

**EXHIBIT A TO THE CERTIFICATE ORDINANCE**

**FORM OF ESCROW AGREEMENT**

This Escrow Agreement, dated as of December \_\_, 2017, but actually executed on the date witnessed herein below, by and between the City of Rochelle, Ogle and Lee Counties, Illinois (the “City”), and UMB Bank, National Association, a banking corporation organized and operating under the laws of the United States of America, located in Kansas City, Missouri (the “Escrow Agent”), in consideration of the mutual promises and agreements herein set forth:

**WITNESSETH:**

**ARTICLE I**

**DEFINITIONS**

The following words and terms used in this Agreement shall have the following meanings unless the context or use clearly indicates another or different meaning:

*Section 1.01.* “Agreement” means this Agreement between the City and the Escrow Agent.

*Section 1.02.* “Board” means the City Council of the City.

*Section 1.03.* “Certificates” means the \$\_\_\_\_\_ General Obligation Refunding Debt Certificates (Limited Tax), Series 2017A, dated December \_\_, 2017, authorized to be issued by the Certificate Ordinance.

*Section 1.04.* “Certificate Ordinance” means an ordinance adopted on the 13th day of November, 2017, by the Board entitled:

AN ORDINANCE authorizing and providing for the issue of not to exceed \$3,400,000 General Obligation Refunding Debt Certificates (Limited Tax), Series 2017A, to refund certain outstanding obligations of the City, evidencing the rights to payment under an Installment Purchase Agreement, providing for the security for and means of payment under said Agreement for the Certificates, authorizing and directing the execution of an escrow agreement in

connection with the issue of said Certificates and authorizing the sale of said Certificates to Robert W. Baird & Co. Incorporated.

authorizing the issuance of the Certificates.

*Section 1.05.* “City” means the City of Rochelle, Ogle and Lee Counties, Illinois.

*Section 1.06.* “Code” means Section 148 of the Internal Revenue Code of 1986, and all lawful regulations promulgated thereunder.

*Section 1.07.* “Escrow Account” means the trust account established under this Agreement by the deposit of the Government Securities and the beginning cash.

*Section 1.08.* “Escrow Agent” means UMB Bank, National Association, a banking corporation organized and operating under the laws of the United States of America, located in Kansas City, Missouri, not individually but in the capacity for the uses and purposes hereinafter mentioned, or any successor thereto.

*Section 1.09.* “Government Securities” means the non-callable direct obligations of or non-callable obligations guaranteed by the full faith and credit of the United States of America as to principal and interest deposited hereunder as more particularly described in *Exhibit A* to this Agreement and also including any direct obligations purchased pursuant to Section 3.02.

*Section 1.10.* “Paying Agent” means the Treasurer of the City, as registrar and paying agent for the Refunded Certificate, and any successor thereto.

*Section 1.11.* “Refunded Certificate” means the outstanding certificate of the City as follows:

\$3,015,000 General Obligation Limited Tax Debt Certificate, Series 2008A, dated June 30, 2008, being a portion of the certificate outstanding from an issue in the original principal amount of \$5,000,000, fully registered and without coupons, due on June 30, 2028, bearing interest at the initial rate of 4.27% per annum and due and payable in annual installments of principal and interest on June 30 as follows:

MATURITY	AMOUNT
2019	\$250,000
2020	260,000
2021	270,000
2022	280,000
2023	295,000
2024	305,000
2025	320,000
2026	335,000
2027	350,000
2028	350,000

## ARTICLE II

### CREATION OF ESCROW

*Section 2.01.* The City by the Certificate Ordinance has authorized the issue and delivery of the Certificates, proceeds of which, together with certain funds of the City on hand and legally available for such purpose, are to be used to refund the Refunded Certificate by the deposit on demand and to purchase on behalf of the City the Government Securities. Such deposit and securities will provide all moneys necessary to pay the principal of and interest on the Refunded Certificate upon redemption prior to maturity.

*Section 2.02.* The City deposits \$\_\_\_\_\_ from the proceeds of the Certificates, \$\_\_\_\_\_ from the proceeds of the Refunded Certificate and \$\_\_\_\_\_ from funds on hand and legally available for the purchase of the Government Securities and the funding of a beginning cash escrow deposit on demand in the amount of \$\_\_\_\_\_. The beginning deposit and the Government Securities are held in an irrevocable trust fund account for the City to the benefit of the holders of the Refunded Certificate to pay the principal of and interest on the Refunded Certificate upon redemption prior to maturity.

*Section 2.03.* The Escrow Agent and the City have each received the report of Stanley P. Stone & Associates, Inc., New York, New York, attached hereto as *Exhibit B* (the "*Verification*

*Report*”), that the principal of and income and profit to be received from the Government Securities, when paid at maturity, and the cash held in accordance with Section 2.02 hereof, will be sufficient, at all times pending the final payment of the Refunded Certificate, to pay all interest on and all principal of the Refunded Certificate upon redemption prior to maturity as evidenced by said Report.

### ARTICLE III

#### COVENANTS OF ESCROW AGENT

The Escrow Agent covenants and agrees with the City as follows:

*Section 3.01.* The Escrow Agent will hold the Government Securities and all interest income or profit derived therefrom and all uninvested cash in an irrevocable segregated and separate trust fund account for the sole and exclusive benefit of the holders of the Refunded Certificate until final payment thereof.

*Section 3.02.* The beginning cash escrow deposit shall not be invested by the Escrow Agent. Otherwise, the Escrow Agent will reinvest all available uninvested balances in the Escrow Account on deposit from time to time, whenever said balances exceed \$1,000 unless said balance is needed to pay principal of or interest on Refunded Certificate within 14 days, and acknowledges that the schedule of amounts available for reinvestment appears in the cash flow tables in the Verification Report and in *Exhibit C*. Investments so made shall be in direct obligations of the United States of America and shall be scheduled to mature on or prior to the interest payment date on the Refunded Certificate on which such proceeds will be needed to pay the principal of or interest on the Refunded Certificate. Such investments shall, to the extent possible, be in zero-yield obligations issued directly by the Bureau of Fiscal Service of the United States Treasury (currently designated “*U. S. Treasury Securities—State and Local Government Series Certificates of Indebtedness, Notes or Bonds*”) (“*SLGS*”). Such investments

shall be made only to the extent permitted by, and shall be made in accordance with, the applicable statutes, rules and regulations governing such investments issued by the Bureau of Fiscal Service. The Escrow Agent expressly recognizes that under current regulations all SLGS must be subscribed for not less than 5 days (7 days for amounts of \$10,000,000 or more) nor more than 60 days prior to date of issuance.

*Exhibit C* contains a list of scheduled reinvestments. The Escrow Agent is instructed to subscribe for and take delivery of SLGS as described in *Exhibit C*.

If the Department of the Treasury (or the Bureau of Fiscal Service) of the United States suspends the sale of SLGS causing the Escrow Agent to be unable to purchase SLGS, then the Escrow Agent will take the following actions. On the date it would have purchased SLGS had it been able to do so, the Escrow Agent will purchase direct obligations of the United States (the “*Alternate Investment*”) maturing no more than 90 days after the date of purchase and no later than the scheduled maturity date of such SLGS as shown on *Exhibit C*. The purchase price of the Alternate Investment shall be as close as possible but not more than the principal amount of the SLGS that would have been purchased on such date if they had been available for purchase. The maturity date of the Alternate Investment shall be the latest possible date that (i) is not more than 90 days after the purchase date and (ii) is not after the scheduled maturity date for the SLGS that would have been purchased if available as shown on *Exhibit C*. The Escrow Agent will purchase each Alternate Investment in the customary manner for such investments (in the secondary market or in a Treasury auction) at a price no higher than the fair market value of the Alternate Investment and will maintain records demonstrating compliance with this requirement. On the maturity of each Alternate Investment, the Escrow Agent shall pay the difference between the total of the receipts (principal and interest) on the Alternate Investment and the purchase price of the Alternate Investment to the City with a notice to the City that such amount

may need to be paid to the Internal Revenue Service pursuant to Rev. Proc. 95-47 or successor provisions including any finalized version of Prop. Treas. Reg. Section 1.148-5(c). If the Alternate Investment matures more than 14 days prior to the next succeeding interest payment date on the Refunded Certificate on which such proceeds will be needed to pay principal of or interest on the Refunded Certificate, the Escrow Agent shall treat such amounts as an uninvested balance available for reinvestment and shall take all reasonable steps to invest such amounts in SLGS (or additional Alternate Investments as provided in this Section).

The Escrow Agent shall hold balances not so invested in the Escrow Account on demand and in trust for the purposes hereof and shall secure same in accordance with applicable Illinois law for the securing of public funds.

*Section 3.03.* The Escrow Agent will take no action in the investment or securing of the proceeds of the Government Securities which would cause the Certificates to be classified as “arbitrage bonds” under the Code, *provided*, it shall be under no duty to affirmatively inquire whether the Government Securities as deposited are properly invested under the Code; and, *provided, further*, it may rely on all specific directions in this Agreement in the investment or reinvestment of balances held hereunder.

*Section 3.04.* The Escrow Agent will promptly collect the principal, interest or profit from the Government Securities and promptly apply the same as necessary to the payment of principal and interest on the Refunded Certificate upon redemption prior to maturity as herein provided.

*Section 3.05.* The Escrow Agent, in its separate capacity as Paying Agent, will remit in good funds on or before each principal or interest payment or redemption date on the Refunded Certificate, moneys sufficient to pay such principal, interest and redemption price as will meet the requirements for the retirement of the Refunded Certificate, and such remittances shall fully

release and discharge the Escrow Agent from any further duty or obligation thereto under this Agreement.

*Section 3.06.* The Escrow Agent will make no payment of fees, charges or expenses due or to become due, of the Paying Agent or the registrar and paying agent on the Certificates, and the City either paid such fees, charges and expenses in advance as set forth in Section 3.07 hereof or covenants to pay the same as they become due.

*Section 3.07.* The charges, fees and expenses of the Escrow Agent (other than any charges, fees and expenses incurred pursuant to Section 3.08 hereof) have been paid in advance, and all charges, fees or expenses of the Escrow Agent in carrying out any of the duties, terms or provisions of this Agreement shall be paid solely therefrom. The Escrow Agent is also providing registrar and paying agent services for the Certificates, and the acceptance fee and first annual fee of the Escrow Agent for such registrar and paying agent services have been paid in advance, and all remaining charges, fees or expenses of the Escrow Agent for such services shall be paid by the City upon receipt of invoices therefor.

*Section 3.08.* The City has called the Refunded Certificate for redemption and payment prior to maturity on June 30, 2018, at the redemption price of par. The Escrow Agent shall cause the Paying Agent to provide for and give timely notice of the call for redemption of the Refunded Certificate. The form and time of the giving of such notice regarding such Refunded Certificate shall be as specified in the ordinance authorizing the issuance of the Refunded Certificate.

The Escrow Agent shall also cause the Paying Agent to give notice of the call of the Refunded Certificate, on or before the date the notice of such redemption is given to the holders of the Refunded Certificate, to the Municipal Securities Rulemaking Board (the “MSRB”) through its Electronic Municipal Market Access system for municipal securities disclosure or

through any other electronic format or system prescribed by the MSRB for purposes of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. Information with respect to procedures for submitting notice can be found at <https://msrb.org>.

*Section 3.09.* The Escrow Agent has all the powers and duties herein set forth with no liability in connection with any act or omission to act hereunder, except for its own negligence or willful breach of trust, and shall be under no obligation to institute any suit or action or other proceeding under this Agreement or to enter any appearance in any suit, action or proceeding in which it may be defendant or to take any steps in the enforcement of its, or any, rights and powers hereunder, nor shall be deemed to have failed to take any such action, unless and until it shall have been indemnified by the City to its satisfaction against any and all costs and expenses, outlays, counsel fees and other disbursements, including its own reasonable fees, and if any judgment, decree or recovery be obtained by the Escrow Agent, payment of all sums due it, as aforesaid, shall be a first charge against the amount of any such judgment, decree or recovery.

*Section 3.10.* The Escrow Agent may in good faith buy, sell or hold and deal in any of the Certificates or the Refunded Certificate.

*Section 3.11.* The Escrow Agent will submit to the City Treasurer a statement within forty-five (45) days after January 1 and July 1 of each calendar year, commencing January 1, 2018, itemizing all moneys received by it and all payments made by it under the provisions of this Agreement during the preceding six (6) month period (or, for the first period, from the date of delivery of the Certificates to January 1, 2018), and also listing the Government Securities on deposit therewith on the date of said report, including all moneys held by it received as interest on or profit from the collection of the Government Securities.

*Section 3.12.* If at any time it shall appear to the Escrow Agent that the available proceeds of the Government Securities and deposits on demand in the Escrow Account will not be

sufficient to make any payment due to the holders of any of the Refunded Certificate, the Escrow Agent shall notify the City Treasurer and the Board, not less than five (5) days prior to such date, and the City agrees that it will from any funds legally available for such purpose make up the anticipated deficit so that no default in the making of any such payment will occur.

#### **ARTICLE IV**

##### **COVENANTS OF CITY**

The City covenants and agrees with the Escrow Agent as follows:

*Section 4.01.* The Escrow Agent shall have no responsibility or liability whatsoever for (a) any of the recitals of the City herein, (b) the performance of or compliance with any covenant, condition, term or provision of the Certificate Ordinance, and (c) any undertaking or statement of the City hereunder or under the Certificate Ordinance.

*Section 4.02.* All payments to be made by, and all acts and duties required to be done by, the Escrow Agent under the terms and provisions of this Agreement, shall be made and done by the Escrow Agent without any further direction or authority of the City or the City Treasurer.

*Section 4.03.* The City will take no action regarding the proceeds of the Certificates which would cause the Certificates to be classified as “arbitrage bonds” under the Code, and the City will take any and all further action necessary to ensure that adequate provision is made for the payment of the Refunded Certificate and that neither the Refunded Certificate nor the Certificates are classified as “arbitrage bonds” under the Code.

#### **ARTICLE V**

##### **AMENDMENTS, REINVESTMENT OF FUNDS, IRREVOCABILITY OF AGREEMENT**

*Section 5.01.* Except as provided in Section 5.04 hereof, all of the rights, powers, duties and obligations of the Escrow Agent hereunder shall be irrevocable and shall not be subject to

amendment by the Escrow Agent and shall be binding on any successor to the Escrow Agent during the term of this Agreement.

*Section 5.02.* Except as provided in Section 5.04 hereof, all of the rights, powers, duties and obligations of the City hereunder shall be irrevocable and shall not be subject to amendment by the City and shall be binding on any successor to the officials now comprising the Board during the term of this Agreement.

*Section 5.03.* Except as provided in Section 5.04 hereof, all of the rights, powers, duties and obligations of the City Treasurer hereunder shall be irrevocable and shall not be subject to amendment by the City Treasurer and shall be binding on any successor to said official now in office during the term of this Agreement.

*Section 5.04.* This Agreement may be amended or supplemented, and the Government Securities or any portion thereof may be sold, redeemed, invested or reinvested, in any manner provided (any such amendment, supplement, or direction to sell, redeem, invest or reinvest to be referred to as a “*Subsequent Action*”), upon submission to the Escrow Agent of each of the following:

(1) Certified copy of proceedings of the Board authorizing the Subsequent Action and copy of the document effecting the Subsequent Action signed by duly designated officers of the City.

(2) An opinion of nationally recognized bond counsel or tax counsel nationally recognized as having an expertise in the area of tax-exempt municipal bonds that the Subsequent Action has been duly authorized by the Board and will not adversely affect the tax-exempt status of the interest on the Certificates or the Refunded Certificate nor violate the covenants of the City not to cause the Certificates or the Refunded Certificate to become “arbitrage bonds” under the Code, and that the Subsequent Action does not

materially adversely affect the legal rights of the holders of the Certificates and the Refunded Certificate.

(3) An opinion of a firm of nationally recognized independent certified public accountants or consultants nationally recognized as having an expertise in the area of refunding escrows that the amounts (which will consist of cash or deposits on demand held in trust or receipts from non-callable direct obligations of or non-callable obligations guaranteed by the full faith and credit of the United States of America, all of which shall be held hereunder) available or to be available for payment of the Refunded Certificate will remain sufficient to pay when due all principal and interest on the Refunded Certificate after the taking of the Subsequent Action.

## **ARTICLE VI**

### **MERGER, CONSOLIDATION OR RESIGNATION OF ESCROW AGENT**

Any banking association or corporation into which the Escrow Agent may be merged, converted or with which the Escrow Agent may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Escrow Agent shall be a party, or any banking association or corporation to which all or substantially all of the corporate trust business of the Escrow Agent shall be transferred, shall succeed to all the Escrow Agent's rights, obligations and immunities hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding. The Escrow Agent may at any time resign as Escrow Agent under this Agreement by giving 30 days' written notice to the City, and such resignation shall take effect upon the appointment of a successor Escrow Agent by the City. The City may select as successor Escrow Agent any financial institution with capital, surplus and undivided profits of at least \$75,000,000 and having

a corporate trust office within the State of Illinois, and which is authorized to maintain trust accounts for municipal corporations in Illinois under applicable law.

## **ARTICLE VII**

### **NOTICES TO THE CITY, THE CITY TREASURER AND THE ESCROW AGENT**

*Section 7.01.* All notices and communications to the City and the Board shall be addressed in writing to: City Council, City of Rochelle, Ogle and Lee Counties, 420 North 6th Street, Rochelle, Illinois 61068.

*Section 7.02.* All notices and communications to the City Treasurer shall be addressed in writing to: City Treasurer, City of Rochelle, Ogle and Lee Counties, 420 North 6th Street, Rochelle, Illinois 61068.

*Section 7.03.* All notices and communications to the Escrow Agent shall be addressed in writing to: Corporate Trust Department, UMB Bank, National Association, 2 South Broadway, Suite 600, St. Louis, Missouri 63102.

## **ARTICLE VIII**

### **TERMINATION OF AGREEMENT**

*Section 8.01.* That, upon final disbursement of funds sufficient to pay the principal of and interest on the Refunded Certificate as hereinabove provided for, the Escrow Agent will transfer any balance remaining in the Escrow Account to the City Treasurer with due notice thereof mailed to the Board, and thereupon this Agreement shall terminate.

IN WITNESS WHEREOF, the City of Rochelle, Ogle and Lee Counties, Illinois, has caused this Agreement to be signed in its name by the Mayor and to be attested by the City Clerk under its corporate seal hereunto affixed; and UMB Bank, National Association, Kansas City, Missouri, not individually, but in the capacity as hereinabove described, has caused this Agreement to be signed in its corporate name by one of its officers and attested by one of its officers under its corporate seal hereunto affixed, all as of the \_\_\_\_ day of December, 2017.

CITY OF ROCHELLE, OGLE AND LEE COUNTIES,  
ILLINOIS

(SEAL)

By \_\_\_\_\_  
Mayor

Attest:

\_\_\_\_\_  
City Clerk

UMB BANK, NATIONAL ASSOCIATION,  
Kansas City, Missouri

By \_\_\_\_\_  
Its \_\_\_\_\_

Attest:

\_\_\_\_\_  
Its \_\_\_\_\_

[BANK SEAL]

**EXHIBIT A**  
**GOVERNMENT SECURITIES**

**EXHIBIT B**

**VERIFICATION REPORT**

**EXHIBIT C**

**SCHEDULED REINVESTMENTS**

SUBSCRIBE BY	PURCHASE DATE	MATURITY DATE	PAR AMOUNT	TYPE	RATE
N/A	N/A	N/A	\$0	SLGS-Cert	0%

If any date shown above is not a business day, the subscribe by date or purchase date should be adjusted to the next possible business day.

The Escrow Agent may submit a subscription for a scheduled SLGS purchase before the date shown, so long as it is not submitted more than 60 days prior to the purchase date. If subscriptions are not accepted on the date shown, the Escrow Agent should keep trying to submit such a subscription until five days before the scheduled purchase date. If the Escrow Agent is unable to purchase or subscribe for SLGS as shown above, the Escrow Agent should purchase an Alternate Investment as described in Section 3.02.

In completing this form, the subscription date should be approximately one month before the purchase date. The purchase date should be the date cash becomes available.