

MINUTES of a regular public meeting of the City Council of the City of Rochelle, Ogle and Lee Counties, Illinois, held in the Council Chambers of City Hall of the City at 420 North 6th Street in Rochelle, Illinois, at 6:30 P.M., on the 27th day of November, 2023.

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

Upon the roll being called, the following Members answered present: _____

The following Members 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 Member was not permitted to attend the meeting by video or audio conference.

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

The Mayor announced that the City Council would next consider the adoption of an ordinance providing for the issuance of alternate revenue bonds for the purpose of financing various capital projects within the City and other associated costs, and related costs of issuance of the bonds, and providing for the levy of a direct annual tax sufficient to pay the principal of and interest on said bonds.

Whereupon Member _____ presented and read by title an ordinance as follows, a copy of which was provided to each Member of the City Council prior to said meeting and to everyone in attendance at said meeting who requested a copy:

ORDINANCE NUMBER _____

AN ORDINANCE authorizing the issuance of General Obligation Bonds (Alternate Revenue Source), Series 2023A of the City of Rochelle, Ogle and Lee Counties, Illinois, in an aggregate principal amount of not to exceed \$2,500,000 for the purpose of financing the costs of certain capital projects within the City and paying for costs related thereto and providing for the levy of a direct annual tax sufficient to pay the principal of and interest on said bonds.

Adopted by the City Council on the 27th day
of November, 2023.

TABLE OF CONTENTS

SECTION	HEADING	PAGE
PREAMBLES	1
SECTION 1.	DEFINITIONS	3
SECTION 2.	INCORPORATION OF PREAMBLES.....	6
SECTION 3.	DETERMINATION TO ISSUE BONDS.....	7
SECTION 4.	BOND DETAILS	7
SECTION 5.	EXECUTION; AUTHENTICATION	8
SECTION 6.	REDEMPTION.....	11
SECTION 7.	REDEMPTION PROCEDURE	12
SECTION 8.	REGISTRATION AND EXCHANGE OR TRANSFER OF BONDS; PERSONS TREATED AS OWNERS	15
SECTION 9.	FORM OF BOND	16
SECTION 10.	ALTERNATE BONDS; GENERAL OBLIGATIONS; TAX LEVY.....	21
SECTION 11.	TAX ABATEMENT.....	23
SECTION 12.	FILING WITH COUNTY CLERKS.....	23
SECTION 13.	TREATMENT OF BONDS AS DEBT	24
SECTION 14.	SALE OF BONDS	24
SECTION 15.	CREATION OF FUNDS AND APPROPRIATIONS; FLOW OF FUNDS	24
SECTION 16.	PARITY BONDS; ADDITIONAL BONDS	28
SECTION 17.	REIMBURSEMENT.....	29
SECTION 18.	NOT PRIVATE ACTIVITY BONDS	30
SECTION 19.	TAX COVENANTS	30
SECTION 20.	BANK QUALIFIED BONDS.....	31
SECTION 21.	REGISTERED FORM	32
SECTION 22.	COVENANTS OF THE CITY	32
SECTION 23.	FURTHER TAX COVENANTS	34
SECTION 24.	NONCOMPLIANCE WITH TAX COVENANTS	36
SECTION 25.	OPINION OF COUNSEL EXCEPTION	36
SECTION 26.	RIGHTS AND DUTIES OF BOND REGISTRAR AND PAYING AGENT	37
SECTION 27.	DEFEASANCE	37
SECTION 28.	PUBLICATION OF ORDINANCE	38
SECTION 29.	SUPERSEDER	38

ORDINANCE NUMBER _____

AN ORDINANCE authorizing the issuance of General Obligation Bonds (Alternate Revenue Source), Series 2023A of the City of Rochelle, Ogle and Lee Counties, Illinois, in an aggregate principal amount of not to exceed \$2,500,000 for the purpose of financing the costs of certain capital projects within the City and paying for costs related thereto and providing for the levy of a direct annual tax sufficient to pay the principal of and interest on said bonds.

WHEREAS, the City of Rochelle, Ogle and Lee Counties, Illinois (the “City”), is a municipal corporation and body politic of the State of Illinois (the “State”), duly created, organized and existing under the Illinois Municipal Code (the “Municipal Code”), and having the powers, objects and purposes provided by said Municipal Code; and

WHEREAS, the Mayor and the City Council of the City (the “Corporate Authorities”) have determined that it is necessary to (i) finance the costs of certain capital projects within the City, including but not limited to the purchase and demolition of property, property redevelopment, installation of infrastructure including streets, curb and gutter, water mains, sewer lines and storm sewers, installation of new street lighting, and the installation and burying of electric infrastructure (collectively, the “Project”) and (ii) pay certain costs of issuance of the Bonds (as such term is hereinafter defined), all for the benefit of the inhabitants of the City; and

WHEREAS, the estimated cost of the Project, including legal, financial, bond discount, if any, printing and publication costs, capitalized interest, if any, and other expenses (collectively, the “Costs”), will not exceed \$2,500,000, and there are insufficient funds on hand and lawfully available to pay such Costs; and

WHEREAS, it is necessary for the best interests of the City that the Project be completed, and in order to raise funds required for such purpose it will be necessary for the City to borrow an aggregate principal amount of not to exceed \$2,500,000 and in evidence thereof to issue

alternate bonds, being general obligation bonds payable from (i) incremental taxes derived from the City's applicable tax increment financing ("TIF") redevelopment project area, namely the City's Tax Increment Financing Redevelopment Project Area, Downtown & Southern Gateway TIF District (the "TIF District") in which the project is located, arising under Section 5/11-74.4-8 of the TIF Act of the State, as amended, and (ii) any and such other funds of the City lawfully available and annually appropriated for such purpose (the "Pledged Revenues") in an aggregate principal amount of not to exceed \$2,500,000, all in accordance with the Local Government Debt Reform Act of the State, 30 ILCS 350/1 to 350/18 (the "Debt Reform Act"); and

WHEREAS, if the aforementioned revenue sources are insufficient to pay the alternate bonds, ad valorem property taxes upon all taxable property in the City without limitation as to rate or amount (the "Pledged Taxes") are authorized to be extended to pay the principal of and interest on the alternate bonds; and

WHEREAS, on the 15th day of October, 2023, an authorizing ordinance for an amount not to exceed \$2,500,000 (the "Authorizing Ordinance") related to the Project, together with a notice in the statutory form, was published in the *Rochelle News-Leader*, being a newspaper of general circulation in the City, and an affidavit evidencing the publication of the Authorizing Ordinance and said notice has heretofore been presented to the Corporate Authorities and made a part of the permanent records of the Corporate Authorities; and

WHEREAS, on the 10th day of October, 2023, the Corporate Authorities held a public hearing pursuant to the Bond Issuance Notification Act following notice published in the *Rochelle News-Leader*, on the 1st day of October, 2023; and

WHEREAS, more than thirty (30) days have expired since the date of publication of the Authorizing Ordinance and said notice, and no petition with the requisite number of valid

signatures thereon was filed with the City Clerk requesting that the question of the issuance of the alternate bonds be submitted to referendum; and

WHEREAS, the Corporate Authorities deem it advisable, necessary and for the best interests of the City that not to exceed \$2,500,000 of the bonds so authorized be issued; and

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

WHEREAS, the Corporate Authorities hereby determine that the Pledged Revenues will provide in each year an amount not less than 1.25 times debt service of the alternate bonds proposed to be issued in accordance with the Debt Reform Act; and

WHEREAS, such determination is supported by the most recent audit of the City (the “Audit”), which Audit has been presented previously to the Corporate Authorities and is on file currently with the City Clerk; and

WHEREAS, the alternate bonds to be issued will be payable from the Pledged Revenues and the Pledged Taxes; and

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF ROCHELLE, OGLE COUNTY, ILLINOIS, AS FOLLOWS:

Section 1. Definitions. In addition to such other words and terms used and defined in this Ordinance, the following words and terms used in this Ordinance shall have the following meanings, unless, in either case, the context or use clearly indicates another or different meaning is intended:

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

“Act” means, collectively, the Local Government Debt Reform Act (Section 350/1 et seq. of Chapter 30 (and particularly Section 350/15 thereof) of the Illinois Compiled Statutes, as

supplemented and amended, and applicable laws in connection with the imposition, distribution, receipt, and application of the Pledged Revenues, as supplemented and amended, including without limitation, the Constitution of the State, the Registered Bond Act, and the Bond Authorization Act.

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

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

“*Bond*” or “*Bonds*” means one or more, as applicable, of the Bonds authorized to be issued by this Ordinance.

“*Bond Counsel*” means Ice Miller LLP, Chicago, Illinois.

“*Bond Fund*” means the Bond Fund established and defined in Section 15 of this Ordinance.

“*Bond Moneys*” means all moneys on deposit from time to time in the Bond Fund including investment income earned in the Bond Fund.

“*Bond Order*” means one or more certificates signed by the Designated Officers and under the seal of the City, setting forth and specifying details for the Bonds, including, as the case may be, but not limited to, specification of Pledged Taxes, final interest rates, final maturity schedules, optional and mandatory redemption provisions, reoffering premium, original issue discount (“OID”), status as “qualified tax-exempt obligations,” designation of a Bond Registrar, Paying Agent or other fiscal agent, and designation of series subject to not exceeding the specified aggregate principal amount for the Bonds, as applicable.

“Bond Registrar/Paying Agent” means the official or entity set forth in the Bond Order.

“Bond Year” means each annual period of May 1 to the next April 30, for the Bonds, subject to such lawful elections as the City may make.

“Business Day” means any day other than a day on which banks in the State are required or authorized to close.

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

“Corporate Authorities” means the Mayor and the City Council.

“Designated Officers” means the Mayor, the City Clerk, the City Finance Director/Treasurer, and the City Manager, or their successors or assigns.

“Fiscal Year” means that twelve-calendar month period selected by the Corporate Authorities as the Fiscal Year for the City, currently January 1 to December 31.

“Ordinance” means this Ordinance, numbered as set forth on the title page hereof, and passed by the Corporate Authorities on the 27th day of November, 2023.

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

“*Pledged Revenues*” shall have the meaning above in the recitals to this Ordinance.

“*Pledged Taxes*” means the Taxes authorized to be levied in Section 10 to secure and pay the Bonds.

“*Project*” shall have the meaning above in the recitals to this Ordinance.

“*Purchaser*” shall mean the purchaser set forth in the Bond Order.

“*Record Date*” means the 15th day (whether or not a business day) of the calendar month next preceding any regularly scheduled interest payment date and the 15th day (whether or not a business day) of the calendar month next preceding any interest payment date occasioned by a redemption of Bonds on other than a regularly scheduled interest payment date.

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

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

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

“*United States*” shall mean the United States of America.

B. Certain further words and terms used in various sections are defined therein.

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

Section 3. Determination to Issue Bonds. It is necessary and in the best interests of the City to undertake the Project and to pay all necessary costs thereof, to pay all related costs and expenses incidental thereto, and to borrow money and issue the Bonds for such purposes. It is hereby found and determined that such borrowing of money is for a proper public purpose or purposes and is in the public interest and is authorized pursuant to the Act; and these findings and determinations shall be deemed conclusive.

Section 4. Bond Details. For the purpose of providing for the costs of the Project, there shall be issued and sold the Bonds in the principal amount of not to exceed \$2,500,000. The Bonds shall each be designated “*General Obligation Bond (Alternate Revenue Source), Series 2023A*”. The Bonds shall be dated the date of closing (the “Dated Date”); and shall also bear the date of authentication thereof. The Bonds shall be in fully registered form, shall be in denominations of \$5,000 or any integral multiple thereof (but no single Bond shall represent principal maturing on more than one date), and shall be numbered consecutively in such fashion as shall be determined by the Bond Registrar. Subject to the Bond Order, the Bonds are hereby authorized to bear interest at a rate not to exceed 6.00% and mature in the principal amount on December 1 of each of the years (subject to redemption, as the case may be), not to exceed \$325,000 for any year commencing not before 2024 and ending not later than 2040, as shall be specified in the Bond Order.

Each Bond shall bear interest from the later of its Dated Date as herein provided or from the most recent interest payment date to which interest has been paid or duly provided for, until the principal amount of such Bond is paid or duly provided for, 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 Order, 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 the Paying Agent, payable in lawful money of the United States, to the person in whose name such Bond is registered at the close of business on the applicable Record Date and mailed to the registered owner of the Bond as shown in the Bond Registrar or at such other address furnished in writing by such Registered Owner. The principal of the Bonds shall be payable in lawful money of the United States upon presentation thereof at the office maintained for such purpose by the Paying Agent or at successor Paying Agent and locality.

Section 5. Book Entry Provisions. The Bonds shall be initially issued in the form of a separate single fully-registered Bond for each of the maturities of the Bonds. Upon initial issuance, the ownership of each such Bond shall be registered in the Bond Register in the name of “Cede & Co.”, or any successor thereto, as nominee of The Depository Trust Company, New York, New York (the “Depository”). All of the outstanding Bonds from time to time shall be registered in the Bond Register in the name of Cede & Co., as nominee of the Depository. The City Finance Director/Treasurer, as representative of the City, is authorized to execute and deliver on behalf of the City, and as such agent for the City, such letters to or agreements with the Depository as shall be necessary to effectuate such book-entry system (any such letter or agreement being referred to herein as the “Representation Letter”). Without limiting the generality of the authority given with respect to entering into such Representation Letter, it may contain provisions relating to (a) payment procedures, (b) transfers of the Bonds or of beneficial interests therein, (c) redemption notices and procedures unique to the Depository, (d) additional

notices or communications, and (e) amendment from time to time to conform with changing customs and practices with respect to securities industry transfer and payment practices.

With respect to Bonds registered in the Bond Register in the name of Cede & Co., as nominee of the Depository, none of the City, the Paying Agent or the Bond Registrar shall have any responsibility or obligation to any broker-dealer, bank or other financial institution for which the Depository holds Bonds from time to time as securities depository (each such broker-dealer, bank or other financial institution being referred to herein as a “Depository Participant”) or to any person on behalf of whom such a Depository Participant holds an interest in the Bonds. Without limiting the meaning of the immediately preceding sentence, the City, the Paying Agent and the Bond Registrar shall have no responsibility or obligation with respect to (a) the accuracy of the records of the Depository, Cede & Co., or any Depository Participant with respect to any ownership interest in the Bonds, (b) the delivery to any Depository Participant or any other person, other than a registered owner of a Bond as shown in the Bond Register, of any notice with respect to the Bonds, including any notice of redemption, or (c) the payment to any Depository Participant or any other person, other than a registered owner of a Bond as shown in the Bond Register, of any amount with respect to principal of or interest on the Bonds. No person other than a registered owner of a Bond as shown in the Bond Register shall receive a Bond certificate with respect to any Bond. Upon delivery by the Depository to the Bond Registrar of written notice to the effect that the Depository has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions hereof with respect to the payment of interest to the registered owners of Bonds at the close of business on the applicable record date, the name “Cede & Co.” in this Ordinance shall refer to such new nominee of the Depository.

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

Section 6. 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 7. Redemption. (a) Optional Redemption. If so provided in a Bond Order, the Bonds may be subject to redemption prior to maturity at the option of the City as a whole, or 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 of redemption provided in said Bond Order, and on any date thereafter, at the redemption price of par plus accrued interest to the redemption date.

(b) Mandatory Redemption. The Bonds maturing on the date or dates, if any, indicated in the Bond Order, 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 Order.

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 Council 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.

Section 8. Redemption Procedure. For a mandatory redemption, the Bond Registrar shall proceed to redeem Bonds without any further order or direction from the City whatsoever. For optional redemption, the City shall, at least thirty (30) days prior to the 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 maturities and principal amounts of Bonds to be redeemed. For purposes of any redemption of less than all of the Bonds of a single maturity, the particular Bonds or portions of Bonds to be redeemed shall be selected by lot not more than sixty (60) days prior to the redemption date by the Bond Registrar for 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 promptly notify the City and the Paying Agent in writing of the Bonds or portions of Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed.

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

All official notices of redemption shall include at least the information as follows:

- (a) the redemption date;
- (b) the redemption price;
- (c) if less than all of the outstanding Bonds of a particular maturity are to be redeemed, the identification (and, in the case of partial redemption of Bonds within such maturity, the respective principal amounts) of the Bonds to be redeemed;
- (d) a statement that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption and that interest thereon shall cease to accrue from and after said date; and
- (e) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the office maintained for such purpose by the Paying Agent.

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

Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the City shall default in the payment of the redemption price), such Bonds or portions of Bonds shall cease to bear interest. Neither the failure to mail such redemption notice, nor any defect in any notice so mailed, to any particular registered owner of a Bond, shall affect the sufficiency of such notice with respect to other registered owners. Notice having been properly given, failure of a registered owner of a Bond to receive such notice shall not be deemed to invalidate, limit, or

delay the effect of the notice or redemption action described in the notice. Such notice may be waived in writing by a registered owner of a Bond entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by registered owners shall be filed with the Bond Registrar, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Paying Agent at the redemption price. The procedure for the payment of interest due as part of the redemption price shall be as herein provided for payment of interest otherwise due. Upon surrender for any partial redemption of any Bond, there shall be prepared for the registered owner a new Bond or Bonds of like tenor, of authorized denominations, of the same maturity, and bearing the same rate of interest in the amount of the unpaid principal.

If any Bond or portion of a Bond called for redemption shall not be so paid upon surrender thereof for redemption, the principal shall, until paid or duly provided for, 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 canceled and destroyed by the Bond Registrar and shall not be reissued.

The City agrees to provide such additional notice of redemption as it may deem advisable at such time as it determines to redeem Bonds, taking into account any requirements or guidance of the Securities and Exchange Commission, the Municipal Securities Rulemaking Board, the Government Accounting Standards Board, or any other federal or state agency having jurisdiction or authority in such matters; *provided, however*, that such additional notice shall be (1) advisory in nature, (2) solely in the discretion of the City, and (3) not be a condition precedent of a valid redemption or a part of the Bond contract, and any failure or defect in such

notice shall not delay or invalidate the redemption of Bonds for which proper official notice shall have been given.

As part of their respective duties hereunder, the Bond Registrar and Paying Agent shall prepare and forward to the City a statement as to notice given with respect to each redemption together with copies of the notices as mailed and published.

Section 9. Registration and Exchange or Transfer of Bonds; Persons Treated as Owners. The City shall cause the Bond Register to be kept at the office maintained for such purpose by 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.

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 maintained for such purpose by 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 an attorney for such owner 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 from the close of business on the Record Date for an interest payment to the opening of

business on such interest payment date, nor to transfer or exchange any Bond after notice calling such Bond for redemption has been mailed, nor during a period of fifteen (15) days next preceding mailing of a notice of redemption of any Bonds.

The 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*, that 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 legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

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

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

REGISTERED
No. _____

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF ILLINOIS
COUNTIES OF OGLE AND LEE
CITY OF ROCHELLE
GENERAL OBLIGATION BOND (ALTERNATE REVENUE SOURCE), SERIES 2023A

Interest Maturity Dated
Rate: ____% Date: December 1, 20__ Date: _____, 2023 CUSIP: _____

Registered Owner: CEDE & CO.

Principal Amount:

KNOW ALL PERSONS BY THESE PRESENTS that the City of Rochelle, Ogle and Lee Counties, Illinois (the "City"), a municipal corporation and body politic of the State of Illinois (the "State"), 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 upon 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 semiannually on June 1 and December 1 of each year, commencing _____, 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 (the "United States") upon presentation hereof at the office maintained for such purpose by _____ (the "Paying Agent" or "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 said location at the close of business on the applicable Record Date. Interest shall be paid by check or draft of the Paying Agent, payable in lawful money of the United States, 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.

It is hereby certified and recited that all conditions, acts and things required by the Constitution and Laws of the State to exist or to be done precedent to and in the issuance of this Bond, including the authorizing 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.

This bond is one of a series of bonds (the "Bonds") issued by the City for the purpose of paying costs of the Project and expenses incidental thereto, all as described and defined in the ordinance authorizing the Bonds (the "Bond Ordinance"), payable as to principal and interest from (i) the distributive share of incremental taxes derived from the TIF District, and (ii) ad valorem property taxes upon all taxable property in the City without limitation as to rate or amount, all in accordance with the provisions of the Local Government Debt Reform Act of the State, as supplemented and amended. The full faith, credit and resources of the City are pledged to the punctual payment of the principal of and interest on the Bonds. This Bond is negotiable, subject to registration provisions, pursuant to the laws of the State.

This Bond is subject to provisions relating to registration, transfer, and exchange; and such other terms and provisions relating to security and payment as are set forth in the Bond Ordinance, to which reference is hereby expressly made, and to all the terms of which the Registered Owner hereof is hereby notified and shall be subject.

[Optional and Mandatory Redemption language as applicable.]

The City has designated the bonds as qualified tax-exempt obligations to qualify the bonds for the \$10,000,000 exception from the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, relating to the disallowance of 100% of the deduction for interest expense allocable to tax-exempt obligations.

IN WITNESS WHEREOF the City of Rochelle, Ogle and Lee Counties, Illinois has caused this Bond to be executed by the manual or duly authorized facsimile signature of the Mayor, the seal of said City (or a facsimile thereof) to be affixed, imprinted, engraved, or otherwise reproduced hereon, and countersigned by the manual or duly authorized facsimile signature of the City Clerk, all as of the Dated Date identified above.

CITY OF ROCHELLE,
OGLE AND LEE COUNTIES, ILLINOIS

By _____
Mayor

[SEAL]

Countersigned:

BY _____
City Clerk

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within-mentioned Bond Ordinance and is one of the General Obligation Bonds (Alternate Revenue Source), Series 2023A, having a Dated Date of _____, 2023, of the City of Rochelle, Ogle and Lee Counties, Illinois.

_____, as Registrar

By _____
Authorized Officer

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns 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 11. Alternate Bonds; General Obligations; Tax Levy. The Bonds are and constitute Alternate Bonds under the Debt Reform Act, anticipated to be payable from Pledged Revenues. Under and pursuant to Section 15 of the Debt Reform Act, the full faith and credit of the City are hereby irrevocably pledged to the punctual payment of the principal of, premium, if any, and interest on the Bonds (the “Debt Service”); the Bonds shall be direct and general obligations of the City; and, should the Pledged Revenues be insufficient to pay the Debt Service due, the City shall be obligated to levy ad valorem taxes upon all the taxable property within the City’s corporate limits, for the payment of the Bonds and the interest thereon, without limitation as to rate or amount (such ad valorem taxes being the “Pledged Taxes” previously defined).

Pledged Revenues are hereby determined by the Corporate Authorities to be sufficient to provide for or pay in each year to final maturity of the Bonds all of the following: (1) the debt service on all Outstanding revenue bonds payable from Pledged Revenues, (2) all amounts required to meet any fund or account requirements with respect to such Outstanding revenue bonds, (3) other contractual or tort liability obligations, if any, payable from such Pledged Revenues, and (4) in each year, an amount not less than 1.25 times debt service of all (i) Alternate Bonds payable from such Pledged Revenues previously issued and outstanding, and (ii) Alternate Bonds payable from such Pledged Revenues proposed to be issued, including the Bonds. The Pledged Revenues shall be and are hereby determined by the Corporate Authorities to provide in each year an amount not less than 1.25 times debt service (as defined in Section 3 of the Debt Reform Act) of Alternate Bonds payable from such revenue sources previously issued and outstanding, and Alternate Bonds proposed to be issued. Such conditions enumerated need not be met for that amount of debt service (as defined in Section 3 of the Debt Reform Act) provided for by the setting aside of proceeds of bonds or other moneys at the time of the delivery

of such bonds. The Pledged Revenues are hereby determined by the Corporate Authorities to provide in each year all amounts required to meet any fund or account requirements with respect to this Ordinance, any contractual or tort liability obligations, if any, payable from Pledged Revenues, and an amount not less than 1.25 times debt service (as defined in Section 3 of the Debt Reform Act) of all of the Outstanding Bonds, payable from such Pledged Revenues. The determination of the sufficiency of the Pledged Revenues is expected to be supported by reference to the most recent audit of the City, which audit is for a Fiscal Year ending not earlier than eighteen (18) months prior to the time of issuance of the Bonds, and not otherwise a “report” under Section 15 of the Debt Reform Act shall be prepared.

For the purpose of providing the money required to pay the interest on the Bonds when and as the same falls due and to pay and discharge the principal thereof as the same shall mature, there shall be levied upon all the taxable property within the City’s corporate limits in each year while any of the Bonds shall be Outstanding, and there is hereby levied, in addition to all other taxes levied by the City, the Pledged Taxes in the amounts for each year not to exceed \$325,000, commencing for each levy year, commencing not before 2023 and ending not later than 2039, as shall be specified in an applicable Bond Order.

The Pledged Revenues and other moneys on deposit in the Bond Fund shall be applied first to pay the Debt Service on the Bonds.

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

Section 12. Tax Abatement. The City covenants and agrees with the Purchaser and registered owners of the Bonds that so long as any of the Bonds remain outstanding, the City will take no action or fail to take any action which in any way would adversely affect the ability of the City to levy and collect the foregoing tax levy, unless and to the extent there then shall be moneys irrevocably on deposit therefor in the applicable debt service account or accounts established under Section 15 below and in accordance with this Section. The City and its officers will comply with all present and future applicable laws in order to assure that the Pledged Taxes may be levied, extended, and collected as provided herein and deposited into the Bond Fund.

In the event that funds from any lawful source may 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 Corporate Authorities shall, by proper proceedings, direct the deposit of such other funds into the Bond Fund, and further shall direct the abatement of the Pledged Taxes by the amount so deposited. A certified copy or other notification of any such proceedings abating taxes may then be filed with the County Clerks of the Counties of Ogle and Lee, Illinois (the “County Clerks”), in a timely manner to affect such abatement.

Section 13. Filing with County Clerks. Promptly, as soon as this Ordinance becomes effective, a copy hereof, certified by the City Clerk of the City, shall be filed with the County Clerks; and said County Clerks shall in and for each of the years set forth in the Bond Order, ascertain the rate percent required to produce the aggregate Pledged Taxes hereinbefore provided to be levied in each of said years and subject to abatement as provided in said Section 11; and said County Clerks shall extend the same for collection on the tax books in connection with other taxes levied in said years in and by the City for general purposes of the City; and, subject to

abatement as stated hereinabove, in said years such annual tax shall be levied and collected by and for and on behalf of the City in like manner as taxes for general purposes for said years are levied and collected, and in addition to and in excess of all other taxes.

Section 14. Treatment of Bonds as Debt. The Bonds are to be payable from applicable Pledged Revenues and shall not constitute an indebtedness of the City within the meaning of any constitutional or statutory limitation, unless the Pledged Taxes shall have been extended pursuant to the general obligation, full faith and credit promise supporting the Bonds, as set forth in Section 10 hereof, in which case the amount of the Alternate Bonds then Outstanding shall be included in the computation of indebtedness of the City for purposes of all statutory provisions or limitations until such time as an audit of the City shall show that the Bonds have been paid from the Pledged Revenues for the Alternate Bonds for a complete Fiscal Year, in accordance with the Applicable Law.

Section 15. Sale of Bonds. The Bonds shall be executed as in this Ordinance provided as soon after the passage hereof as may be, shall be deposited with the Bond Registrar, and shall be delivered to the Purchaser thereof, upon receipt of the purchase price therefor, the same being not less than 96% of the principal amount of the Bonds plus accrued interest, if any, to date of delivery, it being hereby found and determined that the sale of the Bonds to the Purchaser is in the best interests of the City and that no person holding any office of the City, either by election or appointment, is in any manner financially interested directly in his or her own name or indirectly in the name of any other person, association, trust or corporation, in the sale of the Bonds to the Purchaser.

Prior to the sale of the Bonds, the Mayor or the City Treasurer is hereby authorized to approve and execute a commitment for the purchase of a Municipal Bond Insurance Policy (as

hereinafter defined), to further secure the Bonds, as long as the present value of the fee to be paid for the Municipal Bond Insurance Policy (using as a discount rate the expected yield on the Bonds treating the fee paid as interest on the Bonds) is less than the present value of the interest reasonably expected to be saved on the Bonds over the term of the Bonds as a result of the Municipal Bond Insurance Policy.

Upon the sale of the Bonds, the Designated Officers shall prepare the Bond Order, which shall include the pertinent details of sale as provided herein. In the Bond Order, the Designated Officers 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 the Bonds does not exceed the maximum rate otherwise authorized by applicable law. The Bond Order shall be entered into the records of the City and made available to the Board at the next regular meeting thereof; but such action shall be for information purposes only, and the Board shall have no right or authority at such time to approve or reject such sale as evidenced in the Bond Order.

Upon the sale of the Bonds, as evidenced by the execution and delivery of the Bond Order by the Designated Officers, the Mayor, City Treasurer, and any other officers of the City, as shall be appropriate, shall be and are hereby authorized and directed to approve or execute, or both, such documents of sale of the Bonds as may be necessary, including, without limitation, the contract for the sale of the Bonds between the City and the Purchaser (the "Purchase Contract"). Prior to the execution and delivery of the Purchase Contract, the Designated Officers shall find and determine that no person holding any office of the City, either by election or appointment, is in any manner interested, directly or indirectly, in his own name or in the name of any other person, association, trust or corporation, in the Purchase Contract.

The Bonds before being issued shall be registered, numbered, and countersigned by the City Treasurer, such registration being made in the Bond Register, in which shall be entered the record of the resolution authorizing the Board to borrow said money and a description of the Bonds issued, including the number, date, to whom issued, amount, rate of interest and when due.

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

Section 16. Creation of Funds and Appropriations; Flow of Funds.

A. There is hereby created the “*General Obligation Bonds (Alternate Revenue Source), Series 2023A, Bond Fund*” (the “Bond Fund”), which shall be the fund for the payment of principal of and interest on the Bonds. Accrued interest and premium, if any, received upon delivery of the Bonds shall be deposited into the Bond Fund and be applied to pay first interest coming due on the Bonds.

B. The Pledged Revenues shall either be deposited into the Bond Fund and used solely and only for paying the principal of and interest on the Bonds or be used to reimburse a fund or account from which advances to the Bond Fund may have been made to pay principal of or interest on the Bonds prior to receipt of Pledged Revenues. Interest income or investment profit earned in the Bond Fund shall be retained in the Bond Fund for payment of the principal of or interest on the Bonds on the interest payment date next after such interest or profit is received

or, to the extent lawful and as determined by the Corporate Authorities, transferred to such other fund as may be determined. The City hereby pledges, as equal and ratable security for the Bonds, all present and future proceeds of the Pledged Revenues on deposit in the Bond Fund for the benefit of the registered owners of the Bonds, subject to the reserved right of the Corporate Authorities to transfer certain interest income or investment profit earned in the Bond Fund to other funds of the City, as described in the preceding sentence.

C. The sum necessary, as determined by the Designated Officers, of the principal proceeds of the Bonds shall be disbursed by the Purchaser to pay costs of issuance upon the delivery of the Bonds or, to the extent not so disbursed by the Purchaser, shall be deposited into a separate and segregated fund, hereby created, to be known as the “*Expense Fund*” (the “Expense Fund”) and shall be used by the City Clerk or City Treasurer, as applicable, to pay costs of issuance of the Bonds in accordance with normal City disbursement procedures. Any funds remaining to the credit of the Expense Fund on the date which is six (6) months following the date of delivery of the Bonds shall be transferred by the City Clerk or City Treasurer, as applicable, to the Bond Fund.

D. From the principal proceeds of the Bonds, the sum necessary, as determined by the Designated Officers, shall be used to pay costs of the Project and to that end shall be deposited into a separate and segregated account of the City, hereby created, and to be known as the “*Project Fund*” (the “Project Fund”). Monies on deposit in and to the credit of the Project Fund shall be disbursed from time to time as needed by the City Treasurer, without further official action or direction of the Corporate Authorities, in accordance with normal City procedures for disbursements of corporate funds for capital projects. Upon the completion of the Project, as certified to the City Treasurer by the architect or engineer in responsible charge of the

Project, remaining funds, if any, on deposit in and to the credit of the Project Fund shall be transferred by the City Treasurer, without further official action of or direction by the Corporate Authorities, to the Bond Fund. Monies on deposit in and to the credit of the Project Fund may be invested by the City Treasurer in any investments lawful under Illinois law for City funds, without further official action of or direction by the Corporate Authorities.

Without further official action of or direction by the Corporate Authorities, if necessary to ensure the timely payment of principal of and interest on the Bonds, monies on deposit in the Project Fund may be transferred by the City Treasurer at any time to the Bond Fund in anticipation of the collection of Pledged Taxes. Any amount so transferred shall be promptly repaid upon the collection of Pledged Taxes.

Section 17. Parity Bonds; Additional Bonds. The City reserves the right to issue bonds or other obligations, if any, which share ratably and equally in the Pledged Revenues, as set forth and provided for in any such ordinance authorizing the issuance of any such bonds (the “Parity Bonds”), without limit, provided that the Pledged Revenues as determined or as adjusted as hereinbelow set out shall be sufficient to provide for or pay all of the following: (a) debt service on all Outstanding bonds to which the Pledged Revenues have like-wise been pledged, computed immediately after the issuance of the proposed Parity Bonds; (b) all amounts required to meet any fund or account requirements with respect to such Outstanding bonds; (c) other contractual or tort liability obligations then due and payable, if any; and (d) an additional amount not less than 0.25 times the maximum annual debt service on such of the Alternate Bonds as shall remain Outstanding bonds after the issuance of the proposed Parity Bonds. Such sufficiency shall be calculated for each year to the final maturity of such Alternate Bonds which shall remain Outstanding after the issuance of the proposed Parity Bonds. The determination of

the sufficiency of Pledged Revenues shall be supported by reference to the City's most recent audit, including of the Bond Fund, which audit shall be for a Fiscal Year ending not earlier than eighteen (18) months prior to the time of issuance of the proposed Parity Bonds.

If such audit shows the Pledged Revenues to be insufficient, then the determination of sufficiency may be made in either of the following two ways:

(i) The determination of sufficiency of the Pledged Revenues may be supported by the report of an independent accountant or feasibility analyst having a national reputation for expertise in such matters, demonstrating the sufficiency of the Pledged Revenues and explaining by what means they will be greater than as shown in the audit.

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

The City reserves the right to issue Alternate Bonds from time to time (the "Additional Bonds") payable from Pledged Revenues, and any such Additional Bonds shall share ratably and equally in the Pledged Revenues with the Bonds; provided, however, that no Additional Bonds shall be issued except in accordance with the provisions of the Debt Reform Act.

Section 18. Reimbursement. None of the proceeds of the Bonds will be used to pay, directly or indirectly, in whole or in part, for an expenditure that has been paid by the City prior to the date hereof except architectural or engineering costs incurred prior to commencement of any of the construction of the Project or expenditures for which an intent to reimburse it was

properly declared under Treasury Regulations Section 1.150-2. This Ordinance adopted by the Corporate Authorities on November 27, 2023, is a declaration of official intent under Treasury Regulations Section 1.150-2 as to all costs of the Project paid after the date hereof and prior to issuance of the Bonds.

Section 19. Not Private Activity Bonds. None of the Bonds is a “private activity bond” as defined in Section 141(a) of the Code. In support of such conclusion, the City certifies, represents and covenants as follows:

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

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

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

Section 20. Tax Covenants. In order to preserve the exclusion of interest on the Bonds from gross income for federal tax purposes under Section 103 of the Code and as an inducement to underwriters of the Bonds, the City represents, covenants, and agrees that:

A. No more than 10% of the payment of the principal of or interest on the Bonds will be (under the terms of the Bonds, this Ordinance or any underlying arrangement), directly or indirectly, (i) secured by any interest in property used or to be used for a private business use or

payments in respect of such property or (ii) derived from payments (whether or not to the City) in respect of such property or borrowed money used or to be used for a private business use.

B. No more than 5% of the Bond proceeds will be loaned to any entity or person other than a state or local governmental unit. No more than 5% of the Bond proceeds will be transferred, directly or indirectly, or deemed transferred to a nongovernmental person in any manner that would in substance constitute a loan of the Bond proceeds.

C. The City reasonably expects, as of the date hereof, that the Bonds will not meet either the private business use test described in paragraph (a) above or the private loan test described in paragraph (b) above during the entire term of the Bonds.

D. Neither the City nor the Corporate Authorities will take any action or fail to take any action with respect to the Bonds that would result in the loss of the exclusion from gross income for federal tax purposes on the Bonds pursuant to Section 103 of the Code, nor will the City or the Corporate Authorities act in any other manner which would adversely affect such exclusion.

E. It shall not be an event of default under this Ordinance if the interest on any Bond is not excludable from gross income for federal tax purposes or otherwise pursuant to any provision of the Code which is not currently in effect and in existence on the date of issuance of the Bonds.

F. These covenants are based solely on current law in effect and in existence of the date of delivery of the Bonds.

Section 21. Bank Qualified Bonds. Pursuant to Section 265(b)(3) of the Code, the City as applicable at the time of sale and delivery of Bonds shall designate such Bonds as “qualified tax-exempt obligations” as defined in Section 265(b)(3) of the Code. The City by any

such designation represents that the reasonably anticipated amount of tax-exempt obligations that will be issued by the City and all subordinate entities (of which there are none) of the City during the calendar year in which the Bonds are issued will not exceed \$10,000,000 within the meaning of or to be taken into account under Section 265(b)(3) of the Code. The City by any such designation covenants that in that connection it will not so designate and issue more than \$10,000,000 aggregate principal amount of tax-exempt obligations in such calendar year. For purposes of this Section, the term “tax-exempt obligations” includes “qualified 501(c)(3) Bonds” (as defined in the Section 145 of the Code) but does not include other “private activity bonds” (as defined in Section 141 of the Code).

Section 22. Registered Form. The City recognizes that Section 149 of the Code requires the Bonds to be issued and to remain in fully registered form in order to be and remain Tax-exempt. In this connection, the City agrees that it will not take any action to permit the Bonds to be issued in, or converted into, bearer or coupon form.

Section 23. Covenants of the City. Subject to the terms and provisions contained in this Section, and not otherwise, the City covenants and agrees, so long as there are any Outstanding Bonds (as defined herein), as follows:

(a) The City will take all action necessary either to impose, collect, apply, or maintain the right to receive and apply the Pledged Revenues and Pledged Taxes in the manner contemplated by this Ordinance, and such Pledged Revenues shall not be less than as shall be required under Section 15 of the Debt Reform Act to maintain the Bonds as Alternate Bonds.

(b) The City covenants that it will, while any of the Bonds shall remain outstanding, ensure that the Pledged Revenues will be sufficient to provide for or pay each of the following in any given year: (1) debt service on all Outstanding revenue bonds payable from such revenue

sources, (2) all amounts required to meet any fund or account requirements with respect to such Outstanding revenue bonds, (3) other contractual or tort liability obligations, if any, payable from such pledged revenues, and (4) in each year, an amount not less than 1.25 times debt service of all (i) alternate bonds payable from such revenue source previously issued and outstanding and (ii) alternate bonds proposed to be issued (i.e. the Bonds).

(c) The determination of the sufficiency of the Pledged Revenues is expected to be supported by reference to the most recent audit of the City, which audit is for a Fiscal Year ending not earlier than eighteen (18) months prior to the time of issuance of the Bonds.

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

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

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

(iii) The accountant's comments, if any, regarding the manner in which the City has carried out the accounting requirements of the Ordinance (including as to the Alternate Bond status of the Bonds) and has complied with Section 15 of the Debt Reform Act, and the accountant's recommendations for any changes.

(e) The City will keep its books and accounts in accordance with generally accepted accounting principles for local government entities and enterprise funds; provided, however, that the credits to the Bond Fund shall be in cash, and such funds shall be held separate and apart in cash and investments. For the purpose of determining whether sufficient cash and investments are on deposit in such accounts under the terms and requirements of this Ordinance, investments shall be valued at market price on the valuation date thereof, which valuation date shall be not less frequently than annually.

(f) The City will take no action in relation to the Pledged Revenues or the Pledged Taxes which would unfavorably affect the security of the Bonds or the prompt payment of the principal and interest thereon or the 125% coverage required in subsection (b) above to maintain the Bonds as “alternate bonds” under Section 15 of the Debt Reform Act.

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

Section 24. Further Tax Covenants. The City agrees to comply with all provisions of the Code which, if not complied with by the City, would cause the Bonds not to be Tax-exempt. In furtherance of the foregoing provisions, but without limiting their generality, the City agrees: (a) through its officers, to make such further specific covenants, representations as shall be truthful, and assurances as may be necessary or advisable; (b) to comply with all representations, covenants and assurances contained in certificates or agreements as may be prepared by Bond Counsel; (c) to consult with Bond Counsel and to comply with such advice as may be given; (d) to file such forms, statements and supporting documents as may be required and in a timely

manner; and (e) if deemed necessary or advisable by its officers, to employ and pay fiscal agents, financial advisors, attorneys and other persons to assist the City in such compliance.

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

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

B. Relating to applicable exceptions, the City Clerk or the Mayor is hereby authorized to make such elections under the Code as either such officer shall deem reasonable and in the best interests of the City. If such election may result in a “penalty in lieu of rebate” as provided in the Code, and such penalty is incurred (the “Penalty”), then the City shall pay such Penalty.

C. The Designated Officers shall cause to be established, at such time and in such manner as they may deem necessary or appropriate hereunder, a “*2023 General Obligation Bonds Rebate or Penalty, if applicable, Fund*” (the “148 Compliance Fund”) for the Bonds, and such officers shall further, not less frequently than annually, cause to be transferred to the 148 Compliance Fund the amount determined to be the accrued liability under the Rebate Requirement or Penalty. Said Designated Officers shall cause to be paid to the United States Treasury, without further order or direction from the Corporate Authorities, from time to time as required, amounts sufficient to meet the Rebate Requirement or to pay the Penalty.

D. Interest earnings in the Bond Fund are hereby authorized to be transferred, without further order or direction from the Corporate Authorities, from time to time as required, to the 148 Compliance Fund for the purposes herein provided; and proceeds of the Bonds and

other funds of the City are also hereby authorized to be used to meet the Rebate Requirement or to pay the Penalty, but only if necessary after application of investment earnings as aforesaid and only as appropriated by the Corporate Authorities.

The City also certifies and further covenants with the Purchaser and registered owners of the Bonds from time to time outstanding that moneys on deposit in any fund or account in connection with the Bonds, whether or not such moneys were derived from the proceeds of the sale of the Bonds or from any other source, will not be used in a manner which will cause the Bonds to be “arbitrage bonds” within the meaning of Code Section 148 and any lawful regulations promulgated thereunder, as the same presently exist or may from time to time hereafter be amended, supplemented or revised.

Section 25. Noncompliance with Tax Covenants. Notwithstanding any other provisions of this Ordinance, the covenants and authorizations contained in this Ordinance (the “Tax Sections”) which are designed to preserve the exclusion of interest on the Bonds from gross income under federal law (the “Tax Exemption”) need not be complied with if the City receives an opinion of nationally recognized bond counsel that any Tax Section is unnecessary to preserve the Tax Exemption.

Section 26. Opinion of Counsel Exception. The City reserves the right to use or invest moneys in connection with the Bonds in any manner, notwithstanding the tax-related covenants set forth in Sections 16 through 25 herein, *provided* it shall first have received an opinion from Bond Counsel (or, in the event that Bond Counsel is unable or unwilling to provide such opinion, then from another attorney or a firm of attorneys of nationally recognized standing as bond counsel) to the effect that use or investment of such moneys as contemplated is valid and proper

under applicable law and this Ordinance and, further, will not adversely affect the Tax-exempt status for the Bonds.

Section 27. Rights and Duties of Bond Registrar and Paying Agent. The Bond Registrar and Paying Agent shall:

- (a) act as bond registrar, paying agent, authenticating agent, and transfer agent as provided herein;
- (b) maintain a list of Bondholders as set forth herein;
- (c) cancel and/or destroy Bonds which have been paid at maturity or submitted for exchange or transfer; and
- (d) 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 28. Defeasance. Any Bond or Bonds which (a) are paid and canceled, (b) which have matured and for which sufficient sums been deposited with the Paying Agent to pay all principal and interest due thereon, or (c) for which sufficient funds and Defeasance Obligations have been deposited with the Paying Agent or similar institution having trust powers 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 hereunder 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 payment, registration, transfer, and exchange; are expressly continued for all Bonds whether outstanding Bonds or not. For purposes of this Section, “Defeasance Obligations” means (a) direct and general full faith and credit

obligations of the United States Treasury (“Directs”), (b) certificates of participation or trust receipts in trusts comprised wholly of Directs or (c) other obligations unconditionally guaranteed as to timely payment by the United States Treasury.

Section 29. Publication of Ordinance. A full, true, and complete copy of this Ordinance shall be published within ten (10) days after passage in pamphlet form by authority of the Corporate Authorities.

Section 30. Superseder. All ordinances, resolutions and orders, or parts thereof, in conflict herewith, are to the extent of such conflict hereby superseded; and this Ordinance shall be in full force and effect immediately upon its passage and approval.

ADOPTED: this 27th day of November, 2023, pursuant to a roll call vote as follows:

AYES: _____

NAYS: _____

ABSENT: _____

APPROVED by me this 27th day of November, 2023.

Published in pamphlet form by authority of the City Council on the 27th day of November, 2023.

By: _____

Its: Mayor, City of Rochelle,
Ogle and Lee Counties, Illinois

ATTEST:

By: _____

Its: City Clerk, City of Rochelle,
Ogle and Lee Counties, Illinois

Member _____ moved and Member _____ seconded the motion that said ordinance as presented and read by title by the City Clerk be adopted.

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

Upon the roll being called, the following Members voted AYE: _____

_____ and the following Members voted NAY: _____

Whereupon the Mayor declared the motion carried and said ordinance adopted, approved, and signed the same in open meeting and directed the City Clerk to record the same in full in the records of the Corporate Authorities of the City of Rochelle, Ogle and Lee Counties, Illinois, which was done.

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

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

City Clerk

STATE OF ILLINOIS)
) SS
COUNTY OF OGLE)

CERTIFICATION OF MINUTES AND ORDINANCE

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

I do further certify that the foregoing is a full, true, and complete transcript of that portion of the minutes of the meeting of the Corporate Authorities held on the 27th day of November, 2023, insofar as the same relates to the adoption of an ordinance entitled:

AN ORDINANCE authorizing the issuance of General Obligation Bonds (Alternate Revenue Source), Series 2023A of the City of Rochelle, Ogle and Lee Counties, Illinois, in an aggregate principal amount of not to exceed \$2,500,000 for the purpose of financing the costs of certain capital projects within the City and paying for costs related thereto and providing for the levy of a direct annual tax sufficient to pay the principal of and interest on said bonds.

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

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

IN WITNESS WHEREOF I hereunto affix my official signature and the seal of the City this 27th day of November, 2023.

[SEAL]

City Clerk

STATE OF ILLINOIS)
) SS
COUNTY OF OGLE)

FILING CERTIFICATE

I, the undersigned, do hereby certify that I am the duly qualified and acting County Clerk of Ogle County, Illinois, and as such official I do further certify that on the ____ day of _____, 2023, there was filed in my office a duly certified copy of Ordinance Number _____ entitled:

AN ORDINANCE authorizing the issuance of General Obligation Bonds (Alternate Revenue Source), Series 2023A of the City of Rochelle, Ogle and Lee Counties, Illinois, in an aggregate principal amount of not to exceed \$2,500,000 for the purpose of financing the costs of certain capital projects within the City and paying for costs related thereto and providing for the levy of a direct annual tax sufficient to pay the principal of and interest on said bonds.

duly adopted by the Mayor and City Council of the City of Rochelle, Ogle and Lee Counties, Illinois, on 27th day of November, 2023, 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 _____, 2023.

County Clerk of Ogle County, Illinois

(SEAL)

STATE OF ILLINOIS)
) SS
COUNTY OF LEE)

FILING CERTIFICATE

I, the undersigned, do hereby certify that I am the duly qualified and acting County Clerk of Lee County, Illinois, and as such official I do further certify that on the ____ day of _____, 2023, there was filed in my office a duly certified copy of Ordinance Number _____ entitled:

AN ORDINANCE authorizing the issuance of General Obligation Bonds (Alternate Revenue Source), Series 2023A of the City of Rochelle, Ogle and Lee Counties, Illinois, in an aggregate principal amount of not to exceed \$2,500,000 for the purpose of financing the costs of certain capital projects within the City and paying for costs related thereto and providing for the levy of a direct annual tax sufficient to pay the principal of and interest on said bonds.

duly adopted by the Mayor and City Council of the City of Rochelle, Ogle and Lee Counties, Illinois, on 27th day of November, 2023, 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 _____, 2023.

County Clerk of Lee County, Illinois

(SEAL)