' voluntary closing agreement program if an issuer has adopted written procedures that, at a minimum, specify the official(s) with responsibility for monitoring compliance, a description of the training provided to such responsible official(s) with regard to monitoring compliance, the frequency of compliance checks (must be at least annual), the nature of the compliance activities required to be undertaken, the procedures used to timely identify and elevate the Ordinance of a violation when it occurs or is expected to occur, procedures for the retention of all records material to substantiate compliance with the applicable federal tax requirements, and an awareness of the availability of the IRS' voluntary closing agreement program and other remedial actions to resolve violations. Generally, a reference to reliance on the bond documents, without more, will not qualify as sufficient written procedures for these purposes.

The City has adopted written post-issuance compliance policies that meet the foregoing, which are contained in this Ordinance. The post-issuance compliance policies do not constitute part of this Section, and the City may modify or eliminate any post-issuance compliance policies without the consent of the holders of the Bonds and without regard to paragraph 7.8.

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

7.12. Expectations. The Council has reviewed the facts, estimates and circumstances in existence on the date of issuance of the Bonds. On the basis of the facts and estimates contained herein, the City has adopted the expectations contained herein. Such expectations are reasonable and there are no other facts, estimates and circumstances that would materially change such expectations.

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

The Council hereby authorize the officials of the City responsible for issuing the Bonds, the same being the Mayor, the City Clerk and the Treasurer, to make such further covenants and certifications as may be necessary to assure that the use thereof will not cause the Bonds to be arbitrage bonds and to assure that the interest on the Bonds will be exempt from federal income taxation. In connection therewith, the Council further agree: (a) through their officers, to make such further specific covenants, representations as shall be truthful, and assurances as may be necessary or advisable; (b) to consult with counsel approving the Bonds and to comply with such advice as may be given; (c) to pay to the United States, as necessary, such sums of money representing required rebates of excess arbitrage profits relating to the Bonds; (d) to file such forms, statements, and supporting documents as may be required and in a timely manner; and (e) if deemed necessary or advisable by their officers, to employ and pay fiscal agents, financial advisors, attorneys, and other persons to assist the City in such compliance.

Section 22. List of Bondholders. The Bond Registrar shall maintain a list of the names and addresses of the holders of all Bonds and upon any transfer shall add the name and address of the new Bondholder and eliminate the name and address of the transferor Bondholder.

Section 23. Duties of Bond Registrar. If requested by the Bond Registrar, the Mayor and City Clerk are authorized to execute the Bond Registrar's standard form of agreement between the City and the Bond Registrar with respect to the obligations and duties of the Bond Registrar hereunder which may include the following:

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

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

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

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

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

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

Section 24. Provisions a Contract. The provisions of this Ordinance shall constitute a contract between the City and the owners of the outstanding Bonds. All covenants relating to the Bonds and the conditions and obligations imposed by Section 15 of the Debt Reform Act are enforceable by any holder of the Bonds affected, any taxpayer of the City and the People of the State of Illinois acting through the Attorney General or any designee.

Section 25. Continuing Disclosure Undertaking. The Mayor or the Treasurer is hereby authorized, empowered and directed to execute and deliver a Continuing Disclosure Undertaking (the "*Continuing Disclosure Undertaking*") in connection with the issuance of the Bonds, with such provisions therein as he or she shall approve, his or her execution thereof to constitute conclusive evidence of his or her approval of such provisions. When the Continuing Disclosure Undertaking is executed and delivered on behalf of the City as herein provided, the Continuing Disclosure Undertaking will be binding on the City and the officers, employees and agents of the City, and the officers, employees and agents of the City are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Continuing Disclosure Undertaking as executed. Notwithstanding any other provision of this Ordinance, the sole remedies for failure to comply with the Continuing Disclosure Undertaking shall be the ability of the beneficial owner of any

Bond to seek mandamus or specific performance by court order, to cause the City to comply with its obligations under the Continuing Disclosure Undertaking.

Section 26. Defeasance. Bonds which are no longer Outstanding Bonds shall cease to have any lien on or right to receive or be paid from the Pledged Revenues, and shall no longer have the benefits of any covenant for the registered owners of Outstanding Bonds as such relates to the lien on and security for the Bonds in the Pledged Revenues.

Section 27. Record-Keeping Policy and Post-Issuance Compliance Matters. It is necessary and in the best interest of the City to maintain sufficient records to demonstrate compliance with its covenants and expectations to ensure the appropriate federal tax status for the Bonds or other bonds or debt obligations of the City (each a “*Tax-Exempt Obligation*” and, collectively, the “*Tax-Exempt Obligations*”), certain of which the interest on which is excludable from “gross income” for federal income tax purposes. Further, it is necessary and in the best interest of the City that (i) the Council adopt policies with respect to record-keeping and (ii) the Compliance Officer (as hereinafter defined) shall at least annually review the City’s Contracts (as hereinafter defined) to determine whether the Tax-Exempt Obligations comply with the federal tax requirements applicable to each issue of the Tax-Exempt Obligations.

(a) *Compliance Officer Is Responsible for Records.* The Treasurer is hereby designated as the keeper of all records of the City with respect to each issue of the Tax-Exempt Obligations, and such officer shall report to the Council at least annually that he/she has all of the required records in his/her possession, or is taking appropriate action to obtain or recover such records.

(b) *Closing Transcripts.* For each issue of Tax-Exempt Obligations, the Compliance Officer shall receive, and shall keep and maintain, a true, correct and complete counterpart of each and every document and agreement delivered in connection with the issuance of the Tax-Exempt Obligations, including without limitation (i) the proceedings of the City authorizing the Tax-Exempt Obligations, (ii) any offering document with respect to the offer and sale of the Tax-Exempt Obligations, (iii) any legal opinions with respect to the Tax-Exempt Obligations delivered by any lawyers, and (iv) all written representations of any person delivered in connection with the issuance and initial sale of the Tax-Exempt Obligations.

(c) *Arbitrage Rebate Liability.* The Compliance Officer shall review the agreements of the City with respect to each issue of Tax-Exempt Obligations and shall prepare a report for the Council stating whether or not the City has any rebate liability to the U.S. Treasury, and setting forth any applicable exemptions that each issue of Tax-Exempt Obligations may have from rebate liability. Such report shall be updated annually and delivered to the Council.

(d) *Recommended Records.* The Compliance Officer shall review the records related to each issue of Tax-Exempt Obligations and shall determine what requirements the City must meet in order to maintain the tax-exemption of interest paid on the Tax-Exempt Obligations. The Compliance Officer shall then prepare a list of the contracts, requisitions, invoices, receipts and other information that may be needed in order to establish that the interest paid on the Tax-Exempt Obligations is entitled to be excluded from "gross income" for federal income tax purposes. Notwithstanding any other policy of the City, such retained records shall be kept for as long as the Tax-Exempt Obligations relating to such records (and any obligations issued to refund the Tax-Exempt Obligations) are outstanding, plus three years, and shall at least include:

(i) complete copies of the bond transcripts delivered when any issue of Tax-Exempt Obligations is initially issued and sold;

(ii) copies of account statements showing the disbursements of all bond proceeds for their intended purposes;

(iii) copies of account statements showing all investment activity of any and all accounts in which the proceeds of any issue of Tax-Exempt Obligations has been held;

(iv) copies of all bid requests and bid responses used in the acquisition of any special investments used for the proceeds of any issue of Tax-Exempt Obligations, including any swaps, swaptions, or other financial derivatives entered into in order to establish that such instruments were purchased at *fair market value*;

(v) copies of any subscriptions to the U.S. Treasury for the purchase of State and Local Government Series (SLGS) obligations;

(vi) any calculations of liability for *arbitrage rebate* that is or may become due with respect to any issue of Tax-Exempt Obligations, and any calculations prepared to show that no arbitrage rebate is due, together, if applicable, with account statements or cancelled checks showing the payment of any rebate amounts to the U.S. Treasury together with any applicable IRS Form 8038-T; and

(vii) copies of all contracts and agreements of the City, including any leases (the "*Contracts*"), with respect to the use of any property owned by the

City and acquired or financed with the proceeds of the Tax-Exempt Obligations, any part of which property is used by a private person at any time when such Tax-Exempt Obligations are or have been outstanding.

(e) *IRS Examination.* In the event the IRS commences an examination of any issue of Tax-Exempt Obligations, the Compliance Officer shall inform the Council of such event, and is authorized to respond to inquiries of the IRS, and to hire outside, independent professional counsel to assist in the response to the examination.

(f) *Annual Review.* The Compliance Officer shall conduct an annual review of the Contracts and other records to determine for each issue of Tax-Exempt Obligations then outstanding whether each such issue complies with the federal tax requirements applicable to such issue, including restrictions on private business use, private payments and private loans. The Compliance Officer is expressly authorized, without further official action of the Council, to hire outside, independent professional counsel to assist in such review. To the extent that any violations or potential violations of federal tax requirements are discovered incidental to such review, the Compliance Officer may make recommendations or take such actions as the Compliance Officer shall reasonably deem necessary to assure the timely correction of such violations or potential violations through remedial actions described in the United States Treasury Regulations, or the Tax Exempt Bonds Voluntary Closing Agreement Program described in Treasury Notice 2009-31 or similar program instituted by the IRS.

(g) *Amendment and Waiver.* The City may amend this Section and any provision of this Section may be waived, without the consent of the holders of any Tax-Exempt Obligations and as authorized by passage of an ordinance by the Council.

Section 28. Severability. 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.

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Section 29. Repeal. All ordinances, ordinances or parts thereof in conflict herewith be and the same are hereby repealed and this Ordinance shall be in full force and effect forthwith upon its adoption.

Adopted August 18, 2014.

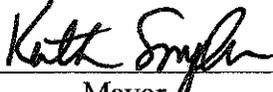
AYES: Cooper, Anderson, Horn, Bauer, O'Donohue, Tibbs, Hoinacki and Neitzel

NAYS: None

ABSENT: None

ABSTENTION: Anderson

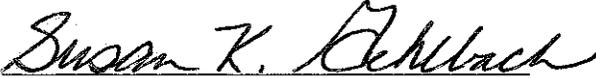
Approved August 18, 2014.



Mayor

Recorded in the City Records on August 18, 2014.

Attest:



City Clerk

Alderman Bauer moved and Alderman Cooper

seconded the motion that said ordinance as presented be adopted.

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

Upon roll call, the following Aldermen voted AYE: Cooper, ~~Anderson~~, Horn, Bauer, O'Donohue, Tibbs, Hoinacki and Neitzel and NAY: None

ABSTENTION: Anderson

Whereupon the Mayor declared the motion carried and said ordinance adopted, approved and signed the same in open meeting and directed that the same be recorded in full in the records of the Council of the City of Lincoln, Logan County, Illinois, which was done.

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

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

Susan K. Gehlback
City Clerk

STATE OF ILLINOIS)
) SS
COUNTY OF LOGAN)

CERTIFICATION OF MINUTES

I, the undersigned, do hereby certify that I am the duly qualified and acting City Clerk of the City of Lincoln, Logan County, Illinois (the "City"), and as such official am one of the keepers of the records and files of the City Council of the City (the "Council").

I further certify that the foregoing is a full, true and complete transcript of that portion of the minutes of the meeting of the Council held on the 18th day of August, 2014, insofar as the same relates to the adoption of Ordinance No. 2014-818 entitled:

AN ORDINANCE authorizing and providing for the issue of \$2,285,000 General Obligation Bonds (Alternate Revenue Source), Series 2014, of the City of Lincoln, Logan County, Illinois, for the purpose of improving streets, curbs and sidewalks and rehabilitating, reconstructing or repairing or remodeling existing public or private buildings within the Central Business Tax Increment Financing District of the City, the pledge of certain revenues to the payment of principal and interest on the bonds and the levy of a direct annual tax to pay such principal and interest if the pledged revenues are insufficient to make such payment.

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

I do further certify that the deliberations of the Council on the adoption of said ordinance were conducted openly, that the vote on the adoption of said ordinance was taken openly, that said meeting was called and held at a specified time and place convenient to the public, that notice of said meeting was duly given to all of the news media requesting such notice, that an agenda for said meeting was posted at the location where said meeting was held and at the principal office of the Council at least 72 hours in advance of the holding of said meeting, that at least one copy of said agenda was continuously available for public review during the entire 72-hour period preceding said meeting, that a true, correct and complete copy of said agenda as so posted is attached hereto as *Exhibit A*, that said meeting was called and held in strict compliance with the provisions of the Open Meetings Act of the State of Illinois, as amended, and with the provisions of the Illinois Municipal Code, as amended, and that the Council has complied with all of the provisions of said Act and said Code and with all of the procedural rules of the Council.

IN WITNESS WHEREOF, I hereunto affix my official signature and seal of said City, this
18th day of August, 2014.

Susan K. Gehlback
City Clerk

[SEAL]