

EXTRACT OF MINUTES of a regular public meeting of the City Council of the City of Crest Hill, Will County, Illinois, held in the Council Chambers at City Hall, located at 20600 City Center Blvd, in said City, at 7:00 o'clock P.M., on the 17th day of February, 2026.

\* \* \*

The meeting was called to order by the Mayor, and upon the roll being called, Raymond Soliman, the Mayor, and the following Aldermen were physically present at said location: \_\_\_\_\_

---

The following Aldermen were allowed by a majority of the members of the City Council 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 Mayor announced that in order to finance necessary improvements to the combined waterworks and sewerage system of the City, it would be necessary for the City to issue junior lien revenue bonds therefor and that the City Council would consider the adoption of an ordinance authorizing and providing for the issuance of such bonds.

Whereupon Alderman \_\_\_\_\_ presented, and the City Clerk read by title an ordinance as follows, a copy of which was provided to each Alderman prior to said meeting and to everyone in attendance at said meeting who requested the same:

---

---

**ORDINANCE NUMBER** \_\_\_\_\_

AN ORDINANCE authorizing and providing for the issue of not to exceed \$4,400,000 Waterworks and Sewerage Revenue Bonds, Junior Lien (IEPA), of the City of Crest Hill, Will County, Illinois, for the purposes of paying the costs of improving the combined waterworks and sewerage system of the City, prescribing all the details of said Bonds, providing for the collection, segregation and distribution of the revenues of the waterworks and sewerage system of said City and authorizing the sale of said Bonds to the Illinois Environmental Protection Agency.

---

---

Adopted by the City Council of the  
City of Crest Hill, Will County,  
Illinois, on the 17th day of  
February, 2026

## TABLE OF CONTENTS

SECTION	HEADING	PAGE
Section 1.	Definitions.....	4
Section 2.	Incorporation of Preambles.....	8
Section 3.	Determination to Issue Bonds.....	8
Section 4.	Determination of Useful Life.....	8
Section 5.	Bond Details.....	8
Section 6.	Redemption.....	10
Section 7.	Amendment.....	11
Section 8.	Execution; Authentication .....	12
Section 9.	Registration of Bonds; Persons Treated as Owners.....	13
Section 10.	Form of Bond.....	14
Section 11.	Bonds Limited Obligations .....	26
Section 12.	Flow of Funds .....	26
Section 13.	General Covenants .....	31
Section 14.	Parity Bonds.....	34
Section 15.	Sale of the Bonds; IEPA Loan Agreements.....	36
Section 16.	Use of Proceeds, Expense Fund.....	37
Section 17.	Provisions a Contract .....	38
Section 18.	Tax Certificate .....	38
Section 19.	List of Bondholders.....	39
Section 20.	Rights and Duties of Bond Registrar .....	39
Section 21.	Defeasance .....	39
Section 22.	Severability .....	39
Section 23.	Repealer and Effective Date .....	40

**ORDINANCE NUMBER** \_\_\_\_\_

AN ORDINANCE authorizing and providing for the issue of not to exceed \$4,400,000 Waterworks and Sewerage Revenue Bonds, Junior Lien (IEPA), of the City of Crest Hill, Will County, Illinois, for the purposes of paying the costs of improving the combined waterworks and sewerage system of the City, prescribing all the details of said Bonds, providing for the collection, segregation and distribution of the revenues of the waterworks and sewerage system of said City and authorizing the sale of said Bonds to the Illinois Environmental Protection Agency.

\* \* \*

WHEREAS, the City of Crest Hill, Will County, Illinois (the “*City*”), is a duly organized and existing municipality incorporated and existing under the provisions of the laws of the State of Illinois, is now operating under the provisions of the Illinois Municipal Code, as amended, and as supplemented by the Reform Act (hereinafter defined) (collectively, the “*Act*”), and owns and operates a combined waterworks and sewerage system (the “*System*” as hereinafter more completely defined) as set forth in Division 139 of Article 11 of the Act; and

WHEREAS, the City Council of the City (the “*Corporate Authorities*”) has determined that it is advisable, necessary and in the best interests of the public health, safety and welfare to undertake certain improvements to the System, including cured in place water main lining and related projects, to pay bond discount, bond interest, capitalized interest, bond reserve account, original issue discount, underwriting discount, funding, engineering, legal, financing, and administrative expense related thereto (all of which said construction, services, and incidental expenses may be referred to as the “*Project*”), all in accordance with the preliminary estimate of costs, which have been prepared for the City by Strand Associates, Inc., Joliet, Illinois, and heretofore approved by the Corporate Authorities and now on file in the office of the City Clerk; and

WHEREAS, the estimated cost of the Project is not more than \$4,400,000, and the City does not have sufficient funds on hand and lawfully available for the purpose of paying the costs of the Project; and

WHEREAS the City has heretofore issued and there are now outstanding the General Obligation Refunding Bonds (Waterworks and Sewerage System Alternate Revenue Source) (the “*Prior Senior Lien Bonds*”), of the City, which bonds were authorized pursuant to an ordinance adopted by the Corporate Authorities on the 18th day of November, 2019 (the “*Prior Senior Lien Bond Ordinance*”); and

WHEREAS, the City has heretofore entered into and there are now outstanding the 2011 loan agreement (L173405), the 2022 loan agreement (L175735) and the 2022-1 loan agreement (L172159) (collectively, the “*Prior IEPA Obligations*”), with the Illinois Environmental Protection Agency (the “*IEPA*”), pursuant to ordinances adopted by the Corporate Authorities (the “*Prior IEPA Ordinances*”); and

WHEREAS, the Prior Senior Lien Bond Ordinance and the Prior IEPA Ordinances permit the issuance of additional revenue bonds payable from the Revenues (as hereinafter defined) on a subordinate basis to the Prior Senior Lien Bonds and on a parity basis with the Prior IEPA Obligations, subject to the conditions therein; and

WHEREAS, on the 3rd day of February, 2025, by an ordinance (the “*Authorizing Ordinance*”), the Corporate Authorities proposed the issuance of revenue bonds in the aggregate amount of not to exceed \$4,400,000 for the purpose of paying the costs of the Project, and the Authorizing Ordinance, together with a notice of intent to issue such bonds, was duly published on the 6th day of February, 2025, in the *Herald-News*, being a newspaper of general circulation in the City, all as required by law; and

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

WHEREAS, the Corporate Authorities have heretofore, and it hereby is, determined that the City has been authorized to issue subordinated lien bonds payable from the revenues of the System in the aggregate amount of \$4,400,000 for the purpose of paying costs of the Project; and

WHEREAS, the State of Illinois (the “*State*”), acting throughout the Illinois Environmental Protection Agency (“*IEPA*”), may make one or more loans, pursuant to the IEPA form loan agreements to the City (each a “*Loan Agreement*” and, collectively, “*Loan Agreements*”), to be evidenced by all or a portion of such revenue bonds, through the “Water Pollution Control Loan Program” of the State (the “*Loan Program*”), for the purpose of paying certain eligible costs of the Project; and

WHEREAS, pursuant to the Authorizing Ordinance, the City entered into Loan Agreement L176384 (the “*2025 Loan Agreement*”) with the IEPA, and whereas the acceptance of the 2025 Loan Agreement is hereby determined to be necessary and advisable and the execution of the 2025 Loan Agreement and any related documentation is hereby ratified; and

WHEREAS, the Waterworks and Sewerage Revenue Bonds to be issued to the IEPA pursuant to the 2025 Loan Agreement and this Ordinance shall be (i) subordinate in lien to the Prior Senior Lien Bonds, Additional Revenue Bonds (as hereinafter defined) and Additional Alternate Bonds (as hereinafter defined) and (ii) on a parity with the Additional IEPA Bonds (as hereinafter defined) and the Prior IEPA Obligations, all as hereinafter set forth; and

WHEREAS, it is hereby determined that it is in the best interests of the City that one or more bonds be authorized to be issued in the amount of not to exceed \$4,400,000 at this time, for the purpose of paying the costs of the Project:

Now, THEREFORE, Be It Ordained by the City Council of the City of Crest Hill, Will County, Illinois, as follows:

*Section 1. 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. Reference to any gender shall be deemed to include the other and also inanimate persons such as corporations, where applicable.

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

2025 Loan Agreement  
Act  
Authorizing Ordinance  
City  
Corporate Authorities  
IEPA  
Loan Agreement  
Loan Program  
Prior IEPA Bond Ordinances  
Prior IEPA Obligations  
Prior Senior Lien Bonds  
Prior Senior Lien Bond Ordinance  
Project  
System

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

*“Additional Alternate Bonds”* means any alternate bonds issued in the future as “alternate bonds” under the Reform Act and having a lien priority with respect to Revenues superior to the Prior IEPA Obligations and the Bonds and having a parity lien with respect to the Prior Senior Lien Bonds.

“*Additional IEPA Bonds*” means any bonds issued or loan agreements entered into in the future in accordance with the provisions of the Act and this Ordinance on a parity with and sharing ratably and equally in the Revenues with the Prior IEPA Obligations and the Bonds.

“*Additional Revenue Bonds*” means any bonds or any other obligation to be issued in the future in accordance with the provisions of the Act and having a lien priority with respect to Revenues superior to the Bonds.

“*Bond*” or “*Bonds*” means one or more, as applicable, of the not to exceed \$4,400,000 Waterworks and Sewerage Revenue Bonds, Junior Lien (IEPA), authorized to be issued by this Ordinance.

“*Bond Register*” means the Books of the City kept by the Bond Registrar to evidence the registration and transfer of the Bonds.

“*Bond Registrar*” means the City Treasurer, or a successor designated as Bond Registrar hereunder.

“*Designated Officer*” shall mean any one of the following: Mayor, City Treasurer, City Administrator, City Clerk or any other City official designated as such by any one of said three officers.

“*Fiscal Year*” means a twelve-month period beginning May 1 of the year and ending on the next April 30, or such other annual period as may be selected by the City as its Fiscal Year in the future.

“*Future Priority Lien Bond Ordinance*” means any ordinance authorizing bonds or other obligations, to be adopted in the future, which bonds have a lien priority with respect to Revenues superior to the Bonds, and including, specifically, Additional Revenue Bonds and Additional Alternate Bonds.

*“Junior Bond and Interest Account”* means the Junior Bond and Interest Account heretofore created and continued hereunder and further described in Section 12 of this Ordinance.

*“Junior Bond Reserve Account”* means the Junior Bond Reserve Account heretofore created and continued hereunder and further described in Section 12 of this Ordinance.

*“Junior Lien Bonds”* means the IEPA Obligations, the Bonds, Additional IEPA Bonds and any Junior Lien Parity Bonds.

*“Junior Maximum Annual Debt Service”* means an amount of money equal to the highest future principal and interest requirement of all Outstanding Junior Lien Bonds required to be deposited into the Junior Bond and Interest Account heretofore created and continued by this Ordinance in any Fiscal Year, including and subsequent to the Fiscal Year in which the computation is made. Any Outstanding Junior Lien Bonds required to be redeemed pursuant to mandatory redemption from said Junior Bond and Interest Account shall be treated as falling due on the date required to be redeemed (except in the case of failure to make any such mandatory redemption) and not on the stated maturity date of such Outstanding Junior Lien Bonds.

*“Net Revenues”* means Revenues minus Operation and Maintenance Costs.

*“Operation and Maintenance Costs”* means all expenses of operating, maintaining and routine repair of the System, including wages, salaries, costs of materials and supplies, power, fuel, insurance, purchase of sewer and sewage treatment services (including all payments by the City pursuant to long term contracts for such services as and to the extent provided in such contracts); but excluding debt service, depreciation, or any reserve requirements; and otherwise determined in accordance with generally accepted accounting principles for municipal enterprise funds.

*“Outstanding”* when referring to Senior Lien Bonds or Junior Lien Bonds means Senior Lien Bonds or Junior Lien Bonds which are outstanding and unpaid; *provided, however*, such term shall not include Senior Lien Bonds or Junior Lien Bonds (i) which have matured and for which

moneys are on deposit with proper paying agents, or are otherwise properly available, sufficient to pay all principal thereof and interest thereon, or (ii) the provision for payment of which has been made by the City by the deposit in an irrevocable trust or escrow of funds or direct, full faith and credit obligations of the United States of America, the principal of and interest on which will be sufficient to pay at maturity or as called for redemption all the principal of and interest on such Senior Lien Bonds or Junior Lien Bonds.

*“Parity Bonds”* means (i) with reference to Senior Lien Bonds, bonds or other obligations to be issued subsequent in time to the Bonds which will share ratably and equally in the Net Revenues with the Prior Senior Lien Bonds, including Additional Alternate Bonds and Additional Revenue Bonds (“*Senior Lien Parity Bonds*”), and (ii) with reference to Junior Lien Bonds, bonds or other obligations to be issued subsequent in time to the Bonds which will share ratably and equally in the Net Revenues with the Prior Junior Lien Bonds (“*Junior Lien Parity Bonds*”).

*“Paying Agent”* means the City Treasurer, or a successor designated as Paying Agent hereunder.

*“Reform Act”* means the Local Government Debt Reform Act, as amended.

*“Revenues”* means all income from whatever source derived from the System, including: (i) investment income; (ii) connection, permit and inspection fees and the like; (iii) penalties and delinquency charges; (iv) capital development, reimbursement, or recovery charges and the like; and (v) annexation or pre-annexation charges insofar as designated by the Corporate Authorities as paid for System connection or service; but excluding expressly (a) non-recurring income from the sale of property of the System; (b) governmental or other grants; and (c) advances or grants made from the City; and as otherwise determined in accordance with generally accepted accounting principles for municipal enterprise funds.

“Senior Lien Bonds” means the Prior Senior Lien Bonds and any Senior Lien Parity Bonds.

“State” means the State of Illinois.

“System” refers to all property, real, personal or otherwise owned or to be owned by the City or under the control of the City and used for waterworks and sewerage purposes, including any and all further extensions, improvements and additions to the System.

“Waterworks and Sewerage Fund” means the Waterworks and Sewerage Fund of the City heretofore created and expressly continued by this Ordinance.

*Section 2. Incorporation of Preambles.* The Corporate Authorities hereby find that all of the recitals contained in the preambles to this Ordinance are full, true and correct and do incorporate them into this Ordinance by this reference.

*Section 3. Determination to Issue Bonds.* It is necessary and in the best interests of the City to undertake the Project and that the System continue to be operated as a utility in accordance with the provisions of the Act.

*Section 4. Determination of Useful Life.* The Corporate Authorities do hereby determine the period of usefulness of the System to be at least twenty-five (25) years from the date of the Bonds.

*Section 5. Bond Details.* For the purpose of paying all or a portion of the costs of providing for the Project, there shall be issued and sold the Bonds in the principal amount of not to exceed \$4,400,000. The Bonds shall be issuable in one or more series, for all or a portion of the Project. The amount of any such series of Bonds shall be sufficient to provide for a single loan from the IEPA for the Project pursuant to the Loan Agreement for such portion of the Project, and which series shall not exceed the balance of the Bonds herein authorized.

The further details of the Bonds shall be as follows: There shall be issued a single Bond for each series payable to the IEPA or registered assigns as provided therein. The maximum

principal face amount (the “*Face Amount*”) of each Bond shall be shown on the face of the Bond, but only so much of the Face Amount as is shown as advanced by the IEPA and received for value (the “*Outstanding Principal Amount*” as subject to reduction as hereinbelow provided), as evidenced by the Bond, shall be payable. Such advances shall be in integral multiples of \$100. Each Bond shall be designated “Waterworks and Sewerage Revenue Bond, Junior Lien (IEPA), [First, Second, Third, Etc.]” or with such series designation as appropriate. Each Bond shall be dated as of its date of authentication. The Outstanding Principal Amount of any Bond from time to time outstanding shall bear interest at the rate of not to exceed 2.50% per annum as set forth in the Loan Agreement. The Outstanding Principal Amount of each Bond shall become due and payable pursuant to a schedule of repayment (the “*Repayment Schedule*”) determined as set forth in the pertinent Loan Agreement; *provided, however*, that the Repayment Schedule, in order to be enforceable, shall comply with each of the following terms:

- (1) The Repayment Schedule shall be set forth in or as part of the Bond;
- (2) The Repayment Schedule shall provide for substantially level semiannual installments of principal and interest (collectively) within a range of \$50; and
- (3) The Repayment Schedule shall provide for complete repayment of each Bond in not less than 35 years from its Dated Date as provided in the Loan Agreement approved for such Bond (such complete repayment is expected to be approximately 20 (twenty) years from the date of operation of the portion of the Project for which each series is issued and within the period of useful life of the Project).

The Outstanding Principal Amount at any time shall be made up of (a) advances less the sum of (b)(i) installment payments and (ii) redemptions and prepayments. Each Bond shall bear interest on the Outstanding Principal Amount from time to time at the rate provided for such Bond, in each case from the time advanced until paid or duly provided for, such interest computed on the basis of a 365-day or 366-day year, as applicable, and being payable on the dates provided in the Repayment Schedule, which shall be only on January 22 or July 22 (or both) of each year. The interest on and all installments of principal of each Bond shall be payable in lawful money of the

United States of America upon presentation at the office of the Bond Registrar; *provided, however,* that so long as any agency of the State of Illinois or of the U.S. Government or a financial institution is the registered owner as shown by the Bond Register, then such payments shall be made by check or draft of the Bond Registrar to the registered owner, which check or draft shall be payable in lawful money of the United States of America, and mailed not less than four business days prior to the date when due to the address of the Registered Owner as set forth in the Bond Register, or at such other address as is furnished in writing to the Bond Registrar; and, *provided, further,* that the final installment of principal and interest, when due, shall only be payable upon presentation of a Bond.

*Section 6. Redemption.* Each Bond and the installments thereon are subject to redemption and prepayment prior to maturity, at the option of the City, in whole or in part, applicable to installments in the inverse order of maturity or as otherwise agreed by the City and the owner of the Bonds affected at such time, from any available funds, on any date, at the redemption price of par plus accrued interest to the date fixed for redemption. Unless waived by the Bond Registrar, the City shall notify the Bond Registrar of the redemption and prepayment of the Bond not less than 45 days prior to the date of redemption. Unless waived by the registered owner of the Bond to be redeemed, official notice of any such redemption and prepayment shall be given by the Bond Registrar on behalf of the City by mailing the redemption notice by registered or certified mail not less than 30 days and not more than 60 days prior to the date fixed for redemption to the registered owner of the Bond 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 official notices of redemption shall include the proper identification of the Bonds and at least the information as follows:

- (1) the redemption date and the amount of the Bond to be redeemed;

- (2) the redemption price;
- (3) a statement that on the redemption date the redemption price will become due and payable upon such Bond or portion so redeemed and that interest thereon shall cease to accrue from and after said date; and
- (4) the place where such Bond is to be surrendered for payment of the redemption price, which place of payment shall be the office of the Bond Registrar.

Prior to any redemption date, the City shall deposit with the Bond Registrar an amount of money sufficient to pay the redemption price of the Bond or portion so redeemed. Official notice of redemption having been given as aforesaid, the Bond or portion so 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 Bond or portion so redeemed shall cease to bear interest. Upon surrender of the Bond for redemption and prepayment in accordance with said notice, such Bond or portion so redeemed shall be paid by the Bond Registrar at the redemption price. A notation of any partial prepayment shall be made upon a schedule attached to the Bond. In the event of a redemption in part, the IEPA (or subsequent owner) shall promptly promulgate a revised Repayment Schedule based upon the new Outstanding Principal Amount and submit same to the City, which shall approve same and authorize the IEPA (or subsequent owner) to substitute such Repayment Schedule as an attachment to the Bonds.

*Section 7. Amendment.* The rights and obligations of the City and of the owners of Outstanding Bonds may from time to time be modified or amended by a supplemental ordinance adopted by the Corporate Authorities with the written consent of the registered owners of not less than 2/3 of the principal amount of all Outstanding Bonds (excluding any of said bonds owned by or under the control of the City); *provided, however,* that no such modification or amendment shall extend or change the maturity of or date of redemption prior to maturity, or reduce the interest rate or premium on, or permit the creation of a preference or priority of any Outstanding Bond or Outstanding Bonds over any other Outstanding Bond or Outstanding Bonds, or otherwise alter or

impair the obligation of the City to pay the principal of and interest and premium on any of the Outstanding Bonds at the time, place, rate, and in the currency provided therein, or alter or impair the obligations of the City with respect to registration, transfer, exchange or notice of redemption of Bonds, without the express consent of the registered owners of all the Outstanding Bonds affected; nor shall any such modification or amendment reduce the percentage of the registered owners of Outstanding Bonds required for the written consent to such modification or amendment without the consent of the registered owners of all of the Outstanding Bonds. Ownership of Bonds for purposes of consent by the registered owners thereof shall be conclusively proved by the Bond Register. In obtaining or receiving the consents of registered owners, the City may establish reasonable rules of procedure including, without limitation, rules relating to (i) a record date to fix the registered owners who are entitled to vote, (ii) solicitation of proxies and (iii) a meeting of the registered owners for the taking of actions. The registered owners of Bonds may vote their Bond interest in fractional shares. In the event that Bonds are registered in the name or names of nominees or depositories, consent of such owners by proxy in accordance with the applicable customs of the securities industry or rules of the Securities and Exchange Commission, Municipal Securities Rulemaking Board or other association or agency having jurisdiction shall be sufficient.

*Section 8. Execution; Authentication.* The Bonds shall be executed on behalf of the City with the manual or duly authorized facsimile signature of the Mayor and attested with the manual or duly authorized facsimile signature of the 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 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. The certificate of authentication on any Bond shall be deemed to have been executed by it if signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds issued hereunder.

*Section 9. Registration of Bonds; Persons Treated as Owners.* 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. 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 of Bonds. Any Bond may be transferred as a whole but not in part 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 of any Bond at the office of the Bond Registrar, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Bond Registrar and duly executed by, the registered owner or his or her attorney duly authorized in writing, the City shall execute and the Bond Registrar shall register the Bond in the name of the new registered owner on the registration grid provided therein, and shall also enter the name and address of the new registered owner in the Bond Register. The Bond Registrar shall not be required to transfer any Bond during the period from 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, or to transfer or exchange any Bond after notice calling such Bond for redemption has been mailed, or to transfer any Bond during a period of fifteen days next preceding mailing of a notice of redemption of any Bonds. The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal of or interest on any Bond shall be made only to or upon the order of the registered owner thereof or his or her legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid. No service charge shall be made for any transfer 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 of Bonds except in the case of the issuance of a Bond or Bonds for the unredeemed portion of a Bond surrendered for redemption.

*Section 10. Form of Bond.* The Bonds shall be in substantially the form hereinafter set forth.

SOLE BOND: REGISTERED  
No. ONE

MAXIMUM AMOUNT REGISTERED  
\$4,400,000

## **THIS BOND IS TRANSFERABLE ONLY AS A WHOLE.**

**UNITED STATES OF AMERICA  
STATE OF ILLINOIS  
COUNTY OF WILL  
CITY OF CREST HILL  
WATERWORKS AND SEWERAGE REVENUE BOND, JUNIOR LIEN (IEPA)  
SERIES 2026**

Interest Maturity Dated  
Rate: \_\_\_\_% Date: \_\_\_\_\_, 20\_\_ Date: \_\_\_\_\_, 2026

KNOW ALL PERSONS BY THESE PRESENTS that the City of Crest Hill, Will County, Illinois, a municipality 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, solely from the Junior Bond and Interest Account of the Waterworks and Sewerage Fund of the City as hereinafter set forth and not otherwise, the Outstanding Principal Amount of this Bond. The “*Outstanding Principal Amount*” is that amount, not to exceed the Face Amount of this Bond as set forth above, shown as advanced in even multiples of \$100 from time to time and received by the City for value, as is noted on this Bond in the form of Advances for Value hereon. The Outstanding Principal Amount is subject to reduction for redemption and prepayment thereof as hereinafter provided. And the City promises to pay from such account and fund, and not otherwise, interest on the Outstanding Principal Amount at the rate of \_\_\_\_\_% per annum. The Outstanding Principal Amount of this Bond shall become due and payable pursuant to the schedule of repayment (the “*Repayment Schedule*”) set forth herein and determined in accordance with the Loan Agreement hereinafter defined.

This Bond shall bear interest on the Outstanding Principal Amount from time to time at the rate aforesaid, in each case from the time advanced until paid or duly provided for, such interest

computed on the basis of a 365-day or 366-day year, as applicable, and being payable on the dates provided in the Repayment Schedule, which shall be only on January 22 and July 22 of each year. The interest on and all installments of principal of this Bond shall be payable in lawful money of the United States of America upon presentation at the office of the City Treasurer, Crest Hill, Illinois, as bond registrar and paying agent; *provided, however*, that so long as any agency of the State of Illinois or of the U.S. Government or a financial institution is the Registered Owner as shown by the Bond Register, then such payments shall be made by check or draft of the Bond Registrar to the Registered Owner, which check or draft shall be payable in lawful money of the United States of America, and mailed not less than four (4) business days prior to the date when due to the address of the Registered Owner as set forth in the Bond Register, or at such other address as is furnished in writing to the Bond Registrar; but, *provided, further*, that the final installment of principal and interest, when due, shall only be payable upon presentation of this Bond.

This bond and the bonds of the series of which it forms a part (“*Bond*” and “*Bonds*” respectively) are of an authorized issue of Forty-Nine Million Five Hundred Thousand Dollars (\$4,400,000), of like dated date and tenor except as to maturity, rate of interest and privilege of redemption. The Bonds are payable solely from the Revenues derived from the operation of the combined waterworks and sewerage system of the City (the “*System*”) after payment of Operation and Maintenance Costs (the “*Net Revenues*”) and after payment of obligations having a prior lien on such Net Revenues now outstanding or to be issued in the future, all as provided in the Ordinance (defined below), and not otherwise, and are issued under authority of the provisions of Division 139 of Article 11 of the Illinois Municipal Code, as supplemented and amended, and particularly as supplemented by the Local Government Debt Reform Act of the State of Illinois, as amended (collectively, the “*Act*”), for the purposes of paying a portion of the

costs of the Project (as defined in the Ordinance). The Bonds are issued pursuant to an ordinance passed by the City Council (the “*Corporate Authorities*”) of the City on the 17th day of February, 2026 (the “*Ordinance*”) and pursuant to a Loan Agreement (the “*Loan Agreement*”), as authorized by the Ordinance, by and between the City and the Environmental Protection Agency of the State of Illinois, as initial purchaser for value and Registered Owner hereof. Reference is hereby expressly made to the Ordinance and Loan Agreement for further definitions and terms and to all the provisions of which the holder by the acceptance of this Bond assents. **This Bond does not constitute an indebtedness of the City within the meaning of any constitutional or statutory provision or limitation. This Bond is a limited obligation of the City payable solely from the Net Revenues after payment of the obligations having a prior lien on such Net Revenues now outstanding or to be issued in the future, all as provided in the Ordinance.**

Under the Act and the Ordinance, the Revenues from the operation of the System shall be deposited into the Waterworks and Sewerage Fund, which shall be used only and is hereby pledged for paying Operation and Maintenance Costs, paying the principal of and interest on all bonds of the City that are payable by their terms only from the Revenues of the System, providing an adequate depreciation fund, and in making all payments required to maintain the accounts established under the terms of the Ordinance.

This Bond is subject to and subordinate as to the lien on the Revenues of the Prior Senior Lien Bonds and any Additional Alternate Bonds and Additional Revenue Bonds (each as defined in the Ordinance), the provision for payment of which is made from an account or accounts of the Waterworks and Sewerage Fund having a prior claim on the Revenues. This Bond is issued on a parity with the IEPA Obligations (as defined in the Ordinance), sharing ratably and equally in the Revenues with said IEPA Obligations. In addition, Bonds may be issued in the future to share in the Revenues of the System on a parity as to lien with or subordinate to the lien of this Bond.

The rights and obligations of the City and of the owners of the Bonds may from time to time be modified or amended by a supplemental ordinance adopted by the Corporate Authorities with the written consent of the owners of not less than two-thirds (2/3rds) of the principal amount of all Bonds then Outstanding (excluding any of said bonds owned by or under the control of the City); *provided, however,* that no such modification or amendment shall extend or change the maturity of or date of redemption prior to maturity, or reduce the interest rate or premium on, or permit the creation of a preference or priority of any Bond or Bonds over any other Bond or Bonds, or otherwise alter or impair the obligation of the City to pay the principal of or interest on any of the Bonds at the time, place, rate and in the currency provided therein or alter or impair the obligations of the City with respect to registration, transfer, exchange or notice of redemption of Bonds, without the express consent of the owners of all the Bonds affected; nor shall any such modification or amendment reduce the percentage of the owners of Bonds required for the written consent to such modification or amendment without the consent of the owners of all of the Outstanding Bonds.

This Bond is subject to redemption and prepayment, at the option of the City, in whole or in part, at any time, at the redemption price of par and accrued interest to the date of redemption, upon the notice as given and further terms as are provided in the Ordinance.

This Bond is transferable as a whole but not in part by the Registered Owner hereof in person or by his or her attorney duly authorized in writing at the office of the Bond Registrar in Crest Hill, Illinois, only in the manner, subject to the limitations and upon payment of the charges provided in the Ordinance. Upon surrender hereof at the office of the Bond Registrar, accompanied by a written instrument or instruments of transfer in form satisfactory to the Bond Registrar and duly executed by the Registered Owner or an attorney for such owner duly authorized in writing, the Bond Registrar shall register this Bond in the name of the new Registered

Owner on the registration grid provided herein, and shall also enter the name and address of the new registered owner in the Bond Register.

The Bond Registrar shall not be required to transfer this Bond during the period from 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 or during the period of 15 days preceding the giving of notice of redemption of this Bond or to transfer any Bond all or a portion of which has been called for redemption.

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

It is hereby certified and recited that all acts, conditions and things required to be done precedent to and in the issuance of this Bond have been done and have happened and have been performed in regular and due form of law and that provision has been made for depositing into the Waterworks and Sewerage Fund the entire Revenues received from the operation of the System to be applied in the manner as hereinabove set forth; and the City hereby covenants and agrees that it will fix and maintain rates for the use and service of the System and collect and account for the Revenues derived therefrom sufficient at all times to pay Operation and Maintenance Costs, promptly to pay principal of and interest on all bonds issued by the City which are payable solely from the Revenues of the System, to provide an adequate depreciation fund, and to comply with all the covenants of and to maintain the accounts created by the Ordinance.

THE INTEREST ON THIS BOND IS NOT TAX-EXEMPT UNDER THE PROVISIONS OF SECTION 103 OF THE INTERNAL REVENUE CODE OF 1986, AND THE REGISTERED OWNER HEREOF BY ACCEPTANCE

OF THIS BOND ACKNOWLEDGES SUCH STATUS AND AGREES WITH THE CITY NOT TO ASSERT ANY CLAIM TO THE CONTRARY.

The tables and forms following the signatures on this Bond and entitled Advances for Value, Repayment Schedule, Prepayment Notation and Registered Owner Notation are an integral part of this Bond as if in each case fully set forth at this place and are incorporated herein by this reference.

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 Crest Hill, Will County, Illinois, by its City Council has caused this Bond to be executed with 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.

---

Mayor, City of Crest Hill  
Will County, Illinois

Attest:

---

City Clerk, City of Crest Hill  
Will County, Illinois

[SEAL]

Date of Authentication: \_\_\_\_\_, 2026

CERTIFICATE  
OF  
AUTHENTICATION

This Bond is one of the Bonds described in the within mentioned Ordinance and is one of the Waterworks and Sewerage Revenue Bonds, Junior Lien (IEPA), Series 2026, of the City of Crest Hill, Will County, Illinois.

Bond Registrar and Paying Agent:

City Treasurer,  
Crest Hill, Illinois

---

City Treasurer, as Bond Registrar

**ASSIGNMENT**

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

---

---

(Name and Address of Assignee)

the within Bond and does hereby irrevocably constitute and appoint \_\_\_\_\_

---

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 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.

## ADVANCES FOR VALUE

This Bond is valid to the amount set forth below, the aggregate of said amounts being its Outstanding Principal Amount (subject to reduction for installment payments and redemption and prepayment, as provided herein).

**AMOUNT ADVANCED (\$)**

DATE ADVANCED

SIGNATURE OF  
CITY TREASURER

## REPAYMENT SCHEDULE

JANUARY 22 OF THE YEAR

JULY 22 OF THE YEAR

## PREPAYMENT NOTATION

This installments of principal on this Bond have been prepaid at the times and in the amounts set forth below, and the Repayment Schedule accordingly modified.

## REGISTERED OWNER NOTATION

This Bond shall be registered on the Bond Register of the City kept for the purpose by the City Treasurer, as Bond Registrar. The principal and interest on this Bond shall be payable only to or upon the order of the Registered Owner or such owner's legal representative.

No registration hereof shall be valid unless signed by the Bond Registrar.

DATE OF  
REGISTRATION

NAME OF  
REGISTERED OWNER

SIGNATURE OF  
BOND REGISTRAR

State of Illinois  
Illinois Environmental  
Protection Agency

*Section 11. Bonds Limited Obligations.* The Bonds shall be payable solely from Net Revenues as such are deposited into the Junior Bond and Interest Account, and shall not constitute an indebtedness of the City within the meaning of any constitutional or statutory limitation.

*Section 12. Flow of Funds.* Upon the issuance of the Bonds, the System shall continue to be operated on a Fiscal Year basis. All of the Revenues shall be set aside as collected and be deposited into the Waterworks and Sewerage Fund. There shall be and there are hereby expressly continued the heretofore created separate accounts in the Waterworks and Sewerage Fund to be known as the “Operation and Maintenance Account,” the “Senior Bond and Interest Account,” the “Senior Bond Reserve Account,” the “Depreciation Account,” the “Junior Bond and Interest Account,” the “Junior Bond Reserve Account,” and the “Surplus Account,” to which there shall be credited on or before the first day of each month by the financial officer of the City, without any further official action or direction, in the order in which said accounts are hereinafter mentioned and without commingling with any other funds of the City, all moneys held in the Waterworks and Sewerage Fund, in accordance with the following provisions:

(a) **OPERATION AND MAINTENANCE ACCOUNT:**

There shall be credited to the Operation and Maintenance Account an amount sufficient, when added to the amount then on deposit in said Account, to establish a balance to an amount not less than the amount necessary to pay Operation and Maintenance Costs for the current month.

Amounts in said Account shall be used to pay Operation and Maintenance Costs.

(b) **SENIOR BOND AND INTEREST ACCOUNT:**

Beginning with the month following delivery of the Bonds, there next shall be credited to the Senior Bond and Interest Account and held, in cash and investments, a fractional amount of the interest becoming due on the next succeeding interest payment date on all Outstanding Senior Lien Bonds and also a fractional amount of the principal becoming due or subject to mandatory redemption on the next succeeding principal maturity date of all of the Outstanding Senior Lien Bonds until there shall have been accumulated and held, in cash and investments, in the Senior Bond and Interest Account on or before the

month preceding such maturity date of interest or maturity date of principal or mandatory redemption date, an amount sufficient to pay such principal or interest, or both.

In computing the fractional amount to be set aside each month in the Senior Bond and Interest Account, the fraction shall be so computed that a sufficient amount will be set aside in said Account and will be available for the prompt payment of such principal of and interest on all Outstanding Senior Lien Bonds and shall be not less than one-fifth of the interest becoming due on the next succeeding interest payment date and not less than one-tenth of the principal becoming due or subject to mandatory redemption, on the next succeeding principal payment date on all Outstanding Senior Lien Bonds until there is sufficient money in said Account to pay such principal or interest, or both.

Credits to the Bond and Interest Account may be suspended in any Fiscal Year at such time as there shall be a sufficient sum, held in cash and investments, in said Account to meet principal and interest requirements in said Account for the balance of such Fiscal Year, but such credits shall again be resumed at the beginning of the next Fiscal Year.

All moneys in said Account shall be used only for the purpose of paying interest on and principal of Outstanding Senior Lien Bonds.

(c) SENIOR BOND RESERVE ACCOUNT:

A Senior Bond Reserve Account is not currently required with respect to the Prior Senior Lien Bonds.

(d) DEPRECIATION ACCOUNT:

Money in the Waterworks and Sewerage Fund shall next be allocated to the separate and special account to maintain a renewal, replacement and depreciation reserve for the System known as the *“Depreciation Account.”* On or prior to the first day of each month there shall be credited to the Depreciation Account an adequate amount, as determined by appropriate City officials. Money in the Depreciation Account shall be used solely for the purpose of paying principal of, or sinking fund installments of, and interest on Senior Lien Bonds when there shall be insufficient money in the Senior Bond and Interest Account or the Senior Bond Reserve Account; and to the extent not required for the foregoing, to pay the cost of extraordinary maintenance expenses or repairs, renewals and replacements not included in the annual budget for current Operation and Maintenance Expenses. The amount required to be maintained in the Depreciation Account is hereby determined to be an adequate and reasonable depreciation reserve.

(e) JUNIOR BOND AND INTEREST ACCOUNT:

There next shall be credited to the Junior Bond and Interest Account and held, in cash and investments, a fractional amount of the interest becoming due on the next succeeding interest payment date on all Outstanding Junior Lien Bonds and also a fractional amount of the principal becoming due or subject to mandatory redemption on the next succeeding principal maturity or mandatory redemption date of all of the Outstanding Junior Lien Bonds until there shall have been accumulated and held, in cash and investments, in the Junior Bond and Interest Account on or before the month preceding such maturity date of interest or maturity or mandatory redemption date of principal, an amount sufficient to pay such principal or interest, or both. In computing the fractional amount to be set aside each month in the Junior Bond and Interest Account, the fraction shall be so computed that a sufficient amount will be set aside in said Account and will be available for the prompt payment of such principal of and interest on all Outstanding Junior Lien Bonds and shall be not less than 1/6 of the interest becoming due on the next succeeding interest payment date and not less than 1/6 (if principal payments are to be semiannual) or 1/12 (if principal payments are to be annual) of the principal becoming due or subject to mandatory redemption on the next succeeding principal payment or mandatory redemption date on all Outstanding Junior Lien Bonds, until there is sufficient money in said Account to pay such principal or interest, or both. Credits to the Junior Bond and Interest Account may be suspended in any Fiscal Year at such time as there shall be a sufficient sum, held in cash and investments, in said Account to meet principal and interest requirements in said Account for the balance of such Fiscal Year, but such credits shall again be resumed at the beginning of the next Fiscal Year. All moneys in said Account shall be used only for the purpose of paying interest on and principal of Outstanding Junior Lien Bonds.

(f) JUNIOR BOND RESERVE ACCOUNT

There next shall be credited to the Junior Bond Reserve Account and held, in cash and investments, the sum of \$5,000 (which sum is inclusive of, and not in addition to, any such requirement under the ordinance authorizing the Junior Senior Lien Bonds) each month until the credit balance of said Account aggregates an amount equal to Junior Maximum Annual Debt Service. Said Account shall thereafter be maintained in the amount of Junior Maximum Annual Debt Service, and when any money is withdrawn from said Account for payment into the Junior Bond and Interest Account, the City hereby covenants to replenish the Junior Bond Reserve Account at the rate of one-twelfth of the amount so withdrawn per month or in the amount of \$5,000 per month, whichever is greater, until such withdrawn amount is repaid in full, *provided, however,* that if any such withdrawal shall occur prior to the first month in which the credit balance of said Account aggregates an amount equal to Junior Maximum Annual Debt Service, any such monthly payment for replenishment shall be in addition to, and not inclusive of, the sum of \$5,000 otherwise required to be deposited in said month. The funds of such Junior Bond Reserve Account shall be used to pay principal of or interest becoming due or

subject to mandatory redemption on any Junior Lien Bonds then outstanding whenever funds are not available in the Junior Bond and Interest Account, as applicable, therefor, and for that purpose there shall be transferred promptly from this Junior Bond Reserve Account to the Junior Bond and Interest Account, not less than five (5) days prior to the maturity or mandatory redemption of principal of and interest on any such Junior Lien Bonds a sum which, together with the funds then on hand in the Junior Bond and Interest Account, shall be sufficient to meet such principal or interest becoming due or subject to mandatory redemption.

Investments on deposit in the Junior Bond Reserve Account shall be valued at the amortized cost thereof, exclusive of accrued interest thereon. Except as described in the first paragraph of this subsection (f), no moneys shall be withdrawn from the Junior Bond Reserve Account unless the amount on deposit therein is in excess of Junior Maximum Annual Debt Service.

Whenever there is on deposit in the Junior Bond Reserve Account an amount in excess of Junior Maximum Annual Debt Service, the amount of such excess may be reduced at the option of the City. If such excess is evidenced by moneys and investments, an amount equal to such excess shall be withdrawn from the Junior Bond Reserve Account and transferred as provided in subsection (i) of this Section 12.

(g) SURPLUS ACCOUNT:

All moneys remaining in the Waterworks and Sewerage Fund, after crediting the required amounts to the respective accounts hereinabove provided for, and after making up any deficiency in the accounts described in subsections (a) to (f), inclusive, shall be credited each month to the Surplus Account. Funds in the Surplus Account shall first be used to make up any subsequent deficiencies in any of the accounts hereinabove named and then, at the end of a Fiscal Year and at the discretion of the Corporate Authorities, shall be used for one or more of the following purposes in any priority among them:

- (1) For the purpose of constructing or acquiring repairs, replacements, renewals, improvements or extensions to the System; or
- (2) For the purpose of calling and redeeming Outstanding Senior Lien Bonds or Junior Lien Bonds which are callable at the time; or
- (3) For the purpose of purchasing Outstanding Senior Lien Bonds or Junior Lien Bonds;
- (4) For the purpose of paying principal of and interest on any subordinate bonds or obligations issued for the purpose of acquiring or constructing repairs, replacements, renewals, improvements and extensions to the System; or

(5) For any other lawful corporate purpose of the System.

(h) INVESTMENTS:

Money to the credit of the Waterworks and Sewerage Fund prior to the monthly accounting and to the credit of the Operation and Maintenance Account may be invested pursuant to any authorization granted to municipal corporations by Illinois statute or court decision.

Moneys to the credit of the Senior Bond and Interest Account, Senior Bond Reserve Account, Depreciation Account, Junior Bond and Interest Account, Junior Bond Reserve Account and Surplus Account may be invested from time to time by the Treasurer of the City in (i) interest bearing bonds, notes, or other direct full faith and credit obligations of the United States of America, (ii) obligations unconditionally guaranteed as to both principal and interest by the United States of America, or (iii) certificates of deposit or time deposits of any bank, as defined by the Illinois Banking Act, provided such bank is insured by the Federal Deposit Insurance Corporation or a successor corporation to the Federal Deposit Insurance Corporation, and *provided further* that the principal of such deposits in excess of the insured amount is secured by a pledge of obligations as described in clauses (i) and (ii) above in the full principal amount of such excess. Such investments may be sold from time to time by the Treasurer as funds may be needed for the purpose for which said respective accounts have been created. To the extent moneys in said Accounts as described in this paragraph are held uninvested and on deposit in demand accounts, such amounts shall be added to the amount invested pursuant to clause (iii) above and the sum so derived subject to the limitations as set forth therein.

Investments in the Accounts shall mature or be subject to redemption at the option of the holder thereof prior to the time when needed, and, in any event, within the times as follows:

ACCOUNT	TIME
Operation and Maintenance	45 days
Senior Bond and Interest	1 year
Senior Bond Reserve	3 years
Depreciation	5 years
Junior Bond and Interest	1 year
Junior Bond Reserve	
Surplus	5 years

All interest on any funds so invested shall be credited to the Waterworks and Sewerage Fund and is hereby deemed and allocated as expended with the next expenditure(s) of money from the Waterworks and Sewerage Fund.

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

(i) TRANSFER OF EXCESS AMOUNTS:

Any amounts to the credit of the Accounts in excess of the then current requirement therefor may be transferred by the Corporate Authorities to such other Account or Accounts of the Waterworks and Sewerage Fund as they may in their sole discretion designate.

*Section 13. General Covenants.* The City covenants and agrees with the holders of the Outstanding Bonds, so long as there are any Outstanding Bonds, as follows:

A. The City will promptly proceed with the Project, will maintain the System in good repair and working order, will operate the same efficiently and faithfully, and will punctually perform all duties with respect thereto required by the Constitution and laws of the State of Illinois and the United States of America.

B. The City will establish and maintain at all times reasonable fees, charges and rates for the use and service of the System and will provide for the collection thereof and the segregation and application of the Revenues in the manner provided by previous ordinances and this Ordinance, sufficient at all times to pay Operation and Maintenance Costs, to provide an adequate depreciation fund, to pay the principal of and interest on all revenue bonds of the City which by their terms are payable from the Revenues, and to provide for the creation and maintenance of the respective accounts enumerated in said Ordinances.

There shall be charged against all users of the System, including the City, such rates and amounts for System services as shall be adequate to meet the requirements of this subsection. Charges for services rendered the City shall be made against the City, and payment for the same shall be made monthly from the corporate funds into the Fund as revenues derived from the operation of the System.

C. The City from time to time will make all needful and proper repairs, replacements, additions and betterments to the System so that it may at all times be operated properly and advantageously; and when any necessary equipment or facility shall have been worn out, destroyed, or otherwise is insufficient for proper use, it shall be promptly replaced so that the value and efficiency of the System shall be at all times fully maintained.

D. The City will establish such rules and regulations for the control and operation of the System necessary for the safe, lawful efficient and economical operation thereof.

E. The City will make and keep proper books and accounts (separate and apart from all other records and accounts of said City), in which complete entries shall be made of all transactions relating to the System, and hereby covenants that within 210 days following the close of each Fiscal Year, it will cause the books and accounts of the System to be audited by independent certified public accountants. Said audit will be available for inspection by the registered owners of any of the Bonds and to the public generally. Each such audit, in addition to whatever matters may be thought proper by the accountants to be included therein, shall, without limiting the generality of the foregoing, include the following:

1. A statement in detail of income and expenditures of the System for such Fiscal Year.
2. A balance sheet as of the end of such Fiscal Year, including a statement of the amount held in each of the accounts of the Waterworks and Sewerage Fund.
3. A list of all insurance policies in force at the end of the Fiscal Year, setting out as to each policy the amount of the policy, the risks covered, the name of the insurer, and the expiration date of the policy, and any amounts held as self-insurance reserves.
4. The names of all contract customers served directly or indirectly by the System at the end of the year.
5. A summary of rates in effect at the end of such Fiscal Year for services of the System and any changes in such rates effective during such Fiscal Year.
6. The amount and details of all Outstanding Bonds.

In connection with said audit, the accountant shall deliver a letter or statement regarding the manner in which the City has carried out the requirements of this Ordinance, and the accountant's recommendations for any changes or improvements in the financial operation of the System.

All expenses of the audit required by this section shall be regarded and paid as Operation and Maintenance Costs.

It is further covenanted and agreed that a copy of each such audit shall be furnished upon completion to the original purchaser of any of the Bonds, including the IEPA.

F. The City will keep the books and accounts for the System in accordance with generally accepted fund reporting practices for municipal enterprise funds; *provided, however,* that the monthly credits to each bond and interest, bond reserve, and depreciation, repair and replacement account shall be in cash, and said funds shall be held separate and apart in cash and investments. For the purpose of determining whether sufficient cash and

investments are on deposit in such accounts under the terms and requirements of this Ordinance, investments shall be valued at amortized cost.

G. The City will not sell, lease, loan mortgage or in any manner dispose of or encumber the System (subject to the right of the City to issue revenue obligations as provided in this Ordinance and to dispose of real or personal property which is no longer useful or necessary to the operation of the System), and the City will take no action in relation to the System which would unfavorably affect the security of the Outstanding Bonds or the prompt payment of the principal thereof and interest thereon. Any amounts received from the sale of property of the System shall be deposited to the credit of an appropriate account of the Fund.

H. Any holder or registered owner of a Bond may proceed by civil action to compel performance of all duties required by law and this Ordinance, including the making and collecting of sufficient charges and rates for the service supplied by the System and the application of the income and revenue therefrom.

I. The City will carry insurance on the System of the kinds and in the amounts which are usually carried by private parties operating similar properties, covering such risks as shall be recommended by a competent insurance consultant employed by the City for the purpose of making such recommendations. Alternatively the City shall self-insure or provide insurance by means of a self-insurance pool with other units of local government, *provided* that either private insurance is not available at a reasonable cost or the City or the pool shall have assets or shall have created a self-insurance reserve fund in an amount as shall be determined by a competent insurance consultant to be not unreasonable in view of the risks insured. All moneys received for property loss under such insurance policies or from the self-insurance reserve fund or pool shall be deposited to the credit of the Depreciation (or the Depreciation, Repair and Replacement) Account and used in making good the loss or damage in respect of which they were paid, either by repairing the property damaged or making replacement of the property destroyed, and provision for making good such loss or damage shall be made within 270 days from the date of the loss. The proceeds derived from any and all policies for workers' compensation or public liability or from the self-insurance reserve fund or pool for such purposes shall be paid into the Operation and Maintenance Account and used in paying the claims on account of which they were received or shall be used to reimburse any account from which the claim was previously paid. The payment of premiums, regular payments to a pool and regular accumulations for a reserve fund required under the provisions of this covenant shall be considered an Operation and Maintenance Cost.

J. The City covenants not to provide any free service of the System, except to itself provided it has met all the covenants herein, and, to the extent permitted by law, the City will not grant a franchise for the operation of any competing Waterworks and System.

K. The City will adopt a budget for the Fund prior to the beginning of each Fiscal Year, subject to applicable state law, providing for payment of all sums to be due in the Fiscal Year so as to comply with the terms of this Ordinance. If during the Fiscal Year

there are extraordinary variations in revenues or expenditures, the City will adopt an amended budget for the remainder of the Fiscal Year, providing for Revenues and payments pursuant to this Ordinance.

*Section 14. Parity Bonds.* As long as there are any Outstanding Senior Lien Bonds or Junior Lien Bonds, no obligations or bonds of any kind shall be issued which are payable from the Revenues except upon compliance with one of the options set out below:

- (a) Senior Lien Parity Bonds may be issued for the purpose of paying the cost of repairs, replacements, renewals, improvements and extensions to the System or for refunding Outstanding Senior Lien Bonds upon compliance with the following conditions:
  - (i) The amounts required to be credited monthly to the respective accounts described in subsections (a) through (e), inclusive, of Section 12 of this Ordinance must have been credited in full up to the date of the delivery of such Senior Lien Parity Bonds.
  - (ii) The Net Revenues for the last completed Fiscal Year prior to the issuance of the Junior Lien Parity Bonds (as shown by an audit of an independent certified public accountant) or the adjusted Net Revenues, if such revenues are adjusted as hereinafter provided, must equal not less than 125% of Senior Maximum Annual Debt Service computed immediately after the issuance of the proposed Senior Lien Parity Bonds, but only for those Fiscal Years in which the Outstanding Senior Lien Bonds immediately prior to such issuance will continue to be Outstanding Senior Lien Bonds as provided herein.
  - (iii) Net Revenues of the System may be adjusted as follows:

In the event there shall have been an increase in the rates of the System from the rates in effect for the preceding Fiscal Year, which increase is in effect at the time of the issuance of any such Senior Lien Parity Bonds, the Net Revenues as described hereinabove may be adjusted to reflect the Net Revenues of the System for the immediately preceding Fiscal Year as they would have been had said then existing rates been in effect during all of said Fiscal Year. Such adjustment(s) shall be made and evidenced by the certificate of an independent consulting engineer or an independent certified public accountant employed for that purpose, which certificate shall be filed with and approved by the Corporate Authorities prior to the issuance of the proposed Senior Lien Parity Bonds.

- (b) Senior Lien Parity Bonds may be issued to refund Outstanding Senior Lien Bonds if the Senior Lien Parity Bonds so issued (i) do not exceed the principal amount of

the Outstanding Senior Lien Bonds to be refunded, (ii) do not bear interest at a rate in excess of the Outstanding Senior Lien Bonds to be refunded, and (iii) do not mature earlier than any Outstanding Senior Lien Bonds not to be refunded.

- (c) Senior Lien Parity Bonds may be issued to refund Outstanding Senior Lien Bonds in order to avoid default in the payment of principal of or interest on Outstanding Senior Lien Bonds; provided they are issued to avoid such default within three months of the date thereof.
- (d) Junior Lien Parity Bonds may be issued for the purpose of paying the cost of repairs, replacements, renewals, improvements and extensions to the System or for refunding Outstanding Junior Lien Bonds upon compliance with the following conditions:
  - (i) The amounts required to be credited monthly to the respective accounts described in subsections (a) through (g), inclusive, of Section 12 of this Ordinance must have been credited in full up to the date of the delivery of such Junior Lien Parity Bonds.
  - (ii) The Net Revenues for the last completed Fiscal Year prior to the issuance of the Parity Bonds (as shown by an audit of an independent certified public accountant) or the adjusted Net Revenues, if such revenues are adjusted as hereinafter provided, must equal not less than 125% of Junior Maximum Annual Debt Service computed immediately after the issuance of the proposed Junior Lien Parity Bonds, but only for those Fiscal Years in which the Outstanding Junior Lien Bonds immediately prior to such issuance will continue to be Outstanding Junior Lien Bonds as provided herein.
  - (iii) For purposes of this subparagraph (d), Net Revenues of the System may be adjusted as follows:
    - In the event there shall have been an increase in the rates of the System from the rates in effect for the preceding Fiscal Year, which increase is in effect at the time of the issuance of any such Junior Lien Parity Bonds, the Net Revenues as described hereinabove may be adjusted to reflect the Net Revenues of the System for the immediately preceding Fiscal Year as they would have been had said then existing rates been in effect during all of said Fiscal Year. Such adjustment(s) shall be made and evidenced by the certificate of an independent consulting engineer or an independent certified public accountant employed for that purpose, which certificate shall be filed with and approved by the Corporate Authorities prior to the issuance of the proposed Junior Lien Parity Bonds.

- (e) Junior Lien Parity Bonds may be issued to refund Outstanding Junior Lien Bonds if the Junior Lien Parity Bonds so issued (i) do not exceed the principal amount of the Outstanding Junior Lien Bonds to be refunded, (ii) do not bear interest at a rate

in excess of the Outstanding Junior Lien Bonds to be refunded, and (iii) do not mature earlier than any Outstanding Junior Lien Bonds not to be refunded.

(f) Junior Lien Parity Bonds may be issued to refund Outstanding Junior Lien Bonds in order to avoid default in the payment of principal of or interest on Outstanding Junior Lien Bonds; provided they are issued to avoid such default within three months of the date thereof.

(g) Bonds or other obligations may be issued payable from the Revenues subordinate to the Outstanding Junior Lien Bonds. Such subordinate bonds shall be payable from the Surplus Account continued in Section 12 of this Ordinance.

Contracts or agreements, including long-term and take or pay contracts or agreements, for the supply of water which by their terms require payment by the City as an Operation and Maintenance Cost or from the Operation and Maintenance Account are expressly excluded from the provisions of this Ordinance pertaining to Parity Bonds. Such contracts or agreements may be made by the City notwithstanding any of the provisions herein.

In any ordinance authorizing Parity Bonds, it shall be proper to incorporate provisions of this Ordinance by reference and, where appropriate, to have the term "*Bonds*" as used herein mean Outstanding Bonds theretofore issued and the Parity Bonds authorized by such ordinance.

*Section 15. Sale of the Bonds; IEPA Loan Agreements.* The Bonds shall be executed and delivered to the Bond Registrar and be by the Bond Registrar delivered to the purchaser thereof, namely, the IEPA, all in accordance with the provisions of one or more Loan Agreements, in the form as previously approved by the Corporate Authorities, hereby ratified, approved, and confirmed, by and between the IEPA and the City, the Mayor of the City being hereby authorized to execute any such Loan Agreement.

Further, the Corporate Authorities hereby authorize acceptance of the offer of a loan through the Loan Program, including all terms and conditions of each Loan Agreement as well as all special conditions contained therein and made a part thereof by reference. The Corporate Authorities further agree that the loan funds awarded shall be used solely for the purposes of the Project as approved by the IEPA in accordance with the terms of each Loan Agreement. Any of

the officers and officials of the City shall be authorized to take all necessary action to complete the borrowing in accordance with the terms of a Loan Agreement. The Corporate Authorities may authorize by ordinance or resolution a person other than the Mayor for the sole purpose of authorizing or executing any documents associated with payment requests or reimbursements from the IEPA in connection with each Loan Agreement.

To the extent permitted by law, and so long as the IEPA is the registered owner of the Bonds, the City and this Ordinance shall be subject to the Loan Agreement.

It is hereby found and determined that no person holding any office of the City, either by election or appointment, is in any manner interested, either directly or indirectly, in his or her own name or in the name of any other person, association, trust or corporation, in said contract for the purchase of the Bonds.

*Section 16. Use of Proceeds, Expense Fund.* The proceeds derived from the sale of the Bonds and advances made from time to time from the IEPA shall be used solely and only to pay eligible costs of the Project as provided in each Loan Agreement, or to reimburse the City for such costs as previously advanced, all in accordance with the terms of such Loan Agreement, and shall be deposited as follows:

A. Accrued interest and capitalized interest, if any, shall be credited to the Junior Bond and Interest Account.

B. If such proceeds represent a reimbursement of funds previously advanced and spent for the Project, the fund or account from which such advances or expenditures were made shall be repaid.

C. All remaining proceeds shall be deposited into a separate account denominated the "IEPA Bonds Project Account" (the "Project Account") and disbursed for costs of the Project, including reasonable incidental costs, such as costs of issuance of the Bonds.

Within 60 days after full depletion of the Project Account or payment of all costs of the Project, as herein referred to, and as heretofore approved by the Corporate Authorities, a

Designated Officer shall certify to the Corporate Authorities the fact of such depletion or the engineer in responsible charge of the Project shall certify to the Corporate Authorities the fact that the work has been completed according to approved plans and specifications, as applicable, and upon approval of such certification by the Corporate Authorities, funds (if any) remaining in the Project Account shall be credited to the Junior Bond Reserve Account, or, if such account is fully funded, to the Junior Bond and Interest Account and held for the purposes thereof; and the Project Account shall be closed.

Funds on deposit in the Project Account may be invested by appropriate City officer in accordance with City investment policy. All investment earnings in the Project Account shall be credited to the Project Account.

*Section 17. Provisions a Contract.* The provisions of this Ordinance shall constitute a contract between the City and the owners or holders of the Outstanding Bonds and no changes, additions, or alterations of any kind shall be made hereto, except as herein provided, so long as there are any Outstanding Bonds.

*Section 18. Tax Certificate.* The City agrees and covenants with the IEPA that, upon request, and prior to the execution of a Loan Agreement, it will submit to the IEPA a tax certificate as provided by the IEPA concerning the Bonds and applicable federal tax law that applies to the Bonds. In connection therewith, the City and the Corporate Authorities 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 Bonds and to comply with such advice as may be given; (c) 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, financial advisors, attorneys, and other persons to assist the City.

*Section 19. List of Bondholders.* The Bond Registrar shall maintain a list of the names and addresses of the registered owners of all Bonds.

*Section 20. Rights and Duties of Bond Registrar.* The duties of the Bond Registrar shall 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 to the extent permitted by law;
- (c) to give notice of redemption of Bonds as provided herein;
- (d) to cancel and/or destroy Bonds which have been paid at maturity or upon earlier redemption or submitted for transfer; and
- (e) 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.

The City Clerk of the City is hereby directed to file a certified copy of this Ordinance with the Bond Registrar.

*Section 21. Defeasance.* Bonds which are no longer Outstanding Bonds as defined in this Ordinance shall cease to have any lien on or right to receive or be paid from Revenues and shall no longer have the benefits of any covenant relating to the Revenues or security for the Bonds for the registered owners of Outstanding Bonds as set forth herein.

*Section 22. 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 23. Repealer and Effective Date.* All ordinances, resolutions or orders, or parts thereof, in conflict with the provisions of this Ordinance are to the extent of such conflict hereby repealed, and this Ordinance shall be in full force and effect immediately.

ADOPTED by the City Council on February 17, 2026.

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

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

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

ABSTAIN: \_\_\_\_\_

ADOPTED: February 17, 2026

Approved: February 17, 2026.

\_\_\_\_\_ Mayor

RECORDED in the City Records on February 17, 2026.

ATTEST:

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

[SEAL]

Alderman \_\_\_\_\_ moved and Alderman \_\_\_\_\_ seconded the motion that said ordinance as presented and read by title by the City Clerk be adopted.

After a full and complete discussion thereof including a public recital of the nature of the matter being considered and such other information as would inform the public of the business being conducted, the Mayor directed that the roll be called for a vote upon the motion to adopt the ordinance as read.

Upon the roll being called, the following Aldermen voted:

AYE: \_\_\_\_\_

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.

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

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

---

City Clerk

STATE OF ILLINOIS        )  
                              ) SS  
COUNTY OF WILL        )

### **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 Crest Hill, Will County, Illinois (the "City"), and as such officer I am the keeper of the books, records, files, and journal of proceedings of the City and of the City Council (the "Corporate Authorities") thereof.

I do further certify that the foregoing constitutes a full, true and complete transcript of the minutes of the legally convened meeting of the Corporate Authorities held on the 17th day of February, 2026, insofar as same relates to the adoption of an ordinance numbered \_\_\_\_\_ and entitled:

AN ORDINANCE authorizing and providing for the issue of not to exceed \$4,400,000 Waterworks and Sewerage Revenue Bonds, Junior Lien (IEPA), of the City of Crest Hill, Will County, Illinois, for the purposes of paying the costs of improving the combined waterworks and sewerage system of the City, prescribing all the details of said Bonds, providing for the collection, segregation and distribution of the revenues of the waterworks and sewerage system of said City and authorizing the sale of said Bonds to the Illinois Environmental Protection Agency.

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 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 Corporate Authorities at least 96 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 96-hour period preceding said meeting, that said agendas so posted is attached hereto as *Exhibit A*; that said meeting was called and held in strict accordance with the provisions of the Open Meetings Act of the State of Illinois, as amended; and that the Corporate Authorities have complied with all of the applicable provisions of said Act and their procedural rules in the adoption of said ordinance.

IN WITNESS WHEREOF, I have hereunto affixed my official signature and the seal of the City, this 17th day of February, 2026.

(SEAL)

---

City Clerk

[Attach Agenda as Exhibit A]