



**AGENDA ITEM EXECUTIVE SUMMARY**

Agenda Item number: IA

Title:

Motion to Approve an Ordinance Providing for the Issuance of not to exceed \$7,600,000 Senior Lien Limited Sales Tax Revenue Refunding Bonds, Series 2016, of the City of St. Charles, Kane and DuPage Counties, Illinois, and Providing for the Execution of a Trust Indenture, a Bond Order and an Escrow Agreement in Connection Therewith and Authorizing the Sale of Said Bonds to Robert W. Baird & Co. Incorporated

Presenter:

Chris Minick

Meeting: City Council

Date: October 3, 2016

Proposed Cost: \$ N/A

Budgeted Amount: \$

Not Budgeted:

**Executive Summary** *(if not budgeted please explain):*

The City recently completed an issuance of GO Bonds Series 2016 A and refinancing of various outstanding bond issues as GO Bond Series 2016 B in order to achieve a substantial reduction of interest costs for the City. Current market conditions also allow for a refunding of the Sales Tax Revenue Bond Series 2008 that the City currently has outstanding. This refunding should allow for another substantial reduction in interest costs on this bond issue as well as allow for the removal of a mandatory redemption clause contained in the bond documents from the 2008 issuance of the bonds. These two actions would allow the City discretionary use of a larger portion of its sales tax revenue stream by lowering interest costs and eliminating the mandatory bond redemption payments.

The City currently pledges 75% of various sales tax revenues received to the repayment of the 2008 Bonds. Under the new financing scenario, the 75% pledge would remain consistent, however the interest rate on the 2016 Bond Series would be substantially lower, resulting in a lower annual debt service payment from the sales tax revenue stream. This would allow for more sales tax revenue to be utilized for non-debt service related operational expenditures annually. Estimated interest savings approximate \$875,000 over the next nine years under current market conditions.

In addition to the interest savings, the 2008 Bonds currently have a provision that requires any pledged sales tax revenues not required to meet that year's debt service payment to be placed into a fund to call and early redeem additional 2008 Series Sales Tax Revenue Bonds. The new refunding of this bond issue would remove that provision and allow, but not require, the City to set aside any additional pledged sales tax revenue to early redeem or call Series 2016 bonds.

Therefore, the City could choose to lower its annual debt service payment from this revenue stream and return more sales tax revenue to current non-debt service operations. It is currently estimated that removal of this provision could allow an additional \$1,465,000 of sales tax revenue be utilized for operations over the next nine years. **Note the savings mentioned are estimates based on current market conditions and the City will not know the exact amounts until the sale of the Bonds which is anticipated to occur in late October**

**Attachments** *(please list):* Ordinance

**Recommendation/Suggested Action** *(briefly explain):*

Motion to approve an Ordinance Providing for the Issuance of not to exceed \$7,600,000 Senior Lien Limited Sales Tax Revenue Refunding Bonds, Series 2016, of the City of St. Charles, Kane and DuPage Counties, Illinois, and Providing for the Execution of a Trust Indenture, a Bond Order and an Escrow Agreement in Connection Therewith and Authorizing the Sale of Said Bonds to Robert W. Baird & Co. Incorporated.

EXTRACT OF MINUTES of the regular public meeting of the City Council of the City of St. Charles, Kane and DuPage Counties, Illinois, held at the City Hall, located at 2 East Main Street, in said City, at 7:00 p.m., on the 3rd day of October, 2016.

The Mayor called the meeting to order and directed the City Clerk to call the roll.

Upon the roll being called, the Mayor and the following Aldermen answered present at said location: \_\_\_\_\_

\_\_\_\_\_

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

\_\_\_\_\_

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

The following Aldermen were absent and did not participate in the meeting in any manner or to any extent whatsoever: \_\_\_\_\_

\_\_\_\_\_

The City Council then discussed a proposed bond issuance for refunding of the City's Senior Lien Limited Incremental Sales Tax Revenue Bonds, Series 2008 (Zylstra Project), and providing for the execution of a trust indenture, a bond order and an escrow agreement in connection with the issuance of Senior Lien Limited Sales Tax Revenue Refunding Bonds, Series 2016, and further providing for the sale of said bonds to Robert W. Baird & Co. Incorporated.

Thereupon, the Mayor presented the following ordinance, which was before the City Council and made available to any person requesting one as follows:

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EXHIBIT A	FORM OF INDENTURE	

**ORDINANCE NUMBER 2016-M-40**

AN ORDINANCE providing for the issuance of not to exceed \$7,600,000 Senior Lien Limited Sales Tax Revenue Refunding Bonds, Series 2016, of the City of St. Charles, Kane and DuPage Counties, Illinois, and providing for the execution of a trust indenture, a bond order and an escrow agreement in connection therewith and authorizing the sale of said bonds to Robert W. Baird & Co. Incorporated.

WHEREAS, the City of St. Charles, Kane and DuPage Counties, Illinois (the “*City*”), has a population in excess of 25,000, and pursuant to the provisions of Section 6 of Article VII of the 1970 Constitution of the State of Illinois, the City is a home rule unit and is authorized to exercise any power or perform any function pertaining to its government and affairs including, but not limited to, the power to tax and to incur debt; and

WHEREAS, on the 2nd day of June, 2008, the City Council of the City (the “*Corporate Authorities*”) adopted an ordinance, as supplemented by a bond order, dated July 1, 2008, authorizing the issuance of its Senior Lien Limited Incremental Sales Tax Revenue Bonds, Series 2008 (Zylstra Project) (the “*Prior Bonds*”); and

WHEREAS, it is necessary and desirable to refund all of the Prior Bonds (said Prior Bonds to be refunded being referred to herein as the “*Refunded Bonds*”) in order to achieve debt service savings and restructure the debt burden of the City (the “*Refunding*”); and

WHEREAS, the Refunded Bonds shall be fully described in the hereinafter defined Escrow Agreement and are presently outstanding and unpaid and are binding and subsisting legal obligations of the City; and

WHEREAS, the Board has determined that it is advisable and in the best interest of the City to accomplish the Refunding, and that it is desirable and necessary to borrow not to exceed \$7,600,000 at this time and issue bonds of the City therefor; and

WHEREAS, it is necessary and advisable that the City authorize the execution of an Indenture of Trust, dated as of the date of issuance of the Bonds (the “*Indenture*”), by and between the City and Amalgamated Bank of Chicago, as trustee (the “*Trustee*”), in order to provide for the security of said bonds; and

WHEREAS, the Corporate Authorities hereby determine that it is advisable to provide for the issuance of the Bonds secured by the hereinafter defined “Pledged Taxes”; and

WHEREAS, the Corporate Authorities have heretofore, and it hereby expressly is, determined that it is desirable and in the best interests of the City that certain designated representatives of the City be authorized to sell such bonds from time to time and accordingly, it is necessary that said designated representatives be so authorized with certain parameters as hereinafter set forth; and

WHEREAS, the Bonds will constitute a Series of Senior Lien Bonds and this Ordinance will constitute a Senior Lien Bond Ordinance under the Indenture:

NOW, THEREFORE, Be It Ordained by the City Council of the City of St. Charles, Kane and DuPage Counties, Illinois, in the exercise of its home rule powers, as follows:

*Section 1. Incorporation of Preambles.* The Corporate Authorities hereby find that all of the recitals contained in the preambles to this Ordinance are true, correct and complete and do incorporate them into this Ordinance by this reference.

*Section 2. Definitions.* The following words and terms used in this Ordinance shall have the following meanings unless the context or use clearly indicates another or different meaning is intended. *Words and terms used in this Ordinance but not defined herein shall have the meanings set forth in the Indenture.*

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

City  
Corporate Authorities  
Indenture  
Prior Bonds  
Refunded Bonds  
Refunding  
Trustee

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

“*Act*” means, collectively, the Illinois Municipal Code, as supplemented and amended, and particularly by the Local Government Debt Reform Act, as amended, and the other Omnibus Bond Acts, as amended, and as further supplemented, and where necessary, superseded, by the home rule powers of the City under Section 6 of Article VII of the 1970 Constitution of the State of Illinois. In the event of conflict between the provisions of said code and said acts and said home rule powers, the home rule powers shall be deemed to supersede the provisions of said code and said acts.

“*Additional Bonds*” means any bonds issued in the future on a parity with and sharing ratably and equally in the Pledged Taxes with the Bonds.

“*Bond*” or “*Bonds*” means one or more, as applicable, of the not to exceed \$7,600,000 Senior Lien Limited Sales Tax Revenue Refunding Bonds, Series 2016, authorized to be issued by this Ordinance.

“*Bond Counsel*” means Chapman and Cutler LLP, Chicago, Illinois.

“*Bond Order*” means the written bond order and notification of sale signed by any Designated Representative of the City and setting forth certain final details of the Bonds as hereinafter provided.

“*Bond Purchase Agreement*” means the contract for the sale of one or more Series of the Bonds by and between the City and the Purchaser.

*“Bond Register”* means the books of the City kept by the Trustee, as bond registrar, to evidence the registration and transfer of the Bonds.

*“Bond Registrar”* means the Trustee, acting as Bond Registrar under this Ordinance and the Indenture, or a successor thereto.

*“Bond Year”* means the twelve calendar month period beginning on January 1 of any calendar year and ending on the subsequent December 31.

*“Code”* means the Internal Revenue Code of 1986, as amended, and the Treasury regulations promulgated thereunder.

*“Designated Representatives”* means the Mayor, City Administrator, Treasurer and Finance Director of the City, and successors and assigns.

*“Escrow Agent”* means Amalgamated Bank of Chicago, Chicago, Illinois, as escrow agent.

*“Escrow Agreement”* means the written escrow agreement between the City and the Escrow Agent, as more particularly referred to in Section 11 of this Ordinance.

*“Government Securities”* means direct full faith and credit obligations of the United States of America (including, bills, notes, bonds and obligations of the State and Local Government Series).

*“Home Rule Sales Taxes”* means the sales taxes imposed by the City, at a rate equal to one percent (1.00%) and no more, under the Home Rule Municipal Retailers’ Occupation Tax Act, as amended, the Home Rule Municipal Service Occupation Tax Act, as amended, and the Home Rule Municipal Use Tax Act, as amended, or successor taxes or charges imposed by the City in lieu thereof or in addition thereto, on sales by retailers and servicemen within the Project Area.

*“Independent”* means when used with reference to any specified person means such person who is in fact independent and is not connected with the City as an officer, employee, alderman, underwriter, trustee or person performing similar functions. Whenever it is herein provided that the opinion or report of any Independent person shall be furnished, such person shall be appointed by the City, and such opinion or report shall state that the signer has read this definition and that the signer is Independent within the meaning thereof.

*“Interest Payment Date”* means a Stated Maturity of interest on Bonds.

*“Limited Sales Taxes”* means seventy-five percent (75.00%) of the Sales Taxes.

*“Local Sales Taxes”* means the sales taxes imposed, at a rate of one percent (1.00%) and no more, by the State under the Retailers’ Occupation Tax Act, as amended, the Service Occupation Tax Act, as amended, the Service Use Tax Act, as amended, and the Use Tax Act, as amended, and distributed to the City from the Local Government Tax Fund created under 35 ILCS 120/3 et. seq., as amended, on sales by retailers and servicemen within the Project Area, or successor taxes or charges imposed by the State in lieu thereof or in addition thereto.

*“Municipal Portion”* means the aggregate of (A) that portion of the Sales Taxes to be retained by the City pursuant to and as provided in the Development Agreement, *to-wit*: twenty-five percent (25.00%) of the Sales Taxes, and (B) that portion, if any, of the Limited Sales Taxes which exceeds the annual debt service on the Bonds.

*“Ordinance”* means this Ordinance, numbered \_\_\_\_\_, and passed by the Corporate Authorities on the 3rd day of October, 2016.

*“Original Amortization Amount”* means, for any Bond Year and at any Accounting Date, the amount set forth for the corresponding Bond Year on the amortization schedule to be attached to the Bond Order and incorporated therein.

*“Permitted Investments”* means any investment lawful under Illinois law for the investment of City funds, to be prudently made, and scheduled to mature prior to the time when needed.

*“Pledged Taxes”* means, for any Bond Year to and including the Bond Year commencing on January 1, 2025, the Sales Taxes net of the Municipal Portion.

*“Purchaser”* means Robert W. Baird & Co. Incorporated, Naperville, Illinois.

*“Record Date”* means the fifteenth day of the month preceding any regularly scheduled Interest Payment Date and the fifteenth day prior to any Interest Payment Date caused by a redemption of Bonds on other than a regularly scheduled Interest Payment Date.

*“Sales Taxes”* means, collectively, the Home Rule Sales Taxes and the Local Sales Taxes.

*“Series 2016 Senior Lien Debt Service Reserve Requirement”* means that amount, if any, set forth in the Bond Order.

*“Stated Maturity”* means, with respect to any Bond or any interest thereon, the fixed date on which the principal of such Bond or the interest thereon is due and payable, whether by maturity or otherwise.

*“Tax-exempt”* means, with respect to any of the Bonds, the status of interest paid and received thereon as excludable from the gross income of the owners thereof under the Code for federal income tax purposes except to the extent that such interest may be taken into account in computing an adjustment used in determining the alternative minimum tax for certain corporations.

*Section 3. Determination to Issue Bonds.* It is necessary and in the best interests of the City to provide for the Refunding, to pay all necessary or advisable related costs and to borrow money and issue the Bonds to pay such costs. It is hereby expressly found and determined that

such borrowing is authorized pursuant to the Act, is a proper public purpose for the City, and is further authorized pursuant to the home rule authority of the City.

*Section 4. Bond Details; the Depository.* For the purposes specified in Section 3 there shall be issued and sold the Bonds in the principal amount of not to exceed \$7,600,000. The Bonds shall each be designated “Senior Lien Limited Sales Tax Revenue Refunding Bond, Series 2016” (or such other title or Series designation as the Designated Representatives shall deem advisable as set forth in the Bond Order); be dated such date not earlier than October 3, 2016, or later than April 3, 2017, as shall be provided in the Bond Order (the “*Dated Date*”); and shall also bear the date of authentication thereof. The Bonds shall be “Senior Lien Bonds” as provided in the Indenture, shall be in fully registered form, shall be in denominations of \$100,000 and integral multiples of \$5,000 in excess of \$100,000 (unless otherwise set forth in the Bond Order), shall be numbered consecutively in such fashion as shall be determined by the Trustee, and shall, subject to rights of prior redemption as hereinafter provided, become due and payable on January 1 of the years in the amounts and bearing interest at the rates percent per annum as shall be set forth in the Bond Order, *provided, however*, that no Bond shall bear interest at a rate percent per annum which is in excess of 6.50% or mature on a date which is later than January 1, 2025. Further, the amount of debt service due on the Bonds in any Bond year shall not exceed \$1,066,000.

Each Bond shall bear interest from the later of its Dated Date as provided herein or from the most recent Interest Payment Date to which interest has been paid or duly provided for, such interest (computed upon the basis of a 360-day year of twelve 30-day months) being payable on January 1 and July 1 (or such other dates as may be provided in the Bond Order) of each year, commencing on the date as shall be provided in the Bond Order, and until the principal amount thereof is paid or duly provided for. Interest on each Bond shall be paid by check or draft of the

Trustee, payable in lawful money of the United States of America, to the person in whose name such Bond is registered at the close of business on the Record Date, or as otherwise agreed to by the City and the Depository so long as the Bonds are held in Book-Entry only form as hereinafter provided. The principal of the Bonds shall be payable in lawful money of the United States of America upon presentation thereof at the principal office maintained for the purpose by the Trustee in the City of Chicago, Illinois, or at a successor Trustee and locality.

As provided in the Indenture, the City hereby expressly determines that the Bonds shall be Book-Entry Bonds and shall be registered so as to participate in a securities depository system with the Depository.

*Section 5. Redemption.* (a) *Mandatory Sinking Fund Redemption.* If so provided in the Bond Order, the Bonds may be issued as one or more term bonds (“*Term Bonds*”) subject to mandatory redemption by operation of the Senior Lien Bond and Interest Account at a redemption price of par plus accrued interest to the date fixed for redemption, without premium, selected by lot by the Trustee as hereinafter provided, on January 1 of each of the years and in the principal amounts and as shall be otherwise provided in the Bond Order.

(b) *Optional Redemption.* If so provided in the Bond Order, the Bonds may also be subject to redemption prior to maturity, at the option of the City, in whole or in part, from any available funds, on the dates and at the prices and as otherwise provided in the Bond Order, *provided, however,* that no Bond shall bear a redemption price (expressed as a percentage of principal amount redeemed) in excess of 102% plus accrued interest to the date fixed for redemption.

(c) *Extraordinary Redemption.* If so provided in the Bond Order, upon any material interruption in the generation or receipt of the Sales Taxes, as further described or modified in

the Bond Order, the Bonds shall be subject to extraordinary mandatory or extraordinary optional redemption at the prices and on the dates as shall be provided in such Bond Order.

*Section 6. Procedures for Mandatory, Optional and Extraordinary Redemption.* All Bonds subject to redemption shall be identified, notice given, and paid and redeemed pursuant to the procedures as follows.

1. *Redemption Notice.* For a mandatory redemption of Term Bonds or an extraordinary mandatory redemption of Bonds, the Trustee shall proceed to redeem the Term Bonds or the affected Bonds without any further order or direction from the City whatsoever. For an optional redemption, the City shall, at least 45 days prior to any optional redemption date (unless a shorter time period shall be satisfactory to the Trustee), notify the Trustee of such redemption date and of the principal amount and maturities of Bonds to be redeemed.

2. *Selection of Bonds within a Maturity.* For purposes of any redemption of less than all of the Bonds of a single maturity, the particular Bonds or portions of Bonds to be redeemed shall be selected by lot by the Trustee for the Bonds of such Series and maturity by such method of lottery as the Trustee shall deem fair and appropriate; *provided*, that such lottery shall provide for the selection for redemption of Bonds or portions thereof so that any Bond or \$5,000 portion of a Bond shall be as likely to be called for redemption as any other such Bond or \$5,000 portion, provided, however, that the Trustee as directed by the City shall make provision for the redemption of such Bonds such that no Bondholder shall, following such redemption, hold less than the minimum denomination of \$100,000. The Trustee shall make such selection (1) upon or prior to the time of the giving of official notice of redemption, or (2) in the event of a refunding

or defeasance, upon advice from the City that certain Bonds have been refunded or defeased and are no longer Outstanding as defined.

3. *Official Notice of Redemption.* The Trustee shall promptly notify the City in writing of the Bonds or portions of Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed. Unless waived by the registered owner of Bonds to be redeemed, official notice of any such redemption shall be given by the Trustee on behalf of the City by mailing the redemption notice by first class U.S. mail not less than 30 days and not more than 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 such registered owner to the Trustee. All official notices of redemption shall include the name of the Bonds and at least the information as follows:

(a) the redemption date;

(b) the redemption price;

(c) if less than all of the outstanding Bonds of a particular maturity are to be redeemed, the identification (and, in the case of partial redemption of Bonds within such maturity, the respective principal amounts) of the Bonds to be redeemed;

(d) 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 said date; and

(e) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the office designated for that purpose of the Trustee.

4. *Conditional Redemption.* Unless moneys sufficient to pay the redemption price of the Bonds to be redeemed shall have been received by the Trustee prior to the giving of such notice of redemption, such notice may, at the option of the City, state that said redemption shall be conditional upon the receipt of such moneys by the Trustee on or prior to the date fixed for redemption. If such moneys are not received, such notice shall be of no force and effect, the City shall not redeem such Bonds, and the Trustee shall give notice, in the same manner in which the notice of redemption was given, that such moneys were not so received and that such Bonds will not be redeemed.

5. *Bonds Shall Become Due.* Official notice of redemption having been given as described, the Bonds or portions of Bonds so to be redeemed shall, subject to the stated condition in paragraph (D) immediately preceding, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the City shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Trustee at the redemption price. The procedure for the payment of interest due as part of the redemption price shall be as herein provided for payment of interest otherwise due.

6. *Insufficiency in Notice Not Affecting Other Bonds; Failure to Receive Notice; Waiver.* 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. Waivers of notice by registered owners shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver. *In lieu of the foregoing official notice, so long as the Bonds are held in book entry form, notice may be given as provided in the Representation Letter, and the giving of such notice shall constitute a waiver by DTC and the book entry owner, as registered owner, of the foregoing notice. After giving proper notification of redemption to the Trustee, as applicable, the City shall not be liable for any failure to give or defect in notice.*

7. *New Bond in Amount Not Redeemed.* Upon surrender for any partial redemption of any Bond, there shall be prepared for the registered owner a new Bond or Bonds of like Series and tenor, of authorized denominations, of the same maturity, and bearing the same rate of interest in the amount of the unpaid principal.

8. *Effect of Nonpayment upon Redemption.* If any Bond or portion of Bond called for redemption shall not be so paid upon surrender thereof for redemption, the principal shall become due and payable on demand, as aforesaid, but, until paid or duly provided for, shall continue to bear interest from the redemption date at the rate borne by the Bond or portion of Bond so called for redemption.

9. *Bonds to Be Cancelled; Payment to Identify Bonds.* All Bonds which have been redeemed shall be cancelled and destroyed by the Trustee and shall not be reissued. Upon the payment of the redemption price of Bonds being redeemed, each check or other

transfer of funds issued for such purpose shall bear the CUSIP number identifying, by Series, issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

10. *Additional Notice.* The City agrees to provide such additional notice of redemption as it may deem advisable at such time as it determines to redeem Bonds, taking into account any requirements or guidance of the Securities and Exchange Commission, the Municipal Securities Rulemaking Board, the Government Accounting Standards Board, or any other federal or state agency having jurisdiction or authority in such matters; *provided, however,* that such additional notice shall be (1) advisory in nature, (2) solely in the discretion of the City (unless a separate agreement shall be made), (3) not be a condition precedent of a valid redemption or a part of the Bond Contract, and (4) any failure or defect in such notice shall not delay or invalidate the redemption of Bonds for which proper official notice shall have been given. Reference is also made to the provisions of any Continuing Disclosure Undertaking of the City with respect to the Bonds, which may contain other provisions relating to notice of redemption of Bonds.

11. *Trustee Statement of Notices.* As part of its duties hereunder, the Trustee shall prepare and forward to the City a statement as to notices given with respect to each redemption together with copies of the notices as mailed.

*Section 7. Execution; Authentication; Indenture.* A. EXECUTION. The Bonds shall be executed on behalf of the City by the manual or facsimile signature of its Mayor and be attested by the manual or facsimile signature of its City Clerk, as they may determine, and shall have impressed or imprinted thereon the corporate seal or facsimile thereof of the City. In case any such officer whose signature shall appear on any Bond shall cease to be such officer before the

delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery.

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

C. INDENTURE. For the benefit of the registered owners of the Bonds and to the better securing of same the City agrees to execute the Indenture, substantially in the form attached hereto as *Exhibit A*.

The Indenture shall be executed on behalf of the City by at least one of the Designated Representatives and shall be in substantially the form before this meeting, subject, however, to such modifications as may be deemed necessary or advisable by the Designated Representatives executing the Indenture, their signatures on the Indenture constituting their approval of any such modifications and to be deemed conclusive and binding approval hereunder as to the City and the Corporate Authorities.

*Section 8. Registration of Bonds; Identity of Owners.* The City hereby directs the Bond Register to be kept at the principal office maintained for the purpose by the Trustee in the

City of Chicago, Illinois, which is hereby constituted and appointed the Bond Registrar of the City for the Bonds. The Bonds shall be registered and exchanged as provided in the Indenture.

*Section 9. Form of the Bonds.* The Bonds shall be in substantially the form hereinafter set forth; *provided, however,* that if the text of the Bond is to be printed in its entirety on the front side of the Bond, then paragraph [2] and the legend “See Reverse Side for Additional Provisions” shall be omitted and paragraphs [7] through [13] shall be inserted immediately after paragraph [1].

[Form of Bond — Front Side]

REGISTERED  
NO. \_\_\_\_\_

REGISTERED  
\$ \_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF ILLINOIS  
COUNTIES OF KANE AND OF DUPAGE  
CITY OF ST. CHARLES  
SENIOR LIEN LIMITED SALES TAX REVENUE REFUNDING BOND,  
SERIES 2016

See Reverse Side for  
Additional Provisions

Interest                      Maturity                      Dated  
Rate: \_\_\_\_\_%      Date: January 1, 20\_\_      Date: \_\_\_\_\_, 20\_\_      CUSIP \_\_\_\_\_

Registered Owner:      CEDE & CO.

Principal Amount:

[1]    KNOW ALL PERSONS BY THESE PRESENTS that the City of St. Charles, Kane and DuPage Counties, Illinois, a municipality, home rule unit and political subdivision of the State of Illinois (the “City”), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns as hereinafter provided, on the Maturity Date identified above (subject to right of prior redemption as hereinafter provided), 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 January 1 and July 1 of each year, commencing \_\_\_\_\_ 1, 20\_\_, and until said Principal Amount is paid or duly provided for. The principal of this Bond and the premium, if any, hereon are payable in lawful money of the United States of America upon presentation hereof at the principal office maintained for the purpose by Amalgamated Bank of Chicago, Chicago, Illinois (the “Trustee”), as trustee under an Indenture of Trust dated as of \_\_\_\_\_,

20\_\_, by and between the City and the Trustee (the "*Indenture*"). Payment of interest shall be made to the Registered Owner hereof as shown on the registration books of the City maintained by the Trustee, as bond registrar, at the close of business on the Record Date and shall be paid by check or draft of the Trustee, 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 Trustee, or as otherwise agreed to by the City and the Depository, for as long as this Bond shall be held in book-entry only form as provided for same.

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

[3] This bond and each bond of the Series of which it forms a part (together, the "*Bonds*"), are issued pursuant to the Illinois Municipal Code, as supplemented and amended by the Local Government Debt Reform Act, as amended, and the other Omnibus Bond Acts, as amended, and as further supplemented and, where necessary, superseded, by Section 6 of Article VII of the 1970 Constitution of the State of Illinois (collectively, the "*Act*"), and the principal of and interest, and premium, if any, on the Bonds are payable solely and only from (i) the Pledged Taxes on deposit in the Senior Lien Bond and Interest Account of the Limited Sales Tax Fund (the "*Limited Sales Tax Fund*") created under the Indenture and (ii) the amounts on deposit in and pledged to the various funds and accounts of the Limited Sales Tax Fund, all as provided in the hereinafter defined 2016 Senior Lien Bond Ordinance and the Indenture. Additional Senior Lien Bonds may be issued upon the terms and as provided in the 2016 Senior Lien Bond Ordinance and the Indenture. The Bonds are being issued for the purpose of refunding certain outstanding obligations pursuant to the Act, all as more fully described in proceedings adopted

by the City Council of the City (the “*Corporate Authorities*”) and in an ordinance authorizing the issuance of the Bonds adopted by the Corporate Authorities on the 3rd day of October, 2016, and authorizing the issuance of the Bonds (as supplemented by a Bond Order and Notification of Sale, the “*2016 Senior Lien Bond Ordinance*”), to all the provisions of which the holder by the acceptance of this Bond assents. The Bonds, together with the interest and premium, if any, thereon, are limited obligations of the City, payable solely from the Pledged Taxes and the amounts on deposit in and pledged to the various funds and accounts of the Limited Sales Tax Fund in the priorities of Lien and as otherwise provided in the Indenture. For the prompt payment of this Bond, both principal and interest, as aforesaid, at maturity, the Pledged Taxes are hereby irrevocably pledged. THE BONDS ARE LIMITED OBLIGATIONS OF THE CITY PAYABLE SOLELY AND ONLY FROM THE PLEDGED TAXES ON DEPOSIT IN THE ACCOUNTS AND IN THE PRIORITIES AND AS SET OUT IN THE INDENTURE. THE BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE CITY WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION. NO HOLDER OF THIS BOND SHALL HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY TAXING POWER OF THE CITY FOR PAYMENT OF PRINCIPAL HEREOF OR INTEREST OR PREMIUM, IF ANY, HEREON.

[4] Under the Act, the Indenture, and the 2016 Senior Lien Bond Ordinance, the Pledged Taxes shall be deposited in the Limited Sales Tax Fund. Moneys on deposit in the Limited Sales Tax Fund shall be used first, to pay Program Expenses, next, to pay principal of and interest on outstanding Senior Lien Bonds, and thereafter to fund the accounts of the Limited Sales Tax Fund in the priorities and as further provided in the Indenture.

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

[6] IN WITNESS WHEREOF the City of St. Charles, Kane and DuPage Counties, 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 in the exercise of its home rule powers and as appearing hereon and as of the Dated Date identified above.

\_\_\_\_\_  
Mayor  
City of St. Charles, Kane and DuPage  
Counties, Illinois

Attest:

\_\_\_\_\_  
City Clerk, City of St. Charles  
Kane and DuPage Counties, Illinois

(SEAL)

Date of Authentication: \_\_\_\_\_, 20\_\_

CERTIFICATE  
OF  
AUTHENTICATION

Trustee, Bond Registrar and Paying Agent:  
Amalgamated Bank of Chicago  
Chicago, Illinois

This Bond is one of the Bonds described in the within-mentioned 2016 Senior Lien Bond Ordinance and is one of the Senior Lien Limited Sales Tax Revenue Refunding Bonds, Series 2016, having a Dated Date of \_\_\_\_\_, 20\_\_, of the City of St. Charles, Kane and DuPage Counties, Illinois.

AMALGAMATED BANK OF CHICAGO  
as Trustee, Bond Registrar and Paying Agent

By \_\_\_\_\_  
Authorized Officer

[Form of Bond — Reverse Side]

CITY OF ST. CHARLES  
KANE AND DUPAGE COUNTIES, ILLINOIS  
SENIOR LIEN LIMITED SALES TAX REVENUE REFUNDING BOND,  
SERIES 2016

[7] This Bond is one of a series of bonds (the “*Bonds*”) in the aggregate principal amount of \$\_\_\_\_\_ issued by the City for the purpose of paying costs of the Refunding, and of paying expenses incidental thereto, all as described and defined in the 2016 Senior Lien Bond Ordinance, pursuant to and in all respects in compliance with the applicable provisions of the Constitution and laws of the State of Illinois, including the Act, as amended, the Indenture, and with the 2016 Senior Lien Bond Ordinance, which has been duly passed by the City Council, approved by the Mayor of the City, and published, in all respects as by law required.

[8] The Bonds are issued in fully registered form in the denominations of \$100,000 and integral multiples of \$5,000 in excess of \$100,000. This Bond may be exchanged upon presentation and surrender for cancellation hereof at the principal office maintained for the purpose by the Trustee in the City of Chicago, Illinois, or as successor Trustee and locality, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, for a like aggregate principal amount of Bonds of the same maturity.

[9] This Bond may be transferred only on the Bond Register maintained by the Trustee but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture and upon surrender for transfer to the Trustee at its principal office maintained for the purpose in Chicago, Illinois, or as successor Trustee and locality, duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner or the registered owner’s attorney duly authorized in writing. Upon such transfer the Trustee will authenticate a new Bond or Bonds of the same maturity in an equal total principal amount and registered in the name of the transferee.

[10] The Bonds are Term Bonds and are subject to mandatory redemption by operation of the Senior Lien Bond and Interest Account of the Limited Sales Tax Fund at a redemption price of par plus accrued interest to the date fixed for redemption without premium, selected by lot by the Trustee as provided in the 2016 Senior Lien Bond Ordinance, on January 1 of each of the years and in the principal amounts as follows:

FOR THE 20\_\_ TERM BOND

YEAR	AMOUNT (\$)
------	-------------

FOR THE 20\_\_ TERM BOND

YEAR	AMOUNT (\$)
------	-------------

[11] The Bonds coming due on January 1, 20\_\_, are subject to redemption prior to maturity, at the option of the City, on January 1, 20\_\_, and any date thereafter, from any available moneys, in whole or in part, and if in part, in inverse order of maturity and within any maturity by lot in integral multiples of \$100,000 and in integral multiples of \$5,000 in excess of \$100,000, selected by lot by the Trustee, at a redemption price of par plus accrued interest to the redemption date.

[12] Here insert extraordinary redemption provisions, if any.

[13] Unless waived by the Registered Owner of Bonds to be redeemed, official notice of any such optional redemption shall be given by the Trustee on behalf of the City by mailing the redemption notice by first class mail not less than 30 days and not more than 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 registration books maintained by the Trustee or at such other address as is

furnished in writing by such registered owner to the Trustee. 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. Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the City shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds or portions being redeemed shall be paid by the Trustee at the redemption price. The procedure for the payment of interest due as part of the redemption price shall be as herein provided for payment of interest otherwise due. 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.

ASSIGNMENT

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

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(Name and Address of Assignee)

the within Bond and does hereby irrevocably constitute and appoint \_\_\_\_\_ as attorney to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature guaranteed: \_\_\_\_\_

NOTICE: The signature to this 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. Sale of Bonds; Execution of Bond Order, Bond Purchase Agreement, Official Statement and Closing Documents.* The Designated Representatives are hereby authorized to proceed, without any further authorization or direction whatsoever from the Corporate Authorities, to sell and deliver the Bonds upon the terms as prescribed in this Section.

The Bonds shall be sold to the Underwriter at the price of not less than 98.00% of the par value (exclusive of original issue premium or original issue discount, if any) of the principal amount thereof, plus accrued interest, if any, to the date of delivery. Such sale shall be made upon the determination of the Designated Representatives that (i) the terms of the Bonds are fair and reasonable in view of current conditions in the bond markets and (ii) the proposed sale will accomplish the Refunding.

Nothing in this Section shall require the Designated Representatives to sell the Bonds if in their judgment the conditions in the bond markets shall have markedly deteriorated from the time of adoption thereof, but the Designated Representatives shall have the authority to sell the Bonds in any event so long as the limitations set forth in this Ordinance, the Indenture and the

conditions of this Section shall have been met. Incidental to any sale of the Bonds, the Designated Representatives shall find and determine that no person holding any office of the City either by election or appointment, is in any manner financially interested, either directly, in his or her own name, or indirectly, in the name of any other person, association, trust or corporation, in the agreement with the Purchaser for the purchase of the Bonds.

Upon the sale of the Bonds of any Series, any of the Designated Representatives and any other officials of the City as shall be appropriate shall be and are hereby authorized and directed to approve or execute, or both, such documents of sale of the Bonds of such Series as may be necessary, including, without limitation, a Bond Order, Preliminary Official Statement, Official Statement, Bond Purchase Agreement, closing documents; such certifications, tax returns, and documentation as may be required by Bond Counsel, including, specifically, a tax agreement, to render their opinions as to the Tax-exempt status of the interest on the Bonds, and documentation as may be advised by Bond Counsel as appropriate, to establish and maintain the Tax-exempt status of the interest on the Bonds. The Preliminary Official Statement relating to the Bonds is hereby in all respects authorized and approved; and the proposed use by the Purchaser of an Official Statement (in substantially the form of the Preliminary Official Statement but with appropriate variations to reflect the final terms of the Bonds) is also hereby authorized and approved. The Bond Purchase Agreement for the sale of the Bonds to the Purchaser is hereby in all respects authorized and approved. Any of the Designated Representatives are hereby each authorized to execute each Bond Purchase Agreement, such execution to constitute full and complete approval of all necessary or appropriate completions and revisions as shall appear therein. Upon the sale of a Series of the Bonds, any two of the Designated Representatives so acting shall prepare the Bond Order for same, which shall include the pertinent details of sale as provided herein, and which shall enumerate the levy of taxes to pay the Bonds, and such shall in

due course be entered into the records of the City and made available to the Corporate Authorities. *The authority to sell the Bonds pursuant to any Bond Order as herein provided shall expire on April 3, 2017.*

*Section 11. Creation and Maintenance of Funds; Appropriations; Investments; Approval of Escrow Agreement.* The proceeds derived from the sale of the Bonds shall be used as follows:

A. The amount of the proceeds of the Bonds as shall be provided in the Bond Order shall be deposited to the Program Expenses Account (as defined in the Indenture) and be applied to pay Program Expenses (as defined in the Indenture).

B. Accrued interest, if any, received from the sale of the Bonds and any amounts designated as capitalized interest shall be credited to the Senior Lien Bond and Interest Account and be applied to pay first interest due on the Bonds.

C. The amount of the proceeds of the Bonds, together with an amount of cash on hand and lawfully available therefor, as shall be provided in the Bond Order shall be deposited to the Senior Lien Debt Service Reserve Account and held as provided in the Indenture.

D. The amount of the proceeds of the Bonds as shall be provided in the Bond Order shall be deposited into a separate fund, hereby created, designated the "2016 Senior Lien Limited Sales Tax Revenue Refunding Bonds Expense Fund" (the "*Expense Fund*") to be used to pay expenses of issuing the Bonds. The Expense Fund shall not be a fund held by the Trustee under the Indenture and shall not secure the payment of the Bonds. Disbursements from such fund shall be made by the City Treasurer (the "*Treasurer*") upon the delivery of the Bonds or from time to time thereafter in accordance with customary City disbursement procedures and as needed to

pay costs of issuing the Bonds. Any excess in the Expense Fund shall be deposited by the City into the Senior Lien Bond and Interest Account after six months from the date of issuance of the Bonds.

E. The amount necessary from the proceeds of the Bonds shall be used to provide for the Refunding, all in accordance with the provisions of the Escrow Agreement, in substantially the same form to be provided by Bond Counsel and approved by the City Attorney, made a part hereof by this reference, and hereby approved. The Purchaser and the Escrow Agent are each hereby authorized to act as agent for the City in the purchase of the Government Securities described and set forth in such Escrow Agreement. Any amounts remaining from the proceeds of the Bonds after accomplishing the Refunding shall be set aside in the Senior Lien Bond and Interest Account, applied to pay next interest on the Bonds.

F. Funds on deposit in the Limited Sales Tax Fund and held by the Trustee may be invested by the Trustee at the direction (which direction may be telephonic but shall be promptly confirmed by email or otherwise in writing) of the Treasurer in Permitted Investments. Subject to Section 15 of this Ordinance, any investment earnings or losses in any Account of the Limited Sales Tax Fund shall be attributed to the respective Account from which derived. Any investment earnings in the Limited Sales Tax Fund shall be transferred as necessary to the Senior Lien Bond and Interest Account at the direction of the Treasurer with no further official action or direction of the Corporate Authorities for the payment of principal of and interest on the Bonds when due or as hereinafter provided for the payment of arbitrage rebate.

*Section 12. City Covenants.* The City covenants and agrees that all Sales Taxes required to be deposited into the Limited Sales Tax Fund shall be deposited into the Limited Sales Tax Fund as provided in the Indenture.

As provided in the Indenture, all Pledged Taxes in the Limited Sales Tax Fund are pledged to the payment of the Bonds (and all other bonds at any time outstanding under the Indenture as provided therein), but only in the priorities specified in the Indenture and subject to the limitations contained therein.

The City covenants and agrees with the holders of the Bonds that, so long as any Bonds remain outstanding and unpaid:

(a) The City will punctually pay or cause to be paid, in the priority specified in the Indenture, from the Pledged Taxes on deposit in and to the credit of the Limited Sales Tax Fund, the principal of, interest on and premium, if any, to become due in respect of the Bonds in strict conformity with the terms of the Bonds, this Ordinance and the Indenture, and it will faithfully observe and perform all of the conditions, covenants and requirements thereof.

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

(c) So long as any Bonds are outstanding, the City will prepare or cause the preparation of, within two hundred ten (210) days after the close of each fiscal year of the City, complete financial statements with respect to that fiscal year, showing the amounts and sources of the Pledged Taxes received, all disbursements from the funds and accounts created by this Ordinance and the Indenture, including the balances in all funds and accounts relating to the

Bonds as of the end of such fiscal year, which statements shall be accompanied by a certificate or opinion in writing of an independent certified public accountant to the effect that the City is in compliance with the requirements of the Indenture relating to the Limited Sales Tax Fund and the requirements of the Act. The City will furnish a copy of such statements to the Underwriter, to any registered owner of a Bond upon written request and to the Trustee.

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

*Section 13. Additional Bonds.* No Additional Bonds shall be issued except as set forth in this Section 13 and in Section 14.

The City specifically reserves the right to issue Junior Lien Bonds which shall not share ratably and equally in the Pledged Taxes with the Bonds but shall be subordinate and junior to the Bonds.

Notwithstanding the foregoing restrictions, if, prior to the payment of the Bonds, the City shall determine, as hereinafter provided in Section 14 of this Ordinance, to refund part or all of the Bonds then outstanding, said Bonds may be refunded, and any refunding bonds so issued shall share ratably and equally in the Pledged Taxes with the portion, if any, of the Bonds which are not refunded; *provided, further*, that if any Bonds are refunded such that the Current Debt Service Requirement is increased for any Bond Year, then such refunding bonds shall be in all respects subordinate to the Bonds and shall not share ratably and equally in the Pledged Taxes with the portion of the Bonds remaining outstanding, except that if it is found necessary to refund any annual installment of the Bonds at maturity or within one year of maturity thereof in

order to prevent a default, such refunding bonds may be issued to share ratably and equally in the Pledged Taxes with the portion of the Bonds not refunded notwithstanding the fact that the Current Debt Service Requirement is increased, *provided, however*, that such refunding bonds shall not mature at a date earlier than the maturity of any installment of principal of and interest on said Bonds not refunded and then outstanding.

*Section 14. Refunding Bonds.* Refunding bonds issued to refund, whether at or in advance of maturity, Bonds issued under this Ordinance, may be issued by the Corporate Authorities hereunder, and, upon such issuance, shall be “*Bonds*” as defined hereunder, subject to the limitations set forth for refunding bonds in Section 13 hereof.

*Section 15. General Arbitrage Covenants.* The Corporate Authorities certify and covenant with the registered owners of the Bonds from time to time outstanding, that so long as any of the Bonds remain outstanding, moneys on deposit in any fund or account in connection with the Bonds, whether or not such moneys were derived from the proceeds of the sale of the Bonds or from any other sources, will not be used in a manner which will cause such Bonds to be “arbitrage bonds” within the meaning of Section 148(a) of the Code, and any lawful regulations promulgated or proposed thereunder, as the same presently exist, or may from time to time hereafter be amended, supplemented or revised.

The City further certifies and covenants as follows with respect to the requirements of Section 148(f) of the Code, relating to the rebate of “excess arbitrage profits” (the “*Rebate Requirement*”) to the United States:

A. Unless an applicable exception to the Rebate Requirement is available to the City, the City will meet the Rebate Requirement.

B. Relating to applicable exceptions, the Designated Representatives are hereby authorized to make such elections under the Code as such officers shall deem reasonable and in

the best interests of the City. If such election may result in a “penalty in lieu of rebate” as provided in the Code, and such penalty is incurred (the “*Penalty*”), then the City shall pay such Penalty.

C. The Trustee is hereby authorized to establish within the Rebate Fund a “2016 Senior Lien Limited Sales Tax Revenue Refunding Bonds Rebate [or Penalty, if applicable] Account” (the “*2016 Rebate Account*”) for the Bonds, and the Designated Representatives are hereby directed, not less frequently than annually, to cause to be transferred to the 2016 Rebate Account the amount determined to be the accrued liability under the Rebate Requirement or Penalty. The Designated Representatives shall cause to be paid to the U.S., without further order or direction from the Corporate Authorities, from time to time as required, amounts sufficient to meet the Rebate Requirement or to pay the Penalty.

D. Interest earnings in the Senior Lien Bond and Interest Account and the Senior Lien Debt Service Reserve Account are hereby authorized to be transferred at the written direction of a Designated Representative, without further order or direction from the Corporate Authorities, from time to time as required, to the 2016 Rebate Account for the purposes herein provided; and proceeds of the Bonds and other funds of the City are also hereby authorized to be used to meet the Rebate Requirement or to pay the Penalty, but only if necessary after application of investment earnings as aforesaid and only as appropriated by the Corporate Authorities.

*Section 16. Not Private Activity Bonds.* The Bonds are not “private activity bonds” as defined in Section 141(a) of the Code. In support of such conclusion, the City certifies, represents and covenants as follows:

(a) No direct or indirect payments are to be made on any Bond with respect to any private business use by any person other than a state or local governmental unit.

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

*Section 17. Further Tax Covenants.* The City agrees to comply with all provisions of the Code which, if not complied with by the City, would cause the Bonds not to be Tax Exempt. In furtherance of the foregoing provisions, but without limiting their generality, the City agrees: (a) through its officers, to make such further specific covenants, representations as shall be truthful, and assurances as may be necessary or advisable; (b) to comply with all representations, covenants and assurances contained in certificates or agreements as may be prepared by Bond Counsel; (c) to consult with Bond Counsel and to comply with such advice as may be given; (d) to pay to the United States, if necessary, such sums of money representing required rebates of excess arbitrage profits relating to the Bonds; (e) to file such forms, statements and supporting documents as may be required and in a timely manner; and (f) if deemed necessary or advisable by its officers, to employ and pay fiscal agents, financial advisors, attorneys and other persons to assist the City in such compliance.

*Section 18. Registered Form.* The City recognizes that Section 149 of the Code requires the Bonds to be issued and to remain in fully registered form in order to be and to remain Tax Exempt. In this connection, the City agrees that it will not take any action to permit the Bonds to be issued in, or converted into, bearer or coupon form.

*Section 19. Opinion of Counsel Exception.* The City reserves the right to use or invest moneys in connection with the Bonds in any manner, notwithstanding the tax-related covenants set forth in Sections 15 through 18 herein, *provided* it shall first have received an opinion from Bond Counsel, or, in the event Bond Counsel is unable or unwilling to provide such opinion, from another attorney or a firm of attorneys of nationally recognized standing as bond counsel to the effect that use or investment of such moneys as contemplated is valid and proper under applicable law and this Ordinance and, further, will not adversely affect the Tax Exempt status for the Bonds.

*Section 20. Continuing Disclosure Undertaking.* Any Designated Representative is hereby authorized, empowered, and directed to execute and deliver the Continuing Disclosure Undertaking in substantially the same form as provided by Bond Counsel and approved by the City Attorney, or with such changes therein as the Designated Representative executing the Continuing Disclosure Undertaking on behalf of the City shall approve, his or her execution thereof to constitute conclusive evidence of his or her approval of such changes. When the Continuing Disclosure Undertaking is executed and delivered on behalf of the City as herein provided, the Continuing Disclosure Undertaking will be binding on the City and the officers, employees, and agents of the City, and the officers, employees, and agents of the City are hereby authorized, empowered, and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Continuing Disclosure Undertaking as executed. Notwithstanding any other provision of this Ordinance, the sole remedies for failure to comply with the Continuing Disclosure Undertaking shall be the ability of the beneficial owner of any Bond to seek mandamus or specific performance by court order, to cause the City to comply with its obligations under the Continuing Disclosure Undertaking.

*Section 21. Municipal Bond Insurance.* In the event the payment of principal of and interest on the Bonds is insured pursuant to a municipal bond insurance policy (a "*Municipal Bond Insurance Policy*") issued by a bond insurer (a "*Bond Insurer*"), and as long as such Municipal Bond Insurance Policy shall be in full force and effect, the City and the Bond Registrar agree to comply with such usual and reasonable provisions regarding presentment and payment of such Bonds, subrogation of the rights of the Bondholders to the Bond Insurer when holding such Bonds, amendment hereof, or other terms, as approved by any of the City Officers

on advice of counsel, his or her approval to constitute full and complete acceptance by the City of such terms and provisions under authority of this Section.

*Section 22. Publication of Ordinance.* A full, true and complete copy of this Ordinance shall be published within ten days after passage in pamphlet form by authority of the Corporate Authorities.

*Section 23. Superseder and Effective Date.* All ordinances, resolutions and orders, or parts thereof, in conflict herewith, are to the extent of such conflict hereby superseded; and this Ordinance shall be in full force and effect immediately upon its passage and approval.

AYES: \_\_\_\_\_

NAYS: \_\_\_\_\_

ABSENT: \_\_\_\_\_

APPROVED: this 3rd day of October, 2016.

\_\_\_\_\_

Mayor

Recorded in City Records: this 3rd day of October, 2016.

Published in pamphlet form by authority of the City Council on the \_\_\_\_ day of October, 2016.

Attest:

\_\_\_\_\_  
City Clerk, City of St. Charles  
Kane and DuPage Counties, Illinois

**EXHIBIT A**  
**FORM OF INDENTURE**

Alderman \_\_\_\_\_ moved and Alderman \_\_\_\_\_ seconded the motion that the ordinance as presented be adopted.

After discussion thereof, which discussion included a public recital by \_\_\_\_\_ as to the nature of the matters set forth in the ordinance, including statements that (1) the ordinance provides for the issuance of senior lien limited sales tax revenue refunding bonds for the purpose of refunding certain outstanding bonds of the City, (2) the bonds are issuable without referendum pursuant to the home rule powers of the City and the provisions of the Illinois Municipal Code, as amended and as supplemented by the Local Government Debt Reform Act, as amended, and the other Omnibus Bond Acts, as amended, (3) the ordinance provides for the pledge of certain Sales Taxes derived from said project area to pay the principal of and applicable premium and interest on the bonds, and (4) the ordinance provides many details of the bonds, including tax-exempt covenants, provisions for terms and form of the bonds, authority for the execution of a trust indenture, a bond order, an escrow agreement and a bond purchase agreement and appropriations, the Mayor directed that the roll be called for a vote upon the motion to adopt the ordinance.

Upon the roll being called, the following Aldermen voted AYE: \_\_\_\_\_

\_\_\_\_\_ and the following Aldermen voted NAY: \_\_\_\_\_ .

WHEREUPON, the Mayor declared the motion carried and the ordinance adopted, and henceforth did approve and sign the same in open meeting, and did direct the City Clerk to record the same in full in the records of the City Council of the City of St. Charles, Kane and DuPage Counties, Illinois, which was done.

Other business was duly transacted at said meeting.

Upon motion duly made and carried, the meeting adjourned.

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City Clerk

STATE OF ILLINOIS     )  
  ) SS  
COUNTY OF KANE        )

**CERTIFICATION OF MINUTES AND ORDINANCE**

I, the undersigned, do hereby certify that I am the duly qualified and acting City Clerk of the City of St. Charles, Kane and DuPage Counties, Illinois (the “City”), and as such official I am the keeper of the official journal of proceedings, books, records, minutes and files of the City and of the City Council (the “Corporate Authorities”) thereof.

I do further certify that the foregoing is a full, true and complete transcript of that portion of the minutes of the meeting of the Corporate Authorities held on the 3rd day of October, 2016, insofar as the same relates to the adoption of an ordinance, numbered \_\_\_\_\_, and entitled:

AN ORDINANCE providing for the issuance of not to exceed \$7,600,000 Senior Lien Limited Sales Tax Revenue Refunding Bonds, Series 2016, of the City of St. Charles, Kane and DuPage Counties, Illinois, and providing for the execution of a trust indenture, a bond order and an escrow agreement in connection therewith and authorizing the sale of said bonds to Robert W. Baird & Co. Incorporated.

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

I do further certify that the deliberations of the Corporate Authorities on the adoption of said ordinance were taken openly; that the vote on the adoption of said ordinance was taken openly; that said meeting was held at a specified time and place convenient to the public; that notice of said meeting was duly given to all newspapers, radio or television stations and other news media requesting such notice; that an agenda for said meeting was posted at the location where said meeting was held and at the principal office of the Corporate Authorities on a day which was not a Saturday, Sunday or legal holiday for Illinois municipalities and at least 48 hours in advance of the holding of said meeting; that said agenda described or made specific reference to said ordinance; that a true, correct and complete copy of said agenda as so posted is attached hereto; and that said meeting was called and held in strict compliance with the provisions of the Open Meetings Act of the State of Illinois, as amended, and the Illinois Municipal Code, as amended, except as said Act and said Code may be validly superseded by the home rule powers of the City, and that the Corporate Authorities have complied with all of the procedural rules of the Corporate Authorities in the adoption of said ordinance.

IN WITNESS WHEREOF I hereunto affix my official signature and the seal of the City, this 3rd day of October, 2016.

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City Clerk

(SEAL) CITY CLERK TO ATTACH AGENDA

STATE OF ILLINOIS     )  
  ) SS  
COUNTY OF KANE        )

**CERTIFICATE OF PUBLICATION IN PAMPHLET FORM**

I, the undersigned, do hereby certify that I am the duly qualified and acting City Clerk of the City of St. Charles, Kane and DuPage Counties, Illinois (the “City”), and as such official I am the keeper of the official journal of proceedings, books, records, minutes, and files of the City and of the City Council (the “Corporate Authorities”) thereof.

I do further certify that on the \_\_\_\_ day of October, 2016, there was published in pamphlet form, by authority of the Corporate Authorities, a true, correct and complete copy of Ordinance Number \_\_\_\_ of the City providing for the issuance of not to exceed \$7,600,000 Senior Lien Limited Sales Tax Revenue Refunding Bonds, Series 2016, of the City and that said ordinance as so published was on said date readily available for public inspection and distribution, in sufficient number to meet the needs of the general public, at my office as City Clerk located in the City.

IN WITNESS WHEREOF I have affixed hereto my official signature and the seal of the City, this \_\_\_\_ day of October, 2016.

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

(SEAL)