

ORDINANCE NO. 15-02

AN ORDINANCE AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION REFUNDING BONDS (ALTERNATE REVENUE SOURCE), SERIES 2015, OF THE CITY OF NEWTON, JASPER COUNTY, ILLINOIS, PROVIDING THE DETAILS OF SUCH BONDS AND FOR AN ALTERNATE REVENUE SOURCE AND THE LEVY OF DIRECT ANNUAL TAXES SUFFICIENT TO PAY THE PRINCIPAL OF AND INTEREST ON SUCH BONDS, AND RELATED MATTERS

WHEREAS, the City of Newton, Jasper County, Illinois (the **“Issuer”**), is a non-home rule municipality duly established and operating in accordance with the provisions of the Illinois Municipal Code (Section 5/1-1-1 *et seq.* of Chapter 65 of the Illinois Compiled Statutes, including particularly Division 94 (65 ILCS 5/11-94-1 *et seq.*)), as supplemented and amended (the **“Enterprise Revenue Act”**), and has the authority to impose fees and charges related to its aquatic facilities (the **“Enterprise Revenues”**), and is entitled to receive a certain distributive revenue share of receipts from (i) State of Illinois income taxes (such distributive share referred to herein as the **“Revenue Sharing Receipts”**) imposed by the Illinois Income Tax Act and distributed pursuant to the State Revenue Sharing Act and (ii) the Retailer’s Occupation Taxes, Service Occupation Taxes, Use Taxes and Service Use Taxes (collectively, **“Sales Taxes”**) distributed pursuant to applicable law ((i) and (ii) constituting **“Revenue Sources”**); and

WHEREAS, the Issuer’s City Council (the **“Corporate Authorities”**) has determined that it is advisable, necessary and in the best interests of the Issuer’s public health, safety and welfare: (i) to refinance the acquisition, construction and installation of a natatorium as an aquatic center (including engineering, design, electrical and mechanical work and land acquisition and rights in real estate and other related facilities, improvements and costs, (collectively, the **“Prior Project”**) by refunding (the **“Refunding”**) all or part of the outstanding General Obligation Aquatic Facility Bonds (Alternate Revenue Source), Series 2008 (the **“Prior Bonds”**), issued by the Issuer under Ordinance No. 08-12, adopted May 20, 2008 (the **“Prior Bond Ordinance”**); and (ii) to pay issuance costs; and

WHEREAS, the Refunding is to be effected by direct payments or deposits (a **“Refunding Deposit”**) or funding with an applicable escrow, deposit or other refunding agent (as applicable, the **“Refunding Agent”**) through an escrow, deposit or other refunding account (as applicable, the **“Refunding Account”**) with cash and/or certain investment securities (the **“Investment Securities”**) under an escrow, deposit or refunding agreement (as applicable, the **“Refunding Agreement”**) to apply for such purpose; and

WHEREAS, the total estimated cost of the Refunding, including related issuance costs and other expenses, is to be paid in whole or in part from proceeds of the hereinafter described alternate bonds, being general obligation in lieu of revenue bonds as authorized by Section 15 of the Local Government Debt Reform Act (Section 350/15 of Chapter 30 of the

Illinois Compiled Statutes), but nevertheless expected to be paid from certain receipts of Revenue Sources, as further provided in this ordinance, rather than by any levy of taxes, and any balance from other funds legally available for such purpose; and

WHEREAS, the estimated cost to provide for the Refunding, and related legal, financial, bond discount, printing and publication costs, and other expenses preliminary to and in connection with the Refunding is anticipated not to exceed the amount presently anticipated and planned to be paid from proceeds of the hereinafter described Bonds, together with prior debt service funds; and

WHEREAS, the Issuer has insufficient funds for the Refunding, and pursuant to and in accordance with the provisions of Section 15 of the Local Government Debt Reform Act (Section 350/15 of Chapter 30 of the Illinois Compiled Statutes), as supplemented and amended, and this ordinance, the Issuer is authorized to issue its General Obligation Refunding Bonds (Alternate Revenue Source), Series 2015 (the **“Bonds”**), up to the aggregate principal amount of \$1,500,000, for the purpose of providing funds to pay all or a portion of the costs of the Refunding; and

WHEREAS, the Issuer anticipates receiving a Bond purchase proposal (which when fully executed or closed upon is to constitute the **“Purchase Agreement”**) from Bernardi Securities, Inc., Chicago, Illinois (the **“Purchaser”**), pursuant to which the Purchaser offers to purchase the Bonds at the price and bearing interest at the rates authorized in this ordinance and as described in the Official Statement (in preliminary form, when completed to constitute the final **“Official Statement”**) related to the Bonds, and the Issuer will execute a related Continuing Disclosure Certificate and Agreement (a **“Disclosure Agreement”**) under Rule 15c2-12 of the Securities and Exchange Commission (**“Rule 15c2-12”**); and

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

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

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

“**Act**” means, collectively, the Local Government Debt Reform Act (Section 350/1 *et seq.* of Chapter 30 (and particularly Section 350/15 thereof) of the Illinois Compiled Statutes, as supplemented and amended, and the Illinois Municipal Code (Section 5/1-1-1 *et seq.* of Chapter 65 of the Illinois Compiled Statutes), as supplemented and amended, including, without limitation, by the Registered Bond Act, the Illinois Bond Replacement Act, and the Bond Authorization Act.

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

“**Arbitrage Regulation Agreement**” means the Issuer’s Arbitrage Regulation Agreement in connection with, among other things, arbitrage rebate and yield reduction payments in connection with the Bonds.

“**Bona fide debt service fund**” means a fund or account that: (1) is used primarily to achieve a proper matching of revenues with principal and interest payments within each bond year; and (2) is depleted at least once each bond year, except for a reasonable carryover amount not to exceed the greater of: (i) the earnings on the fund for the immediately preceding bond year; or (ii) one-twelfth of the principal and interest payments on the issue for the immediately preceding Bond Year.

“Bond” or **“Bonds”** means the Issuer’s General Obligation Refunding Bonds (Alternate Revenue Source), Series 2015, authorized to be issued by this ordinance, in an aggregate principal amount not to exceed \$1,500,000.

“Bond Order” means a Bond Order, if any, as described in Section 3(a).

“Bond Year” means, subject to such elections as the Issuer may make, each annual period of November 2 in a calendar year to and including November 1 in the next calendar year.

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

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

“Debt Service Account” means the applicable Debt Service Account for the Bonds.

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

“Enterprise Revenue Act” means the provisions of Division 94 of Article 11 of the Illinois Municipal Code, as supplemented and amended (Section 5/11-94-1 *et seq.* of Chapter 65 of the Illinois Compiled Statutes).

“Enterprise Revenues” means all income from whatever source derived from the Aquatic Center, including: (i) investment income; (ii) connection, permit and inspection fees and the like; and (iii) penalties and delinquency charges, but excluding expressly (a) nonrecurring income from the sale of property of the Aquatic Center; (b) governmental or other grants; (c) advances or grants made to or from the Issuer; (d) capital development, reimbursement, or recovery charges and the like; (e) annexation or preannexation charges; and (f) as otherwise determined in accordance with generally accepted accounting principles for local government funds.

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

“Fund” means the Aquatic Center Fund.

“Insurer” shall have the meaning in Section 3(a).

“Issuer” means the City of Newton, Jasper County, Illinois.

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

“Maximum Annual Debt Service”, when used with reference to Senior Bonds, Junior Bonds, Parity Bonds or Additional Bonds, respectively, means an amount of money equal to the highest future principal and interest requirement of all such bonds Outstanding, as applicable, required to be deposited into a Senior Bond and Interest Account or a Junior Bond and Interest Account, as applicable, maintained in and by this Ordinance, or payable from Revenue Sharing Receipts, in any Fiscal Year, including and subsequent to the Fiscal Year in which the computation is made.

“Net Revenues” means the Enterprise Revenues minus Operation and Maintenance Expenses.

“Official Statement” means the Issuer’s Official Statement in connection with the offering and sale of the Bonds.

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

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

“Parity Bonds” means bonds or any other obligations to be issued subsequent in time to the Bonds and which will share ratably and equally in the Pledged Revenues with either the Senior Bonds or the Junior Bonds, as set forth and provided for with respect to such Parity Bonds.

“Pledged Revenues” means, collectively, Net Revenues constituting the Enterprise Revenues of the Aquatic Center, Sales Taxes and Revenue Sharing Receipts constituting Revenue Sources.

“Pledged Taxes” means the ad valorem taxes levied in Section 9 against all taxable property in the corporate limits of the Issuer without limitation as to rate or amount, pledged hereunder by the Issuer for the Bonds.

“Policy” shall have the meaning in Section 3(a).

“Prior Bonds” shall have the meaning set forth in the recitals in the preamble to this ordinance.

“Prior Bond Ordinance” shall have the meaning set forth in the recitals in the preamble to this ordinance.

“Prior Project” shall have the meaning set forth in the recitals in the preamble to this ordinance.

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

“Qualified Investments” means legal investments of the Issuer under the laws of the State of Illinois.

“Refunding” shall have the meaning set forth in the recitals in the preamble to this ordinance.

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

“Revenue Source” shall have the meaning set forth in the recitals in the preamble to this ordinance.

“Revenue Source Act” means applicable laws in connection with the imposition and disposition of the Revenue Sources.

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

“Sales Taxes” shall have the meaning set forth in the recitals in the preamble to this ordinance.

“Senior Bonds” means any Outstanding bond or Outstanding bonds to which the Bonds hereunder are junior and subordinate, if any, payable from the Senior Bond and Interest Account of the Fund created, or continued under Section 11 of this Ordinance, and includes expressly the Bonds.

“Term Bonds” means, if any, as set forth herein or in a Bond Order, one or more maturities of the Bonds specified as Term Bonds.

“Underwriter” means Bernardi Securities, Inc., Chicago, Illinois, the underwriter in connection with the Bonds.

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

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

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

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

Section 3. Authorization and Terms of Bonds. To meet all or a part of the estimated cost of the Project and the Refunding, there is hereby allocated the sum of up to \$1,500,000, to be derived from the proceeds of the Bonds. For the purpose of financing such allocation, the Bonds of the Issuer shall be issued and sold up to the aggregate principal amount set forth above, shall each be designated **“General Obligation Refunding Bond (Alternate Revenue Source), Series 2015”**, and shall be issuable in the denomination of \$5,000 each or any authorized integral multiple thereof.

(a) **General Terms.** The Bonds shall be numbered consecutively from 1 upwards in order of their issuance and may bear such identifying numbers or letters as shall be useful to facilitate the registration, transfer and exchange of the Bonds. As determined in an order to authenticate the Bonds, the Bonds shall be dated as of or before the date or dates of the issuance and sale thereof and acceptable to the Underwriter). The Bonds are hereby authorized to bear interest at the rates percent per annum not to exceed 5.00% and shall mature or otherwise come due, including, as applicable, pursuant to mandatory sinking fund redemption as Term Bonds, in the principal amount in each year commencing not before 2015 and ending not later than 2027, all as specified in a Bond Order.

Each Bond shall bear interest from its date, or from the most recent interest payment date to which interest has been paid, computed on the basis of a 360-day year consisting of twelve 30-day months, and payable in lawful money of the United States of America semiannually on each May 1 and November 1, commencing on or after November 1, 2015, at the rates percent per annum herein authorized. The Bonds shall bear interest at such rates and mature or otherwise come due in the principal amount in each year, but not exceeding \$1,500,000 in the aggregate, if different than as set forth above, and have such other and further

terms and provisions as set forth in a Bond Order, and not otherwise. For purposes of the foregoing and otherwise in this ordinance, the term “**Bond Order**” shall mean one or more certificates signed by the Mayor, and attested by the City Clerk and under the seal of the Issuer, setting forth and specifying terms and details of the Bonds, including, but not limited to, final interest rates, sale/purchase price, reoffering premium, original issue discount (“**OID**”), optional and mandatory call provisions, conditional call provisions, final maturity schedule, payment dates, Pledged Revenues, Junior or Senior Bond status, and identification of the issuer (the “**Insurer**”) of a bond insurance policy or other credit facility (the “**Policy**”) securing payment of debt service on the Bonds, pursuant to this ordinance. The Bond form shall be conformed to any Bond Order. The principal of and premium, if any, on the Bonds shall be payable in lawful money of the United States of America upon presentation and surrender thereof at the designated payment office of the financial institution designated in this ordinance to act as the Paying Agent for the Bonds (including its successors, the “**Paying Agent**”). Interest on the Bonds shall be payable on each interest payment date to the registered owners of record appearing on the registration books maintained by the financial institution designated in this ordinance to act as the Bond Registrar on behalf of the Issuer for such purpose (including its successors, the “**Bond Registrar**”), at the designated corporate trust office of the Bond Registrar as of the close of business on the fifteenth (15th) day (whether or not a business day) of the calendar month next preceding the applicable interest payment date. Interest on the Bonds shall be paid by check or draft on Issuer funds mailed by the Paying Agent to such registered owners at their addresses appearing on the registration books.

(b) **Redemption.** The Bonds shall be subject to redemption, as follows:

(i) **Optional Redemption.** Bonds maturing on and after November 1 of the year specified in a Bond Order, shall be subject to optional redemption in whole or in part on any date on and after November 1 of the year specified in a Bond Order, at the option of the Issuer, in any order of maturity specified by the Issuer (but in inverse order if none is specified), at a redemption price equal to the principal amount to be redeemed, plus accrued interest to the redemption date, and otherwise shall not be subject to optional redemption.

(ii) **Sinking Fund Redemption.** This paragraph (ii) shall apply only to the extent Section 8 below or a Bond Order shall specify any Term Bonds, and otherwise shall not apply. Bonds specified as Term Bonds (the “**Term Bonds**”), if any, are subject to mandatory sinking fund redemption in the principal amount on December 1 of each of the years so specified, but corresponding to the principal maturities specified above in Section 3(a) or a Bond Order.

At its option before the 45th day (or such lesser time acceptable to the Bond Registrar) next preceding any mandatory sinking fund redemption date in connection with Term Bonds the Issuer by furnishing the Bond Registrar and the Paying Agent an appropriate certificate of direction and authorization executed by the Mayor may: (i) deliver to the Bond Registrar for cancellation Term Bonds in any authorized aggregate principal amount desired; or (ii) furnish the Paying Agent funds for the purpose of purchasing any of such Term Bonds as arranged by the Issuer; or (iii) receive a credit (not previously given) with respect to the mandatory sinking fund redemption obligation for such Term Bonds which prior to such date have been redeemed and cancelled. Each such Bond so delivered, previously purchased or

redeemed shall be credited at 100% of the principal amount thereof, and any excess shall be credited with regard to future mandatory sinking fund redemption obligations for such Bonds in chronological order, and the principal amount of Bonds to be so redeemed as provided shall be accordingly reduced. In the event Bonds being so redeemed are in a denomination greater than \$5,000, a portion of such Bonds may be so redeemed, but such portion shall be in the principal amount of \$5,000 or any authorized integral multiple thereof.

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

The Issuer shall deposit with the Paying Agent an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on the redemption date, together with interest to such redemption date, prior to giving any notice of redemption. With notice at least forty-five (45) days before the redemption date (or lesser notice acceptable to the Bond Registrar, and with no such notice being required under (ii) above) to the Bond Registrar by the Issuer, notice of the redemption of Bonds shall be given by first class mail not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for such redemption to the registered owners of Bonds to be redeemed at their last addresses appearing on such registration books. The Bonds or portions thereof specified in such notice shall become due and payable at the applicable redemption price on the redemption date therein designated, together with interest to the redemption date. If there shall be drawn for redemption less than all of a Bond, the Issuer shall execute and the Bond Registrar shall authenticate and deliver, upon the surrender of such Bond, without charge to the registered owner thereof, for the unredeemed balance of the Bond so surrendered, Bonds of like maturity and of the denomination of \$5,000 or any authorized integral multiple thereof.

All notices of redemption shall include at least the information as follows: **(1)** the redemption date; **(2)** the redemption price; **(3)** if less than all of the Bonds of a given maturity are to be redeemed, the identification and, in the case of partial redemption of the Bonds, the respective principal amounts of the Bonds to be redeemed; **(4)** a statement that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption and that interest thereon shall cease to accrue from such date; and **(5)** the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the designated office of the Paying Agent.

Notice of redemption having been so given, 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 such Bonds or portions of Bonds shall cease to bear interest. Neither the failure to mail such redemption notice nor any defect in any notice so mailed to any particular registered owner of a Bond shall affect the sufficiency of such notice

with respect to other registered owners. Notice having been properly given, failure of a registered owner of a Bond to receive such notice shall not be deemed to invalidate, limit or delay the effect of the notice or the redemption action described in the notice. Such notice may be waived in writing by a registered owner of a Bond, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice shall be filed, if at all, with the Bond Registrar, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver. Upon surrender of such Bonds for redemption in accordance with such notice, such Bonds shall be paid by the Paying Agent at the redemption price. Interest due on or prior to the redemption date shall be payable as herein provided for payment of interest.

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

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

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

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

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

In case any officer whose signature, or a facsimile of whose signature, shall appear on any Bond shall cease to hold such office before the issuance of such Bond, such Bond shall nevertheless be valid and sufficient for all purposes, the same as if the person whose signature, or a facsimile thereof, appears on such Bond had not ceased to hold such office. Any Bond may be signed, sealed or attested on behalf of the Issuer by any person who, on the date of

such act, shall hold the proper office, notwithstanding that at the date of such Bond such person may not hold such office. No recourse shall be had for the payment of any Bonds against the Mayor or any member of the City Council or any officer or employee of the Issuer (past, present or future) who executes the Bonds, or on any other basis.

Each Bond shall bear thereon a certificate of authentication executed manually by the Bond Registrar. No Bond shall be entitled to any right or benefit under this ordinance or shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Bond Registrar. Such certificate of authentication shall have been duly executed by the Bond Registrar by manual signature, and such certificate of authentication upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this ordinance. The certificate of authentication on any Bond shall be deemed to have been executed by the Bond Registrar if signed by an authorized officer of 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 and Book-Entry. The Bonds shall be negotiable, subject to the provisions for registration of transfer contained herein and related to book-entry only registration.

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

Upon surrender for transfer of any Bond at the principal corporate trust office of the Bond Registrar, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Bond Registrar and duly executed by the registered owner or such owner’s attorney duly authorized in writing, the Issuer shall execute and the Bond Registrar shall authenticate, date and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of the same series and maturity of authorized denominations, for a like aggregate principal amount. Any fully registered Bond or Bonds may be exchanged at the office of the Bond Registrar for a like aggregate principal amount of Bond or Bonds of the same series and maturity of other authorized denominations. The execution by the Issuer of any fully registered Bond shall constitute full and due authorization of such Bond, and the Bond Registrar shall thereby be authorized to authenticate, date and deliver such Bond.

The 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, premium (if any) or interest on any Bond shall be made only to or upon the order of the registered owner thereof or such registered owner’s legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

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

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

(b) **Book-Entry-Only Provisions.** Unless otherwise set forth in a Bond Order, the Bonds shall be issued in the form of a separate single fully registered Bond for each of the maturities of the Bonds. Upon initial issuance, the ownership of each such Bond shall be registered in the Bond Register therefor in a street name (initially “**Cede & Co.**”) of a securities depository (the “**Depository**”), initially The Depository Trust Company, New York, New York (“**DTC**”), or any successor thereto, as nominee of the Depository. The outstanding Bonds from time to time shall be registered in the Bond Register in a street name, as nominee of the Depository. The Mayor or City Treasurer is authorized to execute and deliver on behalf of the Issuer such letters to or agreements with the Depository as shall be necessary to effectuate such book-entry system (any such letter or agreement being referred to herein as the “**Representation Letter**”). Without limiting the generality of the authority given to the Mayor with respect to entering into such Representation Letter, it may contain provisions relating to (a) payment procedures, (b) transfers of the Bonds or of beneficial interest therein, (c) redemption notices and procedures unique to the Depository, (d) additional notices or communications, and (e) amendment from time to time to conform with changing customs and practices with respect to securities industry transfer and payment practices.

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

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

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

(c) **Limit.** The Bond Registrar shall not be required to exchange or transfer any Bond during the period from the fifteenth (15th) day of the calendar month next preceding any interest payment date to such interest payment date or during the period of fifteen (15) days next preceding the mailing of a notice of redemption which could designate all or a part of such Bond for redemption, or after such mailing.

Section 6. Bond Registrar and Paying Agent. With respect to this ordinance and the Bonds the Bond Registrar and Paying Agent each shall be as specified in an applicable Bond Order. The Issuer covenants that it shall at all times retain a Bond Registrar and Paying Agent with respect to the Bonds and shall cause to be maintained at the office of such Bond Registrar a place where Bonds may be presented for registration of transfer or exchange, that it will maintain at the designated payment office of the Paying Agent a place where Bonds may be presented for payment, that it shall require that the Bond Registrar maintain proper registration books and that it shall require the Bond Registrar and Paying Agent to perform the other duties and obligations imposed upon each of them by this ordinance in a manner consistent with the standards, customs and practices concerning municipal securities. The Issuer may enter into

appropriate agreements with any Bond Registrar and any Paying Agent in connection with the foregoing, including as follows:

- (a) to act as Bond Registrar, authenticating agent, Paying Agent and transfer agent as provided herein;
- (b) to maintain a list of the registered owners of the Bonds as set forth herein and to furnish such list to the Issuer upon request, but otherwise to keep such list confidential;
- (c) to cancel and/or destroy Bonds which have been paid at maturity or submitted for exchange or transfer;
- (d) to give notices of redemption of Bonds to be redeemed;
- (e) to furnish the Issuer at least annually a certificate with respect to Bonds cancelled and/or destroyed; and
- (f) to furnish the Issuer at least annually an audit confirmation of Bonds paid, Bonds outstanding and payments made with respect to interest on the Bonds.

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

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

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

Section 7. Alternate Bonds; General Obligations. The Bonds are and constitute Alternate Bonds under the Local Government Debt Reform Act, anticipated to be payable from Pledged Revenues and from Pledged Taxes. Under and pursuant to Section 15 of

the Local Government Debt Reform Act, the full faith and credit of the Issuer are hereby irrevocably pledged to the punctual payment of the principal of, premium, if any, and interest on the Bonds; the Bonds shall be direct and general obligations of the Issuer; and the Issuer shall be obligated to levy ad valorem taxes upon all the taxable property within the Issuer's corporate limits, for the payment of the Bonds and the interest thereon, without limitation as to rate or amount (such ad valorem taxes being the **"Pledged Taxes"**).

Pledged Revenues are hereby determined by the Corporate Authorities to be sufficient to provide for or pay in each year to final maturity of the Bonds all of the following: (1) the debt service on all Outstanding revenue bonds payable from Pledged Revenues, (2) Operation and Maintenance Expenses; (3) all amounts required to meet any fund or account requirements with respect to such Outstanding revenue bonds, (4) other contractual or tort liability obligations, if any, payable from such Pledged Revenues, and (5) in each year, an amount not less than 1.25 times debt service of all (i) Alternate Bonds payable from such Pledged Revenues previously issued and outstanding, and (ii) Alternate Bonds payable from such Pledged Revenues proposed to be issued, including the Bonds. The Pledged Revenues shall be and are hereby determined by the Corporate Authorities to provide in each year an amount not less than 1.25 times debt service (as defined in Section 2 of the Local Government Debt Reform Act) of Alternate Bonds payable from such enterprise sources previously issued and outstanding, of which there are none, and Alternate Bonds proposed to be issued. The determination of the sufficiency of the Pledged Revenues is expected to be supported by reference to the most recent audit of the Issuer, which is for a Fiscal Year ending not earlier than 18 months previous to the time of issuance of the Bonds or otherwise as demonstrated in an applicable report. If such qualification is not shown by such audit, a **"report"** under Section 15 of the Local Government Debt Reform Act is authorized. Such conditions enumerated need not be met for that amount of debt service (as defined in Section 2 of the Local Government Debt Reform Act) provided for by the setting aside of proceeds of bonds or other moneys at the time of the delivery of such bonds. The Pledged Revenues are hereby determined by the Corporate Authorities to provide in each year all amounts required to meet any fund or account requirements with respect to this ordinance, any contractual or tort liability obligations, if any, payable from Pledged Revenues, and an amount not less than 1.25 times debt service (as defined in Section 2 of the Local Government Debt Reform Act) of all of the Outstanding Bonds, payable from such Pledged Revenues.

Section 8. Form of Bonds. Unless Bonds in typewritten form are accepted or in any contract for the sale of the Bonds the purchaser or purchasers of the Bonds shall agree to accept typewritten or other temporary Bonds preliminary to the availability of, or in lieu of, Bonds in printed form, the Bonds shall be prepared in compliance with the National Standard Specifications for Fully Registered Municipal Securities prepared by the American National Standards Institute, and in any event shall be in substantially the following form [provided, however, that appropriate insertions, deletions and modifications in the form of the Bonds may be made, including as to the custom of printing Bonds in part on the front and back of certificates, and to conform to a Bond Order, in an appropriate form prepared by Bond counsel, not inconsistent herewith]:

REGISTERED NO. _____

REGISTERED \$ _____

:See Reverse Side for :
:Additional Provisions:

**UNITED STATES OF AMERICA
STATE OF ILLINOIS
THE COUNTY OF JASPER
CITY OF NEWTON
GENERAL OBLIGATION REFUNDING BOND
(ALTERNATE REVENUE SOURCE)
SERIES 2015**

INTEREST RATE: MATURITY DATE: DATED DATE: CUSIP:

Registered Owner:

Principal Amount:

KNOW ALL BY THESE PRESENTS that the City of Newton (the “**Issuer**”), a municipality situated in The County of Jasper, in the State of Illinois, acknowledges itself indebted and for value received hereby promises to pay to the Registered Owner identified above, or registered assigns, the Principal Amount set forth above on the Maturity Date specified above, and to pay interest on such Principal Amount from the later of the Dated Date hereof or the most recent interest payment date to which interest has been paid, at the Interest Rate per annum set forth above, computed on the basis of a 360-day year consisting of twelve 30-day months and payable in lawful money of the United States of America semiannually on the first (1st) days of May and November in each year, commencing _____ 1, 201__, until the Principal Amount hereof shall have been paid, by check or draft mailed to the Registered Owner of record hereof as of the fifteenth (15th) day (whether or not a business day) of the calendar month of such interest payment date, at the address of such Registered Owner appearing on the registration books maintained for such purpose at the designated corporate trust office of _____, in _____, _____, as Bond Registrar (including its successors, the “**Bond Registrar**”). This Bond, as to principal and premium, if any, when due, will be payable in lawful money of the United States of America upon presentation and surrender of this Bond at the designated payment office of _____, in _____, _____, as Paying Agent (including its successors, the “**Paying Agent**”). Although it is expected, and has been certified, that the Bonds are to be paid from the receipts derived by the Issuer from Pledged Revenues (as defined in the hereinafter defined Bond Ordinance) derived from the Issuer’s operation and maintenance of its municipally-owned aquatic center facilities (the “**Aquatic Center**”) and Sales Taxes and/or Revenue Sharing Receipts (as defined in the hereinafter defined Bond Ordinance), which Pledged Revenues are pledged to the payment thereof, the full faith and credit of the Issuer, including the power to levy taxes without limit as to rate or amount, are irrevocably pledged for the punctual payment of the principal of and interest on this Bond and each Bond of the series of which it is a part, according to the terms thereof.

[Insert and adapt, as applicable: Bonds maturing November 1, 20____ and 20____ are Term Bonds (the “**Term Bonds**”), subject to mandatory sinking fund redemption in the principal amount on November 1 of each of the years, as follows:

<u>Nov. 1, 20____</u>	<u>Term Bonds</u>	<u>Nov. 1, 20____</u>	<u>Term Bonds</u>
<u>Year</u>	<u>Principal Amount(\$)</u>	<u>Year</u>	<u>Principal Amount(\$)</u>

*To be paid at maturity unless previously retired.]

This Bond is one of a series of Bonds issued in the aggregate principal amount of \$_____, which are all of like tenor, except as to maturity, interest rate and right of redemption, and which are authorized and issued under and pursuant to the Constitution and laws of the State of Illinois, including Section 15 of the Local Government Debt Reform Act (Section 350/15 of Chapter 30 of the Illinois Compiled Statutes, in connection with “**alternate bonds**”, as supplemented and amended), including by the Registered Bond Act, the Illinois Bond Replacement Act, the Bond Authorization Act, and pursuant to and in accordance with Ordinance No. _____, adopted by the Issuer’s City Council on _____, 2015, and entitled: “AN ORDINANCE AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION REFUNDING BONDS (ALTERNATE REVENUE SOURCE), SERIES 2015, OF THE CITY OF NEWTON, JASPER COUNTY, ILLINOIS, PROVIDING THE DETAILS OF SUCH BONDS AND FOR AN ALTERNATE REVENUE SOURCE AND THE LEVY OF DIRECT ANNUAL TAXES SUFFICIENT TO PAY THE PRINCIPAL OF AND INTEREST ON SUCH BONDS, AND RELATED MATTERS” (with respect to which undefined terms herein shall have the meanings therein, the “**Bond Ordinance**”). The Bonds are issued to pay the costs of financing and refinancing the acquisition, construction and installation of a natatorium as an aquatic center, and related facilities, improvements and costs, and costs of issuance of the Bonds.

[Insert and adapt, as applicable: Bond maturing on and after November 1, 20____ shall be subject to optional redemption in whole or in part on any date on and after November 1, 20____, at the option of the Issuer, in any order of maturity specified by the Issuer (but in inverse order if none is specified), at a redemption price equal to the principal amount to be redeemed, plus accrued interest to the redemption date. OR: The Bonds are not subject to call for optional redemption.]

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

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

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

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

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

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

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

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

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

(SEAL)

CITY OF NEWTON,
Jasper County, Illinois

Attest:

City Clerk

Mayor

CERTIFICATE OF AUTHENTICATION

Dated: _____

This is one of the General Obligation Refunding Bonds (Alternate Revenue Source), Series 2015, described in the within mentioned Bond Ordinance.

_____,
_____, _____, as Bond Registrar

By: _____
Authorized Signer

**Bond Registrar
and Paying Agent:** _____
_____, _____

ASSIGNMENT

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

[Name, Address and Tax Identification Number of Assignee]
the within Bond and hereby irrevocably constitutes and appoints _____
_____ attorney to transfer the within Bond on the books kept for registration
thereof, with full power of substitution in the premises.

Dated _____

Signature

Signature Guarantee:

(Name of Eligible Guarantor Institution as defined
by SEC Rule 17 Ad-15 (17 CFR 240.1 Ad-15))

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

Section 9. Levy and Extension of Taxes. For the purpose of providing the money required to pay and secure the interest on the Bonds when and as the same falls due and to pay and discharge the principal thereof as the same shall mature, there is authorized to be levied upon all the taxable property within the Issuer's corporate limits in each year while any of the Bonds shall be Outstanding, direct annual taxes sufficient for that purpose and there is authorized to be levied upon all of the taxable property within the Issuer's corporate limits, in addition to all other taxes, the direct annual taxes, in the amounts for each levy year commencing not earlier than levy year 2015 and ending not later than levy year 2026, as shall be specified in a Bond Order (the "**Pledged Taxes**").

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

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

The Issuer covenants and agrees with the owners of the Bonds that so long as any of the Bonds remain Outstanding, the Issuer will not cause the abatement of the foregoing Pledged Taxes and otherwise will take no action or fail to take any action which in any way would adversely affect the ability of the Issuer to levy and collect the foregoing Pledged Taxes unless and to the extent there then shall be moneys irrevocably and timely on deposit therefor in the Pledged Subaccount or in the applicable Debt Service Account established under Section 11. The Issuer and its officers will comply with all present and future applicable laws in order to assure that the foregoing Pledged Taxes will be levied, extended and collected as provided herein and deposited in the applicable Debt Service Account established in Section 11 below to pay the principal of and interest on the Bonds. Whenever the conditions for abatement above in this paragraph have been satisfied, the Corporate Authorities shall duly direct the abatement of the Pledged Taxes for the year with respect to which such taxes have been levied, to the extent so satisfied, and appropriate certification of such abatement shall be timely filed with the County Clerks in connection with such abatement. If for any reason there is abatement of such levy of taxes and the failure thereafter to pay debt service in respect of such abatement, the additional amount, together with additional interest accruing, shall be added to the tax levy in the year of, or the next year following, such failure.

Section 10. Related Agreements. The Purchase Agreement, Disclosure Agreement and Arbitration Regulation Agreement, in substantially the forms thereof customary to these Bond transaction, shall be and are hereby authorized and approved.

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

All things done with respect to the Purchase Agreement, the Disclosure Agreement, the Arbitration Regulation Agreement and the Official Statement by the Issuer's Mayor, City Clerk, City Treasurer or City Attorney, in connection with the issuance and sale of the Bonds, shall be and are hereby in all respects ratified, confirmed and approved. The Mayor, City Clerk, City Treasurer, City Attorney and other officials of the Issuer are hereby authorized and directed to do and perform, or cause to be done or performed for or on behalf of the Issuer, each and every thing necessary for the issuance of the Bonds, including the proper execution, delivery and performance of the Purchase Agreement, and related instruments and certificates, by the Issuer and the purchase by and delivery of the Bonds to or at the direction of the Underwriter.

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

Section 11. Aquatic Center Fund. Upon the issuance of any of the Bonds, the Aquatic Center shall continue to be operated on a Fiscal Year basis. All of the Enterprise Revenues shall be set aside as collected and be deposited into a separate fund to be designated or continued, as the case may be, as the Aquatic Center Fund (the "**Fund**"). Such Fund shall constitute a trust fund for the purpose of carrying out the covenants, terms, and conditions of this Ordinance, and shall be used only in paying Operation and Maintenance Expenses, providing an adequate depreciation fund, paying the principal of and interest on all revenue bonds of the Issuer which by their terms are payable from the Enterprise Revenues derived from the Aquatic Center, and providing for the establishment of and expenditure from the respective accounts as described in this Ordinance.

In the Fund, there shall be and there are hereby created and established, or continued under the Prior Ordinance, as appropriate, the separate accounts known as the "**Operation and Maintenance Account**", the "**Senior Bond and Interest Account**", the "**Senior Bond Reserve Account**", the "**Junior Bond and Interest Account**", the "**Junior Bond Reserve Account**", the "**Depreciation Account**", and the "**Surplus Account**", to which there shall be credited on a given day of each month as selected by the Treasurer of the Issuer, without any further official action or direction, in the order in which such accounts are

hereinafter mentioned, **first**, from Enterprise Revenues, and, **second**, from Sales Taxes and/or Revenue Sharing Receipts constituting Revenue Sources, to the extent of any shortfall in the required deposits of Enterprise Revenues, to be held in such Fund, in accordance with the following provisions:

A. Operation and Maintenance Account

There shall be credited to the Operation and Maintenance Account an amount sufficient, when added to the amount then on deposit in such Account, to establish a balance to an amount not less than the amount necessary to pay Operation and Maintenance Expenses for the Aquatic Center for the then current month and up to the time of the next monthly accounting for moneys and crediting to accounts.

Amounts in such Account shall be used to pay such Operation and Maintenance Expenses.

B. Senior Bond and Interest Account

There next shall be credited to the Senior Bond and Interest Account and held, in cash and investments, a fractional amount (not less than $\frac{1}{6}$) of the interest becoming due on the next succeeding interest payment date on all Outstanding Senior Bonds, if any, payable from such Account and also a fractional amount (not less than $\frac{1}{12}$) of the principal becoming due or subject to mandatory redemption on the next succeeding principal maturity or mandatory redemption date of all of the Outstanding Senior Bonds, if any, payable from such Account until there shall have been accumulated and held, in cash and investments, in the Senior Bond and Interest Account in or before the month preceding such maturity date of interest or maturity or mandatory redemption date of principal, an amount sufficient to pay such principal or interest, or both.

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

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

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

All moneys in such Account shall be used only for the purpose of paying interest on and principal of such Outstanding Senior Bonds, if any.

C. Senior Bond Reserve Account

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

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

D. Junior Bond and Interest Account

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

E. Junior Bond Reserve Account

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

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

F. Depreciation Account

There shall be deposited in and credited to the Depreciation Account such amounts as the Corporate Authorities from time to time direct. No additional payments need be made to the Depreciation Account, except: (i) for such amount or amounts at such times as may be required in any applicable ordinance or ordinances by which Outstanding bonds payable from the Enterprise Revenues of the Aquatic Center are authorized and issued; or (ii) that when any money is paid out of such Account, monthly payments into such Account at a rate equal to 1/60th of the amount so withdrawn shall be continued until such Account has been restored to the previous amount, or any other applicable ordinance or ordinances by which any Outstanding bonds payable from the Enterprise Revenues of the Aquatic Center are authorized and issued.

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

G. Surplus Account

All moneys remaining in the Fund, after crediting the required amounts to the respective accounts hereinabove provided for, and after making up any deficiency in the accounts described in paragraphs A. through F., inclusive, shall be credited each month to the Surplus Account. Funds in the Surplus Account shall be used, first, to make up any subsequent deficiencies in any of the Accounts hereinabove named; and then, for the remainder of all surplus Enterprise Revenues, at the discretion of the Corporate Authorities, for one or more of the following purposes without any priority among them:

1. For the purpose of constructing or acquiring repairs, replacements, improvements or extensions to the Aquatic Center;
2. For making transfers to the Fund generally to be applied and treated as Enterprise Revenues when transferred, but only upon the following conditions: (a) the funds so transferred must have been derived from the credit balance of the Surplus Account as determined at the end of the preceding Fiscal Year and (b) the unencumbered balance of the Surplus Account

after making any such transfer shall not be less than one-half of Maximum Annual Debt Service on all Outstanding bonds payable from the Enterprise Revenues;

3. For the purpose of calling and redeeming Outstanding bonds payable from the Enterprise Revenues which are callable at the time;

4. For the purpose of purchasing Outstanding bonds payable from such Enterprise Revenues;

5. For the purpose of paying principal of and interest on any bonds or obligations subordinate to the Bonds which are issued for the purpose of acquiring or constructing repairs, replacements, improvements or extensions to the Aquatic Center; or

6. For any other lawful corporate purpose.

H. Investments

Except as otherwise expressly provided, moneys to the credit of the Fund may be invested in Qualified Investments.

Moneys to the credit of the Fund or any Account shall be invested from time to time by the Treasurer of the Issuer in (a) direct full faith and credit obligations of the United States of America, whether bonds, notes, bills or otherwise called (collectively referred to herein as “U.S. Bonds”); (b) certificates of participation in a trust or trust receipts from a trust comprised solely of U.S. Bonds; (c) shares in a money market or mutual fund comprised solely of U.S. Bonds or agreements to repurchase such obligations; (d) obligations unconditionally guaranteed as to both principal and interest by the United States Government; (e) obligations which are tax-exempt under Section 103(a) of the Code but are not private activity bonds under Section 141(a) of the Code, if rated at the time of purchase “AA” or better by a nationally recognized ratings service for municipal bonds; (f) the Public Treasurers’ Investment Pool of the State of Illinois; (g) certificates of deposit or time deposits of any bank, as defined by the Illinois Banking Act, provided such bank is insured by the Federal Deposit Insurance Corporation or a successor corporation to the Federal Deposit Insurance Corporation, and provided further that the principal of such deposits in excess of the insured amount is secured by a pledge of obligations as described in clauses (a), (b) or (d) above in the full principal amount of such excess. Such investments must also be legal and proper Qualified Investments. Such investments may be sold from time to time by the Treasurer of the Issuer as funds may be needed for the purpose for which said respective Accounts have been created. To the extent moneys in such Accounts as described in this paragraph are held uninvested and on deposit in demand accounts, such amounts shall be added to the amount invested pursuant to clause (g) above, and the sum so derived subject to the limitations as set forth therein.

Investments in the Accounts shall mature or be subject to redemption at the option of the holder thereof prior to the time when needed, and, in any event, within the times as follows:

<u>Account</u>	<u>Time</u>
Operation and Maintenance	45 days
Bond and Interest	1 year
Bond Reserve	5 years
Depreciation	5 years
Surplus	5 years

After making provision for the payment of any amount of excess arbitrage profits, as provided in the Code, attributable to investment earnings or profits to a Rebate Fund created for an issue or issues of Outstanding Bonds, all earnings or profit on any funds so invested in a Bond and Interest Account shall be retained therein. After making provision for the payment of any amount of excess arbitrage profits, if any, as provided in the Code, attributable to investment earnings or profits, by deposit into a Rebate Fund created for an issue or issues of Outstanding bonds, all earnings or profit on any funds so invested in a Bond Reserve Account shall be credited upon receipt to the corresponding Bond and Interest Account. The Issuer may take credit for such earnings or profits (not transferred to a Rebate Fund) in its final monthly accounting for a Bond and Interest Account in any Fiscal Year.

All interest or profit earned on any funds so invested in other Accounts shall be retained and credited to the Account for which invested.

Moneys in any of such accounts shall be invested by the Treasurer, if necessary, in investments restricted as to yield, which investments may be in United States Treasury Obligations-- State and Local Government Series, if available, and to such end the Treasurer shall refer to any investment restrictions covenanted by the Issuer or any officer thereof as part of the transcript of proceedings for the issuance of the Bonds, and to appropriate opinions of counsel.

I. Account Excesses

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

J. Bona Fide Debt Service Fund

Moneys preliminary to deposit in subsection D. above for the Bonds and used to abate taxes under Section 15 below, which if deposited into the Senior Bond and Interest Account would disqualify the Senior Bond and Interest Account as a **“bona fide debt service fund,”** shall be held in a separate subaccount (the **“Pledged Account”**) of the Senior Bond and Interest Account and the investment yield thereon yield restricted and subject to yield reduction payments.

Section 12. Alternate Bond Fund. There is hereby created a special fund of the Issuer, which fund shall be held separate and apart from all other funds and accounts of the Issuer and shall be known as the **“Alternate Bond Fund”** (the **“Bond Fund”**). The purpose of

the Bond Fund is to provide a fund to receive and disburse the pledged Sales Taxes and/or Revenue Sharing Receipts and to receive and disburse Pledged Taxes for any of the Bonds. All payments made with respect to the Bonds from the Enterprise Revenues shall be made directly from the Senior Bond and Interest Account of the Fund. There are hereby created three accounts in the Bond Fund, designated (i) the “**Sales Taxes Account**,” (ii) the “**Revenue Sharing Receipts Account**” and (iii) the “**General Account**”. All pledged Revenue Sharing Receipts as required for the Bonds shall be deposited to the credit of the Revenue Sharing Receipts Account, all pledged Sales Taxes as required for the Bonds shall be deposited to the credit of the Sales Taxes Account, and all Pledged Taxes shall be deposited to the credit of the General Account. Moneys in (i) and/or (ii) shall be transferred to the Senior Bond and Interest Account to pay debt service on the Bonds, and moneys in (ii) and/or (iii) shall be transferred, as applicable, either to the Pledged Account to abate Pledged Taxes or to the Senior Bond and Interest Account to pay debt service on the Bonds. The Bond Fund and its respective accounts constitute a trust fund established for the purpose of carrying out the covenants, terms and conditions imposed upon the Issuer by this Ordinance.

Sales Taxes and/or Revenue Sharing Receipts shall be paid to the Treasurer of the Issuer by the officers who collect or receive the Sales Taxes and/or Revenue Sharing Receipts. The Treasurer of the Issuer shall deposit the Sales Taxes and/or Revenue Sharing Receipts to the credit of, as applicable, the Sales Taxes Account or the Revenue Sharing Receipts Account of the Bond Fund (at the times and in the amounts required by Section 13 hereof).

Any Pledged Taxes received by the Issuer shall promptly be deposited into the General Account of the Bond Fund.

Pledged Taxes on deposit to the credit of the General Account of the Bond Fund shall be fully spent to pay the principal of and interest and premium, if any, on the Bonds for which such taxes were levied and collected prior to use of any moneys on deposit in the Sales Taxes or the Revenue Sharing Receipts Account of the Bond Fund or the Junior Bond and Interest Account of the Fund.

Section 13. Pledge of Sales Taxes / Revenue Sharing Receipts. For the purpose of providing Revenue Sharing Receipts in each year sufficient to pay debt service of all Outstanding Bonds for such year and the provision of not less than an additional .25 times such debt service on such Outstanding Bonds, all in accordance with Section 15 of the Debt Reform Act, the Issuer hereby pledges and dedicates Sales Taxes and Revenue Sharing Receipts. Prior to the deadline for the timely annual abatement of the Pledged Taxes for the Alternate Bonds, but in no event earlier than November 30th of the year in which such Pledged Taxes are to be levied (i.e., the year prior to extension and collection), the Treasurer shall deposit Sales Taxes into the Sales Taxes Account and Revenue Sharing Receipts into the Revenue Sharing Receipts Account of the Bond Fund in an amount necessary to provide, after deducting the amount of Enterprise Revenues projected to be received during the period in connection with the levy of Pledged Taxes in respect of the Alternate Bonds, for the payment of 1.25 times interest and principal coming due on the Alternate Bonds otherwise payable from the proceeds of such tax levy. Upon (but in no event prior to) the deposit of such moneys, the Corporate Authorities or the officers of the Issuer acting with proper authority shall direct the abatement of such levy of Pledged Taxes

as provided in Section 9 of this Ordinance. Any amounts of Sales Taxes and/or the Revenue Sharing Receipts deposited into, as applicable, the Sales Taxes Account and/or the Revenue Sharing Receipts Account of the Bond Fund in excess of the then current requirements therefor may be withdrawn by the Treasurer at any time and applied to any such other account or fund of the Issuer as may be authorized by the Corporate Authorities.

Section 14. Pledged Revenues; General Covenants. The Issuer covenants and agrees with the registered owners of the Bonds, so long as any such Bonds remain Outstanding, as follows:

A. The Issuer pledges the Enterprise Revenues to the payment of the Bonds payable from such Enterprise Revenues as hereinabove provided, after provision for payment of Operation and Maintenance Expenses, and required credits to accounts of the Fund having a lien on such Enterprise Revenues prior to the lien of the Bonds, and the Corporate Authorities covenant and agree to provide for, collect and apply Enterprise Revenues of the Aquatic Center and Sales Taxes and/or Revenue Sharing Receipts to the payment of the Bonds as hereinabove provided and the provision of not less than an additional .25 times debt service on the Bonds. To the extent that such Enterprise Revenues are not sufficient for such purposes, Sales Taxes and/or Revenue Sharing Receipts are likewise hereby pledged to the payment of the Bonds and the Corporate Authorities covenant and agree to provide for, collect and apply the Revenue Sharing Receipts and Sales Taxes to the payment of the Bonds and the provision of not less than an additional .25 times debt service on the Bonds, all in accordance with Section 15 of the Debt Reform Act. There is no prior lien on or pledge of Sales Taxes and/or Revenue Sharing Receipts superior to that of the Bonds. The determination of the sufficiency of the Pledged Revenues pursuant to this subsection A. shall be supported by reference to the most recent audit of the Issuer, and the reference to and acceptance of such audit by the Corporate Authorities shall be conclusive evidence that the conditions of Section 15 of the Debt Reform Act have been met.

B. The Issuer will punctually pay or cause to be paid from the Senior Bond and Interest Account and from the Revenue Sharing Receipts Account or Sales Taxes Account or the General Account of the Bond Fund the principal of and interest on the Bonds in strict conformity with the terms of the Bonds and this Ordinance, and it will faithfully observe and perform all of the conditions, covenants and requirements thereof and hereof.

C. The Issuer will pay and discharge, or cause to be paid and discharged, from the Senior Bond and Interest Account, the Sales Taxes Account, the Revenue Sharing Receipts Account or the General Account of the Bond Fund any and all lawful claims which, if unpaid, might become a lien or charge upon the Pledged Revenues, or any part thereof, or upon any funds in the hands of the Paying Agent, or which might impair the security of the Bonds. Nothing herein contained shall require the Issuer to make any such payment so long as the Issuer in good faith shall contest the validity of such claims.

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

E. The Issuer 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 Issuer, to the extent lawful the Bonds shall be incontestable by the Issuer.

F. The Issuer 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 owners of the Bonds of the rights and benefits in this Ordinance.

G. As long as any of the Bonds are Outstanding, the Issuer will continue to deposit and apply the Pledged Revenues as provided herein and, if applicable, the Pledged Taxes to the General Account of the Bond Fund. The Issuer covenants and agrees with the purchasers of the Bonds and with the owners thereof that so long as any of the Bonds remain Outstanding, the Issuer will take no action or fail to take any action which in any way would adversely affect the ability of the Issuer to levy the Pledged Taxes and to collect and to segregate the Pledged Revenues according to this Ordinance. The Issuer and its officers will comply with all present and future applicable laws in order to assure that the Pledged Taxes can be levied and extended and that the Pledged Revenues and the Pledged Taxes may be collected and deposited into the Fund and to the credit of the respective Accounts thereof and the Bond Fund, respectively, as provided herein.

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

I. The Issuer will maintain the Aquatic Center in good repair and working order, will operate the same efficiently and faithfully, and will punctually perform all duties with respect thereto required by State and Federal law.

J. The Issuer will establish and maintain at all times reasonable fees, charges and rates for the use and service of the Aquatic Center and will provide for the collection thereof and the segregation and application of the Enterprise Revenues in the manner provided by this Ordinance, sufficient at all times, together with Sales Taxes and/or Revenue Sharing Receipts, to pay for Operation and Maintenance Expenses, to provide an adequate depreciation fund, to pay the principal of and interest on all revenue bonds of the Issuer which by their terms are payable from the Enterprise Revenues thereof, according to their respective terms, including coverage for the Bonds of at least 125% from Net Revenues, and to provide for the creation and maintenance and funding of the respective accounts as provided in Section 11 of this Ordinance. It is hereby expressly provided that the pledge and establishment of rates or charges for use of the Aquatic Center shall constitute a continuing obligation of the Issuer with respect to such establishment and to the extent lawful a continuing appropriation of the amounts received.

K. There shall be charged against all users of the Aquatic Center, including the Issuer, such rates and amounts for services as shall be adequate to meet the requirements of this Ordinance. Charges for services rendered the Issuer shall be made against the Issuer, and payment for the same shall be made monthly from the corporate funds into the Fund hereunder as revenues derived from the operation of such Aquatic Center; provided however, that the Issuer need not charge itself for the Aquatic Center's services if, in the previous Fiscal Year, the Enterprise Revenues, not including any other payments made by the Issuer, of the Aquatic Center shall have met the requirements of this Ordinance.

L. Within six (6) months following the close of each Fiscal Year, the Issuer will cause the books and accounts of the Fund and the Bond Fund to be audited by independent certified public accountants in accordance with appropriate audit standards, which audit shall include comments on the Issuer's compliance with this Ordinance. Such audit will be available for inspection by the owners of any of the Bonds.

M. The Issuer will carry insurance on the Aquatic Center of the kinds and in the amounts which are usually carried by private parties operating similar properties, covering such risks as shall be recommended by a competent consulting engineer or insurance consultant employed by the Issuer for the purpose of making such recommendations. All moneys received for loss under such insurance policies shall be deposited in a separate subaccount of the Depreciation Account and used in making good the loss or damage in respect of which they were paid, either by repairing the property damaged or making replacement of the property destroyed, and provision for making good such loss or damage shall be made within ninety (90) days from the date of the loss. The payment of premiums for all insurance policies required under the provisions of this covenant in connection with the Aquatic Center shall be considered an Operation and Maintenance Expense.

N. The registered owner of any Bond may proceed by civil action to compel performance of all duties required by law and this Ordinance, including the making and collecting of sufficient charges and rates for the service supplied by the Aquatic Center and the application of the income and revenue therefrom and of the Revenue Sharing Receipts and Sales Taxes.

Section 15. Parity Bonds; Additional Bonds.

A. Parity Bonds.

The Issuer reserves the right to issue Parity Bonds without limit provided that the Pledged Revenues as determined or as adjusted as hereinbelow set out shall be sufficient to provide for or pay all of the following: (a) Operation and Maintenance Expenses (but not including depreciation); (b) debt service on all Outstanding bonds of the Aquatic Center computed immediately after the issuance of the proposed Parity Bonds; (c) all amounts required to meet any fund or account requirements with respect to such Outstanding bonds; (d) other contractual or tort liability obligations then due and payable, if any; and (e) an additional amount not less than 0.25 times Maximum Annual Debt Service on such of the Alternate Bonds as shall remain Outstanding bonds after the issuance of the proposed Parity Bonds. Such sufficiency

shall be calculated for each year to the final maturity of such Alternate Bonds which shall remain Outstanding after the issuance of the proposed Parity Bonds. The determination of the sufficiency of Pledged Revenues shall be supported by reference to the Issuer's most recent audit, including of the Fund, which audit shall be for a Fiscal Year ending not earlier than eighteen (18) months previous to the time of issuance of the proposed Parity Bonds.

If such audit shows the Pledged Revenues to be insufficient, then the determination of sufficiency may be made in either of the following two ways:

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

2. The determination of sufficiency of the Pledged Revenues may be supported by the report of an independent accountant or feasibility analyst having a national reputation for expertise in such matters, demonstrating the sufficiency of the Pledged Revenues and explaining by what means they will be greater than as shown in the audit.

The reference to and acceptance of an audit, an adjusted statement of the Enterprise Revenues, or a report, as the case may be, and the determination of the Corporate Authorities of the sufficiency of the Pledged Revenues shall be conclusive evidence that the conditions of this Section 15. A. have been met and that the Parity Bonds are properly issued hereunder; and no right to challenge such determination is granted to the registered owners of the Bonds.

B. Additional Bonds.

The Issuer reserves the right to issue Additional Bonds from time to time payable from the Enterprise Revenues and/or Revenue Sharing Receipts, and any such Additional Bonds shall share ratably and equally in the Enterprise Revenues and/or Revenue Sharing Receipts with the Bonds; provided, however, that no Additional Bonds shall be issued except in accordance with the provisions of the Debt Reform Act.

Section 16. Defeasance.

Any of the Bonds which are no longer Outstanding Bonds as defined in this Ordinance shall cease to have any lien on or right to receive or be paid from Pledged Revenues and shall no longer have the benefits of any covenant for the registered owners of Outstanding Bonds as set forth herein as such relates to lien and security of the Bonds in the Pledged Revenues.

Section 17. Bond Proceeds Account. Except for accrued interest received on the sale of the Bonds, and an amount sufficient to pay initial interest on the Bonds for the period a levy in the year of issuance would cover, which shall be deposited upon issuance of the Bonds into the applicable Debt Service Account, and proceeds applied by the Underwriter to issuance costs, which is hereby authorized and for which the Underwriter shall receive a credit against the sale price of the Bonds, all remaining proceeds derived from the sale of the Bonds (exclusive of accrued interest) shall be deposited in the **“Bond Proceeds Account (2015)”** (**“Proceeds Account”**), which is hereby established as a special account of the Issuer, and including therein a **“Refunding Account”** (which may be held by a Refunding Agent) to hold funds to be applied for the Refunding and a **“Project Account”** to hold non-Refunding proceeds for the issuance costs, which are hereby established as special accounts of the Issuer. Moneys in the Bond Proceeds Account shall be used for the purposes specified in Section 3 of this ordinance (that is, the costs of the Refunding) and for the payment of costs of issuance of the Bonds, but may hereafter be reallocated and used for other lawful purposes in accordance with applicable law. Before any such reallocation shall be made, there shall be filed with the City Clerk of the Issuer an opinion of Evans, Froehlich, Beth & Chamley, Champaign, Illinois, or other nationally recognized Bond counsel (**“Bond Counsel”**) to the effect that such reallocation is authorized and will not adversely affect the tax-exempt status of the Bonds under Section 103 of the Internal Revenue Code of 1986, as amended. Moneys in the Bond Proceeds Account shall be withdrawn from time to time as needed for the payment of costs and expenses incurred by the Issuer in connection with the Refunding and for paying the fees and expenses incidental thereto. Moneys shall be withdrawn from any depository in connection with such funds from time to time by the City Treasurer or other applicable financial officer of the Issuer only upon submission to such officer of the following (which shall not be required for the Refunding or issuance costs):

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

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

The Purchaser is authorized to directly fund the Refunding and issuance costs and receive a credit against the purchase price of the Bonds.

Section 18. Arbitrage Rebate. The Issuer shall comply with the provisions of Section 148(f) of the Internal Revenue Code of 1986, as amended, relating to the rebate of certain investment earnings (and yield reduction payments) at periodic intervals to the United

States of America to the extent that there shall have been filed with the City Clerk of the Issuer an opinion of Bond Counsel to the effect that such compliance is necessary to preserve the exclusion from gross income for federal income tax purposes of interest on the Bonds under Section 103 of the Internal Revenue Code of 1986, as amended. There is hereby created a separate and special account Fund known as the **“Rebate Account (2015)”** (the **“Rebate Account”**), into which there shall be deposited as necessary investment earnings to the extent required so as to maintain the tax-exempt status of the interest on the Bonds under Section 148(f) of the Internal Revenue Code of 1986, as amended. All rebates, special impositions, yield reduction payments or taxes for such purpose payable to the United States of America (Internal Revenue Service) shall be payable from applicable excess earnings or other sources which are to be deposited into the Rebate Account.

Yield Reduction Payments in connection with the Pledged Subaccount under Section 11 above shall be determined and paid, as the case may be, in a manner similar to arbitrage rebate under this Section 18.

Section 19. Investment Regulations. All investments shall be in Qualified Investments, unless otherwise expressly herein provided. No investment shall be made of any moneys in the applicable Debt Service Account or the Bond Proceeds Account, except in accordance with the tax covenants and other covenants set forth in Section 20 of this ordinance. All income derived from such investments in respect of moneys or securities in any fund or account shall be credited in each case to the fund or account in which such moneys or securities are held.

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

Section 20. Non-Arbitrage and Tax-Exemption. One purpose of this Section 20 is to set forth various facts regarding the Bonds and to establish the expectations of the Corporate Authorities and the Issuer as to future events regarding the Bonds and the use of Bond proceeds. The certifications and representations made herein and at the time of the issuance of the Bonds are intended, and may be relied upon, as certifications and expectations described in Section 1.148-0 *et seq.* of the U.S. Treasury Regulations dealing with arbitrage and rebate (the **“Regulations”**). The covenants and agreements contained herein and at the time of the issuance of the Bonds are made for the benefit of the owners from time to time of the Bonds. The Corporate Authorities and the Issuer agree, certify, covenant and represent as follows:

- (a) The Bonds are being issued to refinance the costs of the Prior Project and related costs and expenses, and all of the amounts received upon the sale of the Bonds, plus all investment earnings thereon (the **“Proceeds”**) are needed for the purpose for which the Bonds are being issued.

(b) The Issuer has entered into, or within six months from the date of issue of the Prior Bonds entered into, binding contracts or commitments obligating it to spend at least 5% of the proceeds of the Prior Bonds for the Prior Project. The work of acquiring the Prior Project continued to proceed with due diligence to completion reasonably within 2 years of issuance of the applicable Prior Bonds, at which time all of the Prior Bond Proceeds were spent. There are no unspent Prior Bond proceeds.

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

(d) All principal proceeds of the Bonds, net of amounts authorized under Section 17, will be deposited in the Bond Proceeds Account and used to pay costs of the Refunding and costs of issuance of the Bonds, and any accrued interest received on the delivery of the Bonds will be deposited in the applicable Debt Service Account and used to pay the first interest due on the Bonds. Earnings on the investment of moneys in any fund or account will be credited to that fund or account. Other costs, including issuance costs of the Bonds, will be paid directly from other proceeds. Interest on and principal of the Bonds will be paid from the applicable Debt Service Account. No Proceeds will be used more than thirty (30) days after the date of issue of the Bonds for the purpose of paying any principal or interest on any other issue of bonds, notes, certificates or warrants or on any installment contract or other obligation of the Issuer or for the purpose of replacing any funds of the Issuer used for such purpose.

(e) The Senior Bond and Interest Account is established to achieve a proper matching of revenues and earnings with debt service in each year. Other than any amounts held to pay principal of matured Bonds that have not been presented for payment, it is expected that any moneys deposited in the Senior Bond and Interest Account will be spent within the 12-month period beginning on the date of deposit therein. Any earnings from the investment of amounts in the Senior Bond and Interest Account will be spent within a one-year period beginning on the date of receipt of such investment earnings. Other than any amounts held to pay principal of matured Bonds that have not been presented for payment, it is expected that the Senior Bond and Interest Account will be depleted at least once a year, except for a reasonable carryover amount

not to exceed the greater of (i) one-year's earnings on the investment of moneys in the Senior Bond and Interest Account, or (ii) in the aggregate one-twelfth (1/12th) of the annual debt service on the Bonds.

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

(g) (i) All amounts on deposit in the Bond Proceeds Account or the Senior Bond and Interest Account, no matter in what funds or accounts deposited (**"Gross Proceeds"**), to the extent not exempted in (ii) below, and all amounts in any fund or account pledged directly or indirectly to the payment of the Bonds which will be available to pay, directly or indirectly, the Bonds or restricted so as to give reasonable assurance of their availability for such purpose contrary to the expectations set forth in (f) above, shall be invested at market prices and at a Yield not in excess of the Yield on the Bonds plus, after the 3-year temporary period for amounts in the Bond Proceeds Account to be transferred to finance the Project, 1/8 of 1%.

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

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

(B) amounts deposited in the applicable Senior Bond and Interest Account that are reasonably expected to be expended within thirteen (13) months from the deposit date and have not been on deposit therein for more than thirteen (13) months;

(C) amounts, if any, in the Proceeds Account of to be applied to Aquatic enter improvements prior to the earlier of completion (or abandonment) of such improvements or three (3) years from the date of issue of the Bonds;

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

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

(F) all amounts derived from the investment of the Proceeds for a period of one (1) year from the date received; and

(G) all amounts for Project costs for a 3-year temporary period.

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

(i) As set forth in Section 148(f)(4)(D) of the Internal Revenue Code of 1986, as amended, the Issuer is excepted from the required rebate of arbitrage profits on the Bonds, and although the Issuer is a governmental unit with general taxing powers, none of the Bonds is a **“private activity bond”** as defined in Section 141(a) of the Internal Revenue Code of 1986, as amended, and all the net proceeds of the Bonds are to be used for the local government activities of the Issuer, the aggregate face amount of all tax-exempt obligations (and excluding **“private activity bonds”** as defined in Internal Revenue Code of 1986, as amended) issued by the Issuer and all subordinate entities thereof (of which there are none) during the calendar year of issuance of the Bonds, including the Bonds, is reasonably expected to not exceed \$5,000,000. However, the Issuer expects to apply all Bond proceeds to the Refunding and to Aquatic Center costs within two years. As provided in Section 18 the Pledged Subaccount is subject to yield restriction and yield redemption payments.

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

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

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

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

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

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

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

(q) The Yield restrictions contained in (g) above or any other restriction or covenant contained herein (including in Section 11(e)) need not be observed and may be changed if the Issuer receives an opinion of Bond Counsel to the effect that such non-observance or change will not adversely affect the tax-exempt status of interest on the Bonds to which the Bonds otherwise are entitled.

(r) The Issuer acknowledges that any changes in facts or expectations from those set forth herein may result in different Yield restrictions or rebate requirements from those set forth herein and that Bond Counsel should be contacted if such changes do occur.

(s) The Corporate Authorities have no reason to believe the facts, estimates, circumstances and expectations set forth herein are untrue or incomplete in any material respect. On the basis of such facts, estimates, circumstances and expectations, it is not expected that the Proceeds or any other moneys or property will be used in a manner that will cause the Bonds to be private activity bonds, arbitrage bonds or hedge bonds within the meaning of Sections 141, 148 or 149(g) of the Internal Revenue Code of 1986, as amended, and of applicable regulations. To the best of the knowledge and belief of the Corporate Authorities, such expectations are reasonable, and there are no other facts, estimates and circumstances that would materially change such expectations.

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

Section 17. Further Assurances and Actions. The Corporate Authorities hereby authorize the officials of the Issuer responsible for issuing the Bonds, the same being the Mayor, City Clerk and City Treasurer of the Issuer, to make such further filings, covenants, certifications and supplemental agreements as may be necessary to assure that and the Refunding, the Bonds and related proceeds will not cause the Bonds to be private activity bonds, arbitrage bonds or hedge bonds and to assure that the interest on the Bonds will be excluded

from gross income for federal income tax purposes. In connection therewith, the Issuer and the Corporate Authorities further agree: (a) through the officers of the Issuer, to make such further specific covenants, representations as shall be true, correct and complete, and assurances as may be necessary or advisable; (b) to consult with Bond Counsel approving the Bonds and to comply with such advice as may be given; (c) to pay to the United States, as necessary, such sums of money representing required rebates of excess arbitrage profits relating to the Bonds; (d) to file such forms, statements, and supporting documents as may be required and in a timely manner; and (e) if deemed necessary or advisable, to employ and pay fiscal agents, financial advisors, attorneys, and other persons to assist the Issuer in such compliance. Annual abatement of Pledged Taxes is authorized, as applicable and in compliance with this ordinance.

Section 22. General Covenants. The Issuer covenants and agrees with the owners of the Outstanding Bonds, so long as there are any Outstanding Bonds (as defined herein), as follows:

(a) The Issuer will take all action necessary either to impose and collect or to maintain the right to receive the Pledged Revenues and Pledged Taxes in the manner contemplated by this ordinance and such Revenues shall not be less than as shall be required under Section 7 hereof and under Section 15 of the Local Government Debt Reform Act to maintain the Bonds as Alternate Bonds.

(b) The Issuer covenants that it will, while any of the Bonds shall remain outstanding, apply sufficient Pledged Revenues to provide for or pay each of the following in any given year: (1) System Operation and Maintenance Expenses; (2) debt service on all Outstanding revenue bonds payable from Pledged Revenues; (3) all amounts required to meet any fund or account requirements with respect to the Bonds or any other bonds payable from Pledged Revenues; (4) any other contractual or tort liability obligations, if any, payable from such Pledged Revenues; and (5) in each year, an amount not less than 1.25 times the debt service for all (i) Alternate Bonds payable from Pledged Revenues, including the Bonds Outstanding; and (ii) Alternate Bonds proposed to be issued and payable from Pledged Revenues. In the event such coverages are not maintained, the Issuer shall engage a feasibility analyst or other similarly qualified financial consultant to evaluate the rate structure for the System and to make an appropriate written report with recommendations to achieve such coverages. A copy of such report shall be sent upon request to the Underwriter, and included in a filing under the Disclosure Agreement.

(c) The Issuer will make and keep proper books and accounts (separate and apart from all other records and accounts of the Issuer), in which complete entries shall be made of all transactions relating to the Pledged Revenues, and hereby covenants that within 120 days following the close of each Fiscal Year, it will cause the books and accounts related to the Pledged Revenues to be audited by independent certified public accountants. Such audit will be available for inspection by the owners of any of the Bonds. Upon availability and request, the Issuer will send to the Underwriter a copy of such audit and of its general audit in each year. Each such audit, in addition to whatever

matters may be thought proper by the accountants to be included therein, shall, without limiting the generality of the foregoing, include the following:

- (i) A balance sheet as of the end of such Fiscal Year, including a statement of the amount held in each of the accounts under this ordinance.
- (ii) The amount and details of all Outstanding bonds.
- (iii) The accountant's comments regarding the manner in which the Issuer has carried out the accounting requirements of this ordinance (including as to the Alternate Bond status of the Bonds) and has complied with Section 15 of the Local Government Debt Reform Act, and the accountant's recommendations for any changes.

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

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

(f) The Issuer carry fidelity bonds on officers and employees as required by applicable law and will carry insurance on the Aquatic Center of the kinds and in the amounts which are usually carried by private parties operating similar properties, covering such risks as shall be recommended by a competent consulting engineer or insurance consultant employed by the Issuer for the purpose of making such recommendations. All moneys received for any loss under such insurance policies shall be deposited in a separate subaccount of the Depreciation Account and used in making good the loss or damage in respect of which they were paid, either by repairing the property damaged or making replacement of the property destroyed, and provision for making good such loss or damage shall be made within ninety (90) days from the date of the loss. The payment of premiums for all insurance policies required under the provisions of this covenant in connection with the Aquatic Center shall be considered an Operation and Maintenance Expense.

The proceeds derived from any and all policies for workers' compensation or public liability shall be paid into a separate subaccount of the Operation and Maintenance Account and used in paying the claims on account of which they were received.

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

(h) The Issuer will comply with the special covenants concerning Alternate Bonds as required by Section 15 of the Local Government Debt Reform Act and Section 19 of this ordinance.

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

Section 23. Ordinance to Constitute a Contract. The provisions of this ordinance shall constitute a contract between the Issuer and the owners of the Bonds. Any pledge made in this ordinance and the provisions, covenants and agreements herein set forth to be performed by or on behalf of the Issuer shall be for the equal benefit, protection and security of the registered owners of any and all of the Bonds. All of the Bonds, regardless of the time or times of their issuance, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof except as expressly provided in or pursuant to this ordinance. This ordinance shall constitute full authority for the issuance of the Bonds, and to the extent that the provisions thereof conflict with the provisions of any other ordinance or resolution of the Issuer, the provisions of this ordinance and the Preliminary Ordinance shall control.

Section 24. Severability and No Contest. If any section, paragraph or provision of this ordinance shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this ordinance or any ordinance supplemental hereto. Upon the issuance of the Bonds, neither the Bonds nor this ordinance shall be subject to contest by or in respect of the Issuer.

Section 25. Bank Qualified Bonds. Pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, the Issuer hereby designates the Bonds as “**qualified tax-exempt obligations**” as defined in Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. The Issuer represents that the reasonably anticipated amount of tax-exempt obligations that will be issued by the Issuer and all subordinate entities (of which there are none) the Issuer during the calendar year in which the Bonds are issued will not exceed \$10,000,000 within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. The Issuer covenants that it will not so designate and issue more than \$10,000,000 aggregate principal amount of tax-exempt obligations in such calendar year. For purposes of this Section, the term “**tax-exempt obligations**” includes “**qualified 501(c)(3) Bonds**” (as defined in the Section 145 of the Internal Revenue Code of 1986, as amended) but does not include other “**private activity bonds**” (as defined in Section 141 of the Internal Revenue Code of 1986, as amended).

Section 26. Conflict. All ordinances, resolutions or parts thereof in conflict herewith be and the same are hereby superseded to the extent of such conflict and this ordinance shall be in full force and effect forthwith upon its adoption.

Section 27. Effective Date. This ordinance shall become effective immediately upon its passage and approval in the manner provided by law, and upon its becoming effective and concurrently with the issuance of the Bonds a certified copy of this ordinance, and any applicable related Bond Order, shall be filed with the County Clerk of Jasper County, Illinois.

Upon motion by Alderman Rick Lindemann, seconded by Alderman David Brown, adopted this 21st day of April, 2015, by roll call vote as follows:

Ayes (Names): Rick Lindemann, Scott Bloomberg, Larry Brooks, David Brown and Eric Blake

Nays (Names): NONE

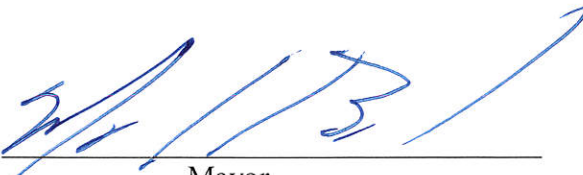
Absent (Names): Harold Bolander, Robert Reisner and Larry Short

APPROVED: April 21, 2015

(SEAL)

ATTEST:





Mayor



City Clerk

STATE OF ILLINOIS)
THE COUNTY OF JASPER) SS.
CITY OF NEWTON)

CERTIFICATION OF ORDINANCE

I, the undersigned, do hereby certify that I am the duly selected, qualified and acting City Clerk of the City of Newton, Jasper County, Illinois (the “**Issuer**”), and as such official I am the keeper of the records and files of the Issuer and of its City Council (the “**Corporate Authorities**”).

I do further certify that the attached constitutes a full, true and complete excerpt from the proceedings of the regular meeting of the Corporate Authorities held on the 21st day of April, 2015, insofar as the same relates to the adoption of Ordinance No. 15-02, entitled:

AN ORDINANCE AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION REFUNDING BONDS (ALTERNATE REVENUE SOURCE), SERIES 2015, OF THE CITY OF NEWTON, JASPER COUNTY, ILLINOIS, PROVIDING THE DETAILS OF SUCH BONDS AND FOR AN ALTERNATE REVENUE SOURCE AND THE LEVY OF DIRECT ANNUAL TAXES SUFFICIENT TO PAY THE PRINCIPAL OF AND INTEREST ON SUCH BONDS, AND RELATED MATTERS,

a true, correct and complete copy of which ordinance (the “**Ordinance**”) as adopted at such meeting appears in the transcript of the minutes of such meeting and is hereto attached. The Ordinance was adopted and approved by the vote and on the date therein set forth.

I do further certify that the deliberations of the Corporate Authorities on the adoption of such Ordinance were taken openly, that the adoption of such Ordinance was duly moved and seconded, that the vote on the adoption of such Ordinance was taken openly and was preceded by a public recital of the nature of the matter being considered and such other information as would inform the public of the business being conducted, that such meeting was held at a specified time and place convenient to the public, that the agenda for the meeting was duly posted at the City Hall taped to a glass window or door with all pages visible and readable to the outside (at street level) 24/7 and on the Issuer’s website at least 48 hours prior to the meeting; that notice of such meeting was duly given to all of the news media requesting such notice, that such meeting was called and held in strict compliance with the provisions of the open meeting laws of the State of Illinois, as amended, and the Illinois Municipal Code, as amended, and that the Corporate Authorities have complied with all of the applicable provisions of such open meeting laws and such Code and their procedural rules in the adoption of such Ordinance.

IN WITNESS WHEREOF, I hereunto affix my official signature and the seal of the City of Newton, Jasper County, Illinois, this 21st day of April, 2015.

(SEAL)



A large, stylized handwritten signature in blue ink, written over a horizontal line. Below the signature, the words "City Clerk" are printed in a small, sans-serif font.