

MINUTES of a regular public meeting of the Council of the City of Rochelle, Ogle and Lee Counties, Illinois, held in the Council Chambers at City Hall in said City, located at 420 North 6th Street, Rochelle, Illinois, at 6:30 o'clock P.M., on the 22nd day of October, 2018.

* * *

The meeting was called to order by the Mayor, and upon the roll being called, Chet Olson, the Mayor, and the following Council Members were physically present at said location: _____

The following Council Members were allowed by a majority of the Council Members in accordance with and to the extent allowed by rules adopted by the Council to attend the meeting by video or audio conference: _____

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

The following Council Members were absent and did not participate in the meeting in any manner or to any extent whatsoever: _____

The Mayor announced that the next item for consideration before the Council would be the proposed issuance of its general obligation alternate bonds for the purpose of paying the costs of financing infrastructure improvements in and for the City, including, but not limited to, 2nd Avenue Street urbanization and drainage improvements, downtown storm sewer and drainage improvements including street and sidewalk reconstruction as needed, general street improvements including curb and gutter, storm water, sidewalks, pavement and offsite drainage improvements, right-of-way acquisition, and professional and surveying fees, and the payment of expenses incident thereto, and that the Council would consider the adoption of an ordinance providing for the issue of the bonds, the pledge of certain revenues to the payment of principal and

interest on such bonds and the levy of a direct annual tax to pay such principal and interest if the pledged revenues are insufficient to make such payment.

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

ORDINANCE NO. _____

AN ORDINANCE authorizing and providing for the issue of not to exceed \$4,500,000 General Obligation Bonds (Alternate Revenue Source), of the City of Rochelle, Ogle and Lee Counties, Illinois, for the purpose of paying the costs of financing various infrastructure improvements in and for the City, the pledge of certain revenues to the payment of principal and interest on the bonds, the levy of a direct annual tax to pay such principal and interest if the pledged revenues are insufficient to make such payment, and authorizing the sale of said bonds to the purchaser thereof.

* * *

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

WHEREAS, the Council of the City (the “*Council*”) does hereby determine that it is advisable, necessary and in the best interests of the City and its residents to pay the costs of financing infrastructure improvements in and for the City, including, but not limited to, 2nd Avenue Street urbanization and drainage improvements, downtown storm sewer and drainage improvements including street and sidewalk reconstruction as needed, general street improvements including curb and gutter, storm water, sidewalks, pavement and offsite drainage improvements, right-of-way acquisition, and professional and surveying fees, and the payment of expenses incident thereto (the “*Project*”), all in accordance with the preliminary plans and estimates of costs heretofore approved by the Council and on file with the City Clerk of the City (the “*City Clerk*”), and for which there are no funds of the City on hand and lawfully available for such purpose; and

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

WHEREAS, on the 10th day of September, 2018, the Council adopted Ordinance Number 18-4909 (the “*Authorizing Ordinance*”) authorizing the issuance of alternate bonds, being general obligation bonds payable from (a) collections distributed to the City from one or more of those taxes imposed pursuant to the Non-Home Rule Municipal Retailers’ Occupation Tax Act and the Non-Home Rule Municipal Service Occupation Tax Act, each of the State of Illinois, as amended, and imposed at the rate of 0.75% pursuant to prior referendum approval by the City, or substitute taxes therefor as provided by the State of Illinois in the future (collectively, the “*Pledged Revenues*”) and (b) ad valorem taxes levied against all of the taxable property in the City without limitation as to rate or amount (the “*Pledged Taxes*”), pursuant to and in accordance with the provisions of the Debt Reform Act, in an amount not to exceed \$4,500,000; and

WHEREAS, on the 18th day of September, 2018, the Authorizing Ordinance, together with a notice in the statutory form (the “*Notice*”), was published in the *Rochelle News-Leader*, the same being a newspaper of general circulation in the City, and an affidavit evidencing the publication of the Authorizing Ordinance and the Notice have heretofore been presented to the Council and made a part of the permanent records of the Council; and

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

WHEREAS, the Council is now authorized to issue alternate bonds of the City to the amount of \$4,500,000 pursuant to and in accordance with the provisions of the Debt Reform Act, and the Council hereby determines that it is advisable, necessary and in the best interests of the City and

its residents that there be issued not to exceed \$4,500,000 of the alternate bonds so authorized (the “*Bonds*”); and

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

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

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

WHEREAS, pursuant to and in accordance with the provisions of the Bond Issue Notification Act of the State of Illinois, as amended, the Mayor of the City (the “*Mayor*”) on the 10th day of September, 2018, executed an Order calling a public hearing (the “*Hearing*”) for the 24th day of September, 2018, concerning the intent of the Council to sell the Bonds; and

WHEREAS, notice of the Hearing was given by (i) publication at least once not less than seven (7) nor more than thirty (30) days before the date of the Hearing in the *Rochelle News-Leader*, and (ii) posting at least 72 hours before the Hearing a copy of said notice at the principal office of the Council, which notice was continuously available for public review during the entire 72-hour period preceding the Hearing; and

WHEREAS, the Hearing was held on the 24th day of September, 2018, and at the Hearing the Council explained the reasons for the proposed issuance of the Bonds and permitted persons desiring to be heard an opportunity to present written or oral testimony within reasonable time limits; and

WHEREAS, the Hearing was finally adjourned on the 24th day of September, 2018, and not less than seven (7) days have passed since the final adjournment of the Hearing:

NOW, THEREFORE, Be It Ordained by the Council of the City of Rochelle, Ogle and Lee Counties, Illinois, as follows:

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

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

Audit
Authorizing Ordinance
Bonds
City
City Clerk
Council
Debt Reform Act
Hearing
Mayor
Municipal Code
Notice
Pledged Revenues
Pledged Taxes
Project

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

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

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

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

“County Clerks” means, collectively, the County Clerk of The County of Ogle, Illinois and the County Clerk of The County of Lee, Illinois.

“Designated Representatives” means the Mayor, the City Clerk, the City Finance Director/Treasurer, and the City Manager.

“Fiscal Year” means that twelve-calendar month period beginning on January 1 of the calendar year and ending on December 31 of said calendar year.

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

“Treasurer” means the Treasurer/Finance Director of the City.

Section 2. Incorporation of Preambles; Acceptance of Audit. The Council hereby finds that all of the recitals contained in the preambles to this Ordinance are full, true and correct and does incorporate them into this Ordinance by this reference. The Audit has been and is hereby accepted by the Council.

Section 3. Authorization. It is hereby found and determined that the City has been authorized by law to borrow an amount not to exceed \$4,500,000 upon the credit of the City and as evidence of such indebtedness to issue alternate bonds to said amount, the proceeds of such alternate bonds to be used for the purpose of paying the cost of the Project, and it is necessary and for the best interests of the City that there be issued at this time not to exceed \$4,500,000 of the Bonds so authorized.

Section 4. Bond Details. For the purpose of providing for the Project, the Bonds may be issued and sold in an aggregate principal amount of not to exceed \$4,500,000; and that the Bonds, if issued, shall be designated “General Obligation Bonds (Alternate Revenue Source), Series 2018” or with such additional or alternate series designations and descriptions as may be necessary to describe the Bonds or any series thereof, as set forth in the Bond Notification (as hereinafter defined) for such series of the Bonds. The Bonds may be issued in one or more series, shall be dated the date of the issuance thereof and shall also bear the date of authentication, shall be in fully registered form, shall be in denominations of \$5,000 each and authorized integral multiples thereof (but no single Bond shall represent installments of principal maturing on more than one date) or such other denominations as set forth in the Bond Notification for a series of the Bonds, and shall be numbered 1 and upward. The Bonds shall be issued on a basis such that the interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes under the Code.

The Bonds shall become due and payable serially or be subject to mandatory redemption (subject to prior optional redemption as hereinafter described) on January 1 of each of the years (not later than 2029), bearing interest at the rates per annum (not exceeding 6.00% per annum) and in the amounts (not exceeding \$700,000 per year) all as set forth in the Bond Notification for a series of the Bonds.

The Bonds shall bear interest from their date or from the most recent interest payment date to which interest has been paid or duly provided for, until the principal amount of the Bonds is paid, such interest (computed upon the basis of a 360-day year of twelve 30-day months) being payable semi-annually commencing with the first interest payment date as set forth in the Bond Notification for a series of the Bonds, and on January 1 and July 1 of each year thereafter to maturity.

Interest on each Bond shall be paid by check or draft of UMB Bank, N.A., Kansas City, Missouri, or such other bank or trust company as set forth in the Bond Notification for a series of the Bonds, as bond registrar and paying agent (the “*Bond Registrar*”), payable upon presentation in lawful money of the United States of America, to the person in whose name such Bond is registered at the close of business on the 15th day of the month next preceding the interest payment date. The principal of the Bonds shall be payable in lawful money of the United States of America at the principal office of the Bond Registrar.

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

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

Section 5. Registration of Bonds; Persons Treated as Owners. (a) *General.* The City shall cause books (the “*Bond Register*”) for the registration and for the transfer of the Bonds as

provided in this Ordinance to be kept at the principal office of the Bond Registrar, which is hereby constituted and appointed the registrar of the City. The City is authorized to prepare, and the Bond Registrar or such other authorized person as the officers of the City may designate shall keep custody of, multiple Bond blanks executed by the City for use in the transfer and exchange of Bonds.

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

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

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

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

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

With respect to Bonds registered in the Bond Register in the name of Cede, as nominee of DTC, the City and the Bond Registrar shall have no responsibility or obligation to any broker-dealer, bank or other financial institution for which DTC holds Bonds from time to time as

securities depository (each such broker-dealer, bank or other financial institution being referred to herein as a “*DTC Participant*”) or to any person on behalf of whom such a DTC Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the City and the Bond Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than a registered owner of a Bond as shown in the Bond Register, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than a registered owner of a Bond as shown in the Bond Register, of any amount with respect to the principal of or interest on the Bonds. The City and the Bond Registrar may treat and consider the person in whose name each Bond is registered in the Bond Register as the holder and absolute owner of such Bond for the purpose of payment of principal and interest with respect to such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Bond Registrar shall pay all principal of and interest on the Bonds only to or upon the order of the respective registered owners of the Bonds, as shown in the Bond Register, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the City’s obligations with respect to payment of the principal of and interest on the Bonds to the extent of the sum or sums so paid. No person other than a registered owner of a Bond as shown in the Bond Register, shall receive a Bond evidencing the obligation of the City to make payments of principal and interest with respect to any Bond. Upon delivery by DTC to the Bond Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede, and subject to the provisions in Section 4 hereof with respect to the payment of interest to the registered owners of Bonds at the close of

business on the 15th day of the month next preceding the applicable interest payment date, the name "Cede" in this Ordinance shall refer to such new nominee of DTC.

In the event that (i) the City determines that DTC is incapable of discharging its responsibilities described herein and in the Representation Letter, (ii) the agreement among the City, the Bond Registrar and DTC evidenced by the Representation Letter shall be terminated for any reason or (iii) the City determines that it is in the best interests of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, the City shall notify DTC and DTC Participants of the availability through DTC of certificated Bonds and the Bonds shall no longer be restricted to being registered in the Bond Register in the name of Cede, as nominee of DTC. At that time, the City may determine that the Bonds shall be registered in the name of and deposited with such other depository operating a universal book-entry system, as may be acceptable to the City, or such depository's agent or designee, and if the City does not select such alternate universal book-entry system, then the Bonds may be registered in whatever name or names registered owners of Bonds transferring or exchanging Bonds shall designate, in accordance with the provisions hereof.

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

Section 6. Redemption. (a) Optional Redemption. All or a portion of the Bonds of any series, if any, due on and after the date, if any, specified in the Bond Notification for such series of the Bonds, shall be subject to redemption prior to maturity at the option of the City from any available funds, as a whole or in part, and if in part in integral multiples of \$5,000 in any order of their maturity as determined by the City (less than all of the Bonds of a single maturity and series

to be selected by the Bond Registrar), on the date specified in the Bond Notification for such series of the Bonds, if any, and on any date thereafter, at the redemption price of par plus accrued interest to the date fixed for redemption.

(b) *Mandatory Redemption.* The Bonds of any series maturing on the date or dates, if any, indicated in the Bond Notification for such series shall be subject to mandatory redemption, in integral multiples of \$5,000 selected by lot by the Bond Registrar, at a redemption price of par plus accrued interest to the redemption date, on January 1 of the years, if any, and in the principal amounts, if any, as indicated in such Bond Notification.

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

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

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

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

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

All notices of redemption shall state:

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

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

Subject to the provisions for a conditional redemption described above, notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the City shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Bond Registrar at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the registered holder a new Bond or Bonds of the same maturity and series in the amount of the unpaid principal.

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

Section 8. Form of Bond. The Bonds shall be in substantially the following form; *provided, however,* that if the text of the Bond is to be printed in its entirety on the front side of the Bond, then paragraph [2] and the legend, “See Reverse Side for Additional Provisions”, shall be omitted and paragraphs [6] through [12] shall be inserted immediately after paragraph [1]:

[Form of Bond - Front Side]

REGISTERED
NO. _____

REGISTERED
\$ _____

UNITED STATES OF AMERICA

STATE OF ILLINOIS

COUNTIES OF OGLE AND LEE

CITY OF ROCHELLE

**GENERAL OBLIGATION BOND (ALTERNATE REVENUE SOURCE),
SERIES 2018**

See Reverse Side for
Additional Provisions

Interest Maturity Dated
Rate: ____% Date: January 1, 20__ Date: _____, 2018 CUSIP: 771231 ____

Registered Owner: CEDE & Co.

Principal Amount:

[1] KNOW ALL PERSONS BY THESE PRESENTS, that the City of Rochelle, Ogle and Lee Counties, Illinois (the “City”), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns as hereinafter provided, on the Maturity Date identified above, the Principal Amount identified above and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on such Principal Amount from the date of this Bond or from the most recent interest payment date to which interest has been paid at the Interest Rate per annum set forth above on January 1 and July 1 of each year, commencing _____, 20__, until said Principal Amount is paid. Principal of this Bond is payable in lawful money of the United States of America at the principal office of UMB Bank, N.A., Kansas City, Missouri, as bond registrar and paying agent (the “Bond Registrar”). Payment of the installments of interest shall be made to the Registered Owner hereof as shown on the

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

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

[3] It is hereby certified and recited that all acts, conditions and things required to be done precedent to and in the issuance of this Bond have been done and have happened and have been performed in regular and due form of law; that the indebtedness of the City, including the issue of Bonds of which this is one, does not exceed any limitation imposed by law; that provision has been made for the collection of the Pledged Revenues, the levy and collection of the Pledged Taxes and the segregation of the Pledged Revenues and the Pledged Taxes to pay the interest hereon as it falls due and also to pay and discharge the principal hereof at maturity; and that the City hereby covenants and agrees that it will properly account for the Pledged Revenues and the Pledged Taxes and will comply with all the covenants of, and maintain the funds and accounts as provided by, the ordinance adopted by the Council of the City on the 22nd day of October, 2018 (the "*Bond Ordinance*").

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

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

Mayor

Attest:

City Clerk

Date of Authentication: _____, 20__

CERTIFICATE
OF
AUTHENTICATION

Bond Registrar and Paying Agent:
UMB Bank, N.A.,
Kansas City, Missouri

This Bond is one of the Bonds described in the within mentioned ordinance and is one of the General Obligation Bonds (Alternate Revenue Source), Series 2018, of the City of Rochelle, Ogle and Lee Counties, Illinois.

UMB BANK, N.A.,
as Bond Registrar

By _____
Authorized Officer

[Form of Bond - Reverse Side]

CITY OF ROCHELLE

OGLE AND LEE COUNTIES, ILLINOIS

**GENERAL OBLIGATION BOND (ALTERNATE REVENUE SOURCE),
SERIES 2018**

[6] This Bond is one of a series of bonds issued by the City pursuant to the Local Government Debt Reform Act of the State of Illinois, as amended (the “*Debt Reform Act*”), and the Illinois Municipal Code, as amended (the “*Municipal Code*”), for the purpose of paying the costs of financing infrastructure improvements in and for the City, including, but not limited to, 2nd Avenue Street urbanization and drainage improvements, downtown storm sewer and drainage improvements including street and sidewalk reconstruction as needed, general street improvements including curb and gutter, storm water, sidewalks, pavement and offsite drainage improvements, right-of-way acquisition, and professional and surveying fees, and the payment of expenses incident thereto, and is authorized by the Bond Ordinance, duly and properly adopted for that purpose, in all respects as provided by law.

[7] The Bonds are payable from (a) collections distributed to the City from one or more of those taxes imposed pursuant to the Non-Home Rule Municipal Retailers’ Occupation Tax Act and the Non-Home Rule Municipal Service Occupation Tax Act, each of the State of Illinois, as amended, and imposed at the rate of 0.75% pursuant to prior referendum approval by the City, or substitute taxes therefor as provided by the State of Illinois in the future (collectively, the “*Pledged Revenues*”), and (b) ad valorem taxes levied against all of the taxable property in the City without limitation as to rate or amount (the “*Pledged Taxes*”), all in accordance with the provisions of the Debt Reform Act. The City reserves the right to issue additional bonds without limit from time to time payable from the Pledged Revenues, and any such additional bonds shall share ratably and

equally in the Pledged Revenues with the Bonds; *provided, however*, that no additional bonds shall be issued except in accordance with the Debt Reform Act.

[8] [Optional and Mandatory Redemption Provisions to be inserted as necessary].

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

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

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

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

(ASSIGNMENT)

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

(Name and Address of Assignee)

the within Bond and does hereby irrevocably constitute and appoint _____

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

Dated: _____

Signature guaranteed: _____

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

Section 9. Sale of Bonds. Any two of the Designated Representatives, one of whom shall be an elected official, are hereby authorized to proceed not later than April 22, 2019, without any further authorization or direction from the Council, to sell the Bonds upon the terms as prescribed in this Ordinance. The Bonds hereby authorized shall be executed as in this Ordinance provided as soon after the delivery of the Bond Notification for a series of the Bonds as may be, and thereupon be deposited with the Treasurer. After authentication of the Bonds by the Bond Registrar, the Treasurer shall deliver the Bonds to the purchaser thereof, the same being Robert W. Baird & Co., Incorporated, Naperville, Illinois (the "*Purchaser*"), upon receipt of the purchase price therefor, the same being not less than 96.00% of the principal amount of the Bonds (exclusive of original issue discount and original issue premium), on a series-by-series basis, plus accrued

interest, if any, to date of delivery, it being hereby found and determined that the sale of the Bonds to the Purchaser is in the best interests of the City. The Designated Representatives shall find and determine in each Bond Notification that no person holding any office of the City, either by election or appointment, is in any manner financially interested directly in his or her own name or indirectly in the name of any other person, association, trust or corporation, in the sale of the respective series of the Bonds to the Purchaser.

Prior to the sale of any series of the Bonds, any of the Designated Representatives is hereby authorized to approve and execute a commitment for the purchase of a Municipal Bond Insurance Policy (as hereinafter defined), to further secure the Bonds, as long as the present value of the fee to be paid for the Municipal Bond Insurance Policy (using as a discount rate the expected yield on the Bonds treating the fee paid as interest on the Bonds) is less than the present value of the interest reasonably expected to be saved on the Bonds over the term of the Bonds as a result of the Municipal Bond Insurance Policy.

Upon the sale of any series of the Bonds, the Designated Representatives shall prepare a Notification of Sale of such series of the Bonds, which shall include the pertinent details of sale as provided herein (each a "*Bond Notification*"). In the Bond Notification for a series of the Bonds, the Designated Representatives shall find and determine that the Bonds have been sold at such price and bear interest at such rates that either the true interest cost (yield) or the net interest rate received upon the sale of such series of the Bonds does not exceed the maximum rate otherwise authorized by applicable law. Each Bond Notification shall be entered into the records of the City and made available to the Council at the next regular meeting thereof; but such action shall be for information purposes only, and the Council shall have no right or authority at such time to approve or reject such sale as evidenced in the Bond Notification.

Upon the sale of a series of the Bonds, as evidenced by the execution and delivery of the Bond Notification by the Designated Representatives and any other officers of the City, as shall be appropriate, shall be and are hereby authorized and directed to approve or execute, or both, such documents of sale of the Bonds as may be necessary, including, without limitation, any contracts for the sale of the Bonds between the City and the Purchaser (the "*Purchase Contract*").

The use by the Purchaser of any Preliminary Official Statement and any final Official Statement relating to any series of the Bonds (the "*Official Statement*") is hereby ratified, approved and authorized; the execution and delivery of the Official Statement is hereby authorized; and the officers of the Council are hereby authorized to take any action as may be required on the part of the City to consummate the transactions contemplated by the Purchase Contract, this Ordinance, said Preliminary Official Statement, the Official Statement and the Bonds.

Section 10. Treatment of Bonds as Debt. The Bonds shall be payable from the Pledged Revenues and the Pledged Taxes and do not and shall not constitute an indebtedness of the City within the meaning of any constitutional or statutory limitation, unless the Pledged Taxes shall be extended pursuant to the general obligation, full faith and credit promise supporting the Bonds, as set forth in Section 12 hereof, in which case the amount of the Bonds then Outstanding shall be included in the computation of indebtedness of the City for purposes of all statutory provisions or limitations until such time as an audit of the City shall show that the Bonds have been paid from the Pledged Revenues for a complete Fiscal Year in accordance with the Debt Reform Act.

Section 11. Bond Fund. There is hereby established a special fund of the City known as the "Alternate Bond and Interest Fund of 2018" (the "*Bond Fund*"). The Bond Fund is a trust fund established for the purpose of carrying out the covenants, terms and conditions imposed upon the City by this Ordinance. The Bonds are secured by a pledge of all of the moneys on deposit in the Bond Fund, and such pledge is irrevocable until the Bonds have been paid in full or until the obligations of the City under this Ordinance are discharged.

Section 12. Alternate Revenue Source; Appropriation; Tax Levy; Pledged Taxes. For the purpose of providing funds to pay the principal of and interest on the Bonds, the City covenants and agrees with the purchasers and the owners of the Bonds that so long as any Bonds are outstanding and unpaid, either as to principal or interest, the City will deposit the Pledged Revenues into the Bond Fund. All payments with respect to the Bonds shall be made directly from the Bond Fund. There are hereby created two accounts in the Bond Fund, designated as the “Pledged Revenues Account” and as the “Pledged Taxes Account.” All Pledged Revenues and any funds of the City on hand and lawfully available for such purpose which are being used for the payment of the principal of and interest on the Bonds shall be deposited to the credit of the Pledged Revenues Account. All Pledged Taxes shall be deposited to the credit of the Pledged Taxes Account. Pledged Taxes on deposit to the credit of the Pledged Taxes Account shall be fully spent to pay the principal of and interest on the respective Bonds for which such taxes were levied and collected prior to use of any moneys on deposit in the Pledged Revenues Account.

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

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

FOR THE YEAR	A TAX SUFFICIENT TO PRODUCE THE SUM OF:	
2018	\$0	for principal and interest up to and including January 1, 2020
2019	\$758,800	for principal and interest
2020	\$758,800	for principal and interest
2021	\$758,800	for principal and interest
2022	\$758,800	for principal and interest
2023	\$758,800	for principal and interest
2024	\$758,800	for principal and interest
2025	\$758,800	for principal and interest
2026	\$758,800	for principal and interest
2027	\$758,800	for principal and interest

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

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

To the extent that the taxes levied above exceed the amount necessary to pay debt service on the Bonds as set forth in the Bond Notification, the Mayor, City Clerk and Treasurer are hereby authorized to direct the abatement of such taxes to the extent of the excess of such levy in each year over the amount necessary to pay debt service on the Bonds in the following bond year.

Proper notice of such abatement shall be filed with the County Clerk in a timely manner to effect such abatement.

Section 13. Filing of Ordinance. After this Ordinance becomes effective, a copy hereof, certified by the City Clerk, shall be filed with each of the County Clerks. Each County Clerk shall in and for each of the years required ascertain the rate percent required to produce the aggregate Pledged Taxes hereinbefore provided to be levied in each of said years; and each County Clerk shall extend the same for collection on the tax books in connection with other taxes levied in said years in and by the City for general corporate purposes of the City; and each County Clerk, or other appropriate officer or designee, shall remit the Pledged Taxes for deposit to the Bond Fund, and in said years the Pledged Taxes shall be levied and collected by and for and on behalf of the City in like manner as taxes for general corporate purposes of the City for said years are levied and collected, and in addition to and in excess of all other taxes. The Pledged Taxes are hereby irrevocably pledged to and shall be used only for the purpose of paying principal of and interest on the Bonds.

Section 14. Abatement of Pledged Taxes. Whenever Pledged Revenues or other lawfully available funds are available and on deposit in the Bond Fund to pay any principal of or interest on the Bonds when due so as to enable the abatement of the Pledged Taxes levied for the same, the Council shall direct the abatement of such Pledged Taxes by the amount available and on deposit in the Bond Fund, and proper notification of such abatement shall be filed with each of the County Clerks in a timely manner to effect such abatement. There are no Pledged Taxes for levy year 2018. Principal of and interest on the Bonds up to and including January 1, 2020 are secured only by the Pledged Revenues.

Section 15. General Covenants. So long as any Bonds remain Outstanding, the City covenants and agrees with the holders of the Bonds that:

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

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

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

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

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

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

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

H. The Outstanding Bonds shall be and forever remain until paid the general obligation of the City, for the payment of which its full faith and credit are pledged, and

shall be payable, both from the Pledged Revenues, as herein provided, and from the levy of the Pledged Taxes, all as provided in the Debt Reform Act.

Section 16. Additional Bonds. The City reserves the right to issue Additional Bonds from time to time payable from the Pledged Revenues, and any such Additional Bonds shall share ratably and equally in the Pledged Revenues with the Bonds; *provided, however,* that no Additional Bonds shall be issued except upon compliance with the provisions of the Debt Reform Act.

Section 17. Use of Proceeds. Accrued interest received on delivery of the Bonds, if any, shall be credited to the Bond Fund and applied to pay first interest due on the Bonds. Proceeds received from the sale of the Bonds shall be set aside in a separate fund hereby created and designated as the “Capital Improvement Account (Series 2018)” (the “*Project Fund*”) to be held by the Treasurer in a separate and segregated account. Moneys in the Project Fund shall be withdrawn from time to time as needed for the payment of the costs of issuance of the Bonds, the Project and payment of the fees and expenses incidental thereto, and said moneys shall be disbursed by the Treasurer in accordance with normal and customary City disbursement procedures. At the time of the issuance of the Bonds, the costs of issuance of the Bonds may be paid by the Purchaser on behalf of the City from the proceeds of the Bonds.

Section 18. Reimbursement. None of the proceeds of the Bonds will be used to pay, directly or indirectly, in whole or in part, for an expenditure that has been paid by the City prior to the date hereof except architectural or engineering costs incurred prior to commencement of the Project or expenditures for which an intent to reimburse it as properly declared under the Treasury Regulations. This Ordinance is in itself a declaration of official intent under the Treasury Regulations as to all costs of the Project paid within 60 days prior to the date hereof or on any date after the date hereof and prior to issuance of the Bonds.

Section 19. General Tax Covenants. The City hereby covenants that it will not take any action, omit to take any action or permit the taking or omission of any action within its control

(including, without limitation, making or permitting any use of the proceeds of the Bonds) if taking, permitting, or omitting to take such action would cause any of the Bonds to be an arbitrage bond or a private activity bond within the meaning of the Code, would otherwise cause the interest on the Bonds to be includable in the gross income of the recipients thereof for federal income tax purposes. The City acknowledges that, in the event of an examination by the Internal Revenue Service of the exemption from Federal income taxation for interest paid on the Bonds under present rules, the City may be treated as a “taxpayer” in such examination and agrees that it will respond in a commercially reasonable manner to any inquiries from the Internal Revenue Service in connection with such an examination. In furtherance of the foregoing provisions, but without limiting their generality, the City agrees: (a) through its officers, to make such further specific covenants, representations as shall be truthful, and assurances as may be necessary or advisable; (b) to comply with all representations, covenants, and assurances contained in certificates or agreements as may be prepared by Bond Counsel; (c) to consult with such Bond Counsel and to comply with such advice as may be given; (d) to file such forms, statements, and supporting documents as may be required and in a timely manner; and (e) if deemed necessary or advisable by its officers, to employ and pay fiscal agents, financial advisors, attorneys, and other persons to assist the City in such compliance.

Section 20. Registered Form. The City recognizes that Section 149 of the Code requires the Bonds to be issued and to remain in fully registered form in order to be and remain exempt from federal income taxation. In this connection, the City agrees that it will not take any action to permit the Bonds to be issued in, or converted into, bearer or coupon form.

Section 21. Certain Specific Tax Covenants.

A. None of the Bonds shall be a “private activity bond” as defined in Section 141(a) of the Code; and the City certifies, represents, and covenants as follows:

(1) Not more than 5% of the net proceeds and investment earnings of the Bonds is to be used, directly or indirectly, in any activity carried on by any person other than a state or local governmental unit.

(2) Not more than 5% of the amounts necessary to pay the principal of and interest on the Bonds will be derived, directly or indirectly, from payments with respect to any private business use by any person other than a state or local governmental unit.

(3) None of the proceeds of the Bonds is to be used, directly or indirectly, to make or finance loans to persons other than a state or local governmental unit.

(4) No user of the infrastructure of the City to be improved as part of the Project other than the City or another governmental unit, will use the same on any basis other than the same basis as the general public; and no person, other than the City or another governmental unit, will be a user of such infrastructure as a result of (i) ownership or (ii) actual or beneficial use pursuant to a lease, a management or incentive payment contract other than as expressly permitted by the Code, or (iii) any other arrangement.

B. The Bonds shall not be “arbitrage bonds” under Section 148 of the Code; and the City certifies, represents, and covenants as follows:

(1) With respect to the Project, the City has heretofore incurred or within six months after delivery of the Bonds expects to incur substantial binding obligations to be paid for with money received from the sale of the Bonds, said binding obligations comprising binding contracts for the Project in not less than the amount of 5% of the proceeds of the Bonds allocable to the Project.

(2) More than 85% of the proceeds of the Bonds allocable to the Project will be expended on or before three years for the purpose of paying the costs of the Project.

(3) All of the principal proceeds of the Bonds allocable to the Project and investment earnings thereon will be used, needed, and expended for the purpose of paying the costs of the Project including expenses incidental thereto.

(4) Work on the Project is expected to proceed with due diligence to completion.

(5) Except for the Bond Fund, the City has not created or established and will not create or establish any sinking fund, reserve fund or any other similar fund to provide for the payment of the Bonds. The Bond Fund has been established and will be funded in a manner primarily to achieve a proper matching of revenues and debt service and will be depleted at least annually to an amount not in excess of 1/12th the particular annual debt service on the Bonds. Other than any Capitalized Interest, money deposited into the Bond Fund will be spent within a 13-month period beginning on the date of deposit, and investment earnings in the Bond Fund will be spent or withdrawn from the Bond Fund within a one-year period beginning on the date of receipt.

(6) Amounts of money related to the Bonds required to be invested at a yield not materially higher than the yield on the Bonds, as determined pursuant to such tax certifications or agreements as the City officers may make in connection with the issuance of the Bonds, shall be so invested; and appropriate City officers are hereby authorized to make such investments.

(7) Unless an applicable exception to Section 148(f) of the Code, relating to the rebate of “excess arbitrage profits” to the United States Treasury (the “*Rebate Requirement*”) is available to the City, the City will meet the Rebate Requirement.

(8) Relating to such applicable exceptions, any City officer charged with issuing the Bonds is hereby authorized to make such elections under the Code as such officer shall deem reasonable and in the best interests of the City. If such election may result in a “penalty in lieu of rebate” as provided in the Code, and such penalty is incurred (the “*Penalty*”), then the City shall pay such Penalty.

C. The City reserves the right to use or invest moneys in connection with the Bonds in any manner or to make changes in the Project lists or to use the City infrastructure acquired, constructed, or improved as part of the Project in any manner, notwithstanding the representations and covenants in this Ordinance, *provided* it shall first have received an opinion from an attorney or a firm of attorneys of nationally recognized standing in matters pertaining to tax-exempt bonds to the effect that use or investment of such moneys or the changes in or use of such infrastructure as contemplated will not result in loss or impairment of tax-exempt status for the Bonds.

D. Each Bond is hereby designated a “qualified tax-exempt obligation” for the purposes and within the meaning of Section 265(b)(3) of the Code. The City hereby finds that: (i) none of the Bonds will be at any time a “private activity bond” (as defined in Section 141 of the Code); (ii) in calendar year 2018, the City has not issued any tax-exempt obligations of any kind nor have any other tax-exempt obligations of any kind been issued on behalf of the City, except as set forth herein; (iii) during calendar year 2018, the City will not issue or cause to have issued on behalf of the City more than \$10,000,000 of tax-exempt obligations, including the Bonds; (iv) not more than \$10,000,000 of obligations of any kind (including the Bonds) issued by or on behalf of the City during calendar year 2018 will be designated for purposes of Section 265(b)(3) of the Code; and (v) the City is not subject to control by any entity, and there are no entities subject to control by the City.

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

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

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

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

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

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

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

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

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

Section 25. Continuing Disclosure Undertaking. The Mayor or the Treasurer is hereby authorized, empowered and directed to execute and deliver a Continuing Disclosure Undertaking (the "*Continuing Disclosure Undertaking*") in connection with the issuance of the Bonds, with such provisions therein as he or she shall approve, his or her execution thereof to constitute

conclusive evidence of his or her approval of such provisions. When the Continuing Disclosure Undertaking is executed and delivered on behalf of the City as herein provided, the Continuing Disclosure Undertaking will be binding on the City and the officers, employees and agents of the City, and the officers, employees and agents of the City are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Continuing Disclosure Undertaking as executed. Notwithstanding any other provision of this Ordinance, the sole remedies for failure to comply with the Continuing Disclosure Undertaking shall be the ability of the beneficial owner of any Bond to seek mandamus or specific performance by court order, to cause the City to comply with its obligations under the Continuing Disclosure Undertaking.

Section 26. Municipal Bond Insurance. In the event the payment of principal and interest on any series of the Bonds is insured pursuant to a municipal bond insurance policy (the “*Municipal Bond Insurance Policy*”) issued by a bond insurer (the “*Bond Insurer*”), and as long as such Municipal Bond Insurance Policy shall be in full force and effect, the City and the Bond Registrar agree to comply with such usual and reasonable provisions regarding presentment and payment of the Bonds, subrogation of the rights of the Bondholders to the Bond Insurer upon payment of the Bonds by the Bond Insurer, amendment hereof, or other terms, as approved by the Mayor of the City on advice of counsel, his or her approval to constitute full and complete acceptance by the City of such terms and provisions under authority of this Section.

Section 27. Record-Keeping Policy and Post-Issuance Compliance Matters. On August 25, 2014, the Council adopted a record-keeping policy (the “*Policy*”) in order to maintain sufficient records to demonstrate compliance with its covenants and expectations to ensure the appropriate federal tax status for the debt obligations of the City, the interest of which is excludable from “gross income” for federal income tax purposes or which enable the City or the holder to

receive federal tax benefits, including, but not limited to, qualified tax credit bonds and other specified tax credit bonds. The Council and the City hereby reaffirm the Policy.

Section 28. Severability. If any section, paragraph or provision of this Ordinance shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this Ordinance.

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

Adopted October 22, 2018.

AYES: _____

NAYS: _____

ABSENT: _____

Approved October 22, 2018.

Mayor

Recorded in the City Records on October 22, 2018.

Attest:

City Clerk

Council Member _____ moved and Council Member _____
seconded the motion that said ordinance as presented be adopted.

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

Upon roll call, the following Council Members voted AYE: _____

and NAY: _____

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

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

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

City Clerk

STATE OF ILLINOIS)
) SS
COUNTY OF OGLE)

CERTIFICATION OF MINUTES

I, the undersigned, do hereby certify that I am the duly qualified and acting City Clerk of the City of Rochelle, Ogle and Lee Counties, Illinois (the “City”), and as such official am one of the keepers of the records and files of the Council of the City (the “Council”).

I further certify that the foregoing is a full, true and complete transcript of that portion of the minutes of the meeting of the Council held on the 22nd day of October, 2018, insofar as the same relates to the adoption of Ordinance No. _____ entitled:

AN ORDINANCE authorizing and providing for the issue of not to exceed \$4,500,000 General Obligation Bonds (Alternate Revenue Source), of the City of Rochelle, Ogle and Lee Counties, Illinois, for the purpose of paying the costs of financing various infrastructure improvements in and for the City, the pledge of certain revenues to the payment of principal and interest on the bonds, the levy of a direct annual tax to pay such principal and interest if the pledged revenues are insufficient to make such payment, and authorizing the sale of said bonds to the purchaser thereof.

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

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

IN WITNESS WHEREOF, I hereunto affix my official signature and seal of said City, this 22nd day of October, 2018.

City Clerk

[SEAL]

STATE OF ILLINOIS)
) SS
COUNTY OF OGLE)

FILING CERTIFICATE

I, the undersigned, do hereby certify that I am the duly qualified and acting County Clerk of Ogle County, Illinois, and as such official I do further certify that on the ____ day of _____, 2018, there was filed in my office a duly certified copy of Ordinance No. _____ entitled:

AN ORDINANCE authorizing and providing for the issue of not to exceed \$4,500,000 General Obligation Bonds (Alternate Revenue Source), of the City of Rochelle, Ogle and Lee Counties, Illinois, for the purpose of paying the costs of financing various infrastructure improvements in and for the City, the pledge of certain revenues to the payment of principal and interest on the bonds, the levy of a direct annual tax to pay such principal and interest if the pledged revenues are insufficient to make such payment, and authorizing the sale of said bonds to the purchaser thereof.

duly adopted by the Council of the City of Rochelle, Ogle and Lee Counties, Illinois, on the 22nd day of October, 2018, and that the same has been deposited in the official files and records of my office.

IN WITNESS WHEREOF, I hereunto affix my official signature and the seal of said County, this ____ day of _____, 2018.

County Clerk of Ogle County, Illinois

[SEAL]

STATE OF ILLINOIS)
) SS
COUNTY OF LEE)

FILING CERTIFICATE

I, the undersigned, do hereby certify that I am the duly qualified and acting County Clerk of Lee County, Illinois, and as such official I do further certify that on the _____ day of _____, 2018, there was filed in my office a duly certified copy of Ordinance No. _____ entitled:

AN ORDINANCE authorizing and providing for the issue of not to exceed \$4,500,000 General Obligation Bonds (Alternate Revenue Source), of the City of Rochelle, Ogle and Lee Counties, Illinois, for the purpose of paying the costs of financing various infrastructure improvements in and for the City, the pledge of certain revenues to the payment of principal and interest on the bonds, the levy of a direct annual tax to pay such principal and interest if the pledged revenues are insufficient to make such payment, and authorizing the sale of said bonds to the purchaser thereof.

duly adopted by the Council of the City of Rochelle, Ogle and Lee Counties, Illinois, on the 22nd day of October, 2018, and that the same has been deposited in the official files and records of my office.

IN WITNESS WHEREOF, I hereunto affix my official signature and the seal of said County, this ____ day of _____, 2018.

County Clerk of Lee County, Illinois

[SEAL]