

ORDINANCE NO. _____

ORDINANCE AUTHORIZING THE ISSUANCE OF GENERAL
OBLIGATION BONDS OF 2016 OF THE CITY OF ROCK ISLAND,
ILLINOIS

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF ROCK ISLAND,
ILLINOIS, AS FOLLOWS:

Section 1. Authority, Purposes and Findings. This ordinance is adopted pursuant to Section 6 of Article VII of the Illinois Constitution of 1970 and authorizes the issuance of three series of unlimited tax general obligation bonds of the City of Rock Island, Illinois (the “City”) for financing the following purposes:

(A) General Obligation Bonds, Series 2016A (the “2016A Bonds”) for (i) the financing of roadway improvement projects, at an estimated cost of \$3,610,000 (the “Road Projects”), (ii) the refunding of all or a portion of the outstanding General Obligation Bonds, Series 2008A, of the City (the “2008A Bonds”) and (iii) the refunding of all or a portion of the outstanding General Obligation Bonds, Series 2009B, of the City (the “2009B Bonds”).

(B) General Obligation Refunding Bonds, Series 2016B (the “2016B Bonds”) for (i) the refunding of all or a portion of the outstanding General Obligation Bonds, Series 2008B, of the City (the “2008B Bonds”) and (ii) the refunding of all or a portion of the outstanding General Obligation Bonds, Series 2009A, of the City (the “2009A Bonds”).

(C) Taxable General Obligation Refunding Bonds, Series 2016C (the “2016C Bonds”) and together with the 2016A Bonds and the 2016B Bonds, the “2016 Bonds” for the refunding of all or a portion of the Taxable General Obligation Bonds, Series 2014B, of the City (the “2014B Bonds”).

It is found and determined that the borrowing of money as authorized by this ordinance is necessary for the welfare of the government and affairs of the City, is for proper public purposes and is in the public interest.

Section 2. Refunding Plan. The City hereby authorizes the refunding of the 2008A Bonds, the 2008B Bonds, the 2009A Bonds, the 2009B Bonds and the 2014B Bonds. The City Council hereby delegates to the Mayor the authority to select the particular 2008A Bonds, 2008B Bonds, 2009A Bonds, 2009B Bonds and 2014B Bonds to be refunded. Any 2008A Bond so selected is herein called a “2008A Prior Bond”. Any 2008B Bonds so selected is herein called a “2008B Prior Bond”. Any 2009A Bond so selected is herein called a “2009A Prior Bond”. Any 2009B Bond so selected is herein called a “2009B Prior Bond”. Any 2014B Bond so selected is herein called a “2014B Prior Bond”. The 2008A Prior Bonds, the 2008B Prior Bonds, the 2009A Prior Bonds, the 2009B Prior Bonds and the 2014B Prior Bonds are herein collectively called the “Prior Bonds”. The City Council hereby delegates to the Mayor the authority to elect

to redeem prior to maturity any one or more of the Prior Bonds that are subject to optional redemption prior to maturity (the "Callable Prior Bonds"). Each Callable Prior Bond selected for redemption prior to maturity shall be called for redemption on its first call date. The principal of and interest on each 2014B Prior Bond will be funded to its maturity date.

The Mayor, the City Manager, the Finance Director and the other officers and officials of the City are authorized and directed to do, or cause to be done, all things necessary to accomplish the refunding of the Prior Bonds and the redemption of the Callable Prior Bonds.

Section 3. Approval of Finance Plan. The City determines to proceed with the financing of the Road Projects and the refunding of the Prior Bonds. In order to accommodate current market practices and to provide the opportunity to sell the 2016 Bonds under the most favorable terms, the City Council hereby delegates to the Mayor the authority to offer and sell the 2016 Bonds pursuant to a negotiated sale and to make the various determinations with respect to the 2016 Bonds as provided in this ordinance.

All determinations delegated to the Mayor pursuant to this ordinance shall be made by the Mayor by the execution of one or more bond orders (each a "Bond Order"). The delegated authority granted to the Mayor pursuant to this ordinance shall expire on December 31, 2016. In the event that the Mayor determines that he is not able to exercise any delegation set forth in this ordinance, the Mayor may designate the Finance Director to exercise such delegated authority by filing with the City Clerk a certificate setting forth such delegation to the Finance Director.

Section 4. Authorization of Series 2016A Bonds. To meet part of the costs of the Road Projects and the refunding the 2008A Prior Bonds and the 2009B Prior Bonds, including costs of issuance of the bonds authorized by this section, there is hereby appropriated the sum of \$6,350,000. Pursuant to the home rule powers of the City to incur debt payable from ad valorem property tax receipts and for the purpose of financing said appropriation, unlimited tax general obligation bonds of the City are authorized to be issued in an aggregate principal amount of not to exceed \$6,350,000 and shall be sold as a single series designated as the “General Obligation Bonds, Series 2016A” (the “2016A Bonds”).

Section 5. Authorization of Series 2016B Bonds. To meet part of the costs of refunding the 2008B Prior Bonds and the 2009A Prior Bonds, including costs of issuance of the bonds authorized by this Section, there is hereby appropriated the sum of \$3,100,000. Pursuant to the home rule powers of the City to incur debt payable from ad valorem property tax receipts and for the purpose of financing said appropriation, unlimited tax general obligation bonds of the City are authorized to be issued in an aggregate principal amount of not to exceed \$3,100,000 and shall be sold as a single issue designated as the “General Obligation Refunding Bonds, Series 2016B (the “2016B Bonds”).

Section 6. Authorization of Series 2016C Bonds. To meet part of the costs of refunding the 2014B Prior Bonds, including costs of issuance of the bonds authorized by this Section, there is hereby appropriated the sum of \$2,100,000. Pursuant to the home rule powers of the City to incur debt payable from ad valorem property tax receipts and for the purpose of financing said appropriation, unlimited tax general

obligation bonds of the City are authorized to be issued in an aggregate principal amount of not to exceed \$2,100,000 and shall be sold as a single issue designated as the "Taxable General Obligation Refunding Bonds, Series 2016C (the "2016C Bonds").

Section 7. General Terms of 2016 Bonds. The 2016 Bonds of each series shall be issuable in the denominations of \$5,000 or any integral multiple thereof and may bear such identifying numbers or letters as shall be useful to facilitate the registration, transfer and exchange of 2016 Bonds. Unless otherwise determined in the Bond Order, each 2016 Bond delivered upon the original issuance of the 2016 Bonds shall be dated as of their date of issuance. Each 2016 Bond thereafter issued upon any transfer, exchange or replacement of 2016 Bonds shall be dated so that no gain or loss of interest shall result from such transfer, exchange or replacement.

The principal of the 2016 Bonds shall be payable in lawful money of the United States of America upon presentation and surrender thereof at the corporate trust office of Amalgamated Bank of Chicago, in the City of Chicago, Illinois, which is hereby appointed as bond registrar and paying agent for the 2016 Bonds. Each 2016 Bond shall bear interest from its date, computed on the basis of a 360 day year consisting of twelve 30 day months and payable in lawful money of the United States of America on each interest payment date to the registered owners of record thereof appearing on the registration books maintained by the City for such purpose at the corporate trust office of the bond registrar, as of the close of business on the 15th day of the calendar month next preceding the applicable interest payment date. Interest on the 2016 Bonds shall be paid by check or draft mailed to such registered owners at their addresses appearing

on the registration books or by wire transfer pursuant to an agreement by and between the City and the registered owner.

The 2016 Bonds shall mature on December 1 in such years and in such principal amounts as shall be specified in the Bond Order, provided that no 2016A Bond shall mature later than December 1, 2036, no 2016B Bond shall mature later than December 1, 2021 and no 2016C Bonds shall mature later than December 1, 2035.

Each 2016 Bond shall bear interest from its date, computed on the basis of a 360 day year consisting of twelve 30 day months and payable in lawful money of the United States of America on an initial interest payment date of June 1, 2017 and semiannually thereafter on each June 1 and December 1, at the rates per annum as shall be specified in the Bond Order, provided that no 2016A Bond or 2016B Bond shall bear interest at a rate exceeding five and one-half percent (5.50%) per annum and no 2016C Bond shall bear interest at a rate exceeding seven and one-half percent (7.50%) per annum.

No series of the 2016 Bonds shall be sold pursuant to this ordinance unless the sum of the taxes levied pursuant to this ordinance for the payment of such series and the moneys to be deposited into the applicable debt service fund or account for such series concurrently with the issuance of the 2016 Bonds of such series is sufficient to provide for the punctual payment of the principal of and interest on the 2016 Bonds of such series.

The 2016 Bonds of any series shall be subject to redemption prior to maturity as determined in the Bond Order, at the option of the City and upon notice as herein provided, in such principal amounts and from such maturities as the City shall determine

as determined in the Bond Order. Any optional redemption shall be at redemption prices that may include a redemption premium for each 2016 Bond to be redeemed expressed as a percentage, not exceeding 3% of the principal amount to be redeemed.

2016 Bonds of like series and maturity may be subject to mandatory redemption, by the application of sinking fund installments, all as determined in the Bond Order.

All 2016 Bonds subject to mandatory sinking fund redemption shall be redeemed at a redemption price equal to the principal amount thereof to be redeemed. The bond registrar is hereby authorized and directed to mail notice of the mandatory sinking fund redemption of 2016 Bonds in the manner provided in this section.

Whenever 2016 Bonds subject to mandatory sinking fund redemption are redeemed at the option of the City, the principal amount thereof so redeemed shall be credited against the unsatisfied balance of future sinking fund installments or final maturity amount established with respect to such 2016 Bonds, in such amounts and against such installments or final maturity amount as shall be determined by the City in the proceedings authorizing such optional redemption or, in the absence of such determination, shall be credited against the unsatisfied balance of the applicable sinking fund installments next ensuing, and with respect to which notice of redemption has not yet been given.

On or prior to the 60th day preceding any sinking fund installment date, the City may purchase 2016 Bonds subject to mandatory redemption on such sinking fund installment date, at such prices as the City shall determine. Any 2016 Bond so purchased shall be cancelled and the principal amount thereof so purchased shall be credited against the unsatisfied balance of the next ensuing sinking fund installment.

In the event of the redemption of less than all the 2016 Bonds of like series and maturity, the aggregate principal amount thereof to be redeemed shall be \$5,000 or an integral multiple thereof and the bond registrar shall assign to each 2016 Bond of such maturity a distinctive number for each \$5,000 principal amount of such 2016 Bond and shall select by lot from the numbers so assigned as many numbers as, at \$5,000 for each number, shall equal the principal amount of such 2016 Bonds to be redeemed. The 2016 Bonds to be redeemed shall be the 2016 Bonds to which were assigned numbers so selected; provided that only so much of the principal amount of each 2016 Bond shall be redeemed as shall equal \$5,000 for each number assigned to it and so selected.

Notice of the redemption of 2016 Bonds shall be mailed not less than 30 days nor more than 60 days prior to the date fixed for such redemption to the registered owners of 2016 Bonds to be redeemed at their last addresses appearing on said registration books. The 2016 Bonds or portions thereof specified in said notice shall become due and payable at the applicable redemption price on the redemption date therein designated, and if, on the redemption date, moneys for payment of the redemption price of all the 2016 Bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be available for such payment on said date, and if notice of redemption shall have been mailed as aforesaid (and notwithstanding any defect therein or the lack of actual receipt thereof by any registered owner) then from and after the redemption date interest on such Bonds or portions thereof shall cease to accrue and become payable. If there shall be drawn for redemption less than all of a 2016 Bond, the City shall execute and the bond registrar shall authenticate and

deliver, upon the surrender of such 2016 Bond, without charge to the owner thereof, in exchange for the unredeemed balance of the 2016 Bond so surrendered, 2016 Bonds of like series, maturity and interest rate and of the denomination of \$5,000 or any integral multiple thereof.

The bond registrar shall not be required to transfer or exchange any 2016 Bond after notice of the redemption of all or a portion thereof has been mailed. The bond registrar shall not be required to transfer or exchange any 2016 Bond during a period of 15 days next preceding the mailing of a notice of redemption that could designate for redemption all or a portion of such 2016 Bond.

Section 8. Sale and Delivery. Subject to the limitations contained in this ordinance, authority is hereby delegated to the Mayor to offer for sale one or more series of the 2016 Bonds pursuant to a negotiated sale, on one or more sale dates prior to December 31, 2016 and to award and sell each series of the 2016 Bonds. No award of a series of 2016A Bonds or 2016B Bonds shall be made unless the purchase price bid is not less than 98% of the principal amount of such series of 2016 Bonds sold. No award of 2016C Bonds shall be made unless the purchase price bid is not less than 97% of the principal amount of the 2016C Bonds sold.

The sale and award of the 2016 Bonds and the determination of the details of the 2016 Bonds shall be evidenced by the Bond Order, which shall be signed by the Mayor. An executed counterpart of the Bond Order shall be filed with the City Clerk and entered in the records of the City.

The Mayor, City Clerk and other officials of the City are authorized and directed to do and perform, or cause to be done or performed for or on behalf of the City each

and every thing necessary for the issuance of the 2016 Bonds, including the proper execution and delivery of the 2016 Bonds and, in connection with a public offering of 2016 Bonds, the preparation, distribution and approval of an Official Statement.

Section 9. Execution and Authentication. Each 2016 Bond shall be executed in the name of the City by the manual or authorized facsimile signature of its Mayor and the corporate seal of the City, or a facsimile thereof, shall be thereunto affixed or otherwise reproduced thereon and attested by the manual or authorized facsimile signature of its City Clerk.

In case any officer whose signature, or a facsimile of whose signature, shall appear on any 2016 Bond shall cease to hold such office before the issuance of the 2016 Bond, such 2016 Bond shall nevertheless be valid and sufficient for all purposes, the same as if the person whose signature, or a facsimile thereof, appears on such 2016 Bond had not ceased to hold such office. Any 2016 Bond may be signed, sealed or attested on behalf of the City by any person who, on the date of such act, shall hold the proper office, notwithstanding that at the date of such 2016 Bond such person may not have held such office. No recourse shall be had for the payment of any 2016 Bonds against any officer who executes the 2016 Bonds.

Each 2016 Bond shall bear thereon a certificate of authentication executed manually by the bond registrar. No 2016 Bond shall be entitled to any right or benefit under this ordinance or shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the bond registrar.

Section 10. Transfer, Exchange and Registry. The 2016 Bonds shall be negotiable, subject to the provisions for registration of transfer contained herein. Each

2016 Bond shall be transferable only upon the registration books maintained by the City for that purpose at the corporate trust office of the bond registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the bond registrar and duly executed by the registered owner or his duly authorized attorney. Upon the surrender for transfer of any such 2016 Bond, the City shall execute and the bond registrar shall authenticate and deliver a new 2016 Bond or 2016 Bonds registered in the name of the transferee, of the same aggregate principal amount, series, maturity and interest rate as the surrendered 2016 Bond. 2016 Bonds, upon surrender thereof at the corporate trust office of the bond registrar, with a written instrument satisfactory to the bond registrar, duly executed by the registered owner or his attorney duly authorized in writing, may be exchanged for an equal aggregate principal amount of 2016 Bonds of the same series, maturity and interest rate and of the denominations of \$5,000 or any integral multiple thereof.

For every such exchange or registration of transfer of 2016 Bonds, the City or the bond registrar may make a charge sufficient for the reimbursement of any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. No other charge shall be made for the privilege of making such transfer or exchange. The provisions of the Illinois Bond Replacement Act shall govern the replacement of lost, destroyed or defaced 2016 Bonds.

The City and the bond registrar may deem and treat the person in whose name any 2016 Bond shall be registered upon the registration books as the absolute owner of such 2016 Bond, whether such 2016 Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of or interest thereon and for all other purposes whatsoever, and all such payments so made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such 2016 Bond to the extent of the sum or sums so paid, and neither the City nor the bond registrar shall be affected by any notice to the contrary.

Section 11. General Obligations. The full faith and credit of the City are hereby irrevocably pledged to the punctual payment of the principal of and interest on the 2016 Bonds. The 2016 Bonds shall be direct and general obligations of the City, and the City shall be obligated to levy ad valorem taxes upon all the taxable property in the City for the payment of the 2016 Bonds and the interest thereon, without limitation as to rate or amount.

Section 12. Form of Bonds. The 2016 Bonds of each series shall be issued as fully registered bonds and shall be in substantially the following form, the blanks to be appropriately completed when the 2016 Bonds are printed:

No. _____

United States of America

State of Illinois

County of Rock Island

CITY OF ROCK ISLAND

[TAXABLE] GENERAL OBLIGATION [REFUNDING] BOND, SERIES 2016[A] [B] [C]

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATED DATE</u>	<u>CUSIP</u>
. %	December 1, _____	_____, 2016	_____

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT:

The CITY OF ROCK ISLAND, a municipal corporation and a home rule unit of the State of Illinois situate in the County of Rock Island, acknowledges itself indebted and for value received hereby promises to pay to the registered owner of this bond, or registered assigns, the principal amount specified above on the maturity date specified above, and to pay interest on such principal amount from the date hereof at the interest rate per annum specified above, computed on the basis of a 360 day year consisting of twelve 30 day months and payable in lawful money of the United States of America on June 1, 2017 and semiannually thereafter on June 1 and December 1 in each year until the principal amount shall have been paid, to the registered owner of record hereof as of the 15th day of the calendar month next preceding such interest payment date, by wire transfer pursuant to an agreement by and between the City and the registered owner, or otherwise by check or draft mailed to the registered owner at the address of such owner appearing on the registration books maintained by the City for such purpose at the corporate trust office of Amalgamated Bank of Chicago, in the City of Chicago,

Illinois, as bond registrar or its successor (the "Bond Registrar"). This bond, as to principal when due, will be payable in lawful money of the United States of America upon presentation and surrender of this bond at the corporate trust office of the Bond Registrar. The full faith and credit of the City are irrevocably pledged for the punctual payment of the principal of and interest on this bond according to its terms.

This bond is one of a series of bonds issued in the aggregate principal amount of \$_____,000, which are authorized and issued under and pursuant to Section 6 of Article VII of the Illinois Constitution of 1970 and under and in accordance with an ordinance adopted by the City Council of the City on October 24, 2016 and entitled: "Ordinance Authorizing the Issuance of General Obligation Bonds of 2016 of the City of Rock Island, Illinois."

[This bond is issued in accordance with the provisions of the Tax Increment Allocation Redevelopment Act, 65 Illinois Compiled Statutes 5/11-74.4, for the purpose of refunding bonds issued for the financing redevelopment project costs.]

[The bonds of such series maturing on December 1, 20__ are subject to redemption prior to maturity at the option of the City and upon notice as herein provided, in such principal amounts as the City shall determine and, in part by lot, on December 1, 20__ and on any date thereafter, at a redemption price equal to the principal amount thereof to be redeemed.]

[The bonds of such series maturing in the years 20____, 20____ and 20____ (the "Term Bonds") are subject to mandatory redemption, in part and by lot, on December 1 of the years and in the respective principal amounts set forth in the following tables, by

the application of sinking fund installments, at a redemption price equal to the principal amount thereof to be redeemed:

20__ Term Bonds		20__ Term Bonds		20__ Term Bonds	
Year	Principal Amount	Year	Principal Amount	Year	Principal Amount
20__	\$,000	20__	\$,000	20__	\$,000
20__	,000	20__	,000	20__	,000
20__	,000	20__	,000	20__	,000]

Notice of the redemption of bonds will be mailed not less than 30 days nor more than 60 days prior to the date fixed for such redemption to the registered owners of bonds to be redeemed at their last addresses appearing on such registration books. The bonds or portions thereof specified in said notice shall become due and payable at the applicable redemption price on the redemption date therein designated, and if, on the redemption date, moneys for payment of the redemption price of all the bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be available for such payment on said date, and if notice of redemption shall have been mailed as aforesaid (and notwithstanding any defect therein or the lack of actual receipt thereof by any registered owner) then from and after the redemption date interest on such bonds or portions thereof shall cease to accrue and become payable.

This bond is transferable only upon such registration books by the registered owner hereof in person, or by his attorney duly authorized in writing, upon surrender hereof at the corporate trust office of the Bond Registrar together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or by his duly authorized attorney, and thereupon a new registered bond or bonds, in the authorized denominations of \$5,000 or any integral multiple thereof and of the same aggregate principal amount, series, maturity and interest rate as this bond

shall be issued to the transferee in exchange therefor. In like manner, this bond may be exchanged for an equal aggregate principal amount of bonds of the same maturity and interest rate and of any of such authorized denominations. The City or the Bond Registrar may make a charge sufficient for the reimbursement of any tax, fee or other governmental charge required to be paid with respect to the transfer or exchange of this bond. No other charge shall be made for the privilege of making such transfer or exchange. The City and the Bond Registrar may treat and consider the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal and interest due hereon and for all other purposes whatsoever.

This bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been duly executed by the Bond Registrar.

It is hereby certified, recited and declared that all acts, conditions and things required to be done, exist and be performed precedent to and in the issuance of this bond in order to make it a legal, valid and binding obligation of the City have been done, exist and have been performed in regular and due time, form and manner as required by law, and that the series of bonds of which this bond is one, together with all other indebtedness of the City, is within every debt or other limit prescribed by law.

IN WITNESS WHEREOF, the City of Rock Island has caused this bond to be executed in its name and on its behalf by the manual or facsimile signature of its Mayor, and its corporate seal, or a facsimile thereof, to be hereunto affixed or otherwise reproduced hereon and attested by the manual or facsimile signature of its City Clerk.

Dated: _____, 2016

CITY OF ROCK ISLAND

Mayor

Attest:

City Clerk

CERTIFICATE OF AUTHENTICATION

This bond is one of the [Taxable] General Obligation [Refunding] Bonds, Series 2016[A][B][C], described in the within mentioned Ordinance.

AMALGAMATED BANK OF CHICAGO,
as Bond Registrar

By _____
Authorized Signer

ASSIGNMENT

For value received the undersigned sells, assigns and transfers unto _____

the within bond and hereby irrevocably constitutes and appoints _____

attorney to transfer the said bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated _____

Signature Guarantee:

Section 13. Levy and Extension of Taxes. (A) For the purpose of providing the money required to pay the interest on the 2016A Bonds when and as the same falls due and to pay and discharge the principal thereof (including mandatory sinking fund installments) as the same shall mature, there is hereby levied upon all the taxable property in the City, in each year while any of the 2016A Bonds shall be outstanding, a direct annual tax sufficient for that purpose in addition to all other taxes, as follows:

<u>Tax Levy Year</u>	<u>A Tax Sufficient to Produce</u>
2016	\$400,000
2017	635,000
2018	730,000
2019	665,000
2020	665,000
2021	665,000
2022	665,000
2023	665,000
2024	415,000
2025	415,000
2026	415,000
2027	415,000
2028	300,000
2029	300,000
2030	300,000
2031	300,000
2032	300,000
2033	300,000
2034	300,000
2035	300,000

(B) For the purpose of providing the money required to pay the interest on the 2016B Bonds when and as the same falls due and to pay and discharge the principal thereof (including mandatory sinking fund installments) as the same shall mature, there is hereby levied upon all the taxable property in the City, in each year while any of the 2016B Bonds shall be outstanding, a direct annual tax sufficient for that purpose in addition to all other taxes, as follows:

<u>Tax Levy Year</u>	<u>A Tax Sufficient to Produce</u>
2016	\$108,470
2017	608,470
2018	845,345
2019	852,150
2020	846,975

(C) For the purpose of providing the money required to pay the interest on the 2016C Bonds when and as the same falls due and to pay and discharge the principal thereof (including mandatory sinking fund installments) as the same shall mature, there is hereby levied upon all the taxable property in the City, in each year while any of the 2016C Bonds shall be outstanding, a direct annual tax sufficient for that purpose in addition to all other taxes, as follows:

<u>Tax Levy Year</u>	<u>A Tax Sufficient to Produce</u>
2016	\$ 150,000
2017	150,000
2018	150,000
2019	150,000
2020	150,000
2021	150,000
2022	150,000
2023	150,000
2024	150,000
2025	150,000
2026	150,000
2027	150,000
2028	150,000
2029	150,000
2030	150,000
2031	150,000
2032	150,000
2033	150,000
2034	2,250,000

(D) Interest or principal coming due at any time when there shall be insufficient funds on hand to pay the same shall be paid promptly when due from

current funds on hand in advance of the collection of the taxes herein levied; and when said taxes shall have been collected, reimbursement shall be made to the said funds in the amounts thus advanced.

(E) After the sale of the 2016 Bonds and the execution of the Bond Order, an executed copy of the Bond Order and a copy of this ordinance, certified by the City Clerk which certificate shall recite that this ordinance has been duly adopted, shall be filed with the County Clerk of Rock Island County, Illinois, who is hereby directed to ascertain the rate per cent required to produce the aggregate taxes hereinbefore provided to be levied in the years 2016 to 2035, both inclusive, and subject to adjustment as provided in paragraph (F) of this Section, to 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 corporate purposes of the City, and in said years such annual tax shall be levied and collected in like manner as taxes for general corporate purposes for said years are levied and collected and, when collected, such taxes shall be used for the purpose of paying the principal of and interest on the applicable series of the 2016 Bonds as the same become due and payable.

(F) In the event that 2016 Bonds are to be issued in principal amounts and bearing interest such that for any tax levy year an amount less than that set forth in paragraphs (A), (B) and (C) of this Section is required to be produced to pay when due the principal of and interest on the applicable series of 2016 Bonds, then the City Director of Finance is authorized and directed to file with the aforesaid County Clerk, on or prior to the date of delivery of the 2016 Bonds, a direction for abatement of taxes

specifying the exact amount of taxes to be levied to produce the required amounts for each of the various tax levy years.

Section 14. Taxes Levied for Payment of Prior Bonds. After the issuance of the 2016 Bonds, the City Director of Finance shall file with the County Clerk of Rock Island County a certificate listing the Prior Bonds and the taxes theretofore levied for the payment of the principal of and interest on the Prior Bonds due after December 1, 2016 and said certificate shall direct the abatement of such taxes.

Section 15. Escrow Deposit Agreement. The form of 2016 Escrow Deposit Agreement, dated as of November 1, 2016, by and between the City and Amalgamated Bank of Chicago, as Escrow Agent, on file in the office of the City Clerk and presented at this meeting, is hereby approved. The proper officers of the City are authorized and directed to execute and deliver the 2016 Escrow Deposit Agreement on behalf of the City.

Section 16. Downtown Tax Allocation Fund. The Special Downtown Tax Increment Allocation Fund (the "Downtown Tax Allocation Fund") established pursuant to Ordinance Number 84-79 shall be maintained and administered by the City in accordance with the provisions of the Tax Increment Allocation Redevelopment Act, Division 74.4 of Article 11 of the Illinois Municipal Code (the "Redevelopment Act").

Pursuant to the provisions of the Redevelopment Act, the moneys held in the Downtown Tax Allocation Fund and the taxes and other moneys to be deposited therein pursuant to the Redevelopment Act are hereby pledged for the payment of "Redevelopment Project Costs," as defined in the Redevelopment Act and included in the Downtown Tax Increment Financing Redevelopment Plan and Project of the City

(the “Downtown Redevelopment Plan”) and as security for the payment of the 2016B Bonds. This pledge is made pursuant to Section 13 of the Local Government Debt Reform Act and the moneys held in the Downtown Tax Allocation Fund, including the 2016B Debt Service Account (which is hereby established as a special account of the City within the Downtown Tax Allocation Fund), shall immediately be subject to the lien of such pledge without any physical delivery or further act. The lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the City irrespective of whether such parties have notice thereof. Such pledge is subject to the limitation that moneys not required, pledged, earmarked or otherwise designated for the payment and securing of obligations and anticipated Redevelopment Project Costs shall be calculated annually and designated as “surplus” funds in accordance with Section 11-74.4-7 of the Redevelopment Act.

Nothing herein contained shall restrict the power of the City to pledge such moneys and taxes for the benefit and security of the holders of additional bonds issued by the City; to subordinate existing pledges of such moneys or to alter the use and distribution of moneys in the Downtown Tax Allocation Fund to the extent such alteration shall be made in furtherance of the purposes of the Redevelopment Act and the Downtown Redevelopment Plan. Moneys held in the Downtown Tax Allocation Fund that are to be used for the payment of the principal of and interest on the 2016B Bonds may be deposited in the 2016B Debt Service Account established by this ordinance, and upon such deposit such moneys shall be used solely for the payment of such principal and interest.

Section 17. Watchtower Tax Allocation Fund. The Special Watchtower Tax Increment Allocation Fund (the “Watchtower Tax Allocation Fund”) established pursuant to Ordinance Number 021-2014 shall be maintained and administered by the City in accordance with the provisions of the Redevelopment Act.

Pursuant to the provisions of the Redevelopment Act, the moneys held in the Watchtower Tax Allocation Fund and the taxes and other moneys to be deposited therein pursuant to the Redevelopment Act are hereby pledged for the payment of “Redevelopment Project Costs,” as defined in the Redevelopment Act and included in the Watchtower Tax Increment Financing Redevelopment Plan and Project of the City (the “Watchtower Redevelopment Plan”) and as security for the payment of the 2016C Bonds. This pledge is made pursuant to Section 13 of the Local Government Debt Reform Act and the moneys held in the Watchtower Tax Allocation Fund, including the 2016C Debt Service Account (which is hereby established as a special account of the City within the Watchtower Tax Allocation Fund), shall immediately be subject to the lien of such pledge without any physical delivery or further act. The lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the City irrespective of whether such parties have notice thereof. Such pledge is subject to the limitation that moneys not required, pledged, earmarked or otherwise designated for the payment and securing of obligations and anticipated Redevelopment Project Costs shall be calculated annually and designated as “surplus” funds in accordance with Section 11-74.4-7 of the Redevelopment Act.

Nothing herein contained shall restrict the power of the City to pledge such moneys and taxes for the benefit and security of the holders of additional bonds issued

by the City; to subordinate existing pledges of such moneys or to alter the use and distribution of moneys in the Watchtower Tax Allocation Fund to the extent such alteration shall be made in furtherance of the purposes of the Redevelopment Act and the Watchtower Redevelopment Plan. Moneys held in the Watchtower Tax Allocation Fund that are to be used for the payment of the principal of and interest on the 2016C Bonds may be deposited in the 2016C Debt Service Account established by this ordinance, and upon such deposit such moneys shall be used solely for the payment of such principal and interest.

Section 18. Application of Bond Proceeds. (A) The proceeds of sale of the 2016A Bonds shall be deposited as follows:

1. To the Tax-Exempt Account of the 2016 Escrow Fund maintained under the 2016 Escrow Deposit Agreement, the amount, together with any other moneys of the City deposited therein, necessary to provide for the payment of the interest on and redemption price of the 2008A Prior Bonds and the 2009B Prior Bonds.

2. To the 2016A Capital Improvement Fund, which is hereby established as special fund of the City, the amount of such proceeds of sale remaining after making the foregoing deposit.

(B) The proceeds of sale of the 2016B Bonds shall be applied as follows:

1. To the Tax-Exempt Account of the 2016 Escrow Fund, the amount, together with other moneys (if any) of the City deposited therein, necessary to provide for the payment of the interest on and redemption price of the 2008B Prior Bonds and the 2009A Prior Bonds.

2. To the 2016 Expense Fund, the amount of such proceeds of sale remaining after making the foregoing deposit.

(C) The proceeds of sale of the 2016C Bonds shall be applied as follows:

1. To the Taxable Account of the 2016 Escrow Fund, the amount, together with other moneys (if any) of the City deposited therein, necessary to provide for the payment of the principal of and interest on the 2014B Prior Bond.

2. To the 2016 Expense Fund, the amount of such proceeds of sale remaining after making the foregoing deposit.

Section 19. Debt Service Funds and Accounts. (A) The tax receipts derived from the taxes levied pursuant to paragraph (A) of Section 13 of this ordinance to pay the principal of and interest on the 2016A Bonds and all other moneys to be used for the payment of the principal of and interest on the 2016A Bonds, shall be deposited in the “2016A Debt Service Fund,” which is hereby established as special fund of the City and shall be administered as a bona fide debt service fund under the Internal Revenue Code of 1986 (the “Code”).

(B) The tax receipts derived from the taxes levied pursuant to paragraph (B) of Section 13 of this ordinance to pay the principal of and interest on the 2016B Bonds and all other moneys to be used for the payment of the principal of and interest on the 2016B Bonds shall be deposited in the 2016B Debt Service Account, which is hereby established as a special account of the City within the Downtown Special Tax Allocation Fund and shall be administered as a bona fide debt service fund under the Code.

(C) The tax receipts derived from the taxes levied pursuant to paragraph (C) of Section 13 of this ordinance to pay the principal of and interest on the 2016C Bonds

and all other moneys to be used for the payment of the principal of and interest on the 2016C Bonds shall be deposited in the 2016C Debt Service Account, which is hereby established as a special account of the City within the Watchtower Special Tax Allocation Fund.

Section 20. Pledge Securing Bonds. The moneys deposited or to be deposited into the Debt Service Fund or Account for each series of the 2016 Bonds, including the tax receipts derived from the taxes levied pursuant to this ordinance, are pledged as security for the payment of the principal of and interest on such series of the 2016 Bonds. These pledges are made pursuant to Section 13 of the Local Government Debt Reform Act and shall be valid and binding from the date of issuance of the 2016 Bonds. All such tax receipts and the moneys held in such Debt Service Fund and Account shall immediately be subject to the lien of such pledge without any physical delivery or further act and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the City irrespective of whether such parties have notice thereof.

Section 21. Capital Improvement Fund. Moneys in the 2016A Capital Improvement Fund shall be used to pay costs of the Road Projects and for the payment of costs of issuance of the 2016A Bonds, but may hereafter be reappropriated and used for other purposes if such reappropriation is permitted under Illinois law and will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds.

Section 22. Expense Fund. Moneys in the 2016 Expense Fund shall be used for the payment of costs of issuance of the 2016 Bonds, but may hereafter be

reappropriated and used for other purposes if such reappropriation is permitted under Illinois law and will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the 2016A Bonds and the 2016B Bonds (collectively, the "Tax-Exempt Bonds").

Section 23. Investment Regulations. No investment shall be made of any moneys in the Tax-Exempt Account of the 2016 Escrow Fund, the 2016A Capital Improvement Fund, the 2016 Expense Fund, the 2016A Debt Service Fund or the 2016B Debt Service Account, except in accordance with the tax covenants set forth in Section 24 of this ordinance. All income derived from investments in respect of moneys or securities in any Fund shall be credited in each case to the Fund in which such moneys or securities are held.

Any moneys in any Fund that are subject to investment yield restrictions may be invested in United States Treasury Securities, State and Local Government Series, pursuant to the regulations of the United States Treasury Department, Bureau of Public Debt, or in any tax-exempt bond that is not an "investment property" within the meaning of Section 148(b)(2) of the Code. The City Director of Finance and agents designated by her are hereby authorized to submit, on behalf of the City, subscriptions for such United States Treasury Securities and to request redemption of such United States Treasury Securities.

Section 24. Tax Covenants. The City shall not take, or omit to take, any action lawful and within its power to take, which action or omission would cause interest on any Tax-Exempt Bond to become subject to federal income taxes in addition to federal

income taxes to which interest on such Tax-Exempt Bond is subject on the date of original issuance thereof.

The City shall not permit any of the proceeds of the Tax-Exempt Bonds, or any facilities financed with such proceeds, to be used in any manner that would cause any Tax-Exempt Bond to constitute a “private activity bond” within the meaning of Section 141 of the Code.

The City shall not permit any of the proceeds of the Tax-Exempt Bonds or other moneys to be invested in any manner that would cause any Tax-Exempt Bond to constitute an “arbitrage bond” within the meaning of Section 148 of the Code or a “hedge bond” within the meaning of Section 149(g) of the Code.

The City shall comply with the provisions of Section 148(f) of the Code relating to the rebate of certain investment earnings at periodic intervals to the United States of America.

Section 25. Bank Qualified Designation. The City hereby designates the Tax-Exempt Bonds as “qualified tax-exempt obligations” as defined in Section 265(b)(3)(B) of the Code. The City represents that the reasonably anticipated amount of tax-exempt obligations that are required to be taken into account for the purpose of Section 265(b)(3)(C) of the Code and will be issued by or on behalf of the City and all subordinate entities of the City during 2016 does not exceed \$10,000,000. The City covenants that it will not designate and issue more than \$10,000,000 aggregate principal amount of tax-exempt obligations in the year in which the Tax-Exempt Bonds are issued. For purposes of the two preceding sentences, the term “tax-exempt obligations” includes “qualified 501(c)(3) bonds” (as defined in Section 145 of the Code)

but does not include other “private activity bonds” (as defined in Section 141 of the Code).

Section 26. Continuing Disclosure. For the benefit of the beneficial owners of the 2016 Bonds, the City covenants and agrees to provide to the Municipal Securities Rulemaking Board (the “MSRB”) for disclosure on the Electronic Municipal Market Access (“EMMA”) system, in an electronic format as prescribed by the MSRB, (i) an annual report containing certain financial information and operating data relating to the City and (ii) timely notices of the occurrence of certain enumerated events. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

The annual report shall be provided to the MSRB for disclosure on EMMA within 210 days after the close of the City’s fiscal year. The information to be contained in the annual report shall consist of the annual audited financial statement of the City and such additional information as noted in the Official Statement under the caption “Continuing Disclosure.” Each annual audited financial statement will conform to generally accepted accounting principles applicable to governmental units and will be prepared in accordance with standards of the Governmental Accounting Standards Board. If the audited financial statement is not available, then an unaudited financial statement shall be included in the annual report and the audited financial statement shall be provided promptly after it becomes available.

The City, in a timely manner not in excess of ten business days after the occurrence of the event, shall provide notice to the MSRB for disclosure on EMMA of any failure of the City to provide any such annual report within the 210 day period and of

the occurrence of any of the following events with respect to the 2016 Bonds:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the 2016 Bonds, or other events affecting the tax-exempt status of the 2016 Bonds;
- (7) modifications to rights of Bondholders, if material;
- (8) 2016 Bond calls, if material;
- (9) defeasances;
- (10) release, substitution or sale of property securing repayment of the 2016 Bonds, if material;
- (11) rating changes;
- (12) tender offers;
- (13) bankruptcy, insolvency, receivership or similar event of the City;
- (14) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (15) appointment of a successor or additional trustee or the change of name of a trustee, if material. For the purposes of the event identified in clause (13), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or

business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan or reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

It is found and determined that the City has agreed to the undertakings contained in this Section in order to assist participating underwriters of the 2016 Bonds and brokers, dealers and municipal securities dealers in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) promulgated under the Securities Exchange Act of 1934. The City Director of Finance or his designee is authorized and directed to do and perform, or cause to be done or performed, for or on behalf of the City, each and every thing necessary to accomplish the undertakings of the City contained in this Section for so long as Rule 15c2-12(b)(5) is applicable to the 2016 Bonds and the City remains an “obligated person” under the Rule with respect to the 2016 Bonds.

The undertakings contained in this Section may be amended by the City upon a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the obligated person, or type of business conducted, provided that (a) the undertaking, as amended, would have complied with the requirements of Rule 15c2-12(b)(5) at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances and (b) in the opinion of nationally recognized bond counsel selected by the City, the amendment does not materially impair the interests of the beneficial owners of the 2016 Bonds.

Section 27. Bond Registrar. The City covenants that it shall at all times retain a bond registrar with respect to the 2016 Bonds, that it will maintain at the designated office of such bond registrar a place where 2016 Bonds may be presented for payment and registration of transfer or exchange and that it shall require that the bond registrar maintain proper registration books and perform the other duties and obligations imposed upon the bond registrar by this ordinance in a manner consistent with the standards, customs and practices of the municipal securities business.

The bond registrar shall signify its acceptance of the duties and obligations imposed upon it by this ordinance by executing the certificate of authentication on any 2016 Bond, and by such execution the bond registrar shall be deemed to have certified to the City that it has all requisite power to accept, and has accepted such duties and obligations not only with respect to the 2016 Bond so authenticated but with respect to all the 2016 Bonds. The bond registrar is the agent of the City and shall not be liable in connection with the performance of its duties except for its own negligence or default. The bond registrar shall, however, be responsible for any representation in its certificate of authentication on the 2016 Bonds.

The City may remove the bond registrar at any time. In case at any time the bond registrar shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the bond registrar, or of its property, shall be appointed, or if any public officer shall take charge or control of the bond registrar or of its property or affairs, the City covenants and agrees that it will thereupon appoint a successor bond registrar. The City shall mail

notice of any such appointment made by it to each registered owner of 2016 Bonds within twenty days after such appointment.

Section 28. Book-Entry System. In order to provide for the initial issuance of the 2016 Bonds in a form that provides for a system of book-entry only transfers, the ownership of one fully registered bond for each maturity of each series of the 2016 Bonds, in the aggregate principal amount of such maturity, shall be registered in the name of Cede & Co., as a nominee of The Depository Trust Company, as securities depository for the 2016 Bonds. The Director of Finance is authorized to execute and deliver on behalf of the City such letters to, or agreements with, the securities depository as shall be necessary to effectuate such book-entry system.

In case at any time the securities depository shall resign or shall become incapable of acting, then the City shall appoint a successor securities depository to provide a system of book-entry only transfers for the 2016 Bonds, by written notice to the predecessor securities depository directing it to notify its participants (those persons for whom the securities depository holds securities) of the appointment of a successor securities depository.

If the system of book-entry only transfers for the 2016 Bonds is discontinued, then the City shall issue and the bond registrar shall authenticate, register and deliver to the beneficial owners of the 2016 Bonds, bond certificates in replacement of such beneficial owners' beneficial interests in the 2016 Bonds, all as shown in the records maintained by the securities depository.

Section 29. Defeasance and Payment of Bonds. (A) If the City shall pay or cause to be paid to the registered owners of the 2016 Bonds, the principal and interest

due or to become due thereon, at the times and in the manner stipulated therein and in this ordinance, then the pledge of taxes, securities and funds hereby pledged and the covenants, agreements and other obligations of the City to the registered owners and the beneficial owners of the 2016 Bonds shall be discharged and satisfied.

(B) Any 2016 Bonds or interest installments appertaining thereto, whether at or prior to the maturity date of such 2016 Bonds, shall be deemed to have been paid within the meaning of paragraph (A) of this Section if (1) in case any such 2016 Bonds are to be redeemed prior to the maturity thereof, there shall have been taken all action necessary to call such 2016 Bonds for redemption and notice of such redemption shall have been duly given or provision shall have been made for the giving of such notice, and (2) there shall have been deposited in trust with a bank, trust company or national banking association acting as fiduciary for such purpose either (i) moneys in an amount which shall be sufficient, or (ii) "Federal Obligations" as defined in paragraph (C) of this Section, the principal of and the interest on which when due will provide moneys which, together with any moneys on deposit with such fiduciary at the same time for such purpose, shall be sufficient, to pay when due the principal of and interest due and to become due on said 2016 Bonds on and prior to the applicable redemption date or maturity date thereof.

(C) As used in this Section, the term "Federal Obligations" means (i) non-callable, direct obligations of the United States of America, (ii) non-callable and non-prepayable, direct obligations of any agency of the United States of America, which are unconditionally guaranteed by the United States of America as to full and timely payment of principal and interest, (iii) non-callable, non-prepayable coupons or interest

installments from the securities described in clause (i) or clause (ii) of this paragraph, which are stripped pursuant to programs of the Department of the Treasury of the United States of America, or (iv) coupons or interest installments stripped from bonds of the Resolution Funding Corporation.

Section 30. Ordinance to Constitute a Contract. The provisions of this ordinance shall constitute a contract between the City and the registered owners of the 2016 Bonds. Any pledge made in this ordinance for the benefit of a series of the 2016 Bonds and the provisions, covenants and agreements herein set forth to be performed by or on behalf of the City with respect to the 2016 Bonds shall be for the equal benefit, protection and security of the owners of any and all of the Bonds of such series. All of the Bonds of such series, regardless of the time or times of their issuance, shall be of equal rank without preference, priority or distinction of any of the 2016 Bonds of such series over any other thereof except as expressly provided in or pursuant to this ordinance. This ordinance shall constitute full authority for the issuance of the 2016 Bonds and to the extent that the provisions of this ordinance conflict with the provisions of any other ordinance or resolution of the City, the provisions of this ordinance shall control. If any section, paragraph or provision of this ordinance shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this ordinance.

In this ordinance, reference to an officer of the City includes any person holding that office on an interim basis and any person delegated the authority to act on behalf of such officer.

Section 31. Publication. The City Clerk is hereby authorized and directed to publish this ordinance in pamphlet form and to file copies thereof for public inspection in her office.

Section 32. Effective Date. This ordinance shall become effective upon its passage and approval.

Passed and adopted this 24th day of October, 2016, by roll call vote, as follows:

Ayes:

Nays:

Approved: October 24, 2016

Mayor

Published in pamphlet form: October 25, 2016

(SEAL)

Attest:

City Clerk

CERTIFICATE

I, Aleisha Patchin, City Clerk of the City of Rock Island, Illinois, hereby certify that the foregoing ordinance entitled: "Ordinance Authorizing the Issuance of General Obligation Bonds of 2016 of the City of Rock Island, Illinois," is a true copy of an original ordinance that was duly adopted by the recorded affirmative votes of a majority of the members of the City Council of the City, at a meeting thereof that was duly called and held at 6:45 p.m. on October 24, 2016, in the Council Chambers at the City Hall, and at which a quorum was present and acting throughout, and that said copy has been compared by me with the original ordinance signed by the Mayor on October 24, 2016 and thereafter published in pamphlet form on October 25, 2016, and recorded in the Ordinance Book of the City and that it is a correct transcript thereof and of the whole of said ordinance, and that said ordinance has not been altered, amended, repealed or revoked, but is in full force and effect.

I further certify that the agenda for said meeting included the ordinance as a matter to be considered at the meeting and that said agenda was posted at least 48 hours in advance of the holding of the meeting in the manner required by the Open Meetings Act, 5 Illinois Compiled Statutes 120, and was continuously available for public review during the 48 hour period preceding the meeting.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the City, this _____ day of _____, 2016.

(SEAL)

City Clerk

2016 ESCROW DEPOSIT AGREEMENT

2016 ESCROW DEPOSIT AGREEMENT dated as of November 1, 2016, by and between the City of Rock Island (the “City”), a municipal corporation and a home rule unit of the State of Illinois and Amalgamated Bank of Chicago (the “Escrow Agent”), a bank organized and existing under the laws of the State of Illinois and having its principal corporate trust office in the City of Chicago, Illinois.

WHEREAS, there are now outstanding and unpaid \$_____,000 aggregate principal amount of General Obligation Bonds of the City (the “Prior Bonds”) and the Prior Bonds are more particularly described as follows:

\$1,000,000 General Obligation Bonds, Series 2008A (the “2008A Bonds”)

Registrar/Paying Agent: Wells Fargo Bank, N.A.

Principal Due: December 1

Interest Due: June 1 and December 1

Maturities and Interest Rates:	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
	2022	\$400,000	3.75%
	2025	300,000	3.75
	2028	300,000	4.00

\$735,000 General Obligation Bonds, Series 2008B (the “2008B Bonds”)

Registrar/Paying Agent: Wells Fargo Bank, N.A.

Principal Due: December 1

Interest Due: June 1 and December 1

Maturities and Interest Rates:	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
	2019	\$235,000	3.70%
	2020	250,000	3.70
	2021	250,000	3.75

\$2,125,000 General Obligation Bonds, Series 2009A
(the “2009A Bonds”)

Registrar/Paying Agent:	Wells Fargo Bank, N.A.		
Principal Due:	December 1		
Interest Due:	June 1 and December 1		
Maturities and Interest Rates:	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
	2018	\$500,000	3.625%
	2019	520,000	3.750
	2020	540,000	3.875
	2021	565,000	4.000

\$1,490,000 General Obligation Bonds, Series 2009B
(the “2009B Bonds”)

Registrar/Paying Agent:	Wells Fargo Bank, N.A.		
Principal Due:	December 1		
Interest Due:	June 1 and December 1		
Maturities and Interest Rates:	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
	2018	\$ 230,000	3.500%
	2024	1,260,000	4.125

\$1,815,000 Taxable General Obligation Bonds, Series 2014B
(the “2014B Bonds”)

Registrar/Paying Agent:	Wells Fargo Bank, N.A.	
Principal Due:	December 1	
Interest Due:	June 1 and December 1	
Interest Rate:	2.00%	
Maturities and Interest Rates:	<u>Year</u>	<u>Principal Amount</u>
	2016	\$475,000
	2017	665,000
	2018	675,000

WHEREAS, pursuant to the bond ordinance adopted by the City Council of the City on October 24, 2016 (the “Bond Ordinance”), the City has authorized the issuance of its \$_____ Taxable General Obligation Refunding Bonds, Series 2016C (the “2016C

Bonds”) and part of the proceeds of the 2016C Bonds will be used to refund the 2014B Bonds (the “Prior Taxable Bonds”).

WHEREAS, pursuant to the Bond Ordinance, the City has authorized the issuance of its \$_____,000 General Obligation Bonds, Series 2016A (the “2016A Bonds”) and its \$_____,000 General Obligation Refunding Bonds, Series 2016B (the “2016B Bonds” and together with the 2016A Bonds, the “Tax-Exempt 2016 Bonds”) and part of the proceeds of the Tax-Exempt 2016 Bonds will be used to refund the 2008A Bonds, the 2008B Bonds, the 2009A Bonds and the 2009B Bonds (collectively, the “Prior Tax-Exempt Bonds” and together with the Prior Taxable Bonds, the “Prior Bonds”).

WHEREAS, the City has elected to redeem each series of the Prior Tax-Exempt Bonds at a redemption price of par on the following redemption dates:

<u>Series</u>	<u>Redemption Date</u>
2008A	December 1, 2017
2008B	December 1, 2017
2009A	June 1, 2017
2009B	June 1, 2017

WHEREAS, a portion of the proceeds of the 2016C Bonds are to be invested in the obligations set forth in Schedule A attached hereto so that the maturing principal of and the interest earned on such obligations together with other moneys held hereunder will be sufficient to pay the “Taxable Bonds Payment Requirements” consisting of (i) the principal amount of each Prior Taxable Bond on its maturity date, and (ii) the interest on each Prior Taxable Bond on each interest payment date to and including its maturity date.

WHEREAS, a portion of the proceeds of the Tax-Exempt 2016 Bonds are to be invested in the obligations set forth in Schedule B attached hereto so that the maturing principal of and the interest earned on such obligations together with other moneys held hereunder will be sufficient to pay the “Tax-Exempt Bonds Payment Requirements” consisting of (i) the redemption price of each Prior Tax-Exempt Bond on its redemption date, and (ii) the interest on each Prior Tax-Exempt Bond on its redemption date and on each interest payment date to and including its redemption date.

NOW THEREFORE, in consideration of the foregoing and of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

1. There is hereby created and established with the Escrow Agent, a special and irrevocable escrow fund designated the “2016 Escrow Fund” (the “Escrow Fund”) to be held in the custody of the Escrow Agent separate and apart from other funds of or held by the City or the Escrow Agent. There is hereby created and established within the Escrow Fund, the “Taxable Account” and the “Tax-Exempt Account.”

2. Concurrently with the execution of this Agreement, the City shall deliver to the Escrow Agent for deposit into the Taxable Account of the Escrow Fund the sum of

\$ _____, of which \$ _____ shall be uninvested and the remainder of \$ _____ shall be applied to purchase the United States Treasury Securities listed in Schedule A attached hereto (the "Taxable Account Government Obligations").

3. The deposit of moneys and Taxable Account Government Obligations in and credited to the Taxable Account shall constitute an irrevocable deposit of said moneys and Taxable Account Government Obligations and the interest earned thereon for the benefit of the owners of the Prior Taxable Bonds. The Escrow Agent shall deposit any proceeds (whether principal, interest or otherwise) derived from the Taxable Account Government Obligations in the Taxable Account. The Escrow Agent shall from time to time pay over the moneys in the Taxable Account to or upon the order of the Paying Agent for the Prior Taxable Bonds, in an amount sufficient to pay when due and payable the Taxable Bonds Payment Requirements.

4. Concurrently with the execution of this Agreement, the City shall deliver to the Escrow Agent for deposit into the Tax-Exempt Account of the Escrow Fund the sum of \$ _____, of which \$ _____ shall be uninvested and the remainder of \$ _____ shall be applied to purchase the United States Treasury Securities – State and Local Government Series listed in Schedule B attached hereto (the "Tax-Exempt Account Government Obligations").

5. The deposit of moneys and Tax-Exempt Account Government Obligations in and credited to the Tax-Exempt Account shall constitute an irrevocable deposit of said moneys and Tax-Exempt Account Government Obligations and the interest earned thereon for the benefit of the owners of the Prior Tax-Exempt Bonds. The Escrow Agent shall deposit any proceeds (whether principal, interest or otherwise) derived from the Tax-Exempt Account Government Obligations in the Tax-Exempt Account. The Escrow Agent shall from time to time pay over the moneys in the Tax-Exempt Account to or upon the order of the Paying Agent for the Prior Tax-Exempt Bonds, in an amount sufficient to pay when due and payable the Tax-Exempt Bonds Payment Requirements.

6. Except as provided herein, the Escrow Agent shall have no power or duty to invest any moneys held hereunder or to sell, transfer or otherwise dispose of, or to make substitutions of, the Taxable Account Government Obligations or the Tax-Exempt Account Government Obligations (collectively, the "Government Obligations").

The Escrow Agent shall not make substitutions of the Government Obligations held hereunder or sell, transfer or otherwise dispose of such Government Obligations provided, however, that:

(a) At the written request of the City and upon compliance with the conditions hereinafter stated, the Escrow Agent shall, to the extent from time to time permitted by law, have the power to sell, transfer, otherwise dispose of or request the redemption of the Government Obligations acquired hereunder and to substitute therefor other non-callable, direct obligations of the United States of America, Refcorp interest strips or securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, provided, that the full faith and credit of the United States of America has been pledged to any such direct obligation or guarantee.

The Escrow Agent shall purchase such substituted Government Obligations with the proceeds derived from the sale, transfer, disposition or redemption of the Government Obligations. The substitution of Government Obligations described above may be effected only if:

(i) the Escrow Agent shall certify, in reliance upon an opinion of a firm of independent certified public accountants, that the moneys and Government Obligations, including the interest to be earned thereon, to be substituted will be no less than an amount sufficient to pay (A) in the case of the Taxable Account, the Taxable Bonds Payment Requirements and (B) in the case of the Tax-Exempt Account, the Tax-Exempt Bonds Payment Requirements, in each case upon completion of such substitutions; and

(ii) the City shall furnish the Escrow Agent with an unqualified opinion of nationally recognized attorneys on the subject of municipal bonds to the effect that the substitution is then permitted by law and, in the case of the Tax-Exempt Account will not cause any of the Prior Tax-Exempt Bonds or the Tax-Exempt 2016 Bonds to become an “arbitrage bond” as hereinafter defined.

(b) If any substitution of Government Obligations pursuant to the provisions of the preceding subparagraph (a) shall, after the satisfaction of all of the conditions set forth in clauses (i) and (ii) of said subparagraph (a), result in the creation of any surplus amount in the applicable Account of the Escrow Fund that will not, in the opinion of the firm of independent certified public accountants referred to in clause (i) of said subparagraph (a), thereafter be required for the payment of the Taxable Bonds Payment Requirements or the Tax-Exempt Bonds Payment Requirements, as applicable, in accordance with the provisions of this Agreement, the amount of such surplus shall, at the written request of the City, be transferred to the City.

The City hereby covenants that no part of the moneys or funds at any time in the Tax-Exempt Account shall be used directly or indirectly to acquire any securities or obligations the acquisition of which would cause any of the Prior Tax-Exempt Bonds or the Tax-Exempt 2016 Bonds to be an “arbitrage bond” as defined in Section 148 of the Internal Revenue Code of 1986 and the rules and regulations promulgated thereunder, as then in effect.

7. The City has irrevocably elected to redeem the Prior Tax-Exempt Bonds as provided in the Bond Ordinance and this Agreement. The City agrees to provide the paying agent from each series of the Prior Tax-Exempt Bonds with irrevocable instructions regarding the redemption of the Prior Tax-Exempt Bonds.

8. The owners of the Prior Taxable Bonds shall have an express lien on all moneys and Taxable Account Government Obligations in the Taxable Account until paid out and applied in accordance with this Agreement. The owners of the Prior Tax-Exempt Bonds shall have express lien on all moneys and Tax-Exempt Account Government Obligations in the Tax-Exempt Account until paid out and applied in accordance with this Agreement. The Escrow Agent shall not have a lien or claim on the Escrow Fund for the payment of its fees and expenses.

9. In consideration of all services rendered and to be rendered by the Escrow Agent under this Agreement, the City will pay the Escrow Agent a fee on the date hereof.

10. The Escrow Agent, acting in good faith and in its sole discretion, may disregard any and all notices or instructions given by the City or by any other person, firm or corporation, except (i) notices or instructions specifically provided for under this Agreement and (ii) orders or process of any court. If any property subject to this Agreement is at any time attached, garnished, or levied upon under any court order or in case the payment, assignment, transfer, conveyance or delivery of any such property shall be stayed or enjoined by any court order, or in case any order, judgment or decree shall be made or entered by any court affecting such property or any part thereof, then and in any of such events the Escrow Agent, in its sole discretion, may rely upon and comply with any such order, writ, judgment, or decree which it is advised by its legal counsel is binding upon it.

11. The Escrow Agent shall not be personally liable for any action taken or omitted under this Agreement if taken or omitted in good faith and in the exercise of its own best judgment. The Escrow Agent shall also be duly protected in relying upon any written notice, demand, certificate or document that it in good faith believes to be genuine.

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

13. This Agreement shall terminate on December 31, 2018. Any moneys and obligations remaining in the Escrow Fund upon termination of this Agreement shall be transferred to the City.

14. If any one or more of the covenants or agreements provided in this Agreement on the part of the City or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

15. This Agreement is made for the benefit of the City, the Escrow Agent and the owners from time to time of the Prior Bonds and it shall not be repealed, revoked, altered or amended without the written consent of all such owners, and the written consent of the Escrow Agent; provided however, that the City and the Escrow Agent may, without the consent of, or notice to, such owners, enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of such owners and as shall not be inconsistent with the terms and provisions of this Agreement, for any one or more of the following purposes:

- (a) to cure any ambiguity or formal defect or omission in this Agreement; and
- (b) to grant to, or confer upon the Escrow Agent for the benefit of the owners of the Prior Bonds, any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, the Escrow Agent.

The Escrow Agent shall be entitled to rely exclusively upon an unqualified opinion of nationally recognized attorneys on the subject of municipal bonds with respect to compliance with this Agreement, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the owners of the Prior Bonds or that any instrument executed hereunder complies with the conditions and provisions of this Section.

16. Any notice, authorization, request for consent or demand required or permitted to be given in accordance with the terms of this Agreement shall be in writing.

17. This Agreement may be executed in several counterparts, all of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have each caused this 2016 Escrow Deposit Agreement to be executed by their duly authorized officers as of the date first above written.

CITY OF ROCK ISLAND

By: _____
Mayor

(SEAL)

Attest:

By: _____
City Clerk

AMALGAMATED BANK OF CHICAGO

By: _____
Authorized Officer

(SEAL)

Attest:

By: _____
Authorized Officer

SCHEDULE A

TAXABLE ACCOUNT GOVERNMENT OBLIGATIONS

SCHEDULE B

TAX EXEMPT ACCOUNT GOVERNMENT OBLIGATIONS