



AGENDA ITEM EXECUTIVE SUMMARY

Agenda Item number: ID

Title:

Requesting a motion to approve AN ORDINANCE providing for the issuance of General Obligation Corporate Purpose Bonds, Series 2021B in an aggregate amount not to exceed \$25,000,000, of the City of St. Charles, Kane and DuPage Counties, Illinois, for the purpose of refunding certain of the City’s outstanding bonds, providing for the levy of a direct annual tax sufficient to pay the principal of and interest on said bonds, and authorizing the sale of said bonds to the purchaser thereof.

Presenter:

Heather McGuire, City Administrator

Meeting: City Council

Date: November 15, 2021

Proposed Cost: \$

Budgeted Amount: \$

Not Budgeted:

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

Attached is an ordinance authorizing the City to issue General Obligation Bond Series 2021B.

The \$25 million bond issue is being proposed to advance refund City Bond Series 2013A. Based on market conditions, the refunding will generate an estimated present value savings of \$2.5 million or 11.4%.

The Ordinance specifies the parameters which must be adhered to in order for the City to issue and sell the bonds. The parameters are established because of the fluctuating nature of the municipal bond market and timing of the pricing, sales, and closing of the bonds. The ordinance authorizes designated officials of the City to execute the necessary bond documents and issue the bonds as long as the established parameters are met. If this ordinance is approved by City Council, the City would likely take delivery of the bond proceeds the week of December 20th, but it could be sooner if deemed advantageous to do so.

The parameters for Series 2021B specify:

- Bond sale prior to May 15, 2022, term not to extend beyond December 1, 2038
- Interest cannot exceed 5%
- Any individual principal maturity cannot \$2,475,000 and no individual debt service amount may exceed \$2,495,000.
- The net present value savings derived from the Refunding portion of this issue shall not be less than 3.0% of the face amount of the refunded bonds.

It is important to note that the ordinance authorizes the issuance of bonds within the specified parameters but it does not require bonds to be issued. Terms of the proposed bond issue will be finalized upon sale and will be based on the prevailing market conditions within the specified parameters.

Attachments *(please list):*

Ordinance

Requesting a motion to approve AN ORDINANCE providing for the issuance of General Obligation Corporate Purpose Bonds, Series 2021B in an aggregate amount not to exceed \$25,000,000, of the City of St. Charles, Kane and DuPage Counties, Illinois, for the purpose of refunding certain of the City’s outstanding bonds, providing for the levy of a direct annual tax sufficient to pay the principal of and interest on said bonds, and authorizing the sale of said bonds to the purchaser thereof.

EXTRACT OF MINUTES of a regular public meeting of the City Council of the City of St. Charles, Kane and DuPage Counties, Illinois, held at the City Hall, 2 East Main Street, in said City, at 7:00 p.m., on the 15th day of November, 2021.

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 were physically present at said location: _____

The following Aldermen attended 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 Mayor announced that the next item for consideration was the issuance of the City's bonds for the purpose of refunding certain outstanding bonds of the City and paying the cost of issuing said bonds, and that the Mayor and the City Council would consider the adoption of an ordinance providing for the issue of said bonds and the levy of taxes sufficient to pay the principal of and interest thereon. The Mayor then explained that the ordinance sets forth the parameters for the issue of said bonds and sale thereof to the purchaser by designated officials of the City and summarized the pertinent terms of said parameters, including the specific parameters governing the manner of sale, length of maturity, rates of interest, purchase price and tax levy for said bonds.

Whereupon, the Mayor presented, and there was incorporated into the record in full the following ordinance, which was made available to the Aldermen and interested members of the public, entitled:

AN ORDINANCE providing for the issuance of General Obligation Corporate Purpose Refunding Bonds, Series 2021B in an aggregate amount not to exceed \$25,000,000, of the City of St. Charles, Kane and DuPage Counties, Illinois, for the purpose of refunding certain of the City's outstanding bonds, providing for the levy of a direct annual tax sufficient to pay the principal of and interest on said bonds, and authorizing the sale of said bonds to the purchaser thereof.

(the "Bond Ordinance").

Alderman _____ then moved and Alderman _____ seconded the motion that the Bond Ordinance as presented be adopted.

A City Council discussion of the matter followed. During the City Council discussion, it was explained that said bonds are issuable without referendum pursuant to the home rule powers of the City, and that the Bond Ordinance sets forth the parameters for the issue of said bonds and sale thereof, by designated officials of the City, and summarized the pertinent terms of said parameters, including the specific parameters governing the manner of sale, length of maturity, rates of interest, purchase price and tax levy for said bonds.

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

Other business was duly transacted at said meeting.

Upon motion duly made and carried, the meeting adjourned.

City Clerk

ORDINANCE NO. _____

AN ORDINANCE providing for the issuance of General Obligation Corporate Purpose Refunding Bonds, Series 2021B in an aggregate amount not to exceed \$25,000,000, of the City of St. Charles, Kane and DuPage Counties, Illinois, for the purpose of refunding certain of the City's outstanding bonds, providing for the levy of a direct annual tax sufficient to pay the principal of and interest on said bonds, and authorizing the sale of said bonds to the purchaser thereof.

WHEREAS, the City of St. Charles, Kane and DuPage Counties, Illinois (the "*City*"), has a population in excess of 25,000 as determined by the last official census, and pursuant to the provisions of Section 6 of Article VII of the Constitution of the State of Illinois, the City is a home rule unit and may 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, pursuant to the provisions of said Section 6, the City has the power to incur debt payable from ad valorem property tax receipts or from any other lawful source and maturing within 40 years from the time it is incurred without prior referendum approval; and

WHEREAS, the City has outstanding General Obligation Corporate Purpose Refunding Bonds, Series 2013A, dated March 6, 2013 (the "*Prior Bonds*"); and

WHEREAS, the City Council of the City (the "*Council*" or "*City Council*") has considered the needs of the City and does hereby determine that it is necessary, desirable and in the best interests of the City to refund all or a portion of the Prior Bonds (said portion of the Prior Bonds to be refunded referred to herein as the "*Refunded Bonds*") in order to realize debt service savings for the City; and

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

WHEREAS, in accordance with the terms of the Refunded Bonds, the Refunded Bonds may be called for redemption prior to their maturity, and it is necessary and desirable to make such call for the redemption of the Refunded Bonds on their earliest possible and practicable call date, and provide for the giving of proper notice to the registered owners of the Refunded Bonds; and

WHEREAS, the Council has determined that in order to refund the Refunded Bonds (the “*Refunding*”), it is necessary to borrow an amount not to exceed \$25,000,000 and issue bonds of the City therefor:

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 Council hereby finds that all of the recitals contained in the preambles to this Ordinance are true, correct and complete and does incorporate them into this Ordinance by this reference.

Section 2. Authorization. It is hereby found and determined that pursuant to the provisions of the Illinois Municipal Code, as supplemented and amended, and the home rule powers of the City under Section 6 of Article VII of the Illinois Constitution of 1970 (in the event of conflict between the provisions of said code and home rule powers, the home rule powers shall be deemed to supersede the provisions of said code) (the “*Act*”), the Council has been authorized by law to borrow an amount not to exceed \$25,000,000 for the Refunding, upon the credit of the City and as evidence of such indebtedness to issue bonds of the City to said amounts, and that it is necessary and for the best interests of the City that there be issued an amount not to exceed \$25,000,000 of the bonds so authorized for the Refunding, and these findings and determinations, together with those set forth in the preambles to this Ordinance, shall be deemed conclusive.

Section 3. Bond Details. There be borrowed by, for and on behalf of the City an amount not to exceed \$25,000,000 for the purposes aforesaid, and that bonds of the City shall be issued to

such amount and designated as [Taxable] General Obligation Corporate Purpose Refunding Bonds, Series 2021B (the “*Bonds*”), with such other series designations as set forth in the Bond Notification as may be appropriate, shall be dated such date (not later than May 15, 2022) as set forth in the Bond Notification, and shall also bear the date of authentication, shall be in fully registered form, shall be in denominations of \$5,000 each or authorized integral multiples thereof (but no single Bond shall represent installments of principal maturing on more than one date), and shall be numbered 1 and upward. The Bonds may be issued on a taxable basis (the “*Taxable Bonds*”), whereby the status of interest paid and received thereon is includible in gross income of the owners thereof under the Internal Revenue Code of 1986, as amended (the “*Code*”), or on a tax-exempt basis (the “*Tax-Exempt Bonds*”), whereby the status of interest paid and received thereon is excludable from the gross income of the owners thereof under the Code, as set forth in the Bond Notification. The Bonds shall become due and payable serially or be subject to mandatory redemption (subject to prior optional redemption as hereinafter described) on December 1 of each of the years (not later than 2038), bearing interest at the rates per annum (not exceeding 5.00% per annum) and in the amounts (not to exceed \$2,475,000 per year), all as set forth in the Bond Notification.

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

Interest on each Bond shall be paid by check or draft of Amalgamated Bank of Chicago, Chicago, Illinois, as bond registrar and paying agent for the Bonds (or such other bond registrar and paying agent as set forth in the Bond Notification), or successors or assigns (the “*Bond*

Registrar”), payable upon presentation in lawful money of the United States of America, to the person in whose name such Bond is registered at the close of business on the 15th day of the month next preceding the interest payment date. The principal of the Bonds shall be payable in lawful money of the United States of America at the office of the Bond Registrar.

Section 4. Execution; Authentication. The Bonds shall be executed on behalf of the City by the manual or facsimile signature of its Mayor and 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. All Bonds shall have thereon a certificate of authentication, substantially in the form hereinafter set forth, duly executed by the Bond Registrar as authenticating agent of the City and showing the date of authentication. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this Ordinance unless and until such certificate of authentication shall have been duly executed by the Bond Registrar by manual signature, and such certificate of authentication upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Ordinance.

Section 5. Registration of Bonds; Persons Treated as Owners. (a) *General.* The City shall cause books (the “*Bond Register*”) for the registration and for the transfer of the Bonds as provided in this Ordinance to be kept at the office of the Bond Registrar, which is hereby constituted and appointed the registrar of the City for the Bonds. The City is authorized to prepare, and the Bond Registrar or such other agent as the City may designate shall keep custody of, multiple Bond blanks executed by the City for use in the transfer and exchange of Bonds. Subject to the provisions of this Ordinance relating to the Bonds in book-entry form, 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 this Ordinance. Upon surrender for transfer or exchange of any Bond at the office of the Bond Registrar, 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 his or her attorney duly authorized in writing, the City shall execute and the Bond Registrar shall authenticate, date and deliver in the name of the transferee or transferees 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 beginning at the close of business on the 15th day of the month next preceding any interest payment date on such Bond and ending at the opening of business on such interest payment date, nor to transfer or exchange any Bond after notice calling such Bond for redemption has been mailed, nor during a period of fifteen (15) days next preceding mailing of a notice of redemption of any Bonds.

The execution by the City of any fully registered Bond shall constitute full and due authorization of such Bond, and the Bond Registrar shall thereby be authorized to authenticate, date and deliver such Bond; *provided, however*, the principal amount of Bonds of each maturity authenticated by the Bond Registrar shall not at any one time exceed the authorized principal amount of Bonds for such maturity less the amount of such Bonds which have been paid. The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal of or interest on any Bond shall be made only to or upon the order of the registered owner thereof or his or her legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

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

(b) *Global Book-Entry System.* The Bonds shall be initially issued in the form of a separate single fully registered Bond for each of the maturities of the Bonds determined as described in Section 3 hereof. Upon initial issuance, at the option of the Purchaser and as set forth in the Bond Notification, the ownership of each such Bond shall be registered in the Bond Register in the name of Cede & Co., or any successor thereto (“*Cede*”), as nominee of The Depository Trust Company, New York, New York, and its successors and assigns (“*DTC*”). All of the outstanding Bonds shall be registered in the Bond Register in the name of Cede, as nominee of DTC, except as hereinafter provided. Any officer of the City who is a signatory on the Bonds, along with the City’s Finance Director, is authorized to execute and deliver, on behalf of the City, such letters to or agreements with DTC as shall be necessary to effectuate such book-entry system (any such letter or agreement being referred to herein as the “*Representation Letter*”), which Representation Letter may provide for the payment of principal of or interest on the Bonds by wire transfer.

With respect to Bonds registered in the Bond Register in the name of Cede, as nominee of DTC, the City and the Bond Registrar shall have no responsibility or obligation to any broker-dealer, bank or other financial institution for which DTC holds Bonds from time to time as securities depository (each such broker-dealer, bank or other financial institution being referred to herein as a “*DTC Participant*”) or to any person on behalf of whom such a DTC Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the City and the

Bond Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than a registered owner of a Bond as shown in the Bond Register, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than a registered owner of a Bond as shown in the Bond Register, of any amount with respect to the principal of or interest on the Bonds. The City and the Bond Registrar may treat and consider the person in whose name each Bond is registered in the Bond Register as the holder and absolute owner of such Bond for the purpose of payment of principal and interest with respect to such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Bond Registrar shall pay all principal of and interest on the Bonds only to or upon the order of the respective registered owners of the Bonds, as shown in the Bond Register, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to payment of the principal of and interest on the Bonds to the extent of the sum or sums so paid. No person other than a registered owner of a Bond as shown in the Bond Register, shall receive a Bond evidencing the obligation of the City to make payments of principal and interest with respect to any Bond. Upon delivery by DTC to the Bond Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede, and subject to the provisions in Section 3 hereof with respect to the payment of interest to the registered owners of Bonds at the close of business on the 15th day of the month next preceding the applicable interest payment date, the name "Cede" in this Ordinance shall refer to such new nominee of DTC.

In the event that (i) the City determines that DTC is incapable of discharging its responsibilities described herein and in the Representation Letter, (ii) the agreement among the City, the Bond Registrar and DTC evidenced by the Representation Letter shall be terminated for any reason or (iii) the City determines that it is in the best interests of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, the City shall notify DTC and DTC Participants of the availability through DTC of certificated Bonds and the Bonds shall no longer be restricted to being registered in the Bond Register in the name of Cede, as nominee of DTC. At that time, the City may determine that the Bonds shall be registered in the name of and deposited with such other depository operating a universal book-entry system, as may be acceptable to the City, or such depository's agent or designee, and if the City does not select such alternate universal book-entry system, then the Bonds may be registered in whatever name or names registered owners of Bonds transferring or exchanging Bonds shall designate, in accordance with the provisions of Section 5(a) hereof.

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

Section 6. Redemption. (a) Optional Redemption. All or a portion of the Bonds due on and after the date, if any, specified in the Bond Notification shall be subject to redemption prior to maturity at the option of the City from any available funds, as a whole or in part, and if in part in integral multiples of \$5,000 in any order of their maturity as determined by the City (less than all of the Bonds of a single maturity to be selected by the Bond Registrar), on the date specified in the Bond Notification (but not later than 10-1/2 years from the date of issuance of the Bonds), and on any date thereafter, at the redemption prices (expressed as a percentage of the principal amount

redeemed and not to exceed 100%) plus accrued interest to the date fixed for redemption, as set forth in the Bond Notification.

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

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

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

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

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

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

All notices of redemption shall state:

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

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

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

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

Section 8. Form of Bond. The Bonds shall be in substantially the form hereinafter set forth; *provided, however,* that if the text of the Bonds is to be printed in its entirety on the front side of the Bonds, then the second paragraph on the front side and the legend “See Reverse Side for Additional Provisions” shall be omitted and the text of paragraphs set forth for the reverse side, as appropriate, shall be inserted immediately after the first paragraph.

[FORM OF BOND - FRONT SIDE]

REGISTERED
NO. _____

REGISTERED
\$ _____

**UNITED STATES OF AMERICA
STATE OF ILLINOIS
COUNTIES OF KANE AND DUPAGE
CITY OF ST. CHARLES**

[TAXABLE] GENERAL OBLIGATION CORPORATE PURPOSE REFUNDING BOND, SERIES 2021B

See Reverse Side for
Additional Provisions.

Interest Maturity Dated
Rate: _____% Date: December 1, 20__ Date: _____, 2021 CUSIP: 787758 _____

Registered Owner: Cede & Co.

Principal Amount:

KNOW ALL PERSONS BY THESE PRESENTS that the City of St. Charles, Kane and DuPage Counties, Illinois, a municipality and unit of local government created under the provisions of the laws 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, 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 _____ 1, 20__, until said Principal Amount is paid or duly provided for. The principal of this Bond is payable in lawful money of the United States of America upon presentation hereof at the principal corporate trust office of Amalgamated Bank of Chicago, in Chicago, Illinois, as bond registrar and paying agent (the “Bond Registrar”). Payment of interest shall be made to the Registered Owner hereof as shown on the registration books of the City

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

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.

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, including the Act, 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 City, represented by the Bonds, and including all other indebtedness of the City, howsoever evidenced or incurred, does not exceed any constitutional or statutory or other lawful limitation; and that provision has been made for the collection of a direct annual tax, in addition to all other taxes, on all of the taxable property in the City sufficient to pay the interest hereon as the same falls due and also to pay and discharge the principal hereof at maturity.

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.

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 as appearing hereon and as of the Dated Date identified above.

SPECIMEN

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

ATTEST:

SPECIMEN

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

[SEAL]

Date of Authentication: _____, 2021

CERTIFICATE
OF
AUTHENTICATION

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

This Bond is one of the Bonds described in the within mentioned ordinance and is one of the [Taxable] General Obligation Corporate Purpose Refunding Bonds, Series 2021B, of the City of St. Charles, Kane and DuPage Counties, Illinois.

AMALGAMATED BANK OF CHICAGO,
as Bond Registrar

By _____
SPECIMEN
Authorized Officer

[FORM OF BOND - REVERSE SIDE]
CITY OF ST. CHARLES
KANE AND DUPAGE COUNTIES, ILLINOIS
[TAXABLE] GENERAL OBLIGATION CORPORATE PURPOSE REFUNDING BOND, SERIES 2021B

This Bond is one of a series of bonds (the “*Bonds*”) issued by the City for the purpose of refunding certain outstanding bonds of the City and paying the costs of issuing the Bonds, all as described and defined in the Ordinance of the City, adopted by the City Council of the City on the 15th day of November, 2021, authorizing the Bonds (as supplemented by a Notification of Sale of the Bonds authorized therein and executed in connection with the sale of the Bonds, the “*Ordinance*”), pursuant to and in all respects in compliance with the applicable provisions of the Illinois Municipal Code, as supplemented and amended, and as further supplemented and, where necessary, superseded, by the powers of the City as a home rule unit under the provisions of Section 6 of Article VII of the Illinois Constitution of 1970 (such code and powers being the “*Act*”), and with the Ordinance, which has been duly passed by the City Council, approved by the Mayor, and published, in all respects as by law required.

[Optional and Mandatory Redemption provisions, as applicable, will be inserted here.]

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

This Bond is transferable by the Registered Owner hereof in person or by his or her attorney duly authorized in writing at the principal corporate trust office of the Bond Registrar in Chicago, Illinois, but only in the manner, subject to the limitations and upon payment of the charges

provided in the Ordinance, and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds of authorized denominations of the same maturity and for the same aggregate principal amount will be issued to the transferee in exchange therefor.

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

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

ASSIGNMENT

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

Here insert Social Security Number,
Employer Identification Number or
other Identifying Number

(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 9. Sale of Bonds. The Mayor and the City Administrator of the City (the “Designated Representatives”) are hereby authorized to proceed not later than the 15th day of May, 2022, without any further authorization or direction from the City Council, to sell the Bonds upon the terms as prescribed in this Ordinance and to deliver them promptly thereafter. The Bonds hereby authorized shall be executed as in this Ordinance provided as soon after the delivery of the Bond Notification as may be, and thereupon be deposited with the City Treasurer, and, after authentication thereof by the Bond Registrar, be by the City Treasurer delivered to the purchaser thereof (each a “Purchaser”), upon receipt of the purchase price therefor, the same being not less than 96% of the principal amount of the Bonds (exclusive of any original issue discount or original issue premium) plus any accrued interest to date of delivery, if any. The Purchaser of the Bonds shall be: (a) in a negotiated underwriting, Robert W. Baird & Co. Incorporated, Naperville, Illinois,

or (b) in a private placement with Robert W. Baird & Co. Incorporated, Naperville, Illinois, serving as placement agent, (i) a bank or financial institution authorized to do business in the State of Illinois, (ii) a governmental unit as defined in the Local Government Debt Reform Act of the State of Illinois, as amended, or (iii) an “accredited investor” as defined in Rule 501 of Regulation D as promulgated under the Securities Act of 1933, as amended; provided.

Upon the sale of the Bonds, the Designated Representatives shall prepare a Notification of Sale of the Bonds, which shall include the pertinent details of sale as provided herein (the “*Bond Notification*”). In the Bond Notification, the Designated Representatives shall find and determine that the Bonds have been sold at such price and bear interest at such rates that either the true interest cost (yield) or the net interest rate received upon the sale of such Bonds does not exceed the maximum rate otherwise authorized by applicable law and that the net present value savings derived from the Refunding (as shown in a written certificate or report delivered by Baird), shall not be less than 3.0% of the face amount of the Refunded Bonds in fact so refunded. The Bond Notification shall be entered into the records of the City and made available to the City Council at the next regular meeting thereof; but such action shall be for information purposes only, and the City Council shall have no right or authority at such time to approve or reject such sale as evidenced in the Bond Notification.

Upon the sale the Bonds, as evidenced by the execution and delivery of the Bond Notification by the Designated Representatives, the Mayor, City Administrator, Director of Finance of the City and City Treasurer 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 as may be necessary, including, without limitation, the contract for the sale of the Bonds between the City and the Purchaser (each a “*Purchase Contract*”). Prior to the execution and delivery of the Purchase Contract, 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 directly in his or her own name or indirectly in the name of any other person, association, trust or corporation, in a Purchase Contract.

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

Section 10. Tax Levy. In order to provide for the collection of a direct annual tax sufficient to pay the interest on the Bonds as it falls due, and also to pay and discharge the principal thereof at maturity, there be and there is hereby levied upon all the taxable property within the City a direct annual tax for each of the years while the Bonds or any of them are outstanding, in amounts sufficient for that purpose, and that there be and there is hereby levied upon all of the taxable property in the City, in addition to all other taxes, the direct annual taxes in the amounts (not to exceed \$2,495,000) and for the tax years (not to exceed 2037) as shall be provided in the Bond Notification (the “*Pledged Taxes*”). Principal or interest maturing at any time when there are not sufficient funds on hand from the Pledged Taxes to pay the same shall be paid from the general funds of the City, and the fund from which such payment was made shall be reimbursed out of the Pledged Taxes when the same shall be collected.

The City covenants and agrees with the purchasers and the holders of the Bonds that so long as any of the Bonds remain outstanding, the City will take no action or fail to take any action which in any way would adversely affect the ability of the City to levy and collect the Pledged

Taxes and the City and its officers will comply with all present and future applicable laws in order to assure that the Pledged Taxes will be levied, extended and collected as provided herein and deposited in the fund established to pay the principal of and interest on the Bonds.

To the extent that the Pledged Taxes levied above exceed the amount necessary to pay debt service on the Bonds as set forth in the Bond Notification, the Mayor, City Clerk and City Treasurer are hereby authorized to direct the abatement of such taxes to the extent of the excess of such levy in each year over the amount necessary to pay debt service on the Bonds in the following bond year. Proper notice of such abatement shall be filed with the County Clerks of The Counties Kane and DuPage, Illinois (the "*County Clerks*") in a timely manner to effect such abatement.

Whenever other funds from any lawful source are expected to be made available for the purpose of paying any principal of or interest on the Bonds so as to enable the abatement of the Pledged Taxes, the Council may, by proper proceedings, direct the deposit of such funds into the Bond Fund and further shall direct the abatement of the taxes by the amount so deposited or are expected to be deposited. A certified copy or other notification of any such proceedings abating taxes may then be filed with the County Clerks in a timely manner to effect such abatement.

Section 11. Filing with County Clerks. Forthwith upon the passage of this Ordinance and the execution of the Bond Notification, the City Clerk is hereby directed to file a certified copy of this Ordinance, together with said Bond Notification, with the County Clerks, and it shall be the duty of the County Clerks to annually in and for each of the years set forth in this ordinance, as abated by any amounts set forth in the Bond Notification, ascertain the rate necessary to produce the tax herein levied, and extend the same for collection on the tax books against all of the taxable property within the City in connection with other taxes levied in each of said years for general municipal purposes, in order to raise the respective amounts aforesaid and in each of said years such annual tax shall be computed, extended and collected in the same manner as now or hereafter

provided by law for the computation, extension and collection of taxes for general municipal purposes of the City, and when collected, the taxes hereby levied shall be placed to the credit of a special fund to be designated "Series 2021B Bonds Sinking Fund Account" (the "*Bond Fund*"), which taxes are hereby irrevocably pledged to and shall be used only for the purpose of paying the principal of and interest on the Bonds.

Section 12. Use of Bond Proceeds. Accrued interest, if any, received on the delivery of the Bonds is hereby appropriated for the purpose of paying first interest due on the Bonds and is hereby ordered deposited into the respective Bond Fund.

The principal proceeds of the Bonds, together with any premium received from the sale of the Bonds and such additional amounts as may be necessary from the general funds of the City, are hereby appropriated to pay the costs of issuance of the Bonds and for the purpose of refunding the Refunded Bonds, and that portion thereof not needed to pay such costs, together with funds of the City on hand and lawfully available for such purpose, is hereby ordered deposited in escrow pursuant to an escrow agreement to be entered into between the City and Amalgamated Bank of Chicago, Chicago, Illinois, as the escrow agent (the "*Escrow Agent*"), in a form as provided by Bond Counsel and approved by counsel to the City, made a part hereof by this reference (an "*Escrow Agreement*"), or with such changes therein as shall be approved by the officers of the City executing the Escrow Agreement, such execution to constitute evidence of the approval of such changes for the purpose of paying the principal and interest of the Refunded Bonds upon redemption prior to maturity. The Council approves the form, terms and provisions of the Escrow Agreement and directs the Mayor and the City Clerk to execute, attest, seal and deliver each Escrow Agreement in the name and on behalf of the City. Amounts in the escrow may be used to purchase Government Securities (as defined in the Escrow Agreement) to provide for the principal and interest payable on the Refunded Bonds upon redemption thereof. The Escrow Agent, any

bidding agent used to conduct the bidding for the Government Securities and the Purchaser are each hereby authorized to act as agent for the City in the purchase of the Government Securities.

At the time of the issuance of the Bonds, the costs of issuance of the Bonds may be paid by the Purchaser or the Bond Registrar on behalf of the City from the proceeds of the Bonds.

Section 13. Call of Refunded Bonds. In accordance with the redemption provisions of the ordinances authorizing the issuance of the Prior Bonds, the City by the Council does hereby make provision for the payment of and does hereby call (subject only to the delivery of the Bonds) the Refunded Bonds for redemption on December 1, 2022.

Section 14. Non-Arbitrage and Tax-Exemption. The City hereby covenants that it will not take any action, omit to take any action or permit the taking or omission of any action within its control (including, without limitation, making or permitting any use of the proceeds of the Tax-Exempt Bonds) if taking, permitting or omitting to take such action would cause any of the Tax-Exempt Bonds to be an arbitrage bond or a private activity bond within the meaning of the Code or would otherwise cause the interest on the Tax-Exempt Bonds to be included in the gross income of the recipients thereof for federal income tax purposes. The City acknowledges that, in the event of an examination by the Internal Revenue Service (the “IRS”) of the exemption from Federal income taxation for interest paid on the Tax-Exempt Bonds, under present rules, the City may be treated as a “taxpayer” in such examination and agrees that it will respond in a commercially reasonable manner to any inquiries from the IRS in connection with such an examination.

The City also agrees and covenants with the purchasers and holders of the Tax-Exempt Bonds from time to time outstanding that, to the extent possible under Illinois law, it will comply with whatever federal tax law is adopted in the future which applies to the Tax-Exempt Bonds and affects the tax-exempt status of the Tax-Exempt Bonds.

The Council hereby authorizes the officials of the City responsible for issuing the Tax-Exempt Bonds, the same being the Mayor, City Clerk and City Treasurer, to make such further

covenants and certifications regarding the specific use of the proceeds of the Tax-Exempt Bonds as approved by the Council and as may be necessary to assure that the use thereof will not cause the Tax-Exempt Bonds to be arbitrage bonds and to assure that the interest on the Tax-Exempt Bonds will be exempt from federal income taxation. In connection therewith, the City and the Council further agree: (a) through their officers, to make such further specific covenants, representations as shall be truthful, and assurances as may be necessary or advisable; (b) to consult with counsel approving the Tax-Exempt 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 Tax-Exempt 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 by their officers, to employ and pay fiscal agents, municipal advisors, attorneys, and other persons to assist the City in such compliance.

Section 15. Tax Matters Regarding the Taxable Bonds. The City hereby covenants that it will not take any action, omit to take any action or permit the taking or omission of any action within its control if taking, permitting or omitting to take such action would cause the interest on the Taxable Bonds not to be included in the gross income of the recipients thereof for federal income tax purposes.

Section 16. Defeasance. Any Bond or Bonds which (a) are paid and cancelled, (b) which have matured and for which sufficient sums have been deposited with the Bond Registrar to pay all principal and interest due thereon, or (c) for which sufficient U.S. funds and direct U.S. Treasury obligations have been deposited with the Bond Registrar or similar institution to pay, taking into account investment earnings on such obligations, all principal of and interest on such Bond or Bonds when due at maturity or as called for redemption, pursuant to an irrevocable escrow or trust agreement, shall cease to have any lien on or right to receive or be paid from the Pledged Taxes and shall no longer have the benefits of any covenant for the registered owners of

outstanding Bonds as set forth herein as such relates to lien and security of the outstanding Bonds. All covenants relative to the tax-exempt status of the Bonds; and payment, registration, transfer, and exchange; are expressly continued for all Bonds whether outstanding Bonds or not.

Section 17. List of Bondholders. The Bond Registrar shall maintain a list of the names and addresses of the holders of all Bonds and upon any transfer shall add the name and address of the new Bondholder and eliminate the name and address of the transferor Bondholder.

Section 18. Duties of Bond Registrar. If requested by the Bond Registrar, any two of the Designated Representatives of the City are authorized to execute the Bond Registrar's standard form of agreement between the City and the Bond Registrar with respect to the obligations and duties of the Bond Registrar hereunder which may include the following:

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

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

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

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

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

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

Section 19. Municipal Bond Insurance. In the event the payment of principal 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 20. Continuing Disclosure Undertaking. The Mayor, City Treasurer and Director of Finance of the City are each hereby authorized, empowered and directed to execute and deliver one or more Continuing Disclosure Undertakings (the “*Continuing Disclosure Undertaking*”) in connection with the issuance of the Bonds, with such provisions therein as he or she shall approve, his or her execution thereof to constitute conclusive evidence of his or her approval of such provisions. When the Continuing Disclosure Undertaking is executed and delivered on behalf of the City as herein provided, the Continuing Disclosure Undertaking will be binding on the City and the officers, employees and agents of the City, and the officers, employees and agents of the City are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Continuing Disclosure Undertaking as executed. Notwithstanding any other provision of this Ordinance, the sole remedies for failure to comply with the Continuing Disclosure Undertaking shall be the ability of the beneficial owner of any Bond to seek mandamus or specific performance by court order, to cause the City to comply with its obligations under the Continuing Disclosure Undertaking.

Section 21. Record-Keeping Policy and Post-Issuance Compliance Matters. The City Council has previously adopted a record-keeping policy (the “*Policy*”) to maintain sufficient records to demonstrate compliance with its covenants and expectations to ensure the appropriate federal tax status for the Bonds and other debt obligations of the City, the interest on which is excludable from “gross income” for federal income tax purposes or which enable the City or the

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

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 City Council.

Section 23. Severability. If any section, paragraph, clause or provision of this Ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this Ordinance.

Section 24. 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, approval, and publication.

ADOPTED: November 15, 2021

AYES: _____

NAYS: _____

ABSENT: _____

ADOPTED: November 15, 2021

APPROVED: November 15, 2021

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

Recorded in City Records: November 15, 2021.

Published in pamphlet form by authority of the City Council on November __, 2021.

ATTEST:

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

EXHIBIT A

FORM OF ESCROW AGREEMENT

This Escrow Agreement, dated as of _____, 2021, but actually executed on the date witnessed hereinbelow, by and between the City of St. Charles, Kane and DuPage Counties, Illinois (the “City”), and Amalgamated Bank of Chicago, a banking corporation organized and operating under the laws of the State of Illinois, having an office located in Chicago, Illinois (the “Escrow Agent”), in consideration of the mutual promises and agreements herein set forth:

WITNESSETH:

ARTICLE I

DEFINITIONS

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

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

Section 1.02. “Bonds” means the \$_____ [Taxable] General Obligation Corporate Purpose Refunding Bonds, Series 2021B, authorized to be issued by the Bond Ordinance.

Section 1.03. “Bond Ordinance” means the ordinance adopted on the 15th day of November, 2021, by the Council entitled:

AN ORDINANCE providing for the issuance of General Obligation Corporate Purpose Refunding Bonds, Series 2021B in an aggregate amount not to exceed \$25,000,000, of the City of St. Charles, Kane and DuPage Counties, Illinois, for the purpose of refunding certain of the City’s outstanding bonds, providing for the levy of a direct annual tax sufficient to pay the principal of and interest on said bonds, and authorizing the sale of said bonds to the purchaser thereof.

authorizing the issuance of the Bonds.

Section 1.04. “City” means the City of St. Charles, Kane and DuPage Counties, Illinois.

Section 1.05. “Code” means Section 148 of the Internal Revenue Code of 1986, and all lawful regulations promulgated thereunder.

Section 1.06. “Council” means the City Council of the City.

Section 1.07. “Escrow Account” means the trust account established under this Agreement by the deposit of the Government Securities and the Beginning Deposit (as hereinafter defined).

Section 1.08. “Escrow Agent” means Amalgamated Bank of Chicago, a banking corporation organized and operating under the laws of the State of Illinois, having an office located in Chicago, Illinois, not individually but in the capacity for the uses and purposes hereinafter mentioned, or any successor thereto.

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

Section 1.10. “Paying Agent” means, Amalgamated Bank of Chicago, Chicago, Illinois, as paying agent for the Refunded Bonds, and any successor thereto.

Section 1.11. “Refunded Bonds” means the outstanding bonds of the City as follows:

\$22,355,000 General Obligation Corporate Purpose Bonds, Series 2013A, dated March 6, 2013, being all of the bonds outstanding from an issue in the original principal amount of \$22,355,000, fully registered and without coupons, due on December 1 of the years and in the amounts and bearing interest at the rates per annum as follows:

YEAR OF MATURITY	PRINCIPAL AMOUNT	RATE OF INTEREST
2027	\$1,385,000	4.00%
2028	1,455,000	4.00%
2029	1,530,000	4.00%
2030	1,620,000	4.00%
2031	1,715,000	4.00%
2032	1,800,000	4.00%
2033	1,850,000	4.00%
2034	1,000,000	4.00%

Section 1.12. “*Treasurer*” means the City Treasurer.

ARTICLE II

CREATION OF ESCROW

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

Section 2.02. The City deposits \$ _____ from the proceeds of the Bonds, \$0 from the proceeds of the Refunded Bonds and \$ _____ from funds on hand and legally available for the purchase of the Government Securities described in *Exhibit A* hereto and the funding of a beginning cash escrow deposit on demand in the amount of \$ _____ (the “*Beginning Deposit*”). The Beginning Deposit and the Government Securities are held in an irrevocable trust fund account for the City to the benefit of the holders of the Refunded Bonds to pay the principal of and interest due on the Refunded Bonds when due and upon redemption prior to maturity.

Section 2.03. The Escrow Agent and the City have each received the report of _____, attached hereto as *Exhibit B* (the “*Verification Report*”), that the

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

ARTICLE III

COVENANTS OF ESCROW AGENT

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

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

Section 3.02. The Beginning Deposit shall not be invested by the Escrow Agent. Otherwise, the Escrow Agent will reinvest all available uninvested balances (except for an amount under \$1,000 or as explicitly provided in this Section) in the Escrow Account on deposit from time to time, whenever said balances exceed \$1,000 unless said balance is needed to pay the principal of and interest due on the Refunded Bonds when due and upon redemption prior to maturity within 20 days, and acknowledges that the schedule of amounts available for reinvestment appears in the cash flow tables in the Verification Report and in *Exhibit C*. Investments so made shall be in direct obligations of the United States of America and shall be scheduled to mature on or prior to the payment date on which such proceeds will be needed to pay the principal of and interest due on the Refunded Bonds when due and upon redemption prior to maturity. Such investments shall, to the extent possible, be in zero-yield obligations issued directly by the Bureau of Fiscal Service of the United States Treasury (currently designated “*U. S. Treasury Securities—State and Local*

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

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

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

Alternate Investment, providing the reason for such inability to the City. On the maturity of each Alternate Investment, the Escrow Agent shall pay the difference between the total of the receipts (principal and interest) on the Alternate Investment and the purchase price of the Alternate Investment to the City with a notice to the City that such amount must be paid to the Internal Revenue Service pursuant to Treas. Reg. Section 1.148-5(c) or successor provision. If the Alternate Investment matures more than 14 days prior to the next succeeding payment date on the Refunded Bonds on which such proceeds will be needed to pay the principal of and interest due on the Refunded Bonds when due and upon redemption prior to maturity, the Escrow Agent shall treat such amounts as an uninvested balance available for reinvestment and shall take all reasonable steps to invest such amounts in SLGS (or additional Alternate Investments as provided in this Section).

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

Section 3.03. The Escrow Agent may rely on all specific directions in this Agreement in the investment or reinvestment of balances held hereunder.

Section 3.04. The Escrow Agent will promptly collect the principal, interest or profit from the Government Securities and promptly transmit the same as necessary to the Paying Agent for the payment of the principal of and interest due on the Refunded Bonds when due and upon redemption prior to maturity as herein provided.

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

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

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

Section 3.07. The charges, fees and expenses of the Escrow Agent (other than any charges, fees and expenses incurred pursuant to Section 3.08 hereof) have been paid in advance, and all charges, fees or expenses of the Escrow Agent in carrying out any of the duties, terms or provisions of this Agreement shall be paid solely therefrom.

Section 3.08. The City has called the Refunded Bonds for redemption and payment prior to maturity on December 1, 2022. The Escrow Agent will cause the Paying Agent to provide for and give timely notice of the call for redemption of such Refunded Bonds. The form and time of the giving of such notice regarding such Refunded Bonds shall be as specified in the ordinance authorizing the issuance of the Refunded Bonds. The City shall reimburse the Escrow Agent for any actual out of pocket expenses incurred in the giving of such notice, but the failure of the City to make such payment shall not in any respect whatsoever relieve the Escrow Agent from carrying out any of the duties, terms or provisions of this Agreement.

The Escrow Agent shall also give, or shall cause the Paying Agent to give, notice of the call of such Refunded Bonds, on or before the date the notice of such redemption is given to the holders of such Refunded Bonds, to the Municipal Securities Rulemaking Board (the “MSRB”) through its Electronic Municipal Market Access system for municipal securities disclosure or through any other electronic format or system prescribed by the MSRB for purposes of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of

1934, as amended. Information with respect to procedures for submitting notice can be found at <https://msrb.org>.

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

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

Section 3.11. The Escrow Agent will submit to the Treasurer a statement within forty-five (45) days after June 2 and December 2 of each calendar year, commencing June 2, 2022, itemizing all moneys received by it and all payments made by it under the provisions of this Agreement during the preceding six (6) month period (or, for the first period, from the date of delivery of the Bonds to June 2, 2022), and also listing the Government Securities on deposit therewith on the date of said report, including all moneys held by it received as interest on or profit from the collection of the Government Securities.

Section 3.12. If at any time it shall appear to the Escrow Agent that the available proceeds of the Government Securities and deposits on demand in the Escrow Account will not be sufficient to make any payment due to the holders of any of the Refunded Bonds, the Escrow Agent shall

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

ARTICLE IV

COVENANTS OF CITY

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

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

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

Section 4.03. The City will take any and all further action necessary to ensure that adequate provision is made for the payment of the Refunded Bonds and that the Refunded Bonds are not classified as “arbitrage bonds” under the Code.

ARTICLE V

AMENDMENTS, REINVESTMENT OF FUNDS, IRREVOCABILITY OF AGREEMENT

Section 5.01. Except as provided in Section 5.04 hereof, all of the rights, powers, duties and obligations of the Escrow Agent hereunder shall be irrevocable and shall not be subject to amendment by the Escrow Agent and shall be binding on any successor to the Escrow Agent during the term of this Agreement.

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

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

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

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

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

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

ARTICLE VI

MERGER, CONSOLIDATION OR RESIGNATION OF ESCROW AGENT

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

ARTICLE VII

NOTICES TO THE CITY, THE TREASURER AND THE ESCROW AGENT

Section 7.01. All notices and communications to the City and the Council shall be addressed in writing to: City Council, City Hall, Two East Main Street, St. Charles, Illinois 60174.

Section 7.02. All notices and communications to the Treasurer shall be addressed in writing to: City Treasurer, City Hall, Two East Main Street, St. Charles, Illinois 60174.

Section 7.03. All notices and communications to the Escrow Agent shall be addressed in writing to: Corporate Trust Department, Amalgamated Bank of Chicago, 30 North LaSalle Street, Chicago, Illinois 60602.

ARTICLE VIII

TERMINATION OF AGREEMENT

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

IN WITNESS WHEREOF, the City of St. Charles, Kane and DuPage Counties, Illinois, has caused this Agreement to be signed in its name by the Mayor of the City and to be attested by the City Clerk; and Amalgamated Bank of Chicago, Chicago, Illinois, not individually, but in the capacity as hereinabove described, has caused this Agreement to be signed in its corporate name by one of its officers and attested by one of its officers under its corporate seal hereunto affixed, all as of the ___ day of _____, 2021.

CITY OF ST. CHARLES, KANE AND DUPAGE
COUNTIES, ILLINOIS

City Mayor

Attest:

City Clerk

AMALGAMATED BANK OF CHICAGO,
Chicago, Illinois
as Escrow Agent

By _____
Its _____

Attest:

Its _____

[BANK SEAL]

This Escrow Agreement received and acknowledged by me this ___ day of _____,
2021.

City Treasurer

EXHIBIT A

GOVERNMENT SECURITIES

EXHIBIT B

VERIFICATION REPORT

EXHIBIT C

SCHEDULED REINVESTMENTS

STATE OF ILLINOIS)
) SS
COUNTY OF KANE)

CERTIFICATION OF ORDINANCE AND MINUTES

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 records and files of the City Council thereof (the “Council”).

I do further certify that the foregoing constitutes a full, true and complete transcript of the minutes of the meeting of the Council held on the 15th day of November, 2021, insofar as same relates to the adoption of Ordinance No. _____ entitled:

AN ORDINANCE providing for the issuance of General Obligation Corporate Purpose Refunding Bonds, Series 2021B in an aggregate amount not to exceed \$25,000,000, of the City of St. Charles, Kane and DuPage Counties, Illinois, for the purpose of refunding certain of the City’s outstanding bonds, providing for the levy of a direct annual tax sufficient to pay the principal of and interest on said bonds, and authorizing the sale of said bonds to the purchaser thereof.

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

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

IN WITNESS WHEREOF, I hereunto affix my official signature and the seal of the City, this 15th day of November, 2021.

City Clerk

[SEAL]

STATE OF ILLINOIS)
) SS
COUNTY OF KANE)

FILING CERTIFICATE

I, the undersigned, do hereby certify that I am the duly qualified and acting County Clerk of The County of Kane, Illinois, and as such official I do further certify that on the ____ day of _____, 2021, there was filed in my office a duly certified copy of Ordinance No. _____ entitled:

AN ORDINANCE providing for the issuance of General Obligation Corporate Purpose Refunding Bonds, Series 2021B in an aggregate amount not to exceed \$25,000,000, of the City of St. Charles, Kane and DuPage Counties, Illinois, for the purpose of refunding certain of the City’s outstanding bonds, providing for the levy of a direct annual tax sufficient to pay the principal of and interest on said bonds, and authorizing the sale of said bonds to the purchaser thereof.

duly adopted by the City Council of the City of St. Charles, Kane and DuPage Counties, Illinois, on the 15th day of November, 2021, and approved by the Mayor, and that the same has been deposited in the official files and records of my office.

IN WITNESS WHEREOF, I hereunto affix my official signature and the seal of said County, this ____ day of _____, 2021.

County Clerk of The County of Kane, Illinois

[SEAL]

STATE OF ILLINOIS)
) SS
COUNTY OF DUPAGE)

FILING CERTIFICATE

I, the undersigned, do hereby certify that I am the duly qualified and acting County Clerk of The County of DuPage, Illinois, and as such official I do further certify that on the ____ day of _____, 2021, there was filed in my office a duly certified copy of Ordinance No. _____ entitled:

AN ORDINANCE providing for the issuance of General Obligation Corporate Purpose Refunding Bonds, Series 2021B in an aggregate amount not to exceed \$25,000,000, of the City of St. Charles, Kane and DuPage Counties, Illinois, for the purpose of refunding certain of the City’s outstanding bonds, providing for the levy of a direct annual tax sufficient to pay the principal of and interest on said bonds, and authorizing the sale of said bonds to the purchaser thereof.

duly adopted by the City Council of the City of St. Charles, Kane and DuPage Counties, Illinois, on the 15th day of November, 2021, and approved by the Mayor, and that the same has been deposited in the official files and records of my office.

IN WITNESS WHEREOF, I hereunto affix my official signature and the seal of said County, this ____ day of _____, 2021.

County Clerk of The County of DuPage,
Illinois

[SEAL]

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 thereof (the “City Council”).

I do further certify that on the ___ day of November, 2021, there was published in pamphlet form, by authority of the City Council, a true, correct, and complete copy of Ordinance No. _____ of the City entitled:

AN ORDINANCE providing for the issuance of General Obligation Corporate Purpose Refunding Bonds, Series 2021B in an aggregate amount not to exceed \$25,000,000, of the City of St. Charles, Kane and DuPage Counties, Illinois, for the purpose of refunding certain of the City’s outstanding bonds, providing for the levy of a direct annual tax sufficient to pay the principal of and interest on said bonds, and authorizing the sale of said bonds to the purchaser thereof.

and providing for the issuance of said bonds, and that the ordinance as so published was on that date readily available for public inspection and distribution, in sufficient number so as 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 November, 2021.

City Clerk

[SEAL]