

**REGULAR CITY COUNCIL MEETING
FARMER CITY, ILLINOIS
MONDAY, MARCH 18, 2019
6:00 P.M.
AGENDA**

PRELIMINARY MATTERS

1. Call to order
2. Roll call
3. Pledge of allegiance to the flag
4. Proclamations/presentations/recognitions FY 20 Budget Presentation
5. Public Comment

SECTION I CONSENT AGENDA

The following items will be adopted on a single motion without discussion unless a council member requests separate consideration.

- A. Approval of the minutes of the March 4, 2019 council minutes
- B. Fund Warrant List

SECTION II: UNFINISHED BUSINESS--Ordinances or resolutions previously tabled.

- A. **ORDINANCE 2019-1026** An Ordinance Establishing an Administrative Procedure for Assessing and Determining Claims Under PSEBA

SECTION III: NEW BUSINESS--Ordinances and resolutions for initial consideration

- A. **ORDINANCE 2019-1027** Adoption of an Ordinance Authorizing the Issuance of (i) General Obligation Bonds (Alternate Revenue Source), Series 2019A; and (ii) General Obligation Bonds, (Alternate Revenue Source), Series 2019B, of the City of .Farmer City, DeWitt County, Illinois, Providing the Details of Such Bonds and for Applicable Alternate Revenue Sources and the Levy of the Direct Annual Taxes Sufficient to Pay the Principal of and Interest on Such Bonds, and Related Matters

SECTION IV: EXECUTIVE SESSION

SECTION V: OTHER ITEMS

1. City manager report
2. Non-agenda items and other business

ADJOURNMENT

NOTE: Anyone planning to attend the meeting who has need of special assistance under the Americans with Disabilities Act (ADA) is asked to contact the city clerk's office at (309) 928-2842, 48 hours before the meeting. Staff will be pleased to make the necessary arrangements.

**MINUTES OF THE FARMER CITY, ILLINOIS
CITY COUNCIL
REGULAR MEETING OF
MARCH 4, 2018**

6 p.m.

Roll call

Present: Councilmembers Coffey, McKinley, Testory and Acting Mayor Scott Kelley
Also, in attendance: City Manager Sue McLaughlin, City Attorney Joe Chamley, City Clerk Angie Wanserski
Absent: None

Pledge of allegiance to the flag

Proclamations/presentations

Public Hearing

Farmer City Forward

Public Hearing was opened by Mayor at 6 p.m.
Public Hearing closed at 6:03 p.m.,
Motion by McKinley to close public hearing at 6:03 p.m., Seconded by Coffey. Voted unanimously. Motion carried

SECTION I: CONSENT AGENDA

A. Approval of the minutes of the February 4, 2019 council minutes

B. Fund Warrant List

MOTION by Testory to approve consent agenda. Seconded by McKinley. Approved unanimously. Motion carried.

SECTION II:

UNFINISHED BUSINESS Ordinances or resolutions previously tabled

SECTION III:

NEW BUSINESS – Ordinances and resolutions for initial consideration

1. Ordinance 2019-1026 An Ordinance Establishing an Administrative Procedure for Assessing and Determining Claims Under PSEBA

City Manager McLaughlin opens by explaining the Public Safety Extended Benefits Act (PSEBA) and suggesting councilmembers take 2 weeks to review the issue before taking action. PSEBA protects fire or police personnel in the event of catastrophic injury. It allows that the city will pay lifetime health insurance premiums for an injured employee and their family (i.e. surviving spouse until remarriage and children until age 26). The ordinance does not define catastrophic injury but rather gives neutrality to the city by providing a 3rd party determination. IML Executive Director Brad Cole suggested that cities adopt this ordinance until the state legislature defines “catastrophically injured.”

MOTION This item has been laid over until March 18, 2019

2. RESOLUTION 2019-27 Authorizing City Manager to Solicit Bids for Certain Projects (I-74 utility extension, Maple/Western St project, John St project)

City Manager stated she would like to start obtaining bids for upcoming projects. The earlier she can start the process, the better the pricing. BHMG is ready to post notice for bids. CM states the Maple/Western project will have sidewalks added as a bonus. Councilmember Coffey expressed that this update is very exciting. Any changes to be done to properties during the project should only be done in the right of way so will not necessarily need owners' consent. CM anticipates hearing about sidewalk grants for John St soon as well.

MOTION by Testory to approve Resolution 2019-27 Authorizing City Manager to Solicit Bids for Certain Projects (I-74 utility extension, Maple/Western St project, John St project). Seconded by Coffey. Approved unanimously. Motion carried.

SECTION IV: **EXECUTIVE SESSION** None presented

SECTION V: **OTHER ITEMS**

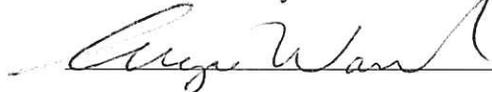
1. City manager report

City Manager Sue McLaughlin reported to council that the rollout of the new city website would happen within the next week. The sewer liner for John St was on order. CM relayed the water/sewer employees were delighted as it will be a savings to the city over time and would like to see more sewers lined as would the CM. Mow bids are going out and will be opened on March 28, 2019. The pool is set to open on time but will close mid-August to begin improvement work. Dollar General has closed on their new site and the developer is set to go before the county zoning board in April.

2. Non-agenda items and other business.

ADJOURNMENT

MOTION by McKinley to adjourn meeting. Seconded by Coffey. Voted unanimously. Motion carried.



Angie Wanserski, city clerk

Vendor Name	Net Invoice Amount	
100		
PRIME TIME CLEANING & JANIT	399.61	CLEANING SERVICE
AT & T	41.17	ADM - TELEPHONE
SPRINT	23.66	ADM - TELEPHONE
FRONTIER	257.57	ADM PHONE
CARDMEMBER SERVICES	10.71	ADM PUB/AD
SIMPLY SENNETT	2,500.00	WEB DEVELOPMENT
WATTS COPY SYSTEMS INC	200.97	ADM COPIER
CARDMEMBER SERVICES	40.67	ADM OFFICE SUPPLIES
CARDMEMBER SERVICES	17.14	ADM COMM RELATIONS
AMERICAN LEGAL PUBLISHING	950.50	CODE OF ORDINANCE
CARDMEMBER SERVICES	69.82	LEG COMM REAL
UNITED FARM FAMILY LIFE INS	134.24	POL SUP INS BROWN
SPRINT	181.44	POL TELEPHONE
FRONTIER	513.34	POLICE PHONE
SIMPLIFIED COMPUTERS	270.00	COMP SERVICE
TECHNOLOGY MANAGEMENT	132.81	POLICE - LEADS
GALLS LLC	98.94	BOOTS
SPRINT	134.66	Street telephone
BOBCAT OF CHAMPAIGN	2,942.46	REPAIR BOBCAT
Kings Ace Hardware	62.26	STREET SUPPLIES
CORNEGLIO AG	59.41	STREET SUPPLIES
Progressive Chemical	452.19	BARRICADE SIGNS
FRONTIER	197.44	POOL PHONE & WIFI
Total 100:	9,691.01	
150		
LEHIGH HANSON	216.30	CA6 ROCK
MITCHELL'S TRUCKING	281.19	CAP TRUCKING
Total 150:	497.49	
170		
FEHR GRAHAM	1,683.00	POOL RENOVATIONS
Total 170:	1,683.00	
270		
MAURER-STUTZ	2,888.75	MAPLE ST ROADWAY IMPROVEMENTS
Total 270:	2,888.75	
490		
AREA DISPOSAL	11,547.02	MONTHLY GARBAGE SERVICE
Total 490:	11,547.02	
510		
CARDMEMBER SERVICES	3.68	WATER POSTAGE
FRONTIER	129.79	WATER PHONE & INTERNET
NICOR Gas	129.59	WATER GAS
IMCO UTILITY SUPPLY CO	24.80	WATER SUPPLIES
Kings Ace Hardware	17.18	WATER SUPPLIES
Water Products Co.	306.90	WAT- SUPPLIES
CORNEGLIO AG	55.90	WATER SUPPLIES
CORNEGLIO AG	34.72	SEWER SUPPLIES
MAURER-STUTZ	1,519.94	I-74 W/S EXTENSION

Vendor Name	Net Invoice Amount	
Total 510:	2,222.50	
520		
Yeagle Electric	5,416.31	INSTALL NEW PANEL @ CEM LIFT STATION
Yeagle Electric	210.00	REPLACE FLOATS ON CENTER ST LIFT STATION
PDC Laboratories Inc.	105.40	SEW-TESTING
PDC Laboratories Inc.	316.20	SEW-TESTING
PDC Laboratories Inc.	195.28	SEW-TESTING
PDC Laboratories Inc.	632.40	SEW-TESTING
PDC Laboratories Inc.	89.88	SEW-TESTING
PDC Laboratories Inc.	210.80	SEW-TESTING
PDC Laboratories Inc.	458.78	SEW-TESTING
PDC Laboratories Inc.	263.50	SEW-TESTING
PDC Laboratories Inc.	89.88	SEW-TESTING
CARDMEMBER SERVICES	3.67	SEWER POSTAGE
Kings Ace Hardware	44.99	SEWER SUPPLIES
MAURER-STUTZ	587.50	SEWER DISINFECTION IMPROVEMENTSS
MAURER-STUTZ	1,519.94	I-74 W/S EXTENSION
Total 520:	10,144.53	
530		
Drake Scruggs	892.27	ELE - SERVICE CALL
BHMG ENGINEERS	105.79	PROJECT 1011 SC
BHMG ENGINEERS	2,182.21	PROJECT 1011V
AT & T	24.80	ELE - TELEPHONE
SPRINT	97.93	ELE - TELEPHONE
FRONTIER	152.10	ELEC PHONE
NICOR Gas	375.48	ELE - UTILITIES WAREHOUSE
NICOR Gas	1,425.72	ELE-NATURAL GAS (GENERATION)
CARDMEMBER SERVICES	44.95	ELEC INTERNET
Kings Ace Hardware	63.16	ELE - SUPPLIES
Aramark	38.53	ELE - BUILDING AND PROPERTY
BHMG ENGINEERS	7,750.00	PROJ 1923 I 74 EXTENSION
ANIXTER INC	2,940.00	ELEC METERS
Total 530:	16,092.94	
Grand Totals:	54,767.24	

ORDINANCE NO. 1026

AN ORDINANCE ESTABLISHING AN ADMINISTRATIVE PROCEDURE FOR
ASSESSING AND DETERMINING CLAIMS UNDER PSEBA

WHEREAS, the legislature granted non-home rule municipalities the broad authority to “pass all ordinances and make all rules and regulations proper or necessary, to carry into effect the powers granted to municipalities” (65 ILCS 5/1-2-1); and

WHEREAS, while “non-home rule municipalities have the authority to enact ordinances, such ordinances may in no event conflict with state law or prohibit what a state statute expressly permits . . . A local ordinance may impose more rigorous or definite regulations in addition to those enacted by the state legislature so long as they do not conflict with the statute” (*Village of Wauconda v. Hutton*, 291 Ill. App 3d 1058, 1060 (1997)); and

WHEREAS, the Public Safety Employee Benefits Act (“PSEBA” or “Act”) was enacted in 1997 to provide free health insurance benefits when a “full-time law enforcement, correctional or correctional probation officer, or firefighter, who . . . suffers a catastrophic injury or is killed in the line of duty” (820 ILCS 320/10(a)); and

WHEREAS, Illinois courts have noted that “although the legislature made PSEBA benefits contingent upon the existence of a ‘catastrophic injury,’ the Act nowhere defines ‘catastrophic injury’” (*Krohe v. City of Bloomington*, 204 Ill. 2d 392, 395 (2003)); and

WHEREAS, *Englum v. The City of Charleston*, 2017 IL App (4th) 160747 (2017) found that a non-home rule municipality’s ordinance establishing an administrative procedure for assessing claims under PSEBA “complemented the determinations of the legislature by enacting a procedural process to fulfill the substantive requirements of the [Act]” and such an ordinance “facilitate[s] the purpose of the [Act]” ¶ 73; and

WHEREAS, the Court in *Englum* found that non-home rule municipalities have the authority to enact an ordinance establishing a local administrative procedure to determine eligibility for PSEBA benefits; and

WHEREAS, as a result of the decision in *Englum*, the City now desires to adopt the following ordinance and finds that this is in the best interest of the citizens’ health, safety, and welfare.

NOW, THEREFORE, be it ordained by the corporate authorities of the City of Farmer City as follows:

Section 1.

PURPOSE.

The purpose of this ordinance is to provide a fair and efficient method for determining the eligibility of a full-time employee for the benefits enumerated under PSEBA through an administrative process, including if necessary, an administrative hearing.

Section 2.

DEFINITIONS.

For the purpose of this Ordinance, the following terms will have the following meanings. These definitions are derived from the federal Public Health and Welfare Act, which was enacted in 1944 and amended in 1984 to define, by inclusion or reference, the following terms.

For use in this Ordinance, provisions containing the words “mayor,” “commissioner,” “alderman,” or “city council” also apply to the president, trustee, councilmember and boards of trustees so far as the provisions are applicable to them.

Catastrophic injury	An injury, the direct and proximate consequences of which permanently prevent an individual from performing any gainful work.
Gainful work	Full- or part-time activity that actually is compensated or commonly is compensated.
Injury	A traumatic physical wound (or a traumatized physical condition of the body) directly and proximately caused by external force (such as bullets, explosives, sharp instruments, blunt objects, or physical blows), chemicals, electricity, climatic conditions, infectious disease, radiation, virii, or bacteria, but does not include— (1) Any occupational disease; or (2) Any condition of the body caused or occasioned by stress or strain.

Section 3.

APPLICATION PROCEDURE.

As noted by the Court in *Englum*, “while the [Act] contained *substantive* requirements for section 10 eligibility, the [Act] contained no *procedural* requirements for determining whether a former employee met the substantive criteria.” ¶ 55. This ordinance and the application procedure of this section establishes guidance on the proper procedural requirements for Public Safety Officers seeking PSEBA benefits in the City.

- A. Public Safety Officers, or family member(s) of an injured or deceased Public Safety Officer, (“Applicant”) must file a full and complete PSEBA application in writing within thirty (30) days of filing a pension claim with the City or within thirty (30) days of the date of the adoption of this Ordinance in the event that an Applicant has filed for a PSEBA claim prior to the date of adoption of this Ordinance, whichever is later, if the Applicant is seeking benefits under PSEBA. The City shall notify Applicant if the PSEBA application is incomplete and Applicant shall have five (5) days to remedy their application. Failure to timely file the full and complete application shall result in a forfeiture of the benefits under PSEBA by failure to properly submit a complete application.

- B. A complete PSEBA application includes the following:
 - 1. The name of the Applicant, date of hire, detailed information regarding the incident, including information relating to how the injury was sustained in the line

of duty (date, time, place, nature of injury, and other factual circumstances surrounding the incident giving rise to said claim);

2. The Applicant's firsthand knowledge explaining, to the City's satisfaction, how the injury/death directly resulted from:
 - i. Response to fresh pursuit;
 - ii. Response to what is reasonably believed to be an emergency;
 - iii. An unlawful act perpetrated by another; or
 - iv. Participation during the investigation of a criminal act;
3. A signed PSEBA medical authorization release which authorizes the collection of information related to the incident including, but not limited to, disability pension proceedings, worker's compensation records, and medical records and specifies the name and address for pertinent health care provider(s);
4. A signed PSEBA general information release specifying the name and signature of the Applicant or her/his authorized representative along with legal proof of said representation and name and signature of witness authorizing the collection of information pertinent to the incident review process;
5. The name(s) of witnesses to the incident;
6. The name(s) of witnesses the Applicant intends to call at the PSEBA hearing;
7. Information and supporting pension documentation filed with the appropriate pension board;
8. Information supporting the PSEBA eligibility requirements; and
9. Other sources of health insurance benefits currently enrolled in or received by the Applicant and/or family members if the Applicant is deceased.

- C. The PSEBA application must be submitted to the City Manager in its entirety.

- D. The PSEBA application must be sworn and notarized to certify the truthfulness of the content of the information. A review of the application shall not occur until the application is complete.

- E. On the date that the PSEBA application is deemed complete by the City, the completed application shall then be submitted to the City as the Preliminary Record, and a copy of the same shall be date stamped and provided to the Applicant.

- F. Upon receipt of a complete application for PSEBA benefits, the City shall set the matter for an administrative hearing before a hearing officer to make a determination on whether to grant the Applicant PSEBA benefits based on the result of the administrative hearing.

- G. The Applicant will be given written notice of the date for the scheduled administrative hearing to be served not less than ten (10) days prior to the commencement of the hearing. If the Applicant, upon receiving written notice of the administrative hearing, cannot attend said date, the Applicant must contact the hearing officer in writing within seven (7) days after being served. The hearing officer shall establish an alternative hearing date which is within thirty (30) days of the original hearing date. Failure to appear at the administrative hearing shall result in denial of PSEBA benefits.

Section 4.

ADMINISTRATIVE COMPOSITION.

The administrative hearing shall be scheduled and conducted by a hearing officer whose authority and limitations are as follows:

A. Authority of the hearing officer. The hearing officer shall have all of the authorities granted to her/him under common law relative to the conduct of an administrative hearing, including the authority to:

1. Preside over City hearings involving PSEBA;
2. Administer oaths;
3. Hear testimony and accept evidence that is relevant to the issue of eligibility under PSEBA;
4. Issue subpoenas to secure attendance of witnesses and the production of relevant papers or documents upon the request of the parties or their representatives;
5. Rule upon objections in the admissibility of evidence;
6. Preserve and authenticate the record of the hearing and all exhibits in evidence introduced at the hearing; and
7. Issue a determination based on the evidence presented at the hearing, the determination of which shall be in writing and shall include a written finding of fact, decision and order.

B. Hearing officer. The Mayor, with the advice and consent of the City Council, is hereby authorized to appoint a person to hold the position of hearing officer for each hearing on

PSEBA benefits that shall come before this City. In making said selection, the following information should be considered, at a minimum:

1. The individual's ability to comply with the job description as set forth herein; and
2. The individual must be an attorney licensed to practice law in the State of Illinois and have knowledge of and experience in employment and labor law, general civil procedure, the rules of evidence, and administrative practice.

Section 5.

ADMINISTRATIVE HEARING.

The system of administrative hearings for the determination of eligibility for benefits under PSEBA shall be initiated either by the City or by the Applicant after the submission of a full and complete PSEBA application. An administrative hearing shall be held to adjudicate and determine whether the Applicant is eligible for benefits under PSEBA. If the Applicant is found eligible, the benefits shall be consistent with the Act.

- A. Record. The City shall ensure that all hearings are attended by a certified court reporter and a transcript of all proceedings shall be made by said certified court reporter and a copy be provided to the Applicant within twenty-eight (28) days of the date of the administrative hearing.
- B. Procedures. The City and the Applicant shall be entitled to representation by counsel at said administrative hearing and present witnesses, testimony and documents, may cross-

examine opposing witnesses, and may request the issuance of subpoenas to compel the appearance of relevant witnesses or the production of relevant documents.

- C. Evidence. The Illinois Rules of Evidence shall apply to the extent practicable unless, by such application, the Hearing Officer determines that application of the rule would be an injustice or preclude the introduction of evidence of the type commonly relied upon by a reasonably prudent person in the conduct of her or his affairs. Such determination shall be in the sole discretion of the Hearing Officer. The Hearing Officer must state on the record her or his reason for that determination.

- D. Final Determination. A written determination by the hearing officer of whether the petitioning Applicant is eligible for the benefits under PSEBA shall constitute a final administrative determination for the purpose of judicial review under the common law writ of certiorari.

- E. Burden of Proof. At any administrative hearing, the Applicant shall have the obligation and burden of proof to establish that the Applicant is eligible and qualified to receive PSEBA benefits. The standard of proof in all hearings conducted under this Ordinance shall be by the preponderance of the evidence.

- F. Administrative Records. All records pertaining to the administrative process shall be held in a separate file under the Applicant's name with the City.

Section 6.

SEVERABILITY.

If any provision of this Ordinance or application thereof to any person or circumstance is ruled unconstitutional or otherwise invalid, such invalidity shall not affect other provisions or applications of this ordinance that can be given effect without the invalid application or provision, and each invalid provision or invalid application of this Ordinance is severable.

Section 7.

CONFLICT OF LAWS.

Where the conditions imposed by any provisions of this Ordinance are more restrictive than comparable provisions imposed elsewhere in any other local law, ordinance, resolution, rule or regulation, the regulations of this Ordinance will govern.

Section 8.

PUBLICATION OF ORDINANCE.

The City Clerk shall publish this ordinance in pamphlet form.

Section 9.

EFFECTIVE DATE.

That this Ordinance shall be in full force and effect on March 18, 2019, nunc pro tunc.

Passed this _____ day of _____, pursuant to a roll call vote as follows:

Ayes: _____

Nays: _____

Absent: _____

Approved by me this _____ day of _____, 2019.

Scott Kelley, Mayor.

Attest:

Angie Wanserski, City Clerk

Published by me in pamphlet form this _____ day of _____, 2019.

Angie, Wanserski, City Clerk.

ORDINANCE NO. 2019-1027

AN ORDINANCE AUTHORIZING THE ISSUANCE OF (i) GENERAL OBLIGATION BONDS (ALTERNATE REVENUE SOURCE), SERIES 2019A; AND (ii) GENERAL OBLIGATION BONDS (ALTERNATE REVENUE SOURCE), SERIES 2019B, OF THE CITY OF FARMER CITY, DeWITT COUNTY, ILLINOIS, PROVIDING THE DETAILS OF SUCH BONDS AND FOR APPLICABLE ALTERNATE REVENUE SOURCES AND THE LEVY OF DIRECT ANNUAL TAXES SUFFICIENT TO PAY THE PRINCIPAL OF AND INTEREST ON SUCH BONDS, AND RELATED MATTERS

WHEREAS, the City of Farmer City, DeWitt County, Illinois (the “**Municipality**”), is a non-home rule municipality duly established and operating under the Illinois Municipal Code (65 ILCS 5/1-1-1 *et seq.*).

WHEREAS, the Municipality (i) operates its municipally-owned waterworks system (the “**Waterworks System**”) in accordance with the provisions of the Illinois Municipal Code (65 ILCS 5/11-129-1 *et seq.*), as supplemented and amended, and receives revenues therefrom (the “**Waterworks System Revenues**”); (ii) operates its municipally-owned sewerage system (the “**Sewerage System**”) in accordance with the provisions of the Illinois Municipal Code (65 ILCS 5/11-149-1 *et seq.*), as supplemented and amended, and receives revenues thereof (the “**Sewerage System Revenues**”) (Waterworks System Revenues and Sewerage System Revenues, together are “**Net Revenues**”); and (iii) is entitled to receive a distributive share of State of Illinois income taxes (such distributive share referred to herein as the “**Revenue Sharing Receipts**”) imposed by the State of Illinois pursuant to the Illinois Income Tax Act and distributed pursuant to the State Revenue Sharing Act; receipts of which may be pledged to pay debt service on the Municipality’s General Obligation Bonds (Alternate Revenue Source), Series 2019A ((i)–(iii) are collectively, the “**2019A Pledged Revenues**”); and

WHEREAS, the Municipality is entitled to receive (a) certain proceeds of the Retailers Occupation Taxes, Service Occupation Taxes, Use Taxes and Service Use Taxes (collectively, as applicable, “**Sales Taxes**”, and including any replacement, substitute or successor taxes therefrom as provided by applicable law in the future) imposed and distributed pursuant to applicable law, or replacement, substitute or similar taxes therefor as provided by applicable law in the future; and (b) certain incremental taxes (derived from the Municipality’s TIF District II (the “**TIF District**”) (subject to any prior pledge, “**Incremental Taxes**”); receipts of which may be pledged to pay debt service on the Municipality’s General Obligation Bonds (Alternate Revenue Source), Series 2019B ((a)-(b) are collectively, the “**2019B Pledged Revenues**”); and

WHEREAS, the City Council of the Municipality (the “**Corporate Authorities**”) has determined that it is advisable, necessary and in the best interests of the

Municipality's public health, safety and welfare to finance (i) the acquisition, construction and installation of extending various infrastructure improvements throughout the Municipality, including but not limited to the City's I-74 corridor, and related facilities, improvements and costs (which may be undertaken in one or more phases, the "2019A Project"), and (ii) the acquisition, construction and installation of making various infrastructure improvements to the Municipality, including but not limited to street improvements, and related facilities, improvements and costs (which may be undertaken in one or more phases, the "2019B Project") (collectively, the 2019A Project and the 2019B Project are the "Projects"); and

WHEREAS, Ordinance No. 1025, AN ORDINANCE AUTHORIZING THE ISSUANCE OF UP TO \$4,000,000 OF GENERAL OBLIGATION BONDS (ALTERNATE REVENUE SOURCE) (IN LIEU OF SUCH REVENUE BONDS) OF THE CITY OF FARMER CITY, DeWITT COUNTY, ILLINOIS, TO FINANCE INFRASTRUCTURE AND UTILITY IMPROVEMENTS (the "**Preliminary Ordinance**"), adopted February 4, 2019, together with a separate notice of intent to issue revenues bonds and alternate bonds (being general obligation in lieu of revenue bonds) was published on February 8, 2019, in the *Clinton Journal*, a newspaper published in Clinton, Illinois and of general circulation in the corporate limits of the Municipality; and

WHEREAS, more than thirty (30) days have elapsed since the February 8, 2019 publication of the Preliminary Ordinance and the related notice in the *Clinton Journal*, and the Municipality has received no petition in connection with the Bonds, a form of petition therefor being at all relevant times available in the office of the City Clerk on and since February 9, 2019; and

WHEREAS, the Municipality has insufficient funds to pay the costs of the Projects and, therefore, must borrow money and issue revenue and general obligation bonds (alternate revenue source) under this ordinance, in evidence thereof up to the aggregate principal amount of \$4,000,000 for such purposes (collectively, the "**Bonds**"): (A) \$2,000,000 General Obligation Bonds (Alternate Revenue Source), Series 2019A (the "**Series 2019A Bonds**" or "**Series 2019A**"); and (B) \$2,000,000 General Obligation Bonds (Alternate Revenue Source), Series 2019B (the "**Series 2019B Bonds**" or "**Series 2019B**"); and

WHEREAS, pursuant to and in accordance with the provisions of Section 15 of the Local Government Debt Reform Act (Section 350/15 of Chapter 30 of the Illinois Compiled Statutes), as supplemented and amended, the Preliminary Ordinance and this ordinance, the Municipality is authorized to issue the Bonds for the purpose of providing funds to pay all or a portion of the costs of the Projects; and

WHEREAS, after notices having been duly published on February 8, 2019 in the *Clinton Journal*, the Corporate Authorities on March 4, 2019 held and conducted the public hearing required by the Bond Issue Notification Act (30 ILCS 352/1 *et seq.*) concerning the Bonds; and

WHEREAS, one or more proposed Bond purchase agreements (which when fully executed or closed upon each is to constitute the "**Purchase Agreement**") by and between the

Municipality and Bernardi Securities, Inc., Chicago, Illinois (the “Underwriter”), pursuant to which the Underwriter offers to purchase the Bonds at the applicable prices and interest rates, to be as described in the Municipality’s Official Statement (in preliminary form, and when completed to constitute the final “Official Statement”) related to the Bonds, with a related continuing disclosure undertaking (the “Disclosure Agreement”) under Rule 15c2-12 of the Securities and Exchange Commission (“Rule 15c2-102”); and

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

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

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

“**Act**” means, collectively and as applicable, the Local Government Debt Reform Act (30 ILCS 350/1 *et seq.* (and particularly 30 ILCS 350/15 thereof concerning alternate bonds) of the Illinois Compiled Statutes, as supplemented and amended, and Divisions 129 and 141 of Article 11 of the Illinois Municipal Code (65 ILCS 5/11-129-1 *et seq.* and 65 ILCS 5/11-141-1 *et seq.*), the Illinois Municipal Code (65 ILCS 5/1-1-1 *et seq.*), and applicable law in connection with applicable revenue sources, as supplemented and amended, the Registered Bond Act, the Illinois Bond Replacement Act and the Bond Authorization Act.

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

“**Applicable Denomination**” means the denomination for an applicable series of Bonds as specified in an applicable Bond Order, expected to be \$5,000 or otherwise as provided in a Bonds Order, as the case may be.

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

“**Bond**” or “**Bonds**” means, collectively, the Municipality’s: Series 2019A Bonds and Series 2019B Bonds, in each case as authorized to be issued by this ordinance, as supplemented and amended.

“**Bond Order**” means one or more certificates signed by the Mayor, and attested by the City Clerk and under the seal of the Municipality, setting forth and specifying details for each series of the Bonds, including, as the case may be, but without limitation, identification or specification of a Policy and an Insurer, book-entry only registration, payment dates, final interest rates, final maturity schedules, Applicable Denomination, Pledged Taxes, Levied Taxes, optional and mandatory redemption provisions, status as “**qualified tax-exempt obligations**,” original issue discount (“**OID**”) and/or reoffering premium, designation of the Bond Registrar, Paying Agent, the specified aggregate principal amount for each series of the Bonds, series designation of the Bonds or the aggregate taxes levied or authorized in each year in Section 10 as Pledged Taxes and/or Levied Taxes.

“**Bond Year**” means each annual period of December 2 to the next December 1, for each series of Bonds, with the first Bond Year ending December 1, 2019 subject to such lawful elections as the Municipality may make.

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

“Corporate Authorities” means the City Council of the Municipality.

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

“Disclosure Agreement” means each of the Municipality’s Continuing Disclosure Undertakings under Rule 15c2-12 related to the Bonds.

“Federal Tax Certificate” means the Federal Tax Certificate in connection with, among other things, the use and investment of Bond proceeds and the use of the property financed with those proceeds.

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

“Gross Revenues” means all income from whatever source derived from the Waterworks System and the Sewerage System, including: (i) user charges, fees, rates and other receipts (including revenues for use of the Waterworks System and the Sewerage System facilities to be received by the Municipality); (ii) investment income; (iii) connection, permit and inspection fees and the like; and (iv) penalties and delinquency charges, but excluding expressly (a) nonrecurring income from the sale of real estate; (b) governmental or other grants; (c) advances or grants made to or from the Municipality; (d) capital development, reimbursement, or recovery charges and the like; (e) annexation or preannexation charges; and (f) as otherwise determined in accordance with generally accepted accounting principles for local government funds.

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

“Issuer” means the City of Farmer City, DeWitt County, Illinois.

“Junior Bond” means any Outstanding bond or Outstanding bonds payable from an applicable Junior Debt Service Account, in this case the **“Junior Debt Service Account,”** and includes expressly each series of the Bonds.

“Levied Taxes” means the taxes levied in Section 10 to pay the Bonds, as applicable.

“Municipality” means the City of Farmer City, DeWitt County, Illinois.

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

“Operation and Maintenance Expenses” means all expenses of operating, maintaining and routine repair of the Waterworks System and the Sewerage System, including

wages, salaries, costs of materials and supplies, power, fuel, insurance and related services; but excluding debt service, depreciation, or any reserve requirements, and otherwise as determined in accordance with generally accepted accounting principles for local government enterprise funds.

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

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

“Pledged Revenues” means, collectively: (i) with respect to the Series 2019A Bonds – Net Revenues of the Waterworks System and the Sewerage System, and Revenue Sharing Receipts (the **“2019A Pledged Revenues”**); and (ii) with respect to the Series 2019B Bonds – Sales Taxes and Incremental Taxes (the **“2019B Pledged Revenues”**).

“Pledged Taxes” means the Taxes levied in Section 10 to secure and pay the Bonds, as applicable.

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

“Preliminary Ordinances” means Ordinance No. 1025, adopted February 4, 2019, with respect to which after due publication with the required notices in a newspaper of general circulation in Farmer City, Illinois, no petitions have been filed under Section 2 of any of such ordinances.

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

“Qualified Investments” means legal investments of the Municipality under applicable law, limited and restricted with respect to any applicable Insurers Policy.

“Revenue Fund” means the Revenue Fund created and established under Section 12 of this ordinance with respect to the Series 2019B Bonds.

“Revenue Sources” means, collectively, the 2019A Revenue Source and the 2019B Revenue Source.

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

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

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

“Series 2019A Bonds” or **“Series 2019A”** each means the Municipality’s General Obligation Bonds (Alternate Revenue Source), Series 2019A, issued under this ordinance.

“Series 2019B Bonds” or **“2019B Bonds”** each means the Municipality’s General Obligation Bonds (Alternate Revenue Source), Series 2019B, issued under this ordinance.

“Sewerage Fund” means the Municipality’s Sewerage Fund, as continued or created and established, as the case may be, with respect to the Series 2019A Bonds.

“Tax Compliance Procedure” means the separate written procedures regarding ongoing compliance with the federal requirements for tax-exempt bonds.

“2019A Revenue Source” means Net Revenues (constituting **“enterprise revenues”**) of the Municipality’s Waterworks System and Sewerage System, and Revenue Sharing Receipts (constituting a **“revenue source”**).

“2019B Revenue Source” means Sales Taxes and Incremental Taxes (constituting a **“revenue source”**).

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

“Waterworks Fund” means the Municipality’s Waterworks Fund, as continued or created and established, as the case may be, with respect to the Series 2019A Bonds.

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

“Yield Reduction Payments” or “yield reduction payments” shall have the meaning in Income Tax Regulations Section s1.148-5(c).

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

Section 2. Preambles, Authority and Purpose. The Corporate Authorities hereby find that all the recitals contained in the preambles and recitals to this ordinance are true, complete and correct, and hereby incorporate them into this ordinance by this reference thereto. This ordinance is adopted pursuant to the Constitution and applicable laws of the State of Illinois, including the Act, for the purpose of paying all or a portion of the costs of the Projects and funding the Bonds, and costs of issuance of the Bonds. The Corporate Authorities hereby determine the period of usefulness of each of the Projects to be not less than twenty (20) years from the expected date of delivery of the Bonds. With notices published on February 8, 2019 in the *Clinton Journal*, Clinton, Illinois, the Corporate Authorities on February 8, 2019 held and conducted the public hearings on the Bonds under the Bond Issue Notification Act.

Section 3. Authorization and Terms of Bonds. To meet all or a part of the estimated costs of financing the Projects and funding the Bonds, there is hereby appropriated an applicable sum to be derived from the proceeds of each series of the Bonds. For the purpose of financing such appropriations, the Bonds of the Municipality shall be issued and sold from time to time in the aggregate principal amount set forth herein, shall be in two (2) series designated: (i) **General Obligation Bonds (Alternate Revenue Source), Series 2019A** (\$2,000,000 maximum aggregate principal amount); and (ii) **General Obligation Bonds (Alternate Revenue Source), Series 2019B** (\$2,000,000 maximum aggregate principal amount), and shall be issuable in the denominations of \$5,000 each or any authorized integral multiple thereof.

(a) **General Terms.** The Bonds of each series shall be numbered consecutively from 1 upwards in order of their issuance and may bear such identifying numbers or letters as shall be useful to facilitate the registration, transfer and exchange of the Bonds. Unless otherwise determined in an order to authenticate the Bonds, the Bonds shall be dated as of or before the date or dates of the issuance and sale thereof and acceptable to the Underwriter. Subject to a Bond Order, the Bonds of each series are hereby authorized to bear interest at the rate or rates percent per annum not exceeding 6.00% and shall mature on December 1 of the years (subject to redemption, as the case may be), and in the principal amount in each year: commencing not before the year 2019 and ending not later than the year 2043 for each series of Bonds; as shall be specified in a Bond Order.

Each Bond shall bear interest from its date, or from the most recent interest payment date to which interest has been paid, computed on the basis of a 360-day year consisting of twelve 30-day months, and payable in lawful money of the United States of America semiannually on each June 1 and December 1, commencing on or after December 1, 2019, at the rates percent per annum herein provided and shall mature and otherwise come due in the principal amount in each year, but not exceeding \$2,000,000 in the aggregate for the Series A Bonds and \$2,000,000 in the aggregate for the Series B Bonds, and have such other terms and

provisions as set forth in an applicable Bond Order, and not otherwise. The principal of and premium, if any, on the Bonds shall be payable in lawful money of the United States of America upon presentation and surrender thereof at the designated payment office of the financial institution designated in this ordinance to act as the Paying Agent for the Bonds (including its successors, the “**Paying Agent**”). Interest on the Bonds shall be payable on each interest payment date to the registered owners of record appearing on the registration books maintained by the financial institution designated in this ordinance to act as the Bond Registrar on behalf of the Municipality for such purpose (including its successors, the “**Bond Registrar**”), at the designated corporate trust office of the Bond Registrar as of the close of business on the fifteenth (15th) day (whether or not a business day) of the calendar month next preceding the applicable interest payment date. Interest on the Bonds shall be paid by check or draft mailed by the Paying Agent to such registered owners at their addresses appearing on the registration books.

(b) **Redemption**. The Bonds are subject to redemption as follows:

(i) **Optional Redemption**. Bonds of a particular series maturing on and after December 1 as specified in an applicable Bond Order shall be subject to redemption prior to maturity in whole or in part on any date, in any order of maturity specified (but in inverse order if none is specified), at a redemption price of par, plus accrued interest to the date fixed for redemption, and otherwise are not subject to optional redemption.

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

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

(iii) **Procedure**. The Municipality covenants that it will redeem Bonds pursuant to the redemption provisions applicable to such Bonds. Proper provision for

redemption having been made, the Municipality covenants that the Bonds so selected for redemption shall be payable as at maturity.

The Municipality shall, at least 45 days prior to an optional redemption date (unless a shorter time shall be satisfactory to the Bond Registrar), notify the Bond Registrar of any optional redemption date and of the principal amount of Bonds to be redeemed (no such notice shall be required in the case of any mandatory sinking fund redemption of Term Bonds). In the event that less than all of the Bonds of a particular series or maturity are called for redemption as aforesaid, as necessary, the particular Bonds or portions of Bonds to be redeemed shall be selected not more than sixty (60) days or less than thirty (30) days prior to the redemption date by the Bond Registrar by such method as the Bond Registrar shall deem fair and appropriate; provided, that such lottery shall provide for the selection for redemption of Bonds or portions thereof so that any \$5,000 Bond or \$5,000 portion of a Bond shall be as likely to be called for redemption as any other such \$5,000 Bond or \$5,000 portion. The Bond Registrar shall promptly notify the Municipality in writing of the Bonds or portions of Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed.

Unless waived by the registered owner of Bonds to be redeemed, presentment for payment being conclusively such a waiver, notice of any such redemption shall be given by the Bond Registrar on behalf of the Municipality by mailing the redemption notice by first class mail not less than thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption to each registered owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by each such registered owner to the Bond Registrar.

All notices of redemption shall include at least the information as follows: (1) the identification of the particular Bonds to be redeemed; (2) the redemption date; (3) the redemption price; (4) if less than all of the Bonds of a particular maturity are to be redeemed, the identification numbers and maturities (and, in the case of partial redemption of any Bond, the respective principal amounts) of the Bonds to be redeemed; (5) a statement that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption and that interest thereon shall cease to accrue from and after such date; and (6) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal payment office of the Paying Agent.

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

Notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, together with accrued interest, and from and after such date (unless the Municipality shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Neither the failure to mail such redemption notice

nor any defect in any notice so mailed to any particular registered owner of a Bond shall affect the sufficiency of such notice with respect to any other registered owner. Notice having been properly given, failure of a registered owner of a Bond to receive such notice shall not be deemed to invalidate, limit or delay the effect of the notice or the redemption action described in the notice. Such notice may be waived in writing by a registered owner of a Bond, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice shall be filed with the Bond Registrar, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Upon surrender of such Bonds for redemption in accordance with such notice, such Bonds shall be paid from available funds therefor by the Paying Agent at the redemption price. Interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. Upon surrender for the partial redemption of any Bond, there shall be prepared for the registered owner a new Bond or Bonds of the same maturity in the amount of the unpaid principal.

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

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

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

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

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

(a) **General.** This subsection (a) is subject to the provisions of subsection (b) concerning book-entry only provisions. The Municipality shall cause books (the “**Bond Register**”) for the registration and for the transfer of the Bonds as provided in this ordinance to

be kept at the principal payment office of the Bond Registrar, which is hereby constituted and appointed the Bond Registrar of the Municipality. The Municipality is authorized to prepare, and the Bond Registrar shall keep custody of, multiple Bond blanks executed by the Municipality for use in the issuance from time to time of the Bonds and in the transfer and exchange of Bonds.

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

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

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

No service charge shall be made for any transfer or exchange of Bonds, but the Municipality or the Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds exchanged in the case of the issuance of a Bond or Bonds for the outstanding portion of a Bond surrendered for redemption. In the event any registered owner fails to provide a correct taxpayer identification number to the Paying Agent, the Paying Agent may make a charge against such registered owner sufficient to pay any governmental charge required to be paid as a result of such failure. In compliance with Section 3406 of the Code, such amount may be deducted by the Paying Agent from amounts otherwise payable to such registered owner hereunder or under the Bonds.

(b) Book-Entry-Only Provisions. Unless otherwise provided in a Bond Order, as the case may be, the Bonds shall be issued in the form of a separate single fully registered Bond for the Series A Bonds and the Series B Bonds and for each of the maturities of such Bonds.

Upon initial issuance, the ownership of each such Bond shall be registered in the Bond Register therefor in a street name (initially “Cede & Co.” for DTC) of the Depository, or any successor thereto, as nominee of the Depository. The outstanding Bonds from time to time may be registered by the Bond Register in a street name, as nominee of the Depository. The Municipality’s Mayor or City Treasurer is authorized to execute and deliver on behalf of the Municipality such letters to or agreements with the Depository as shall be necessary to effectuate such book-entry system (any such letter or agreement being referred to herein as the “**Representation Letter**”). Without limiting the generality of the authority given to the Mayor or City Treasurer with respect to entering into such Representation Letter, it may contain provisions relating to, among other things, (a) payment procedures, (b) transfers of the Bonds or of beneficial interest therein, (c) redemption notices and procedures unique to the Depository, (d) additional notices or communications, and (e) amendment from time to time to conform with changing customs and practices with respect to securities industry transfer and payment practices.

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

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

In the event that (a) the Municipality determines that the Depository is incapable of discharging its responsibilities described herein and in the Representation Letter, (b) the agreement among the Municipality, the Bond Registrar, the Paying Agent and the Depository evidenced by the Representation Letter shall be terminated for any reason or (c) the Municipality determines that it is in the best interests of the beneficial owners of the Bonds that they be able to

obtain certificated Bonds, the Municipality shall notify the Depository and the Depository Participants of the availability of Bond certificates, and the Bonds shall no longer be restricted to being registered in the Bond Register in the name of a nominee of the Depository. At that time, the Municipality may determine that the Bonds shall be registered in the name of and deposited with a successor depository operating a book-entry system, as may be acceptable to the Municipality, or such depository's agent or designee, and if the Municipality does not select such alternate book-entry system, then the Bonds may be registered in whatever name or names registered owners of Bonds transferring or exchanging Bonds shall designate, in accordance with the provisions hereof. Notwithstanding any other provision of this ordinance to the contrary, so long as any Bond is registered in the name of a nominee of the Depository, all payments with respect to principal of and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, in the manner provided in the Representation Letter.

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

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

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

Section 6. Transfer, Exchange and Registration. Each of the Bonds shall be transferable only upon the registration books maintained by the Bond Registrar on behalf of the Municipality for that purpose at the principal office of the Bond Registrar, by the registered owner thereof in person or by such registered owners attorney duly authorized in writing upon

surrender thereof together with a written instrument of transfer satisfactory to the Bond Registrar and duly executed by the registered owner or such registered owners duly authorized attorney. Upon the surrender for transfer of any such Bond, the Municipality shall execute and the Bond Registrar shall authenticate and deliver a new Bond or Bonds registered in the name of the transferee of the same aggregate principal amount, maturity and interest rate as the surrendered Bond. Bonds, upon surrender thereof at the principal office of the Bond Registrar, with a written instrument satisfactory to the Bond Registrar, duly executed by the registered owner or such registered owners attorney duly authorized in writing, may be exchanged for an equal aggregate principal amount of Bonds of the same maturity and interest rate and of the denomination of \$5,000 or any authorized integral multiple thereof, less previous retirements.

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

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

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

- (a) to act as Bond Registrar, authenticating agent, Paying Agent and transfer agent as provided herein;

(b) to maintain a list in the Bond Register of the registered owners of the Bonds as set forth herein and to furnish such list to the Municipality upon request, but otherwise to keep such list confidential;

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

(d) to give notices of redemption of Bonds to be redeemed;

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

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

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

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

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

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

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

The applicable Pledged Revenues for each series of the Bonds are hereby determined by the Corporate Authorities to be sufficient to provide for or pay in each year to final maturity of the Bonds, as applicable, the following: (1) Operation and Maintenance Expenses of the enterprise (i.e., but only for the Waterworks System and the Sewerage System for the Series 2019A Bonds), but not including depreciation, (2) the debt service on all Outstanding revenue bonds payable from applicable Pledged Revenues, (3) all amounts required to meet any fund or account requirements with respect to such Outstanding revenue bonds, (4) other contractual or tort liability obligations, if any, payable from applicable Pledged Revenues, and (5) in each year, an amount not less than 1.25 times debt service of all (i) Alternate Bonds payable from such applicable Pledged Revenues previously issued and outstanding, and (ii) Alternate Bonds payable from such applicable Pledged Revenues proposed to be issued, including the Series 2019A and Series 2019B Bonds. To the extent payable from one or more revenue sources, the applicable Pledged Revenues shall be and are hereby determined by the Corporate Authorities to provide in each year an amount not less than 1.25 times debt service (as defined in Section 2 of the Local Government Debt Reform Act) of Alternate Bonds payable from such revenue sources previously issued and outstanding and Alternate Bonds proposed to be issued. Such conditions enumerated need not be met for that amount of debt service (as defined in Section 2 of the Local Government Debt Reform Act) provided for by the setting aside of proceeds of bonds or other moneys at the time of the delivery of such bonds. The Pledged Revenues (but only Gross Revenues for Operation and Maintenance Expenses related to Series 2019A for such purpose) are hereby determined by the Corporate Authorities to provide in each year Operation and Maintenance Expenses, all amounts required to meet any fund or account requirements with respect to this ordinance, any other contractual or tort liability obligations, if any, payable from applicable Pledged Revenues, and an amount not less than 1.25 times debt service (as defined in Section 2 of the Local Government Debt Reform Act) of all of the Outstanding Bonds, payable from such Pledged Revenues.

The determination of the sufficiency of applicable Pledged Revenues is expected to be supported by reference to the most recent audit of the Municipality, which is for a Fiscal Year ending not earlier than 18 months previous to the time of issuance of the Alternate Bonds. If such Pledged Revenues are otherwise shown to be insufficient, the determination of sufficiency, if applicable law so requires, and not otherwise, shall be supported by the "**report**" of an independent accountant or feasibility analyst, the latter having a national reputation for

expertise in such matters, demonstrating the sufficiency of such revenues and explaining, if appropriate, by what means the Pledged Revenues will be greater than as shown in the audit. Whenever the sufficiency of Pledged Revenues is demonstrated by reference to higher rates or charges and fees for enterprise revenues (with respect to the use of the Waterworks System and the Sewerage System constituting applicable Pledged Revenues for the Series 2019A Bonds), such higher rates or charges and fees with respect to the use of the services of the Waterworks System and the Sewerage System shall have been properly imposed by an ordinance adopted prior to the time of delivery of the Bonds.

Section 9. Forms of Bonds. Unless Bonds in typewritten form are accepted or in any contract for the sale of the Bonds the purchaser or purchasers of the Bonds shall agree to accept typewritten or other temporary Bonds preliminary to the availability of, or in lieu of, Bonds in printed form prepared in compliance with the National Standard Specifications for Fully Registered Municipal Securities prepared by the American National Standards Institute, Bonds shall comply therewith, and in any event shall be in substantially the following forms [provided, however, that appropriate insertions, deletions and modifications in the form of the Bonds may be made, including as to the custom of printing Bonds in part on the front and back of certificates, a payment schedule and the issuance of a single Bond for each maturity, as the Underwriter thereof agrees or accepts, in an appropriate form approved by Bond counsel, not inconsistent herewith]:

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[FORM OF BONDS]

:See Reverse Side for :
:Additional Provisions:

UNITED STATES OF AMERICA
STATE OF ILLINOIS
THE COUNTY OF DeWITT
CITY OF FARMER CITY
GENERAL OBLIGATION BOND
(ALTERNATE REVENUE SOURCE)
SERIES 2019[A/B]

REGISTERED NO. _____ REGISTERED \$ _____

INTEREST RATE: MATURITY DATE: DATED DATE: CUSIP:

Registered Owner:

Principal Amount:

KNOW ALL BY THESE PRESENTS that the City of Farmer City, DeWitt County, Illinois, a non-home rule municipality and political subdivision of the State of Illinois (the “**Municipality**”), 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 later of the Dated Date of this Bond identified above or from the most recent interest payment date to which interest has been paid or duly provided for at the Interest Rate per annum identified above, such interest to be payable on June 1 and December 1 of each year, commencing December 1, 2019, until such Principal Amount is paid or duly provided for, except as the hereinafter stated provisions for redemption prior to maturity may and shall become applicable to this Bond. The principal of and redemption premium, if any, due on this Bond are payable in lawful money of the United States of America upon presentation hereof at the designated payment office of _____, _____, _____, as paying agent (including its successors, the “**Paying Agent**”). Payment of interest shall be made to the Registered Owner hereof as shown on the registration books of the Municipality maintained by _____, _____, _____, as Bond Registrar (including its successors, the “**Bond Registrar**”), at the close of business on the fifteenth (15th) day (whether or not a business day) of the calendar month next preceding the interest payment date and shall be paid by check or draft of the Paying Agent, payable 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. [Insert as applicable: Interest on each Bond also may be payable by wire or electronic transfer to (and at the expense of) any registered owner of a Bond or Bonds (as of the applicable record date) holding an aggregate principal amount of \$500,000 or more when such registered owner shall have requested such wire or electronic transfer payment to a bank in the

continental United States by written instruction (with sufficient directions, including bank address and routing and account numbers) to the Paying Agent at least fifteen (15) days prior to an interest payment date.] The Bonds of this series are payable from [the receipts derived from the Municipality's operation of its municipally owned waterworks system and sewerage system (the "Net Revenues") and Revenue Sharing Receipts] [the receipts derived by the Municipality from certain Pledged Revenues (that is Sales Taxes and Incremental Taxes)] as defined in the Bond Ordinance; and although it is expected, and has been certified, that the Bonds are to be paid from such [Net Revenues and Revenue Sharing Receipts] [Sales Taxes and Incremental Taxes] which are pledged to the payment thereof, second, junior and subordinate to any bonds or other obligations thereon having or to have a prior claim, the full faith and credit of the Municipality, including the power to levy taxes without limit as to rate or amount, are irrevocably pledged for the punctual payment of the principal of and interest on this Bond and each Bond of the series of which it is a part, according to the terms thereof.

This Bond is one of a series of Bonds issued in the aggregate principal amount of \$ _____, which are all of like tenor, except as to maturity, interest rate and right of and redemption, and which are authorized and issued under and pursuant to and in accordance with Ordinance No. _____, adopted by the City Council of the Municipality on _____, 2019, and entitled: "AN ORDINANCE AUTHORIZING THE ISSUANCE OF (i) GENERAL OBLIGATION BONDS (ALTERNATE REVENUE SOURCE), SERIES 2019A; AND (ii) GENERAL OBLIGATION BONDS (ALTERNATE REVENUE SOURCE), SERIES 2019B, OF THE CITY OF FARMER CITY, DeWITT COUNTY, ILLINOIS, PROVIDING THE DETAILS OF SUCH BONDS AND FOR APPLICABLE ALTERNATE REVENUE SOURCES AND THE LEVY OF DIRECT ANNUAL TAXES SUFFICIENT TO PAY THE PRINCIPAL OF AND INTEREST ON SUCH BONDS, AND RELATED MATTERS" (with respect to which undefined terms herein shall have the meanings therein, the "**Bond Ordinance**", as supplemented and amended), pursuant to the Constitution and laws of the State of Illinois, including Section 15 of the Local Government Debt Reform Act (30 ILCS 350/15 *et. seq.*, in connection with "alternate bonds", as supplemented and amended), [applicable law in connection with the imposition, distribution and receipt of Sales Taxes as the revenue source applicable to this series of Bonds, as supplemented and amended, including by the Intergovernmental Cooperation Act [5 ILCS 220/1 *et seq.*], Section 10 (Intergovernmental Cooperation) of Article VII (Local Government) of the Constitution of the State of Illinois, the Registered Bond Act, the Illinois Bond Replacement Act and the Bond Authorization Act. The Bonds are issued to pay costs of financing the acquisition, construction and installation of various infrastructure improvements to the Municipality, including but not limited to street improvements, and costs of issuance of the Bonds.

Any Bond may be transferred or exchanged, but only in the manner, subject to the limitations, and upon payment of the charges as set forth in the Bond Ordinance. Upon surrender for transfer or exchange of any Bond at the principal corporate trust office of the Bond Registrar in _____, _____, duly endorsed by or accompanied by a written instrument or instruments of transfer or exchange in form satisfactory to the Bond Registrar and duly executed by the registered owner or an attorney for such registered owner duly authorized in writing, the Municipality shall execute and the Bond Registrar shall authenticate, date and deliver in the name of the transferee or transferees or, in the case of an exchange, the registered owner, a new

fully registered Bond or Bonds of like tenor, of the same maturity, bearing the same interest rate, of authorized denominations, for a like aggregate principal amount.

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

The Municipality, the Paying Agent 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, premium, if any, and interest due hereon and for all other purposes and neither the Municipality nor the Paying Agent or Bond Registrar shall be affected by any notice to the contrary.

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

<u>Dec. 1, 20</u> Term Bonds	
<u>Year</u>	<u>Principal Amount(\$)</u>
20__	,000
20__	,000
20__	,000*

*To be paid at maturity unless previously retired.]

The Bonds of this series maturing on and after December 1, 20__, shall be subject to redemption in whole or in part prior to maturity on any date on and after December 1, 20__, in any order of maturity specified (but in inverse order if none is specified), at a redemption price of par, plus accrued interest to the date fixed for redemption.

Unless waived by the registered owner of Bonds to be redeemed, notice of any such redemption shall be given by the Bond Registrar on behalf of the Municipality by mailing the redemption notice by first class mail not less than thirty (30) days and not more than sixty (60) days prior to the date of fixed for redemption to each registered owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such registered owner to the Bond Registrar. Neither the failure to mail such redemption notice, nor any defect in any notice so mailed, to any particular registered owner of a Bond, shall affect the sufficiency of such notice with respect to other registered owners. Notice having been properly given, failure of a registered owner of a Bond to receive such notice shall not be deemed to invalidate, limit or delay the effect of the notice or redemption action described in the notice. Such notice may be waived in writing by a registered owner of a Bond entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice.

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 Municipality shall default in the payment of the redemption) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with such notice, such Bonds shall be paid by the Paying Agent at the redemption price. Upon surrender for any partial redemption of any Bond, there shall be prepared for the registered owner a new Bond or Bonds of like tenor, of authorized denominations, of the same maturity, and bearing the same rate of interest in the amount of the unpaid principal.

It is hereby certified and recited that all conditions, acts and things required by the constitution and laws of the State of Illinois to exist or to be done precedent to and in the issuance of this Bond, have existed and have been properly done, happened and been performed in regular and due form and time as required by law; that the indebtedness of the Municipality, represented by the series of Bonds of which this Bond is one, and including all other indebtedness of the Municipality, howsoever evidenced or incurred, does not exceed any constitutional or statutory or other lawful limitation; and that provision has been made for the levy of general taxes without limit as to rate or amount (the Levied Taxes) on all taxable property within the Municipality's corporate limits to pay and secure the series of Bonds of which this Bond is one.

The Bonds of this series have been designated as "**qualified tax-exempt obligations**" under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

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. Notwithstanding any other provision hereof, at any time that the Bonds are registered in the name of a securities depository or its nominee, the manner and timing of payment of Bonds shall be governed by the agreement entered into with such securities depository.

IN WITNESS WHEREOF the City of Farmer City, DeWitt County, Illinois, by its City Council, has caused this Bond to be executed by the manual or duly authorized facsimile signature of its Mayor and attested by the manual or duly authorized facsimile signature of its City Clerk and its corporate seal or a facsimile thereof to be impressed or reproduced hereon, all as appearing hereon and as of the Dated Date identified above.

(SEAL)

CITY OF FARMER CITY,
DeWitt County, Illinois

Attest:

City Clerk

Mayor

CERTIFICATE OF AUTHENTICATION

Date of Authentication: _____

This is one of the General Obligation Bonds (Alternate Revenue Source), Series 2019[A/B], described in the within mentioned Bond Ordinance.

_____,
_____, _____, as Bond Registrar

By _____
Authorized Signer

**Bond Registrar
and Paying Agent:** _____

ASSIGNMENT

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

(Name, Address and Tax Identification of Assignee)
the within Bond and does hereby irrevocably constitute and appoint _____
_____ as attorney to transfer the within Bond on the
books kept for registration thereof with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

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

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

Section 10. Levy and Extension of Taxes. For the purpose of providing the money required to pay the interest on each series of the Bonds when and as the same falls due and to pay and discharge the principal thereof as the same shall mature, there shall be levied upon all the taxable property within the Municipality's corporate limits in each year while any of the Bonds shall be Outstanding, direct annual taxes sufficient for that purpose and there is hereby levied upon all of the taxable property within the Municipality's corporate limits, in addition to all other taxes, the following direct annual taxes, in the amounts for each year, commencing not before levy year 2018 and ending not later than 2042 for each series of Bonds, as shall be specified in one or more Bond Orders.

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

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

The Municipality covenants and agrees with the registered owners of the Bonds that so long as any of the Bonds remain Outstanding, and except as to conform the tax levies to actual interest rates in a Bond Order different than as set forth in Section 3a above, the Municipality will not cause the abatement of the foregoing taxes and otherwise will take no action or fail to take any action which in any way would adversely affect the ability of the Municipality to levy and collect the foregoing taxes, unless and to the extent there then shall be moneys irrevocably on deposit therefor in the applicable debt service account or accounts established under Section 12 below. The Municipality and its officers will comply with all present and future applicable laws in order to assure that the foregoing taxes will be levied, extended and collected as provided herein and deposited in the applicable debt service accounts established in Section 12 below to pay the principal of and interest on the Bonds; and whenever the debt service deposit requirements in this paragraph have been satisfied, the Corporate Authorities shall duly direct the abatement of the Levied Taxes or Pledged Taxes for the year with respect to which such taxes have been levied, to the extent so satisfied, and appropriate certification of such abatement shall be timely filed with the County Clerk of DeWitt County in connection with such abatement. If for any reason there is abatement of such levy of taxes and the failure thereafter to pay debt service in respect of such abatement, the additional amount, together with additional interest accruing, shall be added to the tax levy in the year of, or the next year following, such failure.

Section 11. Related Agreements. Each applicable Official Statement, Purchase Agreement, Tax Compliance Procedure, Federal Tax Certificate and Disclosure Agreement, in substantially the forms thereof presented before the meeting of the Corporate Authorities at which this ordinance is adopted, shall be and are hereby approved and authorized to be executed, delivered and performed.

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

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

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

Section 12. Special Funds and Accounts. Upon the issuance of any of the Bonds, the Municipality shall continue to be operated on a Fiscal Year basis (May 1 to April 30). All of the Pledged Revenues when received by the City Treasurer or other financial officer of the Municipality receiving Pledged Revenues, subject to any prior lien or pledge, shall be set aside as and when received and shall be deposited in a separate fund and in an account in a bank to be designated or continued, as the case may be, by the Municipality for each series, which funds are created and established or, as applicable, continued, as the Municipality's "**Revenue Funds**" (the "**Funds**"). The Funds shall constitute a trust fund for the sole purpose of carrying out the covenants, terms, and conditions of this Ordinance, including, without limitation, the establishment therein of the "**Bond and Interest Accounts**" for each series of the Bonds (within which shall be a Junior Debt Service Account, and therein a separate subaccount identified for each series of the Bonds) with respect to Junior Bonds (i.e., the Bonds) and may be a Senior Debt Service Account with respect to Senior Bonds).

There shall be credited and paid into the Revenue Fund for each series, on or before the business day next preceding the first day of each month, by the City Treasurer or other appropriate financial officer of the Municipality, without any further official action or direction other than this Bond Ordinance, in the order in which such Accounts are hereinafter mentioned, subject to the requirements of any account having a prior claim, all moneys in the Funds in accordance with the following provisions (provided that receipts of Pledged Taxes for debt service shall be credited or deposited directly into a separate subaccount under (a) or (b) below, as applicable):

(a) **Senior Debt Service Account:** After any initial deposit required this Ordinance, there shall be deposited and credited to the Senior Debt Service Account for each series and held, in cash and investments, a fractional amount (not less than $1/6$) of the interest becoming due on the next succeeding interest payment date on all outstanding senior bonds and also a fractional amount (not less than $1/12$) of the principal becoming due (or subject to mandatory redemption) on the next succeeding principal maturity date of all of the Outstanding Senior Bonds until there shall have been accumulated and held in cash and investments in such Account on or before the month preceding such interest payment date or principal maturity date, or both, an amount sufficient to pay such principal or interest, or both.

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

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

(b) **Junior Debt Service Account:** After any initial deposit required by subsection (a) above, there shall be deposited and credited to the Junior Debt Service Account for each series and held, in cash and investments, a fractional amount (not less than $1/6$) of the interest becoming due on the next succeeding interest payment date on all outstanding Junior Bonds and also a fractional amount (not less than $1/12$) of the principal becoming due (or subject to mandatory redemption) on the next succeeding principal maturity date of all of the outstanding Junior Bonds until there shall have been accumulated and held in cash and investments in such Account on or before the month preceding such interest payment date or principal maturity date, or both, an amount sufficient to pay such principal or interest, or both.

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

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

(c) **Depreciation Account:** There shall next be paid into the Depreciation Account for each series, after the required payments have been made into the accounts above referred to, the sums from time to time as the Municipality directs, and thereafter no additional payments shall be made into such Account except that when any money is paid out of such Account, monthly payments into such Account shall be made in the amounts from time to time as the Municipality directs.

The moneys in the Depreciation Account shall be used to pay the cost of such replacements and repairs to the Projects as may be necessary from time to time for the continued effective and efficient operation of the Projects. Each expenditure to be made from such Account to pay the cost of necessary replacement and repairs to the Projects, as above provided for, shall be made only after the Municipality has certified that such expenditure is necessary to the continued effective and efficient operation of the Projects. If necessary, the moneys in such Account may be applied to prevent or remedy a default in the payment of the principal of or interest on the Bonds. When any amount is withdrawn from such Account and applied, the amount so applied shall be added to the amount to be thereafter paid into such Account until full reimbursement to such Account has been made.

(d) **Surplus Account:** All moneys remaining in the Fund, after crediting the required amounts to the respective Accounts above, and after making up any deficiency in the Accounts above, shall be credited to the Surplus Account for each series and then, such surplus shall be used, if at all, for one or more of the following purposes, without any priority among them:

- (1) For any authorized general or specific corporate purpose for which, as applicable, Sales Taxes and/or Revenue Sharing Receipts and/or Incremental Taxes may be lawfully expended; or
- (2) For the purpose of calling and redeeming Outstanding Bonds payable from applicable Pledged Revenues; or

- (3) For the purpose of paying principal and interest and applicable premium on any subordinate bonds or obligations for which, as applicable, Sales Taxes and/or Revenue Sharing Receipts and/or Incremental Taxes may be lawfully expended; or
- (4) For any other lawful purpose for which Sales Taxes and/or Revenue Sharing Receipts and/or Incremental Taxes may be lawfully expended, including the purchase of Outstanding Bonds at a price of not to exceed par plus any premium and accrued interest.

(e) **Investments**: Money to the credit of any Debt Service Account may be invested from time to time by the City's Treasurer in (i) interest-bearing bonds, notes, or other direct full faith and credit obligations of the United States of America, (ii) obligations unconditionally guaranteed as to both principal and interest by the United States of America, or (iii) certificates of deposit or time deposits of any bank or savings and loan association, as defined by Illinois laws, provided such bank or savings and loan association is insured by the Federal Deposit Insurance Corporation or a successor corporation to the Federal Deposit Insurance Corporation and provided further that the principal of such deposits are secured by a pledge of obligations as described in this Ordinance in the full principal amount of such deposits, or otherwise collateralized in such amount and in such manner as may be required by law. Such investments may be sold from time to time by the City Treasurer as funds may be needed for the purpose for which such Accounts have been created. Other investments shall be in Qualified Investments in accordance with applicable law.

All interest on any funds so invested shall be credited to the applicable Account of the Fund and is deemed and allocated as expended with the next expenditure or expenditures of money from the applicable Account of the Fund.

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

Section 13. Bond Proceeds Account. Except for accrued interest received on the sale of each series of Bonds (and an amount of applicable Bond proceeds or other available funds to pay interest to and including the first interest payment date as specified in a Bond Order), which shall be deposited upon issuance of the Bonds into the applicable Junior Debt Service Account and Debt Service Fund, all remaining proceeds derived from the sale of each series of the Bonds, and net of applicable issuance costs directly to be paid by the Underwriter, shall be deposited in the "**Bond Proceeds Account**" identified to each series of Bonds as ("**Series 2019[A, B]**"), within each of which there further shall be, as applicable, a "**Proceeds Subaccount**" with respect to applicable Project costs and issuance costs, which are hereby established as special accounts and subaccounts of the Municipality. Moneys in the applicable subaccount or subaccounts of the applicable Bond Proceeds Account shall be used for the

purposes specified in Section 3 of this ordinance (that is, the costs of the Project with respect to which that series of Bonds was issued) and for the payment of costs of issuance of such Bonds, but may hereafter be reappropriated and used for other lawful purposes in accordance with applicable law. Before any such reappropriation shall be made, there shall be requested and filed with the City Clerk of the Municipality an opinion of Evans, Froehlich, Beth & Chamley, Champaign, Illinois, or other nationally recognized Bond counsel (“**Bond Counsel**”) to the effect that such reappropriation is authorized and will not adversely affect the tax-exempt status of the Bonds under Section 103 of the Internal Revenue Code of 1986, as amended. Moneys in each subaccount of the Bond Proceeds Account be withdrawn from time to time as needed for the payment of costs and expenses incurred by the Municipality in connection with each applicable Project and for paying the fees and expenses incidental thereto. Moneys shall be withdrawn from the depository in connection with such funds from time to time by the City Treasurer or other appropriate financial officer of the Municipality only upon submission to such officer of the following:

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

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

Section 14. Issuance of Additional Bonds. The Municipality reserves the right to issue:

(a) Parity Bonds payable from applicable Pledged Revenues without limit provided that the applicable Pledged Revenues, as determined or as adjusted as hereinbelow set out shall be sufficient to provide for or pay all of the following (as applicable): (i) Operation and Maintenance Expenses of the Waterworks System and the Sewerage System (with respect to Waterworks System Net Revenues and Sewerage System Net Revenues for the Series 2019A Bonds), as the case may be, (but not including depreciation), (ii) debt service on all Outstanding bonds payable from such Pledged Revenues computed immediately after the issuance of any proposed Parity Bonds, (iii) all amounts required to meet any fund or account requirements with respect to such Outstanding bonds, (iv) other contractual or tort liability obligations then due and payable, if any, and (e) an additional amount not less than 0.25 times debt service (as provided in Section 15 of the Local Government Debt Reform Act) on such of the Alternate Bonds as shall remain Outstanding bonds after the issuance of the proposed

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

1. The applicable source of Pledged Revenues in connection with the Series 2019A Bonds may be adjusted in the event there has been an increase in the rates or revenues of the Waterworks System and the Sewerage System, as the case may be, from the revenues or the rates in effect for the Fiscal Year of such audit (if such rate increase is still in effect at the time of the issuance of such proposed Parity Bonds) or other applicable Pledged Revenues to show such Pledged Revenues as they would have been if such increased rates had been in effect during all of said Fiscal Year. Any such adjusted statement of Pledged Revenues shall be evidenced by the certificate of an independent consulting engineer, an independent certified public accountant or an independent financial consultant employed for such purpose, in accordance with applicable law.
2. The determination of sufficiency of such Pledged Revenues may be supported by the report of an independent accountant or feasibility analyst, the latter having a national reputation for expertise in such matters, demonstrating the sufficiency of the applicable Pledged Revenues and explaining by what means they will be greater than as shown in the audit and sufficient under the Local Government Debt Reform Act.

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

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

Section 15. Arbitrage Rebate. The Municipality shall comply with the provisions of Section 148(f) of the Internal Revenue Code of 1986, as amended, relating to the rebate of certain investment earnings at periodic intervals to the United States of America to the extent that there shall have been filed with the City Clerk of the Municipality an opinion of Bond Counsel to the effect that such compliance is necessary to preserve the exclusion from gross income for federal income tax purposes of interest on any series of the Bonds under Section 103

of the Internal Revenue Code of 1986, as amended. There is hereby authorized to be created a separate and special accounts identified to each issue of the Bonds, each to be known as the “**Rebate Account**”, and for the identified “**Series 2019[A, B]**” to each applicable series of Bonds or into which there shall be deposited as necessary investment earnings to the extent required so as to maintain the tax-exempt status of the interest on the applicable series of Bonds under Section 148(f) of the Internal Revenue Code of 1986, as amended. All rebates, special impositions or taxes for such purpose payable to the United States of America (Internal Revenue Service) shall be payable from applicable excess earnings or other sources which are to be deposited into the appropriate Rebate Account.

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

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

Section 17. Non-Arbitrage and Tax-Exemption. One purpose of this Section is to set forth various facts regarding the Bonds and to establish the expectations of the Corporate Authorities and the Municipality as to future events regarding the Bonds and the use of Bond proceeds. The certifications and representations made herein and at the time of the issuance of the Bonds are intended, and may be relied upon, as certifications and expectations described in Section 1.148-1 *et seq.* of the Income Tax Regulations dealing with arbitrage and rebate (the “**Regulations**”). The covenants and agreements contained herein and at the time of the issuance of the Bonds are made for the benefit of the registered owners from time to time of the Bonds. The Corporate Authorities and the Municipality agree, certify, covenant and represent as follows:

(a) The Series 2019A Bonds are being issued to pay costs of financing the 2019A Project by funding the Bonds and related costs and expenses, and all of the amounts received upon the sale of the Series 2019A Bonds, plus all investment earnings thereon (the “**Proceeds**”) are needed for the purposes for which the Bonds are being issued.

(b) The Series 2019B Bonds are being issued to pay costs of financing the 2019B Project by funding the Bonds and related costs and expenses, and all of the amounts received upon the sale of the Series 2019B Bonds, plus all investment earnings thereon (the “**Proceeds**”) are needed for the purposes for which the Bonds are being issued.

(c) The Municipality will enter into binding contracts or commitments obligating it to spend at least 5% of the proceeds of each series of the Bonds for constructing, acquiring and installing the applicable Projects. The work of acquiring, constructing and installing the applicable Projects will proceed with due diligence to completion within 3 years of issuance, at which time all of the Bond Proceeds are expected to be spent.

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

(e) All principal proceeds of the applicable series of the Bonds, net of accrued interest and issuance costs directly paid by the Underwriter, will be deposited in the applicable Bond Proceeds Account and used to pay costs of the applicable Project and costs of issuance of the applicable series of the Bonds, and any accrued interest and premium received on the delivery of the applicable series of the Bonds will be deposited in the applicable subaccounts of the Junior Debt Service Accounts and/or the Debt Service Fund and used to pay the first interest due on the applicable series of the Bonds. Earnings on the investment of moneys in any fund or account or subaccount will be credited to that fund or account. Other funding costs, including issuance costs of the applicable series of the Bonds, will be paid directly from other proceeds or from the applicable Bond Proceeds Account, and no other moneys are expected to be deposited therein. This ordinance provides that moneys in a Depreciation Account may be applied to pay debt service on each series of the Bonds in the event there shall be an insufficiency therefor. However, due to the expected application of such moneys to pay costs of replacement, repair and extraordinary maintenance of the applicable Project, it is unlikely such moneys will be available for such purpose. Interest on and principal of Bonds will be paid from the applicable Junior Debt Service Account and the Debt Service Fund. No Proceeds from either series of the Bonds will be used more than ninety (90) days after the date of issue of such applicable series of the Bonds for the purpose of paying any principal or interest on any other issue of bonds, notes, certificates or warrants or on any

installment contract or other obligation of the Municipality or for the purpose of replacing any funds of the Municipality used for such purpose.

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

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

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

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

(A) amounts invested in obligations described in Section 103(a) of the Internal Revenue Code of 1986, as amended (but not specified private activity bonds as defined in Section 57(a)(5)(C) of the Code), the interest on which is not includable in the gross income of any registered

owner thereof for federal income tax purposes (“**Tax-Exempt Obligations**”);

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

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

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

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

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

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

(j) Pursuant to Section 148(f)(4)(D) of the Internal Revenue Code of 1986, as amended, the Municipality is excepted from the required rebate of arbitrage profits on the Bonds. The Municipality is a governmental unit with general taxing powers, none of the Bonds is a “**private activity bond**” as defined in Section 141(a) of the Internal Revenue Code of 1986, as amended, and all the net proceeds of the Bonds are to be used for the local government activities of the Municipality (i.e., the Projects), the aggregate face amount of all tax-exempt obligations (and excluding “**private activity bonds**” as defined in Internal Revenue Code of 1986, as amended) to be issued by the Municipality and all subordinate entities thereof (of which there are none) during the calendar year of issuance of the Bonds, including the Bonds, is reasonably expected to not exceed \$5,000,000 to be taken into account under such Section 148(f)(4)(D). In any event, the Municipality reserves the right to use any applicable exception from such arbitrage rebate, including the 6-month expenditure and 2-year construction spend down exception under Section 148(f)(4)(C) of the Internal Revenue Code of 1986, as amended, or the 18-month expenditure exception under Section 1.148-7(d) of the Regulations, and the Mayor is authorized to select and document any such exception.

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

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

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

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

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

(p) No portion of any of the Projects is expected to be sold or otherwise disposed of prior to the last maturity of the particular Bonds to which it relates.

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

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

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

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

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

Section 18. Further Assurances and Actions. The Corporate Authorities hereby authorize the officials of the Municipality responsible for issuing the Bonds, the same being the Mayor, City Clerk and City Treasurer of the Municipality, to make such further filings, covenants, certifications and supplemental agreements (including but not limited to Purchase Agreements, Disclosure Agreements, Tax Compliance Procedure and Federal Tax Certificate) as may be necessary to assure that each of the Projects, each series of the Bonds, and related proceeds, will not cause any of the Bonds to be private activity bonds, arbitrage bonds or hedge bonds and to assure that the interest on each series of the Bonds will be excluded from gross income for federal income tax purposes and that there will be compliance by the Underwriter with Rule 15c2-12. In connection therewith, the Municipality and the Corporate Authorities further agree: (a) through the officers of the Municipality, to make such further specific covenants, representations as shall be true, correct and complete, and assurances as may be necessary or advisable; (b) to consult with Bond Counsel approving the Bonds and to comply with such advice as may be given; (c) to pay to the United States, as necessary, such sums of money representing required rebates of excess arbitrage profits relating to the Bonds; (d) to file such forms, statements, and supporting documents as may be required and in a timely manner; and (e) if deemed necessary or advisable, to employ and pay fiscal agents, financial advisors, attorneys, and other persons to assist the Municipality in such compliance.

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

(a) The Municipality will take all action necessary to impose, levy and collect the Pledged Revenues, Levied Taxes and Pledged Taxes in the manner contemplated by this ordinance and such Pledged Revenues shall not be less than as shall be required under Section 15 of the Local Government Debt Reform Act to maintain the Series 2019A Bonds as Alternate Bonds according to their respective terms.

(b) In connection with Alternate Bonds, the Municipality covenants that it will, while any of the Bonds shall remain outstanding, charge rates and fees (including for usage of the Waterworks System and the Sewerage System for the Series 2019A Bonds) which, together with any other Pledged Revenues applicable to a related series of Bonds, are sufficient to provide for or pay each of the following in any given year: **(1)** Operation and Maintenance Expenses of the Waterworks System and the Sewerage System (but not including depreciation for the Series 2019A Bonds); **(2)** debt service on all Outstanding revenue bonds payable from the applicable Pledged Revenues; **(3)** all amounts required to meet any fund or account requirements with respect to the Bonds, as applicable, or any other obligations payable from applicable Pledged Revenues; **(4)** any other contractual or tort liability obligations, if any, payable from applicable Pledged Revenues; and **(5)** in each year, an amount not less than 1.25 times the debt service for all **(i)** Alternate Bonds payable from applicable Pledged Revenues, and the Bonds Outstanding; and **(ii)** Alternate Bonds proposed to be issued and payable from the applicable Pledged Revenues.

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

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

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

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

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

(iv) The accountants comments regarding the manner in which the Municipality has carried out the accounting requirements of this ordinance (including as to the Alternate Bond status of applicable Bonds) and has complied with Section 15 of the Local Government Debt Reform Act, and the accountants recommendations for any changes.

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

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

(f) The Municipality will take no action in relation to the Pledged Revenues or the Levied Taxes or the Pledged Taxes which would unfavorably affect the security of any of the Outstanding Bonds or the prompt payment of the principal and interest thereon or qualification of any Series 2019A Bonds as Alternate Bonds.

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

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

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

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

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

(l) The Municipality will carry insurance on the Waterworks System and the Sewerage System and on the Projects of the kinds and in the amounts which are usually carried by private parties operating similar properties, covering such risks as shall be recommended by a competent consulting engineer or insurance consultant employed by the Municipality for the purpose of making such recommendations. All moneys received for loss under such insurance policies shall be deposited in a segregated insurance account and used in making good the loss or damage in respect of which they were paid, either by repairing the property damaged or making replacement of the property destroyed, and provision for making good such loss or damage shall be made within ninety (90) days from the date of the loss. The payment of premiums for all insurance policies required under the provisions of this covenant in connection with the facilities related to the Series 2019A Bonds shall be considered an Operation and Maintenance Expense for the Waterworks System and the Sewerage System. The proceeds derived from any and all policies for workers compensation or public liability shall be paid into a segregated account and used in paying the claims on account of which they were received.

(m) After their issuance, to the extent lawful each issue of the Bonds shall be incontestable by the Municipality.

Section 20. Ordinance to Constitute a Contract. The provisions of this ordinance shall constitute a contract between the Municipality and the registered owners of the Bonds. All of the Alternate Bonds issued under this ordinance, regardless of the time or times of their issuance, shall be of equal rank in the related or shared Pledged Revenues without preference, priority or distinction of any of such Bonds over any other thereof (or of each series, as applicable), except as expressly provided in or pursuant to this ordinance. This ordinance, as supplemented and amended, shall constitute full authority for the issuance of the Bonds, and to the extent that the provisions thereof conflict with the provisions of any other ordinance or resolution of the Municipality, the provisions of this ordinance shall control.

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

Section 22. Bank Qualified Bonds. Pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, the Municipality as applicable at the time of sale and delivery of Bonds shall designate in an applicable Bond Order such Bonds as “**qualified tax-exempt obligations**” as defined in Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. The Municipality by any such designation represents that the reasonably anticipated amount of tax-exempt obligations that will be issued by the Municipality and all subordinate entities (of which there are none) of the Municipality during the calendar year in which the Bonds are issued will not exceed \$10,000,000 within the meaning of or to be taken into account under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. The Municipality by any such designation covenants that in that connection it will not so designate and issue more than \$10,000,000 aggregate principal amount of tax-exempt obligations in such calendar year. For purposes of this Section, the term “**tax-exempt obligations**” includes “**qualified 501(c)(3) Bonds**” (as defined in the Section 145 of the Internal Revenue Code of 1986, as amended) but does not include other “**private activity bonds**” (as defined in Section 141 of the Internal Revenue Code of 1986, as amended). The Municipality anticipates designating Bonds as “**qualified tax-exempt obligations,**” but reserves the right in a Bond Order to redesignate such Bonds.

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

Section 24. Effective Date. This ordinance shall become effective immediately upon its passage and approval in the manner provided by law, and upon its becoming effective and upon or prior to the issuance of any Bonds a certified copy of this ordinance shall be filed with the County Clerk of DeWitt County, Illinois.

[The remainder of this page is intentionally left blank.]

Upon motion by Alderman _____, seconded by Alderman _____, adopted this ____ day of _____, 2019, by roll call vote as follows:

Ayes (Names): _____

Nays (Names): _____

Absent (Names): _____

APPROVED: _____, 2019

(SEAL)

ATTEST:

Mayor

City Clerk

STATE OF ILLINOIS)
THE COUNTY OF DeWITT) SS
CITY OF FARMER CITY)

CERTIFICATION OF ORDINANCE

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

I do further certify that the attached constitutes a full, true and complete excerpt from the proceedings of the regular meeting of the Corporate Authorities held on the ____ day of _____, 2019, insofar as the same relates to the adoption of Ordinance No. _____, entitled:

AN ORDINANCE AUTHORIZING THE ISSUANCE OF (i) GENERAL OBLIGATION BONDS (ALTERNATE REVENUE SOURCE), SERIES 2019A; AND (ii) GENERAL OBLIGATION BONDS (ALTERNATE REVENUE SOURCE), SERIES 2019B, OF THE CITY OF FARMER CITY, DeWITT COUNTY, ILLINOIS, PROVIDING THE DETAILS OF SUCH BONDS AND FOR APPLICABLE ALTERNATE REVENUE SOURCES AND THE LEVY OF DIRECT ANNUAL TAXES SUFFICIENT TO PAY THE PRINCIPAL OF AND INTEREST ON SUCH BONDS, AND RELATED MATTERS,

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

This Ordinance has remained on file with the City Clerk for public inspection, in the form in which it is finally passed, at least one week before the final passage thereof.

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

IN WITNESS WHEREOF, I hereunto affix my official signature and the seal of the City of Farmer City, DeWitt County, Illinois, this ____ day of _____, 2019.

(SEAL)

City Clerk