ORDINANCE NO. _____

ORDINANCE AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION BONDS, SERIES 2012A, 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 for the purposes of (A) financing costs of (1) the reconstruction of 44th Street, from 41st Avenue to Blackhawk Road, at an estimated cost of $430,000; (2) the reconstruction of 37th Avenue, east of 44th Street, at an estimated cost of $195,000 and (3) public infrastructure improvements for the Ridgewood Road Sustainable Business Park, at an estimated cost of $1,500,000 (the "Projects") and (B) the refunding of (1) $1,075,000 outstanding principal amount of General Obligation Bonds, Series 2004, of the City (the "2004 Bonds"); (2) $260,000 outstanding principal amount of General Obligation Bonds, Series 2010B, of the City (the "2010B Bonds") and (3) $370,000 outstanding principal

amount of General Obligation Bonds, Series 2011A, of the City (the "2011A Bonds" and together with the 2004 Bonds and the 2010B Bonds, the "Prior 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 determines to refund the Prior Bonds. The City hereby elects to redeem the 2004 Bonds on January 28, 2013, at a redemption price equal to the principal amount to be redeemed.

The Mayor, the City Manager 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 2004 Bonds.

Section 3. Authorization of Series 2012A Bonds. To meet part of the costs of the Projects and the refunding the Prior Bonds, including costs of issuance of the bonds authorized by this section, there is hereby appropriated the sum of $_____. 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, general obligation bonds of the City shall be issued in an aggregate principal amount of $_____ and shall be sold as a single series designated as the "General Obligation Bonds, Series 2012A" (the "Bonds").

Section 4. General Terms of Bonds. The Bonds 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 Bonds. Unless otherwise determined in the order to authenticate the Bonds, each

Bond delivered upon the original issuance of the Bonds shall be dated as of their date of issuance. Each Bond thereafter issued upon any transfer, exchange or replacement of Bonds shall be dated so that no gain or loss of interest shall result from such transfer, exchange or replacement.

The principal of the Bonds shall be payable in lawful money of the United States of America upon presentation and surrender thereof at the corporate trust office of Wells Fargo Bank, N.A., in the City of Chicago, Illinois, which is hereby appointed as bond registrar and paying agent for the Bonds. Each 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 next preceding the applicable interest payment date. Interest on the 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 Bonds shall mature on December 15 in each year shown in the following table in the respective principal amount set forth opposite each such year and the Bonds maturing in each such year shall bear interest from their date payable on June 15, 2013 and semiannually thereafter on each June 15 and December 15 at the respective rate per annum set forth opposite such year:

Year	Principal Amount	Interest Rate
2013	$,000	. %
2014	,000	
2015	,000	
2016	,000	
2017	,000	
2018	,000	
2019	,000	
2020	,000	
2021	,000	
2022	,000	
2023	,000	
2024	,000	
2025	,000	
2026	,000	
2027	,000	
2028	,000	
2029	,000	
2030	,000	
2031	,000	
2032	,000	

The Bonds maturing on or after December 15, 20__ shall be subject to redemption prior to maturity 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 and by lot within a single maturity, on December 15, 20__ and on any date thereafter, at a redemption price equal to the principal amount thereof to be redeemed

The Bonds maturing on December 15, 20__, shall be subject to mandatory redemption, in part and by lot, on December 15 of the years 20__ and 20__, in the following principal amounts, each constituting a sinking fund installment for the retirement of the Bonds maturing on December 15, 20__:

Year	Principal Amount
20__	$,000
20__	,000

The final principal amount of the Bonds maturing on December 15, 20__, is $_____,000.

The Bonds maturing on December 15, 20__, shall be subject to mandatory redemption, in part and by lot, on December 15 of the years 20__ to 20__, both inclusive, in the following principal amounts, each constituting a sinking fund installment for the retirement of the Bonds maturing on December 15, 20__:

Year	Principal Amount
20__	$,000
20__	,000
20__	,000

The final principal amount of the Bonds maturing on December 15, 20__, is $_____,000.

All 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 the Bonds in the manner herein provided.

On or prior to the 60th day preceding any sinking fund installment date, the City may purchase Bonds, which are subject to mandatory redemption on such sinking fund installment date, at such prices as the City shall determine. Any 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 of the Bonds of the same maturity as the Bond so purchased.

In the event of the redemption of less than all the Bonds of like 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 Bond of such maturity a distinctive number for each $5,000 principal amount of such 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 Bonds to be redeemed. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected; provided that only so much of the principal amount of each Bond shall be redeemed as shall equal $5,000 for each number assigned to it and so selected.

Notice of the redemption of 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 Bonds to be redeemed at their last addresses appearing on said 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. If there shall be drawn for redemption less than all of a Bond, the City shall execute and the bond registrar shall authenticate and deliver, upon the surrender of such Bond, without charge to the owner thereof, in exchange for the unredeemed balance of the Bond so surrendered, Bonds of like 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 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 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 Bond.

Section 5. Sale and Delivery. The Bonds are sold to _____, as purchaser, at a price of $_____ and accrued interest from their date to the date of delivery and payment therefor. The Official Statement prepared with respect to the Bonds is approved and "deemed final" as of its date for purposes of Securities and Exchange Commission Rule 15c2-12 promulgated under the Securities Exchange Act of 1934.

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 Bonds, including the proper execution and delivery of the Bonds and the Official Statement.

Section 6. Execution and Authentication. Each 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 Bond shall cease to hold such office before the issuance of the Bond, such 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 Bond had not ceased to hold such office. Any 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 Bond such person may not have held such office. No recourse shall be had for the payment of any Bonds against any officer who executes the Bonds.

Each Bond shall bear thereon a certificate of authentication executed manually by the bond registrar. No 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 7. Transfer, Exchange and Registry. The Bonds shall be negotiable, subject to the provisions for registration of transfer contained herein. Each 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 Bond, the City shall execute and the bond registrar shall authenticate and deliver a new Bond or Bonds registered in the name of the transferee, of the same aggregate principal amount, maturity and interest rate as the surrendered Bond. 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 Bonds of the same 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 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 Bonds.

The City and the bond registrar may deem and treat the person in whose name any Bond shall be registered upon the registration books as the absolute owner of such Bond, whether such 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 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 8. 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 Bonds. The 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 Bonds and the interest thereon, without limitation as to rate or amount.

Section 9. Form of Bonds. The Bonds shall be issued as fully registered bonds and shall be in substantially the following form, the blanks to be appropriately completed when the Bonds are printed:

No. _____

United States of America

State of Illinois

County of Rock Island

CITY OF ROCK ISLAND

GENERAL OBLIGATION BOND, SERIES 2012A

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
. %	December 15, ____	December __, 2012	_____ ___

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 15, 2013 and semiannually thereafter on June 15 and December 15 in each year until the principal amount shall have been paid, to the registered owner of record hereof

as of the 15th day 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 Wells Fargo Bank, N.A., 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 December 10, 2012 and entitled: "Ordinance Authorizing the Issuance of General Obligation Bonds, Series 2012A, of the City of Rock Island, Illinois."

The bonds of such series maturing on or after December 15, 20__ are subject to redemption prior to maturity 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 and by lot within a single maturity, on December 15, 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 15

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, 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: _____, 2012

CITY OF ROCK ISLAND

_____
Mayor

Attest:

_____
City Clerk

CERTIFICATE OF AUTHENTICATION

This bond is one of the General Obligation Bonds, Series 2012A, described in the within mentioned Ordinance.

WELLS FARGO BANK, N.A., 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 10. Levy and Extension of Taxes. 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 (including 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 Bonds shall be outstanding, a direct annual tax sufficient for that purpose in addition to all other taxes, as follows:

Tax Levy Year	A Tax Sufficient to Produce
2012	$
2013	
2014	
2015	
2016	
2017	
2018	
2019	
2020	
2021	
2022	
2023	
2024	
2025	
2026	
2027	
2028	
2029	
2030	
2031	

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.

As soon as this ordinance becomes effective, a copy thereof 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 tax hereinbefore provided to be levied in the years 2012 to 2031, both inclusive, and 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 Bonds herein authorized as the same become due and payable.

Section 11. Taxes Levied for Payment of Prior Bonds. After the issuance of the 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 and said certificate shall direct the abatement of such taxes.

Section 12. Escrow Deposit Agreement. The form of 2012 Escrow Deposit Agreement, dated as of December 1, 2012, by and between the City and Wells Fargo Bank, N.A., in the City of Chicago, Illinois, 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 2012 Escrow Deposit Agreement on behalf of the City.

Section 13. Application of Bond Proceeds. The proceeds of sale of the Bonds shall be deposited as follows:

1. To the 2012 Escrow Fund maintained under the 2012 Escrow Deposit Agreement, the amount, together with any other moneys of the City deposited therein, necessary to provide for the payment of the principal of and interest on the 2010B Bonds and the 2011A Bonds and the interest on and redemption price of the 2004 Bonds.

2. To the 2012A 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.

Section 14. Debt Service Fund. The tax receipts derived from the taxes levied pursuant to this ordinance to pay the principal of and interest on the Bonds and all other moneys to be used for the payment of the principal of and interest on the Bonds, shall be deposited in the "2012A 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").

Section 15. Pledge Securing Bonds. The moneys deposited or to be deposited into the Debt Service Fund, 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 the Bonds. The pledge is 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 Bonds. All such tax receipts and the moneys held in the Debt Service Fund 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 16. Capital Improvement Fund. Moneys in the 2012A Capital Improvement Fund shall be used to pay costs of the Street Improvement and for the payment of costs of issuance of the 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 17. Investment Regulations. No investment shall be made of any moneys in the 2012 Escrow Fund, the 2012A Capital Improvement Fund, the 2012A Debt Service Fund, except in accordance with the tax covenants set forth in Section 18 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 Treasurer 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 18. 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 Bond to become subject to federal income taxes in addition to federal income taxes to which interest on such Bond is subject on the date of original issuance thereof.

The City shall not permit any of the proceeds of the Bonds, or any facilities financed with such proceeds, to be used in any manner that would cause any 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 Bonds or other moneys to be invested in any manner that would cause any 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 19. Bank Qualified Designation. The City hereby designates the 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 2012 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 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 20. Continuing Disclosure. For the benefit of the beneficial owners of the 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 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 Bonds, or other events affecting the tax-exempt status of the Bonds; (7) modifications to rights of Bondholders, if material; (8) Bond calls, if material; (9) defeasances; (10) release, substitution or sale of property securing repayment of the 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 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 Bonds and the City remains an "obligated person" under the Rule with respect to the 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 Bonds.

Section 21. Bond Registrar. The City covenants that it shall at all times retain a bond registrar with respect to the Bonds, that it will maintain at the designated office of such bond registrar a place where 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 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 Bond so authenticated but with respect to all the 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 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 Bonds within twenty days after such appointment.

Section 22. Book-Entry System. In order to provide for the initial issuance of the 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 the 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 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 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 Bonds is discontinued, then the City shall issue and the bond registrar shall authenticate, register and deliver to the beneficial owners of the Bonds, bond certificates in replacement of such beneficial owners' beneficial interests in the Bonds, all as shown in the records maintained by the securities depository.

Section 23. Defeasance and Payment of Bonds. (A) If the City shall pay or cause to be paid to the registered owners of the 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 Bonds shall be discharged and satisfied.

(B) Any Bonds or interest installments appertaining thereto, whether at or prior to the maturity date of such Bonds, shall be deemed to have been paid within the meaning of paragraph (A) of this Section if 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 Bonds on and prior to the applicable 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 24. Ordinance to Constitute a Contract. The provisions of this ordinance shall constitute a contract between the City and the registered owners of the Bonds. Any pledge made in this ordinance for the benefit of the Bonds and the provisions, covenants and agreements herein set forth to be performed by or on behalf of the City with respect to the Bonds shall be for the equal benefit, protection and security of the owners of any and all of the Bonds. All of the Bonds, regardless of the time or times of their issuance, shall be of equal rank without preference, priority or distinction of any of the Bonds 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 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 25. 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 26. Effective Date. This ordinance shall become effective upon its passage and approval.

Passed and adopted this 10th day of December, 2012, by roll call vote, as follows:

Ayes:

Nays:

Approved: December 10, 2012

_____
Mayor

Published in pamphlet form: December 11, 2012

(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, Series 2012A, 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 December 10, 2012, 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 December 10, 2012 and thereafter published in pamphlet form on December 11, 2012, 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.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the City, this _____ day of December, 2012.

_____
City Clerk

(SEAL)