



CITY OF CRYSTAL LAKE
AGENDA

CITY COUNCIL
REGULAR MEETING

City of Crystal Lake
100 West Woodstock Street, Crystal Lake, IL
City Council Chambers
April 1, 2014
7:30 p.m.

1. **Call to Order**
2. **Roll Call**
3. **Pledge of Allegiance**
4. **Proclamation – Autism Awareness Month**
5. **Approval of Minutes – March 18, 2014 Regular City Council Meeting**
6. **Accounts Payable**
7. **Public Presentation**
The public is invited to make an issue oriented comment on any matter of public concern not otherwise on the agenda. The public comment may be no longer than 5 minutes in duration. Interrogation of the city staff, Mayor or City Council will not be allowed at this time, nor will any comment from the Council. Personal invectives against city staff or elected officials are not permitted.
8. **Mayor's Report**
9. **Council Reports**
10. **Consent Agenda**
 - a. **St. Thomas School request to close Lake Street from an area just south of the First Congregational Church entrance to an area just south of the St. Thomas School parking lot on May 29, 2014 and May 30, 2014 during the St. Thomas Field Days.**
 - b. **Crystal Lake Jaycees Class 19 Temporary Liquor License request.**
 - c. **Lakeside Legacy Foundation Run and Roll for the Dole.**
 - d. **Resolution placing the proposed Annual Budget on public display and setting the Public Hearing date for the proposed Annual Budget for FY2014/2015 for the April 15, 2014 Regular City Council meeting.**
11. **Crystal Lake Rowing Club request for waiver of boat sticker requirements for rowing shells and regatta motorboats for the Greater Chicago Area Junior Rowing Championships Regatta on May 3, 2014 and other scrimmages/races on dates approved by the Park District, and closure of Lake Shore Drive between the Main Beach boat ramp entrance and Dole Avenue on May 3, 2014.**
12. **Madsen, Sugden & Gottemoller, 1 North Virginia Street – Sign Variation to allow an Office sign at 8 feet in height and 50 square feet.**
13. **Penny Pinchers, 8 Crystal Lake Plaza – Special Use Permit to allow a Used Merchandise Store.**
14. **Bid award and resolution authorizing execution of an agreement for the purchase and installation of two Cooling Systems for the IT Server Room, with a 10 percent contingency for unforeseen expenses.**
15. **Bid award and resolution authorizing execution of an agreement for the purchase of replacement manhole frames and lids, with a 10 percent contingency for unforeseen additional quantities.**

16. **Bid award and resolution authorizing execution of a contract for the 2014 Downtown Sidewalk Replacement Project and allowing for a 10 percent contingency.**
17. **Resolution approving the Lake Safety Program Budget FY 2014/2015.**
18. **ComEd Green Region Grant Application Resolution.**
19. **Bond Ordinance for the issuance of General Obligation Refunding Bonds, Series 2014, for the purpose of refunding an outstanding loan with the Illinois Environmental Protection Agency and for the payment of the expenses incident thereto, and providing for the levy and collection of a direct annual tax for the payment of the principal of and interest on said bonds.**
20. **Council Inquiries and Requests**
21. **Adjourn to Executive Session for the purpose of discussing matters of pending and probable litigation, the sale, purchase or lease of real property, collective bargaining, and personnel.**
22. **Reconvene to Regular Session**
23. **Adjourn**

If special assistance is needed in order to participate in a City of Crystal Lake public meeting, please contact Brad Mitchell, Assistant to the City Manager, at 815-459-2020, at least 24 hours prior to the meeting, if possible, to make arrangements.



Agenda Item No: 10a

**City Council
Agenda Supplement**

<u>Meeting Date:</u>	April 1, 2014
<u>Item:</u>	St. Thomas School Street Closure Request
<u>Staff Recommendation:</u>	Motion to approve the closure of Lake Street from an area just south of the First Congregational Church entrance to an area just south of the St. Thomas School parking lot on Thursday, May 29, 2014 and Friday, May 30, 2014 from 7:45 a.m. until 2:15 p.m., during the St. Thomas Field Days.
<u>Staff Contact:</u>	Brad Mitchell, Assistant to the City Manager

Background:

The City has received a request from St. Thomas School for the closure of Lake Street from an area just south of the First Congregational Church entrance to an area south of the St. Thomas School parking lot on Thursday, May 29, 2014 and Friday, May 30, 2014 from 7:45 a.m. until 2:15 p.m. for the St. Thomas Field Days. During the St. Thomas Field Days, the children will be going back and forth from the school to the playing fields, participating in a wide variety of activities. Closing Lake Street would make it safer for the children to cross from the school to the fields, as well as make it easier on the parent volunteers coordinating the St. Thomas Field Days. The City Council approved a similar request in 2013.

City staff has reviewed the petitioner's request and does not have concerns regarding the closure of Lake Street, providing the following conditions are met:

- 1) City-owned barricades must be used to block off the street closure sections. Barricades shall be placed to allow access to existing crosswalks. In addition, a "Local Traffic Only" sign must be temporarily placed at the entrance to Lake Street from Dole Avenue. The petitioner must complete and submit a Barricade Borrowing Application.
- 2) The petitioner must send a notice to all affected property owners along Lake Street.

- 3) The petitioner must contact the school districts in the area in case there are any bus routes that may utilize Lake Street.
- 4) Emergency vehicle access must be maintained throughout the event. Items should not be placed on the roadway to prohibit access, and volunteers should be available to remove barricades to allow emergency vehicles on the roadway, if necessary.
- 5) Emergency access to the School must be maintained throughout the event. The petitioner must provide a plan of the St. Thomas Field Days layout.
- 6) Local traffic access to Lake Street must be maintained throughout the event. Volunteers should be available to remove barricades to allow property owners on the roadway, if necessary.
- 7) All debris created by the event shall be cleaned up during and after the event.
- 8) The petitioner must adhere to the required City insurance provisions for the use of City-owned property by providing a certificate of insurance naming the City as additional insured, and sign the required Indemnity/Hold Harmless agreement.
- 9) If tents or canopies will be used, the petitioner shall contact the Fire Rescue Department for further review.
- 10) Any additional permits or requests for signage shall be made through the Community Development Department.
- 11) In the case of inclement weather, an alternate date can be approved by the City Manager.

The petitioner has agreed to meet these conditions. The letter requesting approval for the closure of Lake Street and a map indicating the portion of the roadway to be closed have been attached for City Council consideration.

Votes Required to Pass:

Simple majority vote of the City Council



Agenda Item No: 10b

**City Council
Agenda Supplement**

Meeting Date: April 1, 2014

Item: Temporary Liquor License – Crystal Lake Jaycees

Staff Recommendation: Motion to approve issuance of a Class “19” Temporary Liquor License to the Crystal Lake Jaycees

Staff Contact: Eric Helm, Deputy City Manager

Background:

The City has received a request from the Crystal Lake Jaycees for the issuance of a Class “19” Temporary Liquor License in order to sell beer, wine and alcoholic liquor drinks at their “Girls Night Out” and Bachelor Auction fundraising event to benefit Home of the Sparrow. The event will be held on April 12, 2014 from 6:00 p.m. to 11:00 p.m. at the Lakeside Legacy Arts Park/Dole Mansion, located at 401 Country Club Road. Although the alcoholic beverages being served at this event will be labeled as a “free beverage” at the cash bar, there is an admission fee to attend the event and, in the opinion of the City Attorney, this fee can be construed as payment for the alcoholic beverage. The City is, therefore, requiring that the Crystal Lake Jaycees apply for a Temporary Liquor License for this event.

Section 329-5-S of the City Code permits the issuance of a Class “19” Temporary Liquor License for the retail sale of beer, wine and alcoholic liquor drinks for consumption upon the premises specified in the license where sold. The license shall be issued to not-for-profit corporations qualified to do business in the State of Illinois. The license shall be for a period not to exceed three (3) days, and shall be issued only for special events sponsored by the not-for-profit corporation requesting the license.

Attached for City Council review is a copy of all support documentation regarding this request.

Votes Required to Pass:

Simple majority



Agenda Item No: 10c

**City Council
Agenda Supplement**

Meeting Date: April 1, 2014

Item: Run and Roll for the Dole

Council Discretion: Motion authorizing approval of the Run and Roll for the Dole, to be held on Sunday, October 5, 2014, with the conditions contained in this agenda supplement.

Staff Contact: James Black, Chief of Police
Brad Mitchell, Assistant to the City Manager

Background:

The Lakeside Legacy Foundation is requesting approval to conduct the Run and Roll for the Dole to be held on Sunday, October 5, 2014. The race will begin at 8:00 a.m. and finish at approximately 10:30 a.m. The race will consist of a 2-mile run, 20K (12.6 mile) bike course, and another 2-mile run. The 2-mile running course will take place on Crystal Lake roads (Exhibit A). The 20K bike ride will take place throughout the City of Crystal Lake, the Village of Lakewood and the Village of Lake in the Hills (Exhibit B). The City Council approved a similar request in 2013.

The Lakeside Legacy Foundation is requesting the following from the City:

1. Assistance from the Crystal Lake Police Department along the race course that is within the City's jurisdiction. The Lakeside Legacy Foundation is requesting that the City of Crystal Lake provide police services at no charge for this event. The recommended number of Police officers and volunteers for the event is detailed in the attached Exhibit C. Volunteers will be stationed along the race course to assist with safety and race direction only.
2. A waiver of the speed limit and traffic laws for bicyclists, per State Law Chapter 625 Illinois Compiled Statutes 5/11-1514.
3. The closure of Country Club Road between Lake Avenue and Golf Road for the duration of the race. This portion of Country Club Road is the beginning and end point of the race.

City staff has reviewed the petitioner's request and offers the following conditions:

- 1) Approval for the Run and Roll for the Dole is contingent upon approval from other participating jurisdictions. The Village of Lakewood and Village of Lake in the Hills shall be responsible for coordinating public safety services within and adjacent to their corporate boundaries. The Lakeside Legacy Foundation shall submit to the City a letter from the Village of Lakewood and Village of Lake in the Hills stating their approval for the event.
- 2) The City will have flexibility in designing the race course based on any concerns from the Police and Fire Rescue Departments.
- 3) The Lakeside Legacy Foundation must provide the City with a site plan for set-up at the Dole Mansion and parking plan for the event for review by City Departments.
- 4) The Police Department can designate "No Parking" zones for the event prior to the race date. The petitioner must receive approval from the Village of Lakewood for temporary no parking signs on the north half of Broadway.
- 5) The volunteers for both races will carry cellular phones or radios to contact 911 in case of an emergency. Volunteers are not to direct traffic.
- 6) The Lakeside Legacy Foundation Duathlon Committee shall coordinate with the Crystal Lake Police, Fire Rescue and Public Works Departments regarding assistance during the event.
- 7) "Race In Progress" signs must be posted a minimum of three (3) days prior to the event.
- 8) City-owned barricades must be used to block off the street closure sections. Barricades shall be placed to allow access to existing crosswalks. The petitioner must complete and submit a Barricade Borrowing Application.
- 9) The petitioner must send a notice to all affected property owners along Country Club Road.
- 10) Emergency vehicle access must be maintained throughout the event. Items should not be placed on the roadway to prohibit access, and volunteers should be available to remove barricades to allow emergency vehicles on the roadway, if necessary.
- 11) Local traffic access to Country Club Road must be maintained throughout the event. Volunteers should be available to remove barricades to allow property owners on the roadway, if necessary.
- 12) All debris created by the event shall be cleaned up during and after the event.
- 13) Petitioner must adhere to the required City insurance provisions for the use of City-owned property by providing a certificate of insurance naming the City as additional insured, and sign the required Indemnity/Hold Harmless agreement.
- 14) Participants are required to sign an Indemnity/Hold Harmless agreement to include the City.
- 15) If tents or canopies will be used, the petitioner shall contact the Fire Rescue Department for further review.
- 16) Any additional permits or requests for signage shall be made through the Community Development Department.
- 17) Compliance with State Law regarding Bicycle Racing;

625 ILCS 5/11-1514 – (a) *Bicycle racing on a highway shall not be unlawful when a racing event has been approved by the State or local authorities on any highway under their respective jurisdictions. Approval of bicycle racing events shall be granted only under conditions which assure reasonable safety for all race participants, spectators and other highway users, and which prevent unreasonable interference with traffic flow which would seriously inconvenience highway users.*

(b) By Agreement with the approving authority, participants in an approved bicycle highway racing event may be exempt from compliance with any traffic laws otherwise applicable thereto, provided that traffic control is adequate to assure the safety of all highway users.

- 18) In the case of inclement weather, an alternate date can be approved by the City Manager.

The petitioner has agreed to meet these conditions.

Votes Required to Pass:

Simple majority vote of the City Council



Agenda Item No. 10d

**City Council
Agenda Supplement**

Meeting Date:

April 1, 2014

Item:

Public Display and Setting of Public Hearing Date for the Proposed Annual Budget for the Fiscal Year 2014/2015

Staff Recommendation:

Motion to adopt a resolution placing the Proposed Annual Budget on public display and setting the Public Hearing date for the Proposed Annual Budget for FY2014/2015 for the April 15, 2014 Regular City Council meeting.

Staff Contact:

George Koczwar, Interim Director of Finance

Background:

The adoption of this resolution would have the effect of placing the Proposed Fiscal Year 2014/2015 Budget document on public display at the Office of the City Manager. This resolution also sets the date for the Public Hearing on the proposed budget for Tuesday, April 15, 2014.

Votes Required to Pass:

Simple majority.



DRAFT

The City of Crystal Lake

RESOLUTION

BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF CRYSTAL LAKE as follows:

SECTION 1: That the proposed annual budget for the City of Crystal Lake for the fiscal year May 1, 2014 through April 30, 2015 is now available for public inspection at the Office of the City Manager from April 2, 2014 through the date of its adoption by the Crystal Lake City Council.

SECTION 2: A public hearing on the proposed Fiscal Year 2014/2015 Budget will be held on Tuesday, April 15, 2014 at 7:30 p.m., during the regular City Council meeting, held in the City Council Chambers of the Crystal Lake City Hall, 100 W. Woodstock Street, Crystal Lake, Illinois.

DATED this 1st day of April, 2014.

CITY OF CRYSTAL LAKE, an Illinois Municipal Corporation

BY: _____
Aaron T. Shepley, Mayor

ATTEST:

Nick Kachiroubas, City Clerk



Agenda Item No: 11

**City Council
Agenda Supplement**

Meeting Date:

April 1, 2014

Item:

Crystal Lake Rowing Club Waiver of Boat Sticker Requirements and Street Closure Request

Staff Recommendation:

City Council Discretion

1. Motion to waive boat sticker requirements for rowing shells and regatta motorboats for the Greater Chicago Area Junior Rowing Championships Regatta to be held on Saturday, May 3, 2014 and other scrimmages/races on dates approved by the Park District.
2. Motion to approve the closure of Lake Shore Drive between the Main Beach boat ramp entrance and Dole Avenue from 6:00 a.m. to 6:00 p.m. for the Greater Chicago Area Junior Rowing Championships Regatta to be held on Saturday, May 3, 2014.

Staff Contact:

Brad Mitchell, Assistant to the City Manager

Background:

The Crystal Lake Rowing Club is requesting a waiver of boat sticker requirements for rowing shells and regatta motorboats used by visiting rowing clubs during the Greater Chicago Area Junior Rowing Championships Regatta to be held on Saturday, May 3, 2014, as well as other scrimmages/races on dates approved by the Park District. The City Council approved a similar request last year.

Additionally, the Crystal Lake Rowing Club must receive approval from the Crystal Lake Park District and Village of Lakewood for the hosting of the Greater Chicago Area Junior Rowing Championships Regatta. The Crystal Lake Rowing Club will provide letters to the City confirming these approvals.

The Crystal Lake Rowing Club is not requesting a change to wake/no-wake restrictions, as the event is scheduled prior to when such restrictions are in effect (Memorial Day weekend through Labor Day weekend).

In addition, the Crystal Lake Rowing Club is requesting the closure of Lake Shore Drive between the Main Beach boat ramp entrance and Dole Avenue from 6:00 a.m. to 6:00 p.m. for the Greater Chicago Area Junior Rowing Championships Regatta to be held on Saturday, May 3, 2014. This will allow clubs to leave their trailers near the beach to unload and load boats as necessary during the event. The request is being made based on past years when this portion of Lake Shore Drive was used to unload and load boat trailers, as it was too wet to bring the boat trailers into Main Beach. The City Council approved a similar request last year.

Also, the Crystal Lake Rowing Club has asked that an ambulance from the Crystal Lake Fire Rescue Department be on standby for the Greater Chicago Area Junior Rowing Championships Regatta on Saturday, May 3, 2014. The ambulance will not be dedicated to the event. The ambulance will be responsible for answering other emergency calls. The Crystal Lake Fire Rescue Department has approved the request. This request was approved for last year's regatta.

City staff has reviewed the petitioner's request and does not have concerns regarding the waiver of the boat sticker requirements, providing the following conditions are met:

- 1) The Crystal Lake Rowing Club shall provide the City with letters from the Crystal Lake Park District and the Village of Lakewood indicating their approval for the hosting of the Greater Chicago Area Junior Rowing Championships Regatta.
- 2) City-owned barricades must be used to block off the street closure sections. Barricades shall be placed to allow access to existing crosswalks. The petitioner must complete and submit a Barricade Borrowing Application.
- 3) The petitioner must send a notice to all affected property owners along Lake Shore Drive.
- 4) Emergency vehicle access must be maintained throughout the event. Items should not be placed on the roadway to prohibit access, and volunteers should be available to remove barricades to allow emergency vehicles on the roadway, if necessary.
- 5) Local traffic access to Lake Shore Drive must be maintained throughout the event. Volunteers should be available to remove barricades to allow property owners on the roadway, if necessary.
- 6) All debris created by the event shall be cleaned up during and after the event.
- 7) Petitioner must adhere to the required City insurance provisions for the use of City-owned property by providing a certificate of insurance naming the City as additional insured, and sign the required Indemnity/Hold Harmless agreement.

- 8) The Crystal Lake Rowing Club will coordinate with the Crystal Lake Fire Rescue Department regarding the standby ambulance request at the Greater Chicago Area Junior Rowing Championships Regatta.
- 9) If tents or canopies will be used, the petitioner shall contact the Fire Rescue Department for further review.
- 10) Any additional permits or requests for signage shall be made through the Community Development Department.
- 11) Access for fire apparatus to launch rescue boats at the Main Beach boat launch must be maintained in the event of an emergency.
- 12) The Crystal Lake Rowing Club will provide two safety boats.
- 13) Access to the overflow parking area should be made from Country Club Road, not Lakeshore Drive.
- 14) In the case of inclement weather, an alternate date can be approved by the City Manager.

Attached for your information is the letter from the Crystal Lake Rowing Club requesting the waiver of the boat sticker requirements for the Greater Chicago Area Junior Rowing Championships Regatta, as well as other scrimmages/races on dates approved by the Park District, and the closure of Lake Shore Drive between the Main Beach boat ramp entrance and Dole Avenue for the Greater Chicago Area Junior Rowing Championships Regatta to be held on Saturday, May 3, 2014.

The applicant has been made aware of these recommended conditions and advised to attend the April 1, 2014 City Council meeting.

Votes Required to Pass:

Simple majority vote of the City Council



Agenda Item No: 12

**City Council
Agenda Supplement**

<u>Meeting Date:</u>	April 1, 2014
<u>Item:</u>	REPORT OF THE PLANNING & ZONING COMMISSION #2014-04A Madsen, Sugden & Gottemoller
<u>Request:</u>	Sign Variation to allow an Office sign at 8 feet in height and 50 square feet. Joseph Gottemoller, petitioner 1 N. Virginia Street
<u>Staff Recommendation:</u>	City Council Discretion: A. Motion to approve an ordinance with the recommended conditions for the variation as requested. B. Motion to deny the variation request.
<u>Staff Contact:</u>	James Richter II, Planning and Economic Development Manager

Background:

- **Existing Use:** Currently developed as a multi-tenant office building.
- **Current Sign:** The current sign is 19 feet long and 6 feet 8 inches in height. The sign is 75 square feet in area. The right-of-way acquisition is forcing the petitioner to relocate the sign; however, it would be possible to relocate the existing sign outside of the right-of-way. The City would not require any variations to relocate the existing sign for height, square footage or setback.
- **Request:** Due to the right-of-way taking by IDOT for the Route 14 widening project, the existing sign will need to be moved. Rather than relocate the existing sign, the petitioner is requesting a new sign; which triggers all of the new UDO requirements for office signs. The sign will be in the same general location, just closer to the building. The new sign will be 50 square feet in area, whereas office signs are permitted to be 32 square feet in area. The new sign will be 8 feet in height, whereas office signs are permitted to be 6 feet in height. The petitioner is not requesting an EMC sign.

The table below illustrates the variations requested. The pictures illustrate the current sign and its location.

Item	UDO Standard	Proposed Signage	Variation
Height	6 feet	8 feet	Yes, 2 feet
Total Sign Area	32 square feet	50 square feet	Yes, 18 feet



Review Criteria:

The City Council can grant a variation from the requirements of the Ordinance to overcome an exceptional condition which poses practical difficulty or particular hardship in such a way as to prevent the display of a sign as intended by the Ordinance and where the following standards are met:

1. The proposed variation will not serve merely as a convenience, but alleviate some demonstrable and unusual hardship.
2. The proposed variation will not be materially detrimental to the public welfare or injurious to other property or improvements in the neighborhood. The proposed variation will not by itself, or with other signs, contribute to the creation of a visual distraction which may lead to personal injury or a substantial reduction in the value of the property.
3. The proposed variation is in harmony with the intent, purpose and objectives of the Ordinance.

Recommended Conditions:

1. Approved plan, to reflect staff and advisory board comments, as approved by the City Council:
 - A. Application (Joseph Gottemoller, received 02/24/14)
 - B. Sign Plan (Hughes Signs, received 02/24/14)
2. The petitioner shall comply with all of the requirements of the Community Development Department.

Votes Required to Pass: A simple majority vote.

DRAFT

ORDINANCE NO. _____
FILE NO. _____

AN ORDINANCE GRANTING A SIGN VARIATION FOR
MADSEN, SUGDEN & GOTTEMOLLER, 1 N. VIRGINIA STREET

WHEREAS, pursuant to the terms of the request (File #2014-04-A) before the City of Crystal Lake, the Petitioner has requested a sign variation to for Madsen, Sugden & Gottemoller; and

WHEREAS, a hearing of the request was held before the City of Crystal Lake City Council in the manner and in the form as prescribed by Ordinance and Statute; and

WHEREAS, as a result of said hearing, the City Council made a motion to approve the sign variation as requested; and

WHEREAS, it is in the best interests of the City of Crystal Lake that the sign variation be granted as requested,

BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF CRYSTAL LAKE, McHENRY COUNTY, ILLINOIS, as follows:

SECTION I: That a sign variation be granted to allow an Office sign at 8 feet in height and 50 square feet for Madsen, Sugden & Gottemoller located at 1 N. Virginia Street (PIN 14-31-477-044 and 14-31-477-045), Crystal Lake, Illinois with the following conditions:

1. Approved plan, to reflect staff and advisory board comments, as approved by the City Council:
 - A. Application (Joseph Gottemoller, received 02/24/14)
 - B. Sign Plan (Hughes Signs, received 02/24/14)
2. The petitioner shall comply with all of the requirements of the Community Development Department.

SECTION II: That the City Clerk be and is hereby directed to amend the official zoning map of the City of Crystal Lake and all pertinent records of the City of Crystal Lake to show the granting of Variations in accordance with the provisions of this Ordinance, as provided by law.

SECTION III: That this Ordinance shall be in full force and effect from and after its passage and approval as provided by law.

DATED at Crystal Lake, Illinois, this _____ day of _____, _____.

DRAFT

MAYOR

ATTEST:

CITY CLERK

Published in pamphlet form by the authority of the Mayor and City Council of the City of Crystal Lake.



Agenda Item No: 13

**City Council
Agenda Supplement**

Meeting Date: April 1, 2014

Item: REPORT OF THE PLANNING & ZONING COMMISSION

#2014-11 Penny Pinchers, Crystal Lake Plaza

Special Use Permit to allow a Used Merchandise Store

Toni Ballstaedt, Crystal Lake Plaza, Unit 8, petitioner

PZC Recommendation: Motion to approve the Planning and Zoning Commission recommendation and adopt an ordinance granting a Special Use Permit at 8 Crystal Lake Plaza.

Staff Contact: James Richter II, Planning and Economic Development Manager

Background:

- Development: Crystal Lake Plaza
- Request: Special Use Permit to allow a used merchandise store
- Co-tenants: Mister Cake, Pinemoor Pizza, New Balance, Radio Shack, Jade M. Salon, Crystal Lake Currency Exchange

Land Use Analysis:

- Proposed Use: The petitioner would like to open a used merchandise store at this location. The tenant space will be approximately 1,500 square feet in area.
- Land Use: The proposed use is classified as a 'Used Merchandise Store', which is a Special Use in the 'B-2' and 'B-4' districts. A Used Merchandise Store is defined as a retail store that buys or accepts donations and sells previously used merchandise, such as clothing, furniture, appliances, household goods, sporting goods, recreational equipment or other merchandise not considered to be antique, that is in good repair or has been restored or reconditioned to a clean and useable condition.
Other Considerations: Per the UDO, used merchandise stores are required to provide 3.5 parking spaces per 1,000 square feet of gross floor area, which translates to 5 parking spaces for this use. Adequate parking is available at the Plaza and no parking issues are anticipated. No collection bins will be placed outside. The petitioner has indicated that donations will be accepted by appointment only.

PZC Highlights

- The Planning and Zoning Commission had no concerns with the proposed request, but recommended that the owner pay close attention to how donations may be received, regardless of any signage the petitioner planned to display. The PZC felt that the petitioner met the Findings of Fact and recommended **approval (7-0)** of the request.

The following conditions are recommended:

- 1) Approved plans, to reflect staff and advisory board comments, as approved by the City Council:
 - A. Application, Ballstaedt, received 2-28-14
- 2) Sign permits are required for all exterior signage and all signage (including any window signage) must meet the requirements of the Unified Development Ordinance.
- 3) No collection bins are permitted to be placed outdoors for donations. If donations are left outside the store, it is the petitioner's responsibility to remove all items in an expeditious manner.
- 4) The petitioner shall address all comments of the Community Development, Public Works, Fire Rescue and Police Departments.

Votes Required to Pass: A simple majority vote.

~~DRAFT~~

ORDINANCE NO. _____
FILE NO. _____

AN ORDINANCE GRANTING A SPECIAL USE PERMIT
AT 8 CRYSTAL LAKE PLAZA

WHEREAS, pursuant to the terms of a Petition (File #2014-11) before the Crystal Lake Zoning Board of Appeals, the Petitioner has requested the issuance of a Special Use Permit to allow a Used Merchandise Store for Penny Pinchers for the property located at Crystal Lake Plaza, Unit 8; and

WHEREAS, it is in the best interests of the CITY OF CRYSTAL LAKE that the Special Use Permit be issued as requested in said Petition.

BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF CRYSTAL LAKE, McHENRY COUNTY, ILLINOIS, as follows:

Section I: That a Special Use Permit be issued to allow a Used Merchandise Store for Penny Pinchers for the property commonly known as 8 Crystal Lake Plaza (19-05-382-011), Crystal Lake, Illinois.

Section II: Said Special Use is issued with the following conditions:

1. Approved plans, to reflect staff and advisory board comments, as approved by the City Council:

A. Application, Ballstaedt, received 2-28-14

2. Sign permits are required for all exterior signage and all signage (including any window signage) must meet the requirements of the Unified Development Ordinance.

3. No collection bins are permitted to be placed outdoors for donations. If donations are left outside the store, it is the petitioner's responsibility to remove all items in an expeditious manner.

4. The petitioner shall address all comments of the Community Development, Public Works, Fire Rescue and Police Departments.

Section III: That the City Clerk be and is hereby directed to amend the official zoning map of the City of Crystal Lake and all pertinent records of the City of Crystal Lake to show the issuance of a Special Use Permit in accordance with the provisions of this Ordinance, as provided by law.

Section IV: That this Ordinance shall be in full force and effect from and after its passage and approval as provided by law.

DRAFT

DATED at Crystal Lake, Illinois, this _____ day of _____, _____.

MAYOR

ATTEST:

CITY CLERK

Published in pamphlet form by the authority of the Mayor and City Council of the City of Crystal Lake.



Agenda Item No: 14

**City Council
Agenda Supplement**

Meeting Date: April 1, 2014

Item: IT Server Room Leibert Cooling System

Staff Recommendation: Motion to award the bid for the purchase and installation of two (2) Leibert Cooling Systems for the IT Server Room, to the lowest responsible and responsive bidder, Sherman Mechanical, and adopt a resolution authorizing the City Manager to execute a service agreement with Sherman Mechanical for the purchase and installation of the Leibert cooling systems in the amount of \$104,812.00 with a 10% contingency for unforeseen expenses.

Staff Contact: Victor Ramirez, Director of Public Works

Background:

On Monday, March 17, 2014, the City of Crystal Lake publicly opened and read aloud bids received for the purchase and installation of two (2) Leibert 5-ton Mini Mate Cooling Systems that will service the IT Server Room. The IT Server Room houses mission critical data servers that support operations. The existing single cooling unit has failed several times over the last several years, resulting in the room reaching temperatures that cause damage to the data servers. The new system includes two units to offer full redundancy should one unit fail.

In addition to replacing the cooling system, this project will also remove the cooling system from the server room and place it in a remote location. The current configuration has the cooling system mounted to the ceiling, which poses a threat as the unit requires water to operate. Failure of the water lines or pumps, or excessive condensation could cause the unit to leak water onto computer servers. The new design will eliminate this threat and ensure continuous operation.

The following is a breakdown of the bids received:

Bidder	Base Bid
√ Sherman Mechanical Cary, IL	\$104,812.00
Hayes Mechanical Chicago, IL	\$113,055.00
M.G.Mechanical Woodstock, IL	\$117,000.00

√ Indicates the lowest responsible and responsive bidder

The bid specified two Leibert units, which is recognized in the industry to offer superior quality over other manufacturers, and are extensively used to cool IT server rooms.

Recommendation:

City staff has reviewed all bids received for completeness and accuracy in accordance with the invitation to bid document. It is the recommendation of staff to award the bid to the lowest responsible and responsive bidder, Sherman Mechanical, in the amount of \$104,812.00 for the purchase and installation of two (2) Leibert 5-ton Mini Mate Cooling Systems, in accordance with the terms and conditions of the invitation to bid document.

Votes Required to Pass:

Simple Majority

DRAFT

RESOLUTION

BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF CRYSTAL LAKE that the City Manager is authorized to execute a Service Agreement between the CITY OF CRYSTAL LAKE and Sherman Mechanical, Inc for the purchase and installation of two (2) Leibert cooling systems in the amount of \$104,812.00 with a 10% contingency for unforeseen expenses.

DATED this _____ day of _____, 2014.

CITY OF CRYSTAL LAKE, an
Illinois municipal corporation,

By: _____
MAYOR

SEAL

ATTEST

CITY CLERK

PASSED: _____

APPROVED: _____



Agenda Item No: 15

**City Council
Agenda Supplement**

Meeting Date: April 1, 2014

Item: Manhole Frame and Lid Replacement Bid Award

Staff Recommendation: Motion to award the bid for the purchase of replacement manhole frames and lids to the lowest responsive and responsible bidder, EJ USA, Inc., in the bid amount of \$31,990.00, and adopt a resolution authorizing the City Manager to execute a purchase agreement with EJ USA, Inc. with a 10 percent contingency for unforeseen additional quantities.

Staff Contact: Abigail Wilgreen, City Engineer

Background:

On March 24, 2014, the City opened bids for the purchase of manhole frames and lids. The results are tabulated below:

<i>Firm</i>	<i>Amount of Bid</i>
EJ USA, Inc. ¹ East Jordan, MI	\$31,990.00
Neenah Foundry Company Neenah, WI	\$32,734.00

¹ Indicates Recommended Lowest Responsive and Responsible Bidder

City crews routinely inspect manhole frames and lids. Selective replacement of the manhole frames and lids during the annual resurfacing program improves roadway rideability and helps to reduce storm inflow into the sanitary sewer system, thereby reducing operating costs.

The City followed the standard bid advertisement procedures. There are currently only two suppliers that manufacture frames and lids that are compatible with the City's existing structures. This purchase will be included in the Fiscal Year 2014-2015 Road and Vehicle License budget.

Votes Required to Pass:

Simple majority of City Council present.

DRAFT



The City of Crystal Lake Illinois

RESOLUTION

BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF CRYSTAL LAKE that the City Manager be authorized to execute the purchase agreement with EJ USA, Inc. for the purchase of manhole frames and lids in the amount of \$31,990.00 with a 10 percent contingency for unforeseen additional quantities.

DATED this first day of April, 2014.

CITY OF CRYSTAL LAKE, an Illinois Municipal Corporation

BY: _____
Mayor

SEAL

ATTEST:

City Clerk

PASSED: April 1, 2014

APPROVED: April 1, 2014



Agenda Item No: 16

**City Council
Agenda Supplement**

Meeting Date: April 1, 2014

Item: 2014 Downtown Sidewalk Rehabilitation Project Bid Award

Staff Recommendation: Motion to award the 2014 Downtown Sidewalk Replacement Project bid to the lowest responsive and responsible bidder, Copenhaver Construction, Inc., in the bid amount of \$121,208.00, and adopt a resolution authorizing the City Manager to execute the contract with Copenhaver Construction, Inc., and allowing for a 10 percent contingency.

Staff Contact: Abigail Wilgreen, City Engineer

Background:

On March 21, 2014, the City opened and publicly read bids received for the 2014 Downtown Sidewalk Replacement Project. The City received five bids and the results are tabulated below.

<i>Firm</i>	<i>Amount of Bid²</i>
Copenhaver Construction, Inc. ¹ Gilberts, IL	\$121,208.00
Bergquist & Zimmerman Construction, Inc. Crystal Lake, IL	\$125,133.65
Landmark Contractors, Inc. Huntley, IL	\$131,763.05
Elliot & Wood, Inc. DeKalb, IL	\$136,236.75
Alliance Contractors, Inc. Woodstock, IL	\$163,998.55

¹ Indicates Recommended Lowest Responsive and Responsible Bidder

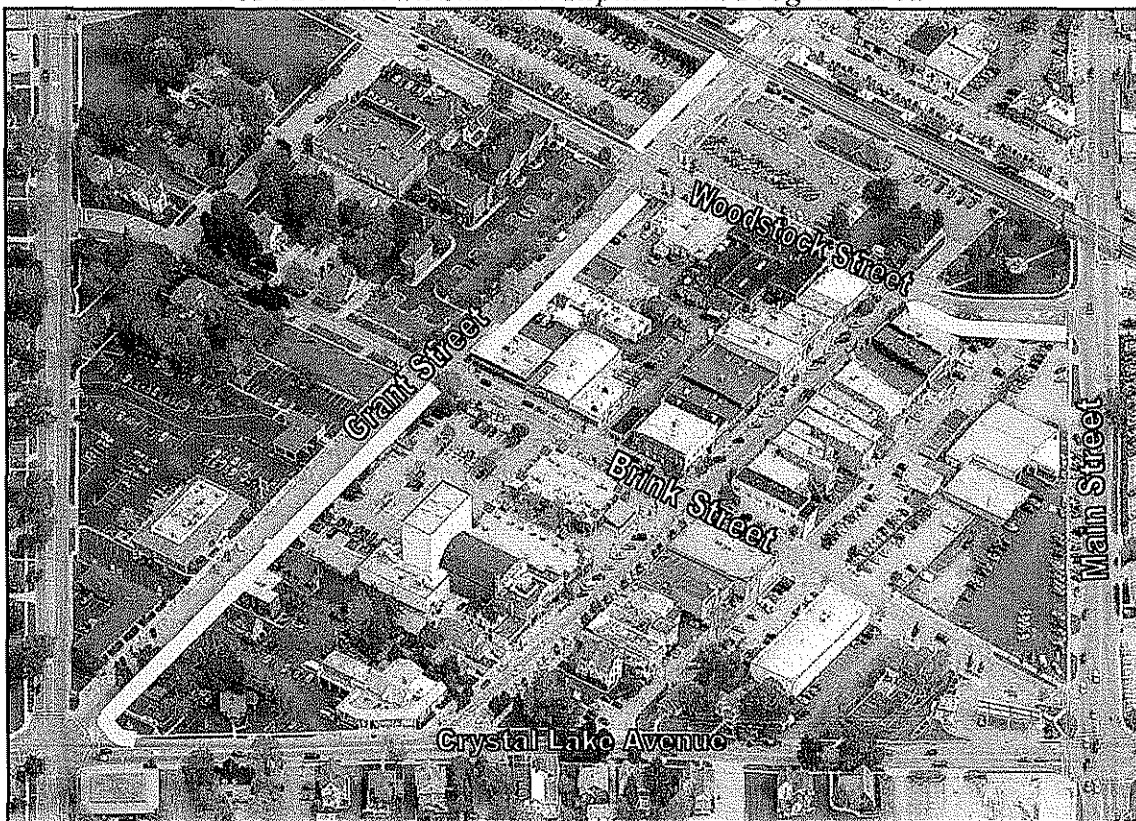
² Bids as Calculated With Adjusted Quantities

The 2014 Downtown Sidewalk Replacement Program consists of replacing the concrete sidewalk with brick paver sidewalks in three areas in Downtown Crystal Lake:

- The east side of Grant Street between Crystal Lake Avenue and Woodstock Street
- The west side of Grant Street between Woodstock Street and the railroad tracks
- The south side of Woodstock Street between Williams Street and Main Street

These areas of sidewalk are in various stages of disrepair, and the replacement will be compatible with the other recent improvements to the sidewalk in downtown Crystal Lake. The bid prices were adjusted to remove the north side of Crystal Lake Avenue from Grant Street to Williams Street due to budget constraints. This portion of Crystal Lake Avenue will be completed during next year's program.

2014 Downtown Sidewalk Replacement Program Area



The City sent a notice of the bid to several different contractors and standard bid advertisement procedures were followed. Copenhaver has been the City's contractor for various other segments of the Downtown sidewalk replacement program. This project is included in the Fiscal Year 2014-2015 budget.

Votes Required to Pass:

Simple majority



DRAFT

The City of Crystal Lake Illinois

RESOLUTION

BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF CRYSTAL LAKE that the City Manager be authorized to execute the contract with Copenhaver Construction, Inc. for the 2014 Downtown Sidewalk Rehabilitation Program in the amount of \$121,208.00. The City Manager is additionally authorized to approve up to 10 percent in justifiable contract amendments from a contingency allowance.

DATED this first day of April, 2014.

CITY OF CRYSTAL LAKE, an Illinois Municipal Corporation

BY: _____
Mayor

SEAL

ATTEST:

City Clerk

PASSED: April 1, 2014

APPROVED: April 1, 2014



Agenda Item: 17

**City Council
Agenda Supplement**

Meeting Date: April 1, 2014

Item: Proposed Lake Safety Program Budget

Staff Recommendation: Motion to adopt a resolution approving the proposed Lake Safety Program Budget FY 2014/2015.

Staff Contact: Eric Helm, Deputy City Manager

Background:

Per the terms of the Intergovernmental Agreement for Enforcement and Safety Patrol upon Crystal Lake, attached is a 2014/2015 Budget proposal from the Village of Lakewood. There is an increase this year due to commodities and contractual services.

There are no changes to the decal fees from those of last year. Also enclosed is a copy of the 2013 Lake Patrol Activity Report, the Intergovernmental Agreement for Enforcement and Safety Patrol, and the Lake Safety Ordinance.

Votes Required to Pass:

Simple majority vote of the City Council.

DRAFT



RESOLUTION

BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF CRYSTAL LAKE that the annual Lake Safety Program Budget for the fiscal year May 1, 2014 through April 30, 2015 is hereby approved and adopted.

Dated this 1st day of April 2014.

CITY OF CRYSTAL LAKE, an Illinois municipal corporation,

By: _____
MAYOR

SEAL

ATTEST

CITY CLERK

PASSED: April 1, 2014
APPROVED: April 1, 2014



Agenda Item: 18

**City Council
Agenda Supplement**

<u>Meeting Date:</u>	April 1, 2014
<u>Item:</u>	ComEd Green Region Grant Application Resolution
<u>Staff Recommendation:</u>	Motion to adopt a resolution approving the grant application to the ComEd Green Region Program in the amount of \$6,000 and committing to the expenditure of matching funds in the amount of \$6,000.
<u>Staff Contact:</u>	Eric Helm, Deputy City Manager

Background:

Each year, ComEd commits grant funds to assist local communities in their efforts to protect and/or improve public spaces through the Green Region Program. Eligible grant projects include improvements to meadows, woodlands, wetlands and associated buffers. The City's effort to restore and maintain the native plant areas at the Three Oaks Recreation Area is eligible for grant consideration.

In the 2014/2015 proposed City budget, City staff proposes \$6,000 in funds to maintain the native plant areas at Three Oaks, including areas adjacent to the beach, the parking lot bioswales, and the pavilion island. City staff proposes submitting a ComEd Green Region Program Grant application in the amount of \$6,000, which would match the City's proposed budgeted amount. If the grant was awarded, this would allow the City to spend a total of \$12,000 on native prairie restoration and maintenance at Three Oaks.

The attached resolution confirms the Council's support for this funding allocation and the grant application. This is a required element of the grant application.

The application narrative and budget have also been attached for the Council's review.

Votes Required to Pass:

Simple majority vote of the City Council.

DRAFT



RESOLUTION NO. _____
CITY OF CRYSTAL LAKE, MCHENRY COUNTY, ILLINOIS

**A Resolution Authorizing Application to the 2014 ComEd Green Region Program
for the Three Oaks Recreation Area Native Prairie Restoration Project**

WHEREAS, the City of Crystal Lake (“Applicant”) desires to undertake the Three Oaks Recreation Area Native Prairie Restoration Project; and

WHEREAS, the Applicant desires to apply to the ComEd Green Region Program for a grant for the purpose of carrying out this project; and

WHEREAS, the Applicant has received and understands the 2014 ComEd Green Region Program Guidelines.

THEREFORE, BE IT RESOLVED THAT the City Council hereby approves this project and authorizes application to the ComEd Green Region Program in the amount of \$6,000; and

BE IT FURTHER RESOLVED, THAT the Applicant commits to the expenditure of matching funds in the amount of \$6,000 necessary for the project’s success.

SO RESOLVED this 1st day of April 2014.

CITY OF CRYSTAL LAKE, an Illinois municipal corporation,

By: _____
MAYOR

SEAL

ATTEST

CITY CLERK

PASSED: April 1, 2014
APPROVED: April 1, 2014



Agenda Item No: 19

**City Council
Agenda Supplement**

Meeting Date: April 1, 2014

Item: Bond Ordinance for the issuance of \$7,770,000 General Obligation Refunding Bonds, Series 2014, for the purpose of refunding an outstanding loan with the Illinois Environmental Protection Agency and for the payment of the expenses incident thereto, and providing for the levy and collection of a direct annual tax for the payment of the principal of and interest on said bonds.

Staff Recommendation: Motion to adopt an Ordinance providing for the issuance of approximately \$7,770,000 General Obligation Refunding Bonds, Series 2014, for the purpose of refunding an outstanding IEPA Loan and for the payment of the expenses incident thereto, and providing for the levy and collection of a direct annual tax for the payment of the principal of and interest on said bonds.

Staff Contact: George J. Koczwar, Interim Director of Finance

Background:

In June 2003, the City made its first payment toward its Illinois Environmental Protection Agency (IEPA) loan. The proceeds of the IEPA loan were used to pay for the \$15,820,000 upgrade of the Wastewater Treatment Plant #2 facility, located at McHenry Avenue and Dartmoor Drive, that was completed in 2003. The upgrade included increasing the capacity of the plant from a 4.5 million gallon per day to a 5.8 million gallon per day design average flow facility. The upgrade was the first phase of the planned plant expansion and was anticipated to serve the community through 2020.

The IEPA loan has an outstanding balance of \$7,858,257 at an interest rate of 2.535%. Currently, interest rates on bonds are lower than the interest rate the City is paying for the IEPA loan. Based on current market conditions, financial analysis indicates that the City could realize a total net savings amount of approximately \$150,000 over the remainder of the term of the loan after payment of the bond issuance costs by refunding the loan.

The financial analysis assumes the City maintains its Standard & Poor's (S&P) rating of AA+. This rating was recently reaffirmed by S&P.

On April 1, 2014, the City will take bids for its bond issue totaling approximately \$7,700,000 to refinance the City's IEPA loan. The new Bonds will be marketed as General Obligations Bonds and the documents will state the ability of the City to levy property taxes solely to pay debt service as a backup to user fees. Since 2003, the IEPA loan has been repaid utilizing revenue from both water connection fees and water and sewer utility rates. Each year the property tax for the new Bonds will be abated since the new Bonds will continue to be repaid utilizing revenue from both water connection fees and water and sewer utility rates.

Attached is a copy of the bond ordinance prepared by the City's Bond Counsel, Chapman & Cutler. The competitive bid process will be held on the same day as the City Council meeting in an effort to obtain the most competitive interest rates. Immediately prior to the City Council meeting, a newer version of the enclosed ordinance will be distributed to the Councilmembers together with the results of the competitive sale. The options chosen and the ordinance presented on April 1, 2014 will reflect the best interest rate based on the competitive sale and the most favorable financing structure for the City of Crystal Lake. Staff and Bond Counsel request that the City Council vote on the ordinance at the April 1, 2014 Council meeting to complete the authorization for the sale of the bonds.

Kelly Kost, the City's Bond Counsel, and Robert Lewis, the City's financial advisor, have reviewed and approved the attached documents.

Votes Required to Pass:

A simple majority of the City Council.

DRAFT

ORDINANCE NUMBER _____

AN ORDINANCE providing for the issuance of \$7,770,000 General Obligation Refunding Bonds, Series 2014, of the City of Crystal Lake, McHenry County, Illinois, for the purpose of refunding an outstanding loan with the Illinois Environmental Protection Agency and for the payment of the expenses incident thereto, and providing for the levy and collection of a direct annual tax for the payment of the principal of and interest on said bonds.

Adopted by the City Council of the City of Crystal Lake, McHenry County, Illinois, on the 1st day of April, 2014.

TABLE OF CONTENTS

SECTION	HEADING	PAGE
SECTION 1.	DEFINITIONS	2
SECTION 2.	INCORPORATION OF PREAMBLES.....	4
SECTION 3.	DETERMINATION TO ISSUE BONDS.....	4
SECTION 4.	BOND DETAILS	4
SECTION 5.	GLOBAL BOOK-ENTRY SYSTEM.....	5
SECTION 6.	EXECUTION; AUTHENTICATION	8
SECTION 7.	REGISTRATION AND EXCHANGE OR TRANSFER OF BONDS; PERSONS TREATED AS OWNERS	8
SECTION 8.	FORM OF BOND	10
SECTION 9.	TAX LEVY	16
SECTION 10.	FILING WITH COUNTY CLERK	17
SECTION 11.	SALE OF BONDS	18
SECTION 12.	CREATION OF FUNDS AND APPROPRIATIONS.....	19
SECTION 13.	NON-ARBITRAGE AND TAX EXEMPTION.....	20
SECTION 14.	RIGHTS AND DUTIES OF BOND REGISTRAR AND PAYING AGENT	39
SECTION 15.	DEFEASANCE	40
SECTION 16.	CONTINUING DISCLOSURE UNDERTAKING.....	41
SECTION 17.	MUNICIPAL BOND INSURANCE.....	41
SECTION 18.	RECORD-KEEPING POLICY AND POST-ISSUANCE COMPLIANCE MATTERS	42
SECTION 19.	PUBLICATION OF ORDINANCE	45
SECTION 20.	SEVERABILITY	45

DRAFT

SECTION 21. SUPERSEDER AND EFFECTIVE DATE.....46

This Table of Contents is for convenience only and is not a part of the Ordinance.

DRAFT

ORDINANCE NUMBER _____

AN ORDINANCE providing for the issuance of \$7,770,000 General Obligation Refunding Bonds, Series 2014, of the City of Crystal Lake, McHenry County, Illinois, for the purpose of refunding an outstanding loan with the Illinois Environmental Protection Agency and for the payment of the expenses incident thereto, and providing for the levy and collection of a direct annual tax for the payment of the principal of and interest on said bonds.

WHEREAS by virtue of its population, the City of Crystal Lake, McHenry County, Illinois (the "*City*"), and pursuant to the provisions of Section 6 of Article VII of the Constitution of the State of Illinois, the City is a home rule unit and may exercise any power or perform any function pertaining to its government and affairs including, but not limited to, the power to tax and to incur debt; and

WHEREAS pursuant to the provisions of said Section 6, the City has the power to incur debt payable from ad valorem property tax receipts or from any other lawful source and maturing within 40 years from the time it is incurred without prior referendum approval; and

WHEREAS the City has previously provided for and there is now outstanding the following loan with the Illinois Environmental Protection Agency (the "*IEPA*"): _____ Loan (the "*IEPA Loan*") that was used to finance the expansion and construction of the City's wastewater plant number two.

WHEREAS the City Council of the City (the "*Council*") has considered and determined that interest rates available in the bond market are currently more favorable for the City than they were at the time when the IEPA Loan was issued and that it is possible, proper, and advisable to prepay the IEPA Loan at this time to take advantage of the debt service savings which will result from such lower interest rates (which prepayment may hereinafter be referred to as the "*Refunding*").

WHEREAS pursuant to the hereinafter defined Act, the City is authorized to issue general obligation bonds to accomplish the Refunding and it is deemed necessary and desirable to provide for the issuance of \$7,770,000 principal amount general obligation bonds for such purpose and for the purpose of realizing such net debt service savings from the Refunding in accordance with the Act; and

WHEREAS the Council does hereby determine that it is advisable and in the best interests of the City to borrow \$7,770,000 at this time pursuant to the Act for the purpose of paying the costs of the Refunding and, in evidence of such borrowing, issue its full faith and credit bonds in one or more series in the principal amount of \$7,770,000;

NOW THEREFORE Be It Ordained by the City Council of the City of Crystal Lake, McHenry County, Illinois, in the exercise of its home rule powers, as follows:

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

“*Act*” means, collectively, the Illinois Municipal Code, as supplemented and amended, the home rule powers of the City under Section 6 of Article VII of the Illinois Constitution of 1970; and, in the event of conflict between the provisions of said code and home rule powers, the home rule powers shall be deemed to supersede the provisions of said code.

“*Bond*” or “*Bonds*” means one or more, as applicable, of the \$7,770,000 General Obligation Refunding Bonds, Series 2014, authorized to be issued by this Ordinance.

“*Bond Fund*” means the Bond Fund established and defined in Section 12 of this Ordinance.

“*Bond Moneys*” means the Pledged Taxes and any other moneys deposited into the Bond Fund and investment income earned in the Bond Fund.

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

“*Bond Registrar*” means Amalgamated Bank of Chicago, Chicago, Illinois, a banking corporation having trust powers, or a successor thereto or a successor designated as Bond Registrar hereunder.

“*City*” means the City of Crystal Lake, McHenry County, Illinois.

“*Code*” means the Internal Revenue Code of 1986, as amended.

“*Council*” means the City Council of the City.

“*County Clerk*” means the County Clerk of The County of McHenry, Illinois.

“*IEPA*” means the Illinois Environmental Protection Agency.

“*IEPA Loan*” means the following outstanding loan of the City with the IEPA:
_____ Loan.

“*Mayor*” means the Mayor of the City.

“*Ordinance*” means this Ordinance, numbered as set forth on the title page hereof, and passed by the Council on the 1st day of April, 2014.

“*Paying Agent*” means Amalgamated Bank of Chicago, Chicago, Illinois, a banking corporation having trust powers, or a successor thereto or a successor designated as Paying Agent hereunder.

“*Pledged Taxes*” means the taxes levied on the taxable property within the City to pay principal of and interest on the Bonds as made in Section 9 hereof.

“*Purchaser*” means _____, _____, _____.

“*Refunding*” means the prepayment of the IEPA Loan from proceeds of the Bonds and such other lawfully available funds of the City as necessary.

“*Tax-exempt*” means, with respect to the Bonds, the status of interest paid and received thereon as excludable from the gross income of the owners thereof under the Code for federal income tax purposes.

“*Treasurer*” means the Treasurer of the City.

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

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

Section 4. Bond Details. For the purpose of providing for such costs, there shall be issued and sold the Bonds in the principal amount of \$7,770,000. The Bonds shall each be designated “*General Obligation Refunding Bond, Series 2014*”; be dated April 22, 2014 (the “*Dated Date*”); and shall also bear the date of authentication thereof. The Bonds shall be in fully registered form, shall be in denominations of \$5,000 each or authorized integral multiples thereof (but no single Bond shall represent principal maturing on more than one date), and shall be numbered 1 and upward. The Bonds shall become due and payable (without option of prior redemption) on December 15 of the years and in the amounts and bearing interest at the rates percent per annum as follows:

DRAFT

YEAR	AMOUNT	RATE
2014		
2015		
2016		
2017		
2018		
2019		
2020		
2021		
2022		

Each Bond shall bear interest from the later of its Dated Date as herein provided or from the most recent interest payment date to which interest has been paid or duly provided for, until the principal amount of such Bond is paid or duly provided for, such interest (computed upon the basis of a 360-day year of twelve 30-day months) being payable on June 15 and December 15 of each year, commencing on December 15, 2014. Interest on each Bond shall be paid by check or draft of the Paying Agent, payable upon presentation thereof in lawful money of the United States of America, to the person in whose name such Bond is registered at the close of business on the applicable Record Date (the "Record Date"), and mailed to the registered owner of the Bond as shown in the Bond Register or at such other address furnished in writing by such Registered Owner. The Record Date shall be the 1st day of the month of any regular or other interest payment date occurring on the 15th day of any month. The principal of the Bonds shall be payable in lawful money of the United States of America upon presentation thereof at the principal corporate trust office of the Paying Agent in the City of Chicago, Illinois, or at successor Paying Agent and locality.

Section 5. Global Book-Entry System. The Bonds shall be initially issued in the form of a separate single fully registered Bond for each of the maturities of the Bonds as provided in Section 4 hereof, and the ownership of each such Bond shall be registered in the Bond Register in the name of Cede & Co., or any successor thereto ("Cede"), as nominee of The Depository

DRAFT

Trust Company, New York, New York, and its successors and assigns (“DTC”). All of the outstanding Bonds shall be registered in the Bond Register in the name of Cede, as nominee of DTC, except as hereinafter provided. The Mayor, Treasurer and City Clerk of the City are hereby authorized to execute and deliver on behalf of the City such letters to or agreements with DTC and the Bond Registrar as shall be necessary to effectuate such book-entry system (any such letter or agreement being referred to herein as the “*Representation Letter*”).

With respect to the Bonds registered in the Bond Register in the name of Cede, as nominee of DTC, the City and the Bond Registrar shall have no responsibility or obligation to any broker-dealer, bank or other financial institution for which DTC holds Bonds from time to time as securities depository (each such broker-dealer, bank or other financial institution being referred to herein as a “*DTC Participant*”) or to any person on behalf of whom such a DTC Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the City and the Bond Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than a registered owner of a Bond as shown in the Bond Register, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than a registered owner of a Bond as shown in the Bond Register, of any amount with respect to principal of or interest on the Bonds. The City and the Bond Registrar may treat and consider the person in whose name each Bond is registered in the Bond Register as the holder and absolute owner of such Bond for the purpose of payment of principal and interest with respect to such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Bond Registrar shall pay all principal of and interest on

DRAFT

the Bonds only to or upon the order of the respective registered owners of the Bonds, as shown in the Bond Register, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to payment of principal of and interest on the Bonds to the extent of the sum or sums so paid. No person other than a registered owner of a Bond as shown in the Bond Register, shall receive a Bond certificate evidencing the obligation of the City to make payments of principal and interest with respect to any Bond. Upon delivery by DTC to the Bond Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede, the name "*Cede*" in this Ordinance shall refer to such new nominee of DTC.

In the event that (i) the City determines that DTC is incapable of discharging its responsibilities described herein and in the Representation Letter, (ii) the agreement among the City, the Bond Registrar and DTC evidenced by the Representation Letter shall be terminated for any reason or (iii) the City determines that it is in the best interests of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, the City shall notify DTC and DTC Participants of the availability through DTC of Bond certificates and the Bonds shall no longer be restricted to being registered in the Bond Register in the name of Cede, as nominee of DTC. At the time, the City may determine that the Bonds shall be registered in the name of and deposited with such other depository operating a global book-entry system, as may be acceptable to the City, or such depository's agent or designee, and if the City does not select such alternate global book-entry system, then the Bonds may be registered in whatever name or names registered owners of Bonds transferring or exchanging Bonds shall designate, in accordance with the provisions of Section 7 hereof.

Notwithstanding any other provision of this Ordinance to the contrary, so long as any Bond is registered in the name of Cede, as nominee of DTC, all payments with respect to

principal of and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, in the manner provided in the Representation Letter.

Section 6. Execution; Authentication. The Bonds shall be executed on behalf of the City by the manual or facsimile signature of its Mayor and attested by the manual or facsimile signature of its City Clerk, as they may determine, and shall have impressed or imprinted thereon the corporate seal or facsimile thereof of the City. In case any such officer whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery. All Bonds shall have thereon a certificate of authentication, substantially in the form hereinafter set forth, duly executed by the Bond Registrar as authenticating agent of the City and showing the date of authentication. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this Ordinance unless and until such certificate of authentication shall have been duly executed by the Bond Registrar by manual signature, and such certificate of authentication upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Ordinance. The certificate of authentication on any Bond shall be deemed to have been executed by it if signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds issued hereunder.

Section 7. Registration and Exchange or Transfer of Bonds; Persons Treated as Owners. The City shall cause books (the "*Bond Register*") for the registration and for the transfer of the Bonds as provided in this Ordinance to be kept at the principal corporate trust office of the Bond Registrar in the City of Chicago, Illinois, which is hereby constituted and appointed the registrar of the City for the Bonds. The City is authorized to prepare, and the Bond

Registrar or such other agent as the City may designate shall keep custody of, multiple Bond blanks executed by the City for use in the transfer and exchange of Bonds.

Any Bond may be transferred or exchanged, but only in the manner, subject to the limitations, and upon payment of the charges as set forth in this Ordinance. Upon surrender for transfer or exchange of any Bond at the principal corporate trust office of the Bond Registrar, duly endorsed by or accompanied by a written instrument or instruments of transfer or exchange in form satisfactory to the Bond Registrar and duly executed by the registered owner or an attorney for such owner duly authorized in writing, the City shall execute and the Bond Registrar shall authenticate, date and deliver in the name of the transferee or transferees or, in the case of an exchange, the registered owner, a new fully registered Bond or Bonds of like tenor, of the same maturity, bearing the same interest rate, of authorized denominations, for a like aggregate principal amount.

The Bond Registrar shall not be required to transfer or exchange any Bond during the period from the close of business on the Record Date for an interest payment to the opening of business on such interest payment date.

The execution by the City of any fully registered Bond shall constitute full and due authorization of such Bond, and the Bond Registrar shall thereby be authorized to authenticate, date and deliver such Bond; *provided, however,* that the principal amount of Bonds of each maturity authenticated by the Bond Registrar shall not at any one time exceed the authorized principal amount of Bonds for such maturity less the amount of such Bonds which have been paid.

The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal of or interest on any Bond shall be made only to or upon the order of the registered owner thereof or his legal

DRAFT

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

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

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

DRAFT

[FORM OF BOND - FRONT SIDE]

REGISTERED
No. _____

REGISTERED
\$ _____

**UNITED STATES OF AMERICA
STATE OF ILLINOIS
THE COUNTY OF McHENRY
CITY OF CRYSTAL LAKE
GENERAL OBLIGATION REFUNDING BOND, SERIES 2014**

See Reverse Side for
Additional Provisions.

Interest Rate: _____% Maturity Date: December 15, _____ Dated Date: April 22, 2014 CUSIP: 229255 _____

Registered Owner: CEDE & Co.

Principal Amount: _____ DOLLARS

KNOW ALL PERSONS BY THESE PRESENTS that the City of Crystal Lake, McHenry County, Illinois, a municipality, home rule unit, and political subdivision of the State of Illinois (the "*City*"), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns as hereinafter provided, on the Maturity Date identified above, the Principal Amount identified above and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on such Principal Amount from the later of the Dated Date of this Bond identified above or from the most recent interest payment date to which interest has been paid or duly provided for, at the Interest Rate per annum identified above, such interest to be payable on June 15 and December 15 of each year, commencing December 15, 2014, until said Principal Amount is paid or duly provided for. The principal of this Bond is payable in lawful money of the United States of America upon presentation hereof at the principal corporate trust office of Amalgamated Bank of Chicago, in the City of Chicago, Illinois, as paying agent (the "*Paying Agent*"). Payment of interest shall be made to the Registered Owner hereof as shown on the registration books of the City maintained by

DRAFT

Amalgamated Bank of Chicago, in the City of Chicago, Illinois, as bond registrar (the "*Bond Registrar*"), at the close of business on the applicable Record Date (the "*Record Date*"). The Record Date shall be the 1st day of the month of any regular or other interest payment date occurring on the 15th day of any month. Interest shall be paid by check or draft of the Paying Agent, payable upon presentation in lawful money of the United States of America, mailed to the address of such Registered Owner as it appears on such registration books or at such other address furnished in writing by such Registered Owner to the Bond Registrar, or as otherwise agreed by the City and Cede & Co., as nominee, or successor, for so long as this Bond is held by The Depository Trust Company, New York, New York, the depository, or nominee, in book-entry only form as provided for same.

Reference is hereby made to the further provisions of this Bond set forth on the reverse hereof, and such further provisions shall for all purposes have the same effect as if set forth at this place.

It is hereby certified and recited that all conditions, acts and things required by the Constitution and Laws of the State of Illinois to exist or to be done precedent to and in the issuance of this Bond, including the authorizing Act, have existed and have been properly done, happened and been performed in regular and due form and time as required by law; that the indebtedness of the City, represented by the Bonds, and including all other indebtedness of the City, howsoever evidenced or incurred, does not exceed any constitutional or statutory or other lawful limitation; and that provision has been made for the collection of a direct annual tax, in addition to all other taxes, on all of the taxable property in the City sufficient to pay the interest hereon as the same falls due and also to pay and discharge the principal hereof at maturity.

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

DRAFT

IN WITNESS WHEREOF the City of Crystal Lake, McHenry County, Illinois, by its Council, has caused this Bond to be executed by the manual or duly authorized facsimile signature of its Mayor and attested by the manual or duly authorized facsimile signature of its City Clerk and its corporate seal or a facsimile thereof to be impressed or reproduced hereon, all as appearing hereon and as of the Dated Date identified above.

Mayor, City of Crystal Lake
McHenry County, Illinois

ATTEST:

City Clerk, City of Crystal Lake
McHenry County, Illinois

[SEAL]

Date of Authentication: _____, 2014

CERTIFICATE
OF
AUTHENTICATION

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

This Bond is one of the Bonds described in the within-mentioned Ordinance and is one of the General Obligation Refunding Bonds, Series 2014, having a Dated Date of April 22, 2014, of the City of Crystal Lake, McHenry County, Illinois.

AMALGAMATED BANK OF CHICAGO,
as Bond Registrar

By _____
Authorized Officer

DRAFT

[FORM OF BOND - REVERSE SIDE]

This bond is one of a series of bonds (the "*Bonds*") in the aggregate principal amount of \$_____,000 issued by the City for the purpose of paying the costs of refunding an outstanding loan with the Illinois Environmental Protection Agency, and of paying expenses incidental thereto, all as described and defined in the ordinance authorizing the Bonds (the "*Ordinance*"), pursuant to and in all respects in compliance with the applicable provisions of the Illinois Municipal Code, as supplemented and amended, and as further supplemented and, where necessary, superseded, by the powers of the City as a home rule unit under the provisions of Section 6 of Article VII of the Illinois Constitution of 1970 (such code and powers being the "*Act*"), and with the Ordinance, which has been duly passed by the City Council of the City, approved by the Mayor, and published, in all respects as by law required.

Subject to the provisions relating to this Bond remaining in book-entry only form, this Bond may be transferred or exchanged, but only in the manner, subject to the limitations, and upon payment of the charges as set forth in the Ordinance. Upon surrender for transfer or exchange of this Bond at the principal corporate trust office of the Bond Registrar in the City of Chicago, Illinois, duly endorsed by or accompanied by a written instrument or instruments of transfer or exchange in form satisfactory to the Bond Registrar and duly executed by the Registered Owner or an attorney for such owner duly authorized in writing, the City shall execute and the Bond Registrar shall authenticate, date and deliver in the name of the transferee or transferees or, in the case of an exchange, the Registered Owner, a new fully registered Bond or Bonds of like tenor, of the same maturity, bearing the same interest rate, of authorized denominations, for a like aggregate principal amount.

The Bond Registrar shall not be required to transfer or exchange any Bond during the period from the close of business on the Record Date for an interest payment to the opening of business on such interest payment date.

DRAFT

The City, the Bond Registrar and the Paying Agent may deem and treat the Registered Owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes, and the City, the Bond Registrar and the Paying Agent shall not be affected by any notice to the contrary.

ASSIGNMENT

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

[Empty rectangular box for identification numbers]

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

(Name and Address of Assignee)

the within Bond and does hereby irrevocably constitute and appoint _____

_____ as attorney to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

Signature guaranteed: _____

NOTICE: The signature to this transfer and assignment must correspond with the name of the Registered Owner as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

Section 9. Tax Levy. For the purpose of providing funds required to pay the interest on the Bonds promptly when and as the same falls due, and to pay and discharge the principal thereof at maturity, there is hereby levied upon all of the taxable property within the City, in the years for which any of the Bonds are outstanding, a direct annual tax sufficient for that purpose; and there is hereby levied on all of the taxable property in the City, in addition to all other taxes, the following direct annual taxes (the Pledged Taxes as hereinabove defined):

FOR THE YEAR		A TAX SUFFICIENT TO PRODUCE THE DOLLAR SUM OF:
2014	\$	for interest up to and including December 15, 2015
2015	\$	for interest and principal
2016	\$	for interest and principal
2017	\$	for interest and principal
2018	\$	for interest and principal
2019	\$	for interest and principal
2020	\$	for interest and principal
2021	\$	for interest and principal

The Pledged Taxes and other moneys (excepting proceeds of the Bonds) on deposit (collectively, the "*Bond Moneys*") in the Bond Fund shall be applied to pay principal of and interest on the Bonds as follows:

A. Bond Moneys shall be applied to the payment of interest when due and principal when due at maturity from the Bond Fund.

Interest or principal coming due at any time when there are insufficient funds on hand from the Pledged Taxes to pay the same shall be paid promptly when due from current funds on hand in advance of the collection of the Pledged Taxes herein levied; and when the Pledged Taxes shall have been collected, reimbursement shall be made to said funds in the amount so advanced. The City covenants and agrees with the purchasers and registered owners of the Bonds that so long as any of the Bonds remain outstanding, the City will take no action or fail to take any action which in any way would adversely affect the ability of the City to levy and

collect the foregoing tax levy. The City and its officers will comply with all present and future applicable laws in order to assure that the Pledged Taxes may be levied, extended and collected as provided herein and deposited into the Bond Fund.

As part of the plan of financing for the Bonds, the City anticipates that lawfully available moneys in the City's General Fund or Enterprise Funds (the "*Self-Supporting Revenues*") will be transferred from time to time to the Bond Fund and used to abate the Pledged Taxes. Unless otherwise directed by ordinance, the Treasurer of the City is hereby directed to deposit the Self-Supporting Revenues into the Bond Fund and the Treasurer shall file written direction with the County Clerk to abate the Pledged Taxes by the Self-Supporting Revenues so deposited.

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

Section 10. Filing with County Clerk. Promptly, as soon as this Ordinance becomes effective, a copy hereof, certified by the City Clerk of the City, shall be filed with the County Clerk; and the County Clerk shall in and for each of the years 2014 to 2021, inclusive, ascertain the rate percent required to produce the aggregate tax herein provided to be levied as set forth in each of said years; and the County Clerk shall (to the extent said tax has not been abated as provided herein) 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 by and for and on behalf of the City in like

DRAFT

manner as taxes for general corporate purposes for said years are levied and collected, and in addition to and in excess of all other taxes.

Section 11. Sale of Bonds. The Bonds hereby authorized shall be executed as in this Ordinance provided as soon after the passage hereof as may be, and thereupon be deposited with the Treasurer, and be by said Treasurer delivered to the Purchaser, upon receipt of the purchase price therefor, the same being \$_____, plus accrued interest, if any, to date of delivery; the contract for the sale of the Bonds heretofore entered into (the "*Purchase Contract*") is in all respects ratified, approved and confirmed, it being hereby found and determined that the Bonds have been sold at such price and bear interest at such rates that neither the true interest cost (yield) nor the net interest rate received upon such sale exceed the maximum rate otherwise authorized by Illinois law and that the Purchase Contract is in the best interests of the City and that no person holding any office of the City, either by election or appointment, is in any manner financially interested directly in his or her own name or indirectly in the name of any other person, association, trust or corporation, in the Purchase Contract.

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

DRAFT

Section 12. Creation of Funds and Appropriations.

A. There is hereby created the “*General Obligation Refunding Bonds, Series 2014, Bond Fund*” (the “*Bond Fund*”), which shall be the fund for the payment of principal of and interest on the Bonds. Accrued interest and premium, if any, received upon delivery of the Bonds shall be deposited into the Bond Fund and be applied to pay first interest coming due on the Bonds.

B. The Pledged Taxes shall either be deposited into the Bond Fund and used solely and only for paying the principal of and interest on the Bonds or be used to reimburse a fund or account from which advances to the Bond Fund may have been made to pay principal of or interest on the Bonds prior to receipt of Pledged Taxes. Interest income or investment profit earned in the Bond Fund shall be retained in the Bond Fund for payment of the principal of or interest on the Bonds on the interest payment date next after such interest or profit is received or, to the extent lawful and as determined by the Council, transferred to such other fund as may be determined. The City hereby pledges, as equal and ratable security for the Bonds, all present and future proceeds of the Pledged Taxes for the sole benefit of the registered owners of the Bonds, subject to the reserved right of the Council to transfer certain interest income or investment profit earned in the Bond Fund to other funds of the City, as described in the preceding sentence.

C. The amount necessary from the proceeds of the Bonds, together with funds of the City on hand and lawfully available, shall be used to prepay the IEPA Loan, and for the payment of such expenses as may be designated; said amount shall be transferred to the IEPA and used to prepay the IEPA Loan within 30 days of the issuance of the Bonds. At the time of the issuance of the Bonds, the costs of issuance of the Bonds may be paid by the Purchaser on behalf of the City from the proceeds of the Bonds.

Section 13. Non-Arbitrage and Tax Exemption. One purpose of this Section is to set forth various facts regarding the Bonds and to establish the expectations of the Council and the City as to future events regarding the Bonds and the use of Bond proceeds. The certifications, covenants and representations contained herein and at the time of the Closing are made on behalf of the City for the benefit of the owners from time to time of the Bonds. In addition to providing the certifications, covenants and representations contained herein, the City hereby covenants that it will not take any action, omit to take any action or permit the taking or omission of any action within its control (including, without limitation, making or permitting any use of the proceeds of the Bonds) if taking, permitting or omitting to take such action would cause any of the Bonds to be an arbitrage bond or a private activity bond within the meaning of the hereinafter defined Code or would otherwise cause the interest on the Bonds to be included in the gross income of the recipients thereof for federal income tax purposes. The City acknowledges that, in the event of an examination by the Internal Revenue Service of the exemption from federal income taxation for interest paid on the Bonds, under present rules, the City may be treated as a “taxpayer” in such examination and agrees that it will respond in a commercially reasonable manner to any inquiries from the Internal Revenue Service in connection with such an examination. The Council and the City certify, covenant and represent as follows:

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

“*Affiliated Person*” means any Person that (a) at any time during the six months prior to the execution and delivery of the Bonds, (i) has more than five percent of the voting power of the governing body of the City in the aggregate vested in its directors, officers, owners, and employees or, (ii) has more than five percent of the voting power of its governing body in the aggregate vested in directors, officers, board members or employees of the City or (b) during the one-year period beginning six months prior to the execution and delivery of the Bonds, (i) the composition of the governing body of which is modified or established to reflect (directly or indirectly) representation of the interests

of the City (or there is an agreement, understanding, or arrangement relating to such a modification or establishment during that one-year period) or (ii) the composition of the governing body of the City is modified or established to reflect (directly or indirectly) representation of the interests of such Person (or there is an agreement, understanding, or arrangement relating to such a modification or establishment during that one-year period).

“*Bond Counsel*” means Chapman and Cutler LLP or any other nationally recognized firm of attorneys experienced in the field of municipal bonds whose opinions are generally accepted by purchasers of municipal bonds.

“*Capital Expenditures*” means costs of a type that would be properly chargeable to a capital account under the Code (or would be so chargeable with a proper election) under federal income tax principles if the City were treated as a corporation subject to federal income taxation, taking into account the definition of Placed-in-Service set forth herein.

“*Closing*” means the first date on which the City is receiving the purchase price for the Bonds.

“*Code*” means the Internal Revenue Code of 1986, as amended.

“*Commingled Fund*” means any fund or account containing both Gross Proceeds and an amount in excess of \$25,000 that are not Gross Proceeds if the amounts in the fund or account are invested and accounted for, collectively, without regard to the source of funds deposited in the fund or account. An open-ended regulated investment company under Section 851 of the Code is not a Commingled Fund.

“*Control*” means the possession, directly or indirectly through others, of either of the following discretionary and non-ministerial rights or powers over another entity:

- (a) to approve and to remove without cause a controlling portion of the governing body of a Controlled Entity; or
- (b) to require the use of funds or assets of a Controlled Entity for any purpose.

“*Controlled Entity*” means any entity or one of a group of entities that is subject to Control by a Controlling Entity or group of Controlling Entities.

“*Controlled Group*” means a group of entities directly or indirectly subject to Control by the same entity or group of entities, including the entity that has Control of the other entities.

“*Controlling Entity*” means any entity or one of a group of entities directly or indirectly having Control of any entities or group of entities.

“*Costs of Issuance*” means the costs of issuing the Bonds, including underwriters’ discount and legal fees.

“*De minimis Amount of Original Issue Discount or Premium*” means with respect to an obligation (a) any original issue discount or premium that does not exceed two percent of the stated redemption price at maturity of the Bonds plus (b) any original issue premium that is attributable exclusively to reasonable underwriter’s compensation.

“*External Commingled Fund*” means a Commingled Fund in which the City and all members of the same Controlled Group as the City own, in the aggregate, not more than ten percent of the beneficial interests.

“*GIC*” means (a) any investment that has specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate and (b) any agreement to supply investments on two or more future dates (*e.g.*, a forward supply contract).

“*Gross Proceeds*” means amounts in the Bond Fund and amounts used to pay the Refunded Bonds.

“*Net Sale Proceeds*” means amounts actually or constructively received from the sale of the Bonds reduced by any such amounts that are deposited in a reasonably required reserve or replacement fund for the Bonds.

“*Person*” means any entity with standing to be sued or to sue, including any natural person, corporation, body politic, governmental unit, agency, authority, partnership, trust, estate, association, company, or group of any of the above.

“*Placed-in-Service*” means the date on which, based on all facts and circumstances (a) a facility has reached a degree of completion that would permit its operation at substantially its design level and (b) the facility is, in fact, in operation at such level.

“*Prior Bond Fund*” means the fund or funds established in connection with the issuance of the Prior Bonds to pay the debt service on the Prior Bonds.

“*Prior Bond Proceeds*” means amounts actually or constructively received from the sale of the Refunded Bonds, including (a) amounts used to pay underwriters’ discount or compensation and accrued interest, other than accrued interest for a period not greater than one year before the Refunded Bonds were issued but only if it is to be paid within one year after the Refunded Bonds were issued and (b) amounts derived from the sale of any right that is part of the terms of a Refunded Bond or is otherwise associated with a Refunded Bond (*e.g.*, a redemption right).

“*Prior Bonds*” means the City’s outstanding IEPA Loan being refunded by the Bonds, as more particularly described in the preambles hereof.

“*Prior Project*” means the facilities financed, directly or indirectly with the proceeds of the Prior Bonds.

“*Private Business Use*” means any use of the Prior Project by any Person other than a state or local government unit, including as a result of (i) ownership, (ii) actual or beneficial use pursuant to a lease or a management, service, incentive payment, research or output contract or (iii) any other similar arrangement, agreement or understanding, whether written or oral, except for use of the Prior Project on the same basis as the general public. Private Business Use includes any formal or informal arrangement with any person other than a state or local governmental unit that conveys special legal entitlements to any portion of the Prior Project that is available for use by the general public or that conveys to any person other than a state or local governmental unit any special economic benefit with respect to any portion of the Prior Project that is not available for use by the general public.

“*Qualified Administrative Costs of Investments*” means (a) reasonable, direct administrative costs (other than carrying costs) such as separately stated brokerage or selling commissions but not legal and accounting fees, recordkeeping, custody and similar costs; or (b) all reasonable administrative costs, direct or indirect, incurred by a publicly offered regulated investment company or an External Commingled Fund.

“*Qualified Tax Exempt Obligations*” means (a) any obligation described in Section 103(a) of the Code, the interest on which is excludable from gross income of the owner thereof for federal income tax purposes and is not an item of tax preference for purposes of the alternative minimum tax imposed by Section 55 of the Code; (b) an interest in a regulated investment company to the extent that at least ninety-five percent of the income to the holder of the interest is interest which is excludable from gross income under Section 103 of the Code of any owner thereof for federal income tax purposes and is not an item of tax preference for purposes of the alternative minimum tax imposed by Section 55 of the Code; and (c) certificates of indebtedness issued by the United States Treasury pursuant to the Demand Deposit State and Local Government Series program described in 31 C.F.R. pt. 344.

“*Rebate Fund*” means the fund, if any, identified and defined in paragraph 4.1 herein.

“*Rebate Provisions*” means the rebate requirements contained in Section 148(f) of the Code and in the Regulations.

“*Refunded Bonds*” means those certain Prior Bonds being refunded by the Bonds.

“*Regulations*” means United States Treasury Regulations dealing with the tax-exempt bond provisions of the Code.

“*Reimbursed Expenditures*” means expenditures of the City paid prior to Closing to which Sale Proceeds or investment earnings thereon are or will be allocated.

“*Sale Proceeds*” means amounts actually or constructively received from the sale of the Bonds, including (a) amounts used to pay underwriters’ discount or compensation and accrued interest, other than accrued interest for a period not greater than one year before Closing but only if it is to be paid within one year after Closing and (b) amounts derived from the sale of any right that is part of the terms of a Bond or is otherwise associated with a Bond (e.g., a redemption right).

“*Transferred Proceeds*” means amounts actually or constructively received from the sale of the Prior Bonds, plus investment earnings thereon, which have not been spent prior to the date principal on the Refunded Bonds is discharged by the Bonds.

“*Yield*” means that discount rate which when used in computing the present value of all payments of principal and interest paid and to be paid on an obligation (using semiannual compounding on the basis of a 360-day year) produces an amount equal to the obligation’s purchase price (or in the case of the Bonds, the issue price as established in paragraph 5.1 hereof), including accrued interest.

“*Yield Reduction Payment*” means a rebate payment or any other amount paid to the United States in the same manner as rebate amounts are required to be paid or at such other time or in such manner as the Internal Revenue Service may prescribe that will be treated as a reduction in Yield of an investment under the Regulations.

2.1. *Purpose of the Bonds.* The Bonds are being issued solely and exclusively to refund the Refunded Bonds in a prudent manner consistent with the revenue needs of the City. A breakdown of the sources and uses of funds is set forth in Section 15 of this Ordinance. Except to pay the Refunded Bonds and except for any accrued interest on the Bonds used to pay first interest due on the Bonds, no proceeds of the Bonds will be used more than 90 days after the date of issue of the Bonds for the purpose of paying any principal of or interest on any issue of bonds, notes, certificates or warrants or on any installment contract or other obligation of the City or for the purpose of replacing any funds of the City used for such purpose.

2.2. *Bond Fund Investment.* The investment earnings on the Bond Fund will be spent to pay interest on the Bonds, or to the extent permitted by law, investment earnings on amounts in the Bond Fund will be commingled with substantial revenues from the governmental operations of the City, and the earnings are reasonably expected to be spent for governmental purposes within six months of the date earned. Interest earnings on the Bond Fund have not been earmarked or restricted by the Council for a designated purpose.

2.3. *Reimbursement.* None of the Sale Proceeds or investment earnings thereon will be used for Reimbursed Expenditures.

2.4. *Working Capital.* All Sale Proceeds and investment earnings thereon will be used, directly or indirectly, to pay principal of, interest on and redemption premium (if any) on the Refunded Bonds, other than the following:

- (a) payments of interest on the Bonds for the period commencing at Closing and ending on the date one year after the date on which the Prior Project is Placed-in-Service;
- (b) Costs of Issuance and Qualified Administrative Costs of Investments;
- (c) payments of rebate or Yield Reduction Payments made to the United States under the Regulations;
- (d) principal of or interest on the Bonds paid from unexpected excess Sale Proceeds and investment earnings thereon; and
- (e) investment earnings that are commingled with substantial other revenues and are expected to be allocated to expenditures within six months.

2.5. *Consequences of Contrary Expenditure.* The City acknowledges that if Sale Proceeds and investment earnings thereon are spent other than as permitted by paragraph 2.4 hereof, a like amount of then available funds of the City will be treated as unspent Sale Proceeds.

2.6. *Investment of Bond Proceeds.* No portion of the Bonds is being issued solely for the purpose of investing a portion of Sale Proceeds or investment earnings thereon at a Yield higher than the Yield on the Bonds.

2.7. *No Grants.* None of the Sale Proceeds or investment earnings thereon will be used to make grants to any person.

2.8. *Hedges.* Neither the City nor any member of the same Controlled Group as the City has entered into or expects to enter into any hedge (*e.g.*, an interest rate swap, interest rate cap, futures contract, forward contract or an option) with respect to the Bonds or the Prior Bonds. The City acknowledges that any such hedge could affect, among other things, the calculation of Bond Yield under the Regulations. The Internal Revenue Service could recalculate Bond Yield if the failure to account for the hedge fails to clearly reflect the economic substance of the transaction.

The City also acknowledges that if it acquires a hedging contract with an investment element (including *e.g.*, an off-market swap agreement, or any cap agreement for which all or a portion of the premium is paid at, or before the effective date of the cap agreement), then a portion of such hedging contract may be treated as an investment of Gross Proceeds of the Bonds, and be subject to the fair market purchase price rules, rebate and yield restriction. The City agrees not to use proceeds of the Bonds to pay for any such hedging contract in whole or in part. The City also agrees that it will not give

any assurances to any Bond holder or any credit or liquidity enhancer with respect to the Bonds that any such hedging contract will be entered into or maintained. The City recognizes that if a portion of a hedging contract is determined to be an investment of gross proceeds, such portion may not be fairly priced even if the hedging contract as a whole is fairly priced.

2.9. *Internal Revenue Service Audits.* The City represents that the Internal Revenue Service has not contacted the City regarding the Prior Bonds or any other obligations issued by or on behalf of the City. To the best of the knowledge of the City, no such obligations of the City are currently under examination by the Internal Revenue Service.

2.10. *Abusive Transactions.* Neither the City nor any member of the same Controlled Group as the City will receive a rebate or credit resulting from any payments having been made in connection with the issuance of the Bonds or the current refunding of the Refunded Bonds.

3.1. *Use of Proceeds.* (a) The use of the Sale Proceeds and investment earnings thereon and the funds held under this Ordinance at the time of Closing are described in Section 12 of this Ordinance. No Sale Proceeds will be used to pre-pay for goods or services to be received over a period of years prior to the date such goods or services are to be received. No Sale Proceeds or any investment earnings thereon will be used to pay for or otherwise acquire goods or services from an Affiliated Person.

(b) Only the funds and accounts described in said Section will be funded at Closing. There are no other funds or accounts created under this Ordinance, other than the Rebate Fund if it is created as provided in paragraph 4.2 hereof.

(c) Principal of and interest on the Bonds will be paid from the Bond Fund.

(d) Any Costs of Issuance incurred in connection with the issuance of the Bonds to be paid by the City will be paid at the time of Closing.

3.2. *Purpose of Bond Fund.* The Bond Fund will be used primarily to achieve a proper matching of revenues and earnings with principal and interest payments on the Bonds in each bond year. It is expected that the Bond Fund will be depleted at least once a year, except for a reasonable carry over amount not to exceed the greater of (a) the earnings on the investment of moneys in the Bond Fund for the immediately preceding bond year or (b) 1/12th of the principal and interest payments on the Bonds for the immediately preceding bond year.

3.3. *The Prior Bonds.* (a) As of the earlier of (i) the time of the Closing or (ii) the date three years after the Prior Bonds were issued, all Prior Bond Proceeds, including investment earnings thereon, were completely spent to pay the costs of Capital Expenditures.

(b) As of the date hereof, no Prior Bond Proceeds or money or property of any kind (including cash) is on deposit in any fund or account, regardless of where held or the source thereof, with respect to the Prior Bonds or any credit enhancement or liquidity device relating to the foregoing, or is otherwise restricted to pay the City's obligations.

(c) The Prior Bond Fund was used primarily to achieve a proper matching of revenues and earnings with principal and interest payments on the Prior Bonds in each bond year. The Prior Bond Fund was depleted at least once a year, except for a reasonable carry over amount not to exceed the greater of (i) the earnings on the investment of moneys in such account for the immediately preceding bond year or (ii) one-twelfth (1/12th) of the principal and interest payments on the Prior Bonds.

(d) At the time the Prior Bonds were issued, the City reasonably expected to spend at least 85% of the proceeds (including investment earnings) of the Prior Bonds to be used for non-refunding purposes for such purposes within three years of the date the Prior Bonds were issued and such proceeds were so spent. Not more than 50% of the proceeds of the Prior Bonds to be used for non-refunding purposes was invested in investments having a substantially guaranteed Yield for four years or more.

(e) The Refunded Bonds do not include, directly or indirectly in a series, any advance refunding obligations.

(f) The City has not been notified that the Prior Bonds are under examination by the Internal Revenue Service, and to the best of the City's knowledge, the Prior Bonds are not under examination by the Internal Revenue Service.

(g) The City acknowledges that (i) the final rebate payment with respect to the Prior Bonds may be required to be made sooner than if the refunding had not occurred and (ii) the final rebate is due 60 days after the Prior Bonds are paid in full.

3.4. *No Other Gross Proceeds.* (a) Except for the Bond Fund and except for investment earnings that have been commingled as described in paragraph 2.2 and any credit enhancement or liquidity device related to the Bonds, after the issuance of the Bonds, neither the City nor any member of the same Controlled Group as the City has or will have any property, including cash, securities or any other property held as a passive vehicle for the production of income or for investment purposes, that constitutes:

(i) Sale Proceeds;

(ii) amounts in any fund or account with respect to the Bonds (other than the Rebate Fund);

(iii) Transferred Proceeds;

(iv) amounts that have a sufficiently direct nexus to the Bonds or to the governmental purpose of the Bonds to conclude that the amounts would have

been used for that governmental purpose if the Bonds were not used or to be used for that governmental purpose (the mere availability or preliminary earmarking of such amounts for a governmental purpose, however, does not itself establish such a sufficient nexus);

(v) amounts in a debt service fund, redemption fund, reserve fund, replacement fund or any similar fund to the extent reasonably expected to be used directly or indirectly to pay principal of or interest on the Bonds or any amounts for which there is provided, directly or indirectly, a reasonable assurance that the amount will be available to pay principal of or interest on the Bonds or any obligations under any credit enhancement or liquidity device with respect to the Bonds, even if the City encounters financial difficulties;

(vi) any amounts held pursuant to any agreement (such as an agreement to maintain certain levels of types of assets) made for the benefit of the Bondholders or any credit enhancement provider, including any liquidity device or negative pledge (e.g., any amount pledged to pay principal of or interest on an issue held under an agreement to maintain the amount at a particular level for the direct or indirect benefit of holders of the Bonds or a guarantor of the Bonds); or

(vii) amounts actually or constructively received from the investment and reinvestment of the amounts described in (i) or (ii) above.

(b) No compensating balance, liquidity account, negative pledge of property held for investment purposes required to be maintained at least at a particular level or similar arrangement exists with respect to, in any way, the Bonds or any credit enhancement or liquidity device related to the Bonds.

(c) The term of the Bonds is not longer than is reasonably necessary for the governmental purposes of the Bonds. The average reasonably expected remaining economic life of the Prior Project is at least 15 years. The weighted average maturity of the Bonds does not exceed _____ years and does not exceed 120 percent of the average reasonably expected economic life of the Prior Project. The maturity schedule of the Bonds (the "*Principal Payment Schedule*") is based on an analysis of revenues expected to be available to pay debt service on the Bonds. The Principal Payment Schedule is not more rapid (i.e., having a lower average maturity) because a more rapid schedule would place an undue burden on tax rates and cause such rates to be increased beyond prudent levels, and would be inconsistent with the governmental purpose of the Bonds as set forth in paragraph 2.1 hereof.

4.1. *Compliance with Rebate Provisions.* The City covenants to take such actions and make, or cause to be made, all calculations, transfers and payments that may be necessary to comply with the Rebate Provisions applicable to the Bonds. The City will make, or cause to be made, rebate payments with respect to the Bonds in accordance with law.

4.2. *Rebate Fund.* The City is hereby authorized to create and establish a special fund to be known as the Rebate Fund (the "*Rebate Fund*"), which, if created, shall be continuously held, invested, expended and accounted for in accordance with this Ordinance. Moneys in the Rebate Fund shall not be considered moneys held for the benefit of the owners of the Bonds. Except as provided in the Regulations, moneys in the Rebate Fund (including earnings and deposits therein) shall be held in trust for payment to the United States as required by the Rebate Provisions and by the Regulations and as contemplated under the provisions of this Ordinance.

4.3. *Records.* The City agrees to keep and retain or cause to be kept and retained for the period described in paragraph 7.9 adequate records with respect to the investment of all Gross Proceeds and amounts in the Rebate Fund. Such records shall include: (a) purchase price; (b) purchase date; (c) type of investment; (d) accrued interest paid; (e) interest rate; (f) principal amount; (g) maturity date; (h) interest payment date; (i) date of liquidation; and (j) receipt upon liquidation.

If any investment becomes Gross Proceeds on a date other than the date such investment is purchased, the records required to be kept shall include the fair market value of such investment on the date it becomes Gross Proceeds. If any investment is retained after the date the last Bond is retired, the records required to be kept shall include the fair market value of such investment on the date the last Bond is retired. Amounts or investments will be segregated whenever necessary to maintain these records.

4.4. *Fair Market Value; Certificates of Deposit and Investment Agreements.* The City will continuously invest all amounts on deposit in the Rebate Fund, together with the amounts, if any, to be transferred to the Rebate Fund, in any investment permitted under this Ordinance. In making investments of Gross Proceeds or of amounts in the Rebate Fund the City shall take into account prudent investment standards and the date on which such moneys may be needed. Except as provided in the next sentence, all amounts that constitute Gross Proceeds and all amounts in the Rebate Fund shall be invested at all times to the greatest extent practicable, and no amounts may be held as cash or be invested in zero yield investments other than obligations of the United States purchased directly from the United States. In the event moneys cannot be invested, other than as provided in this sentence due to the denomination, price or availability of investments, the amounts shall be invested in an interest bearing deposit of a bank with a yield not less than that paid to the general public or held uninvested to the minimum extent necessary.

Gross Proceeds and any amounts in the Rebate Fund that are invested in certificates of deposit or in GICs shall be invested only in accordance with the following provisions:

- (a) Investments in certificates of deposit of banks or savings and loan associations that have a fixed interest rate, fixed payment schedules and substantial penalties for early withdrawal shall be made only if either (i) the Yield

on the certificate of deposit (A) is not less than the Yield on reasonably comparable direct obligations of the United States and (B) is not less than the highest Yield that is published or posted by the provider to be currently available from the provider on reasonably comparable certificates of deposit offered to the public or (ii) the investment is an investment in a GIC and qualifies under paragraph (b) below.

(b) Investments in GICs shall be made only if

(i) the bid specifications are in writing, include all material terms of the bid and are timely forwarded to potential providers (a term is material if it may directly or indirectly affect the yield on the GIC);

(ii) the terms of the bid specifications are commercially reasonable (a term is commercially reasonable if there is a legitimate business purpose for the term other than to reduce the yield on the GIC);

(iii) all bidders for the GIC have equal opportunity to bid so that, for example, no bidder is given the opportunity to review other bids (a last look) before bidding;

(iv) any agent used to conduct the bidding for the GIC does not bid to provide the GIC;

(v) at least three of the providers solicited for bids for the GIC are reasonably competitive providers of investments of the type purchased (*i.e.*, providers that have established industry reputations as competitive providers of the type of investments being purchased);

(vi) at least three of the entities that submit a bid do not have a financial interest in the Bonds;

(vii) at least one of the entities that provided a bid is a reasonably competitive provider that does not have a financial interest in the Bonds;

(viii) the bid specifications include a statement notifying potential providers that submission of a bid is a representation that the potential provider did not consult with any other provider about its bid, that the bid was determined without regard to any other formal or informal agreement that the potential provider has with the City or any other person (whether or not in connection with the Bonds) and that the bid is not being submitted solely as a courtesy to the City or any other person for purposes of satisfying the federal income tax requirements relating to the bidding for the GIC;

- (ix) the determination of the terms of the GIC takes into account the reasonably expected deposit and drawdown schedule for the amounts to be invested;
 - (x) the highest-yielding GIC for which a qualifying bid is made (determined net of broker's fees) is in fact purchased; and
 - (xi) the obligor on the GIC certifies the administrative costs that it is paying or expects to pay to third parties in connection with the GIC.
- (c) If a GIC is purchased, the City will retain the following records with its bond documents until three years after the Bonds are redeemed in their entirety:
- (i) a copy of the GIC;
 - (ii) the receipt or other record of the amount actually paid for the GIC, including a record of any administrative costs paid, and the certification under subparagraph (b)(xi) of this paragraph;
 - (iii) for each bid that is submitted, the name of the person and entity submitting the bid, the time and date of the bid, and the bid results; and
 - (iv) the bid solicitation form and, if the terms of the GIC deviated from the bid solicitation form or a submitted bid is modified, a brief statement explaining the deviation and stating the purpose for the deviation.

Moneys to be rebated to the United States shall be invested to mature on or prior to the anticipated rebate payment date. All investments made with Gross Proceeds or amounts in the Rebate Fund shall be bought and sold at fair market value. The fair market value of an investment is the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction. Except for investments specifically described in this Section and United States Treasury obligations that are purchased directly from the United States Treasury, only investments that are traded on an established securities market, within the meaning of regulations promulgated under Section 1273 of the Code, will be purchased with Gross Proceeds. In general, an "established securities market" includes: (i) property that is listed on a national securities exchange, an interdealer quotation system or certain foreign exchanges; (ii) property that is traded on a Commodities Futures Trading Commission designated board of trade or an interbank market; (iii) property that appears on a quotation medium; and (iv) property for which price quotations are readily available from dealers and brokers. A debt instrument is not treated as traded on an established market solely because it is convertible into property which is so traded.

An investment of Gross Proceeds in an External Commingled Fund shall be made only to the extent that such investment is made without an intent to reduce the amount to be rebated to the United States Government or to create a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the rebate or Yield restriction requirements not been relevant to the City. An investment of Gross Proceeds shall be made in a Commingled Fund other than an External Commingled Fund only if the investments made by such Commingled Fund satisfy the provisions of this paragraph.

A single investment, or multiple investments awarded to a provider based on a single bid may not be used for funds subject to different rules relating to rebate or yield restriction.

The foregoing provisions of this paragraph satisfy various safe harbors set forth in the Regulations relating to the valuation of certain types of investments. The safe harbor provisions of this paragraph are contained herein for the protection of the City, who has covenanted not to take any action to adversely affect the tax-exempt status of the interest on the Bonds. The City will contact Bond Counsel if it does not wish to comply with the provisions of this paragraph and forego the protection provided by the safe harbors provided herein.

4.5. Arbitrage Elections. The Mayor, City Clerk and Treasurer are hereby authorized to execute one or more elections regarding certain matters with respect to arbitrage.

4.6. Six Month Exception. If all Gross Proceeds of the Bonds (including earnings thereon) are spent within six months of the date the Bonds are issued, other than amounts deposited in a reasonably required reserve fund or a bona fide debt service fund, no rebate is required except in the case of unexpected gross proceeds arising after the date of Closing. If all proceeds (including earnings thereon) required to be spent are so spent within this six-month period, except for 5% of the Bond proceeds, and the City spends the 5% (plus earnings thereon), within one year from the Closing, no rebate is required. To qualify for the six-month exception, there must be no other amounts that are treated as Gross Proceeds of the Bonds, other than a reasonably required reserve or replacement fund or a bona fide debt service fund. Even if the City qualifies for this exception, the City may have to rebate with respect to any amounts that arise or are pledged to the payment of the Bonds at a later date.

5.1. Issue Price. For purposes of determining the Yield on the Bonds, the purchase price of the Bonds is equal to the first offering price (including accrued interest) at which the Purchaser sold at least ten percent of the principal amount of each maturity of the Bonds to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). All of the Bonds have been the subject of a bona fide initial offering to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) at prices equal to those set

forth in the Official Statement. Based upon prevailing market conditions, such prices are not less than the fair market value of each Bond as of the sale date for the Bonds.

5.2. *Yield Limits.* Except as provided in paragraph (a) or (b), all Gross Proceeds shall be invested at market prices and at a Yield (after taking into account any Yield Reduction Payments) not in excess of the Yield on the Bonds.

The following may be invested without Yield restriction:

(a) (i) amounts on deposit in the Bond Fund (except for capitalized interest) that have not been on deposit under the Ordinance for more than 13 months, so long as the Bond Fund continues to qualify as a bona fide debt service fund as described in paragraph 3.2 hereof;

(ii) amounts to be used to pay the Refunded Bonds until the earlier to occur of 90 days after Closing or the date of final payment of debt service to be made from Bond Proceeds on the Refunded Bonds;

(b) (i) An amount not to exceed the lesser of \$100,000 or five percent of the Sale Proceeds;

(ii) amounts invested in Qualified Tax Exempt Obligations (to the extent permitted by law and this Ordinance);

(iii) amounts in the Rebate Fund;

(iv) all amounts other than Sale Proceeds for the first 30 days after they become Gross Proceeds; and

(v) all amounts derived from the investment of Sale Proceeds or investment earnings thereon for a period of one year from the date received.

5.3. *Continuing Nature of Yield Limits.* Except as provided in paragraph 7.10 hereof, once moneys are subject to the Yield limits of paragraph 5.2 hereof, such moneys remain Yield restricted until they cease to be Gross Proceeds.

5.4. *Federal Guarantees.* Except for investments meeting the requirements of paragraph 5.2(a) hereof, investments of Gross Proceeds shall not be made in (a) investments constituting obligations of or guaranteed, directly or indirectly, by the United States (except obligations of the United States Treasury or investments in obligations issued pursuant to Section 21B(d)(3) of the Federal Home Loan Bank, as amended (*e.g.*, Refcorp Strips)); or (b) federally insured deposits or accounts (as defined in Section 149(b)(4)(B) of the Code). Except as otherwise permitted in the immediately prior sentence and in the Regulations, no portion of the payment of principal or interest on the Bonds or any credit enhancement or liquidity device relating to the foregoing is or will be guaranteed, directly or indirectly (in whole or in part), by the United States (or

any agency or instrumentality thereof), including a lease, incentive payment, research or output contract or any similar arrangement, agreement or understanding with the United States or any agency or instrumentality thereof. No portion of the Gross Proceeds has been or will be used to make loans the payment of principal or interest with respect to which is or will be guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof). Neither this paragraph nor paragraph 5.6 hereof applies to any guarantee by the Federal Housing Administration, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Government National Mortgage Association, the Student Loan Marketing Association or the Bonneville Power Administration pursuant to the Northwest Power Act (16 U.S.C. 839d) as in effect on the date of enactment of the Tax Reform Act of 1984.

5.5. *Investments After the Expiration of Temporary Periods, Etc.* Any amounts that are subject to the yield limitation in Section 5.2 because Section 5.2(a) is not applicable and amounts not subject to yield restriction only because they are described in Section 5.2(b) cannot be invested in (i) federally insured deposits or accounts (as defined in Section 149(b)(4)(B) of the Code or (ii) investments constituting obligations of or guaranteed, directly or indirectly, by the United States (except obligations of the United States Treasury or investments in obligations issued pursuant to Section 21B(d)(3) of the Federal Home Loan Bank Act, as amended (*e.g.*, Refcorp Strips).

6.1. *Payment and Use Tests.* (a) No more than five percent of the proceeds of the Prior Bonds and investment earnings thereon were used, directly or indirectly, in whole or in part, in any Private Business Use. The City acknowledges that, for purposes of the preceding sentence, Gross Proceeds used to pay costs of issuance and other common costs (such as capitalized interest and fees paid for a qualified guarantee or qualified hedge) or invested in a reserve or replacement fund must be ratably allocated among all the purposes for which Gross Proceeds are being used.

(b) The payment of more than five percent of the principal of or the interest on the Bonds or on the Prior Bonds considered separately will not be, directly or indirectly (i) secured by any interest in (A) property used or to be used in any Private Business Use or (B) payments in respect of such property or (ii) on a present value basis, derived from payments (whether or not to the City or a member of the same Controlled Group as the City) in respect of property, or borrowed money, used or to be used in any Private Business Use.

(c) No more than the lesser of \$5,000,000 or five percent of the sum of the proceeds of the Prior Bonds and investment earnings thereon were used, and no more than the lesser of \$5,000,000 or five percent of the sum of the Sale Proceeds and investment earnings thereon will be used, directly or indirectly, to make or finance loans to any persons. The City acknowledges that, for purposes of the preceding sentence, Gross Proceeds used to pay costs of issuance and other common costs (such as capitalized interest and fees paid for a qualified guarantee or qualified hedge) or invested in a reserve or replacement fund must be ratably allocated among all the purposes for which Gross Proceeds are being used.

(d) No user of the Prior Project other than a state or local governmental unit will use more than five percent of such facilities, considered separately, on any basis other than the same basis as the general public.

6.2. *I.R.S. Form 8038-G.* The information contained in the Information Return for Tax-Exempt Governmental Obligations, Form 8038-G, is true and complete. The City will file Form 8038-G (and all other required information reporting forms) in a timely manner.

6.3. *Bank Qualification.* (a) The City hereby designates each of the Bonds as a “qualified tax-exempt obligation” for the purposes and within the meaning of Section 265(b)(3) of the Code. In support of such designation, the City hereby certifies that (i) none of the Bonds will be at anytime a “private activity bond” (as defined in Section 141 of the Code), (ii) as of the date hereof in calendar year 2014, other than the Bonds, no tax-exempt obligations of any kind have been issued (x) by or on behalf of the City, (y) by other issuers any of the proceeds of which have been or will be used to make any loans to the City or (z) any portion of which has been allocated to the City for purposes of Section 265(b) of the Code and (iii) not more than \$10,000,000 of obligations of any kind (including the Bonds) issued (x) by or on behalf of the City, (y) by other issuers any of the proceeds of which have been or will be used to make any loans to the City or (z) any portion of which has been allocated to the City for purposes of Section 265(b) of the Code during calendar year 2014 will be designated for purposes of Section 265(b)(3) of the Code.

(b) The City is not subject to Control by any entity, and there are no entities subject to Control by the City.

(c) On the date hereof, the City does not reasonably anticipate that for calendar year 2014 it will issue, have another entity issue on behalf of the City, borrow the proceeds of or have allocated to the City for purposes of Section 265(b) of the Code more than \$10,000,000 Section 265 Tax-Exempt Obligations (including the Bonds). “Section 265 Tax-Exempt Obligations” are obligations the interest on which is excludable from gross income of the owners thereof under Section 103 of the Code, except for private activity bonds other than qualified 501(c)(3) bonds, both as defined in Section 141 of the Code. The City will not, in calendar year 2014 issue, permit the issuance on behalf of it or by any entity subject to Control by the City (which may hereafter come into existence), borrow the proceeds of or have allocated to it for purposes of Section 265(b) of the Code Section 265 Tax-Exempt Obligations (including the Bonds) that exceed the aggregate amount of \$10,000,000 during calendar year 2014 unless it first obtains an opinion of Bond Counsel to the effect that such issuance, borrowing or allocation will not adversely affect the treatment of the Bonds as “qualified tax-exempt obligations” for the purpose and within the meaning of Section 265(b)(3) of the Code.

(d) The Bonds have not been sold in conjunction with any other obligation.

7.1. *Termination; Interest of City in Rebate Fund.* The terms and provisions set forth in this Section shall terminate at the later of (a) 75 days after the Bonds have been fully paid and retired or (b) the date on which all amounts remaining on deposit in the Rebate Fund, if any, shall have been paid to or upon the order of the United States and any other payments required to satisfy the Rebate Provisions of the Code have been made to the United States. Notwithstanding the foregoing, the provisions of paragraphs 4.3, 4.4(c) and 7.9 hereof shall not terminate until the third anniversary of the date the Bonds are fully paid and retired.

7.2. *Separate Issue.* Since a date that is 15 days prior to the date of sale of the Bonds by the City to the Purchaser, neither the City nor any member of the same Controlled Group as the City has sold or delivered any tax-exempt obligations other than the Bonds that are reasonably expected to be paid out of substantially the same source of funds as the Bonds. Neither the City nor any member of the same Controlled Group as the City will sell or deliver within 15 days after the date of sale of the Bonds any tax-exempt obligations other than the Bonds that are reasonably expected to be paid out of substantially the same source of funds as the Bonds.

7.3. *No Sale of the Prior Project.* (a) Other than as provided in the next sentence, neither the Prior Project nor any portion thereof has been, is expected to be, or will be sold or otherwise disposed of, in whole or in part, prior to the earlier of (i) the last date of the reasonably expected economic life to the City of the property (determined on the date of issuance of the Bonds) or (ii) the last maturity date of the Bonds. The City may dispose of personal property in the ordinary course of an established government program prior to the earlier of (i) the last date of the reasonably expected economic life to the City of the property (determined on the date of issuance of the Bonds) or (ii) the last maturity of the Bonds, provided: (A) the weighted average maturity of the Bonds financing the personal property is not greater than 120 percent of the reasonably expected actual use of that property for governmental purposes; (B) the City reasonably expects on the issue date that the fair market value of that property on the date of disposition will be not greater than 25 percent of its cost; (C) the property is no longer suitable for its governmental purposes on the date of disposition; and (D) the City deposits amounts received from the disposition in a commingled fund with substantial tax or other governmental revenues and the City reasonably expects to spend the amounts on governmental programs within six months from the date of the commingling.

(b) The City acknowledges that if property financed with the Prior Bonds is sold or otherwise disposed of in a manner contrary to (a) above, such sale or disposition may constitute a "deliberate action" within the meaning of the Regulations that may require remedial actions to prevent the Bonds from becoming private activity bonds. The City shall promptly contact Bond Counsel if a sale or other disposition of Bond-financed property is considered by the City.

7.4. *Purchase of Bonds by City.* The City will not purchase any of the Bonds except to cancel such Bonds.

7.5. *Final Maturity.* The period between the date of Closing and the final maturity of the Bonds is not more than 10-1/2 years.

7.6. *Registered Form.* The City recognizes that Section 149(a) of the Code requires the Bonds to be issued and to remain in fully registered form in order that interest thereon be exempt from federal income taxation under laws in force at the time the Bonds are delivered. In this connection, the City agrees that it will not take any action to permit the Bonds to be issued in, or converted into, bearer or coupon form.

7.7. *First Amendment.* The City acknowledges and agrees that it will not use, or allow the Prior Project to be used, in a manner which is prohibited by the Establishment of Religion Clause of the First Amendment to the Constitution of the United States of America or by any comparable provisions of the Constitution of the State of Illinois.

7.8. *Future Events.* The City acknowledges that any changes in facts or expectations from those set forth herein may result in different Yield restrictions or rebate requirements from those set forth herein. The City shall promptly contact Bond Counsel if such changes do occur.

7.9. *Records Retention.* The City agrees to keep and retain or cause to be kept and retained sufficient records to support the continued exclusion of the interest paid on the Bonds from federal income taxation, to demonstrate compliance with the covenants in this Ordinance and to show that all tax returns related to the Bonds submitted or required to be submitted to the Internal Revenue Service are correct and timely filed. Such records shall include, but are not limited to, basic records relating to the Bond transaction (including this Ordinance and the Bond Counsel opinion); documentation evidencing the expenditure of Bond proceeds; documentation evidencing the use of Bond-financed property by public and private entities (*i.e.*, copies of leases, management contracts and research agreements); documentation evidencing all sources of payment or security for the Bonds; and documentation pertaining to any investment of Bond proceeds (including the information required under paragraphs 4.3 and 4.4 hereof and in particular information related to the purchase and sale of securities, SLGs subscriptions, yield calculations for each class of investments, actual investment income received from the investment of proceeds, guaranteed investment contracts and documentation of any bidding procedure related thereto and any fees paid for the acquisition or management of investments and any rebate calculations). Such records shall be kept for as long as the Bonds are outstanding, plus three (3) years after the later of the final payment date of the Bonds or the final payment date of any obligations or series of obligations issued to refund directly or indirectly all or any portion of the Bonds.

7.10. *Permitted Changes; Opinion of Bond Counsel.* The Yield restrictions contained in paragraph 5.2 hereof or any other restriction or covenant contained herein need not be observed or may be changed if such nonobservance or change will not result in the loss of any exemption for the purpose of federal income taxation to which interest on the Bonds is otherwise entitled and the City receives an opinion of Bond Counsel to

such effect. Unless the City otherwise directs, such opinion shall be in such form and contain such disclosures and disclaimers as may be required so that such opinion will not be treated as a covered opinion or a state or local bond opinion for purposes of Treasury Department regulations governing practice before the Internal Revenue Service (Circular 230) 31 C.F.R. pt. 10.

7.11. *Excess Proceeds.* Gross Proceeds of the Bonds and investment earnings thereon and all unspent Prior Bond Proceeds as of the date of Closing and investment earnings thereon do not exceed by more than one percent of the Sale Proceeds of the Bonds the amount that will be used for:

- (i) payment of principal of or interest or call premium on the Refunded Bonds;
- (ii) payment of pre-issuance accrued interest on the Bonds and interest on the Bonds that accrues for a period up to the completion date of any capital project for which the prior issue was issued, plus one year;
- (iii) payment of cost of issuance of the Bonds;
- (iv) payment of administrative costs allocable to repaying the Refunded Bonds, carrying and repaying the Bonds or investments of the Bonds;
- (v) Prior Bond Proceeds that will be used or maintained for the governmental purpose of the Refunded Bonds; and
- (vi) interest on purpose investments.

7.12. *Successors and Assigns.* The terms, provisions, covenants and conditions of this Section shall bind and inure to the benefit of the respective successors and assigns of the Council and the City.

7.13. *Expectations.* The Council has reviewed the facts, estimates and circumstances in existence on the date of issuance of the Bonds. Such facts, estimates and circumstances, together with the expectations of the City as to future events, are set forth in summary form in this Section. Such facts and estimates are true and are not incomplete in any material respect. On the basis of the facts and estimates contained herein, the City has adopted the expectations contained herein. On the basis of such facts, estimates, circumstances and expectations, it is not expected that Sale Proceeds, investment earnings thereon or any other moneys or property will be used in a manner that will cause the Bonds to be arbitrage bonds within the meaning of the Rebate Provisions and the Regulations. Such expectations are reasonable and there are no other facts, estimates and circumstances that would materially change such expectations.

DRAFT

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

The Council hereby authorizes the officials of the City responsible for issuing the Bonds, the same being the Designated Officials, to make such further covenants and certifications as may be necessary to assure that the use thereof will not cause the Bonds to be arbitrage bonds and to assure that the interest in the Bonds will be exempt from federal income taxation. In connection therewith, the City and the Council further agree: (a) through their officers, to make such further specific covenants, representations as shall be truthful, and assurances as may be necessary or advisable; (b) to consult with counsel approving the Bonds and to comply with such advice as may be given; (c) to pay to the United States, as necessary, such sums of money representing required rebates of excess arbitrage profits relating to the Bonds; (d) to file such forms, statements, and supporting documents as may be required and in a timely manner; and (e) if deemed necessary or advisable by their officers, to employ and pay fiscal agents, financial advisors, attorneys, and other persons to assist the City in such compliance.

Section 14. Rights and Duties of Bond Registrar and Paying Agent. If requested by the Bond Registrar or the Paying Agent, or both, any officer of the City is authorized to execute standard forms of agreements between the City and the Bond Registrar or Paying Agent with respect to the obligations and duties of the Bond Registrar or Paying Agent hereunder. In addition to the terms of such agreements and subject to modification thereby, the Bond Registrar and Paying Agent by acceptance of duties hereunder agree:

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

DRAFT

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

(c) as to the Bond Registrar, to cancel and/or destroy Bonds which have been paid at maturity or submitted for exchange or transfer;

(d) as to the Bond Registrar, to furnish the City at least annually a certificate with respect to Bonds cancelled and/or destroyed; and

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

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

Section 15. Defeasance. Any Bond or Bonds which (a) are paid and cancelled, (b) which have matured and for which sufficient sums been deposited with the Paying Agent to pay all principal and interest due thereon, or (c) for which sufficient Defeasance Obligations have been deposited with the Paying Agent or similar institution having trust powers to pay, taking into account investment earnings on such obligations, all principal of and interest on such Bond or Bonds when due at maturity or as called for redemption, pursuant to an irrevocable escrow or trust agreement, shall cease to have any lien on or right to receive or be paid from the Bond Moneys hereunder and shall no longer have the benefits of any covenant for the registered owners of outstanding Bonds as set forth herein as such relates to lien and security of the outstanding Bonds. All covenants relative to the federal Tax-Exempt status of the interest on Bonds; and payment, registration, transfer, and exchange; are expressly continued for all Bonds whether outstanding Bonds or not.

For purposes of this Section, “*Defeasance Obligations*” means (a) direct and general full faith and credit obligations of the United States Treasury (“*Directs*”), (i) certificates of participation or trust receipts comprised wholly of Directs or (b) other obligations unconditionally guaranteed as to timely payment by the United States Treasury.

Section 16. Continuing Disclosure Undertaking. The Mayor or Treasurer is hereby authorized, empowered and directed to execute and deliver the Continuing Disclosure Undertaking (the “*Continuing Disclosure Undertaking*”) in substantially the same form as now before the Council, or with such changes therein as the individual executing the Continuing Disclosure Undertaking on behalf of the City shall approve, the official’s execution thereof to constitute conclusive evidence of the approval of such changes. When the Continuing Disclosure Undertaking is executed and delivered on behalf of the City as herein provided, the Continuing Disclosure Undertaking will be binding on the City and the officers, employees and agents of the City, and the officers, employees and agents of the City are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Continuing Disclosure Undertaking as executed. Notwithstanding any other provision of this Ordinance, the sole remedies for failure to comply with the Continuing Disclosure Undertaking shall be the ability of the beneficial owner of any Bond to seek mandamus or specific performance by court order, to cause the City to comply with its obligations under the Continuing Disclosure Undertaking.

Section 17. Municipal Bond Insurance. In the event the payment of principal and interest on the Bonds is insured pursuant to a municipal bond insurance policy (the “*Municipal Bond Insurance Policy*”) issued by a bond insurer (the “*Bond Insurer*”), and as long as such Municipal Bond Insurance Policy shall be in full force and effect, the City and the Bond Registrar agree to comply with such usual and reasonable provisions regarding presentment and

payment of the Bonds, subrogation of the rights of the Bondholders to the Bond Insurer when holding Bonds, amendment hereof, or other terms, as approved by the Mayor of the City on advice of counsel, their approval to constitute full and complete acceptance by the City of such terms and provisions under authority of this Section.

Section 18. Record-Keeping Policy and Post-Issuance Compliance Matters. It is necessary and in the best interest of the City to maintain sufficient records to demonstrate compliance with its covenants and expectations to ensure the appropriate federal tax status for the Bonds and other debt obligations of the City, the interest on which is excludable from “gross income” for federal income tax purposes or which enable the City or the holder to receive federal tax benefits, including, but not limited to, qualified tax credit bonds and other specified tax credit bonds (including the Bonds, the “*Tax Advantaged Obligations*”). Further, it is necessary and in the best interest of the City that (i) the Council adopt policies with respect to record-keeping and post issuance compliance with the City’s covenants related to its Tax Advantaged Obligations and (ii) the Compliance Officer (as hereinafter defined) at least annually review the City’s Contracts (as hereinafter defined) to determine whether the Tax Advantaged Obligations comply with the federal tax requirements applicable to each issue of the Tax Advantaged Obligations. The Council and the City hereby adopt the following Record-Keeping Policy and, in doing so, amend any similar Record-Keeping Policy or Policies heretofore adopted:

(a) *Compliance Officer is Responsible for Records.* The Director of Finance of the City (the “*Compliance Officer*”) is hereby designated as the keeper of all records of the City with respect to each issue of the Tax Advantaged Obligations, and such officer shall report to the Council at least annually that he/she has all of the required records in his/her possession, or is taking appropriate action to obtain or recover such records.

(b) *Closing Transcripts.* For each issue of Tax Advantaged Obligations, the Compliance Officer shall receive, and shall keep and maintain, a true, correct and complete counterpart of each and every document and agreement delivered in connection with the issuance of the Tax Advantaged Obligations, including without limitation (i) the proceedings of the City authorizing the Tax Advantaged Obligations, (ii) any offering

document with respect to the offer and sale of the Tax Advantaged Obligations, (iii) any legal opinions with respect to the Tax Advantaged Obligations delivered by any lawyers, and (iv) all written representations of any person delivered in connection with the issuance and initial sale of the Tax Advantaged Obligations.

(c) *Arbitrage Rebate Liability.* The Compliance Officer shall review the agreements of the City with respect to each issue of Tax Advantaged Obligations and shall prepare a report for the Council stating whether or not the City has any rebate liability to the United States Treasury, and setting forth any applicable exemptions that each issue of Tax Advantaged Obligations may have from rebate liability. Such report shall be updated annually and delivered to the Council.

(d) *Recommended Records.* The Compliance Officer shall review the records related to each issue of Tax Advantaged Obligations and shall determine what requirements the City must meet in order to maintain the tax-exemption of interest paid on its Tax Advantaged Obligations, its entitlement to direct payments by the United States Treasury of the applicable percentages of each interest payment due and owing on its Tax Advantaged Obligations, and applicable tax credits or other tax benefits arising from its Tax Advantaged Obligations. The Compliance Officer shall then prepare a list of the contracts, requisitions, invoices, receipts and other information that may be needed in order to establish that the interest paid on the Tax Advantaged Obligations is entitled to be excluded from "gross income" for federal income tax purposes, that the City is entitled to receive from the United States Treasury direct payments of the applicable percentages of interest payments coming due and owing on its Tax Advantaged Obligations, and the entitlement of holders of any Tax Advantaged Obligations to any tax credits or other tax benefits, respectively. Notwithstanding any other policy of the City, such retained records shall be kept for as long as the Tax Advantaged Obligations relating to such records (and any obligations issued to refund the Tax Advantaged Obligations) are outstanding, plus three years, and shall at least include:

(i) complete copies of the transcripts delivered when any issue of Tax Advantaged Obligations is initially issued and sold;

(ii) copies of account statements showing the disbursements of all Tax Advantaged Obligation proceeds for their intended purposes, and records showing the assets and other property financed by such disbursements;

(iii) copies of account statements showing all investment activity of any and all accounts in which the proceeds of any issue of Tax Advantaged Obligations has been held or in which funds to be used for the payment of principal of or interest on any Tax Advantaged Obligations has been held, or which has provided security to the holders or credit enhancers of any Tax Advantaged Obligations;

(iv) copies of all bid requests and bid responses used in the acquisition of any special investments used for the proceeds of any issue of Tax Advantaged

Obligations, including any swaps, swaptions, or other financial derivatives entered into in order to establish that such instruments were purchased at *fair market value*;

(v) copies of any subscriptions to the United States Treasury for the purchase of State and Local Government Series (SLGS) obligations;

(vi) any calculations of liability for *arbitrage rebate* that is or may become due with respect to any issue of Tax Advantaged Obligations, and any calculations prepared to show that no arbitrage rebate is due, together, if applicable, with account statements or cancelled checks showing the payment of any rebate amounts to the United States Treasury together with any applicable IRS Form 8038-T; and

(vii) copies of all contracts and agreements of the City, including any leases (the "*Contracts*"), with respect to the use of any property owned by the City and acquired, constructed or otherwise financed or refinanced with the proceeds of the Tax Advantaged Obligations effective at any time when such Tax Advantaged Obligations are, will or have been outstanding. Copies of contracts covering no more than 50 days of use and contracts related to City employees need not be retained.

(e) *IRS Examinations or Inquiries.* In the event the IRS commences an examination of any issue of Tax Advantaged Obligations or requests a response to a compliance check, questionnaire or other inquiry, the Compliance Officer shall inform the Council of such event, and is authorized to respond to inquiries of the IRS, and to hire outside, independent professional counsel to assist in the response to the examination or inquiry.

(f) *Annual Review.* The Compliance Officer shall conduct an annual review of the Contracts and other records to determine for each issue of Tax Advantaged Obligations then outstanding whether each such issue complies with the federal tax requirements applicable to such issue, including restrictions on private business use, private payments and private loans. The Compliance Officer is expressly authorized, without further official action of the Council, to hire outside, independent professional counsel to assist in such review. To the extent that any violations or potential violations of federal tax requirements are discovered incidental to such review, the Compliance Officer may make recommendations or take such actions as the Compliance Officer shall reasonably deem necessary to assure the timely correction of such violations or potential violations through remedial actions described in the United States Treasury Regulations, or the Tax Exempt Bonds Voluntary Closing Agreement Program described in Treasury Notice 2008-31 or similar program instituted by the IRS.

(g) *Training.* The Compliance Officer shall undertake to maintain reasonable levels of knowledge concerning the rules related to tax-exempt bonds (and build America bonds and tax credit bonds to the extent the City has outstanding build America bonds or

tax-credit bonds) so that such officer may fulfill the duties described in this Section. The Compliance Officer may consult with counsel, attend conferences and presentations of trade groups, read materials posted on various web sites, including the web site of the Tax Exempt Bond function of the IRS, and use other means to maintain such knowledge. Recognizing that the Compliance Officer may not be fully knowledgeable in this area, the Compliance Officer may consult with outside counsel, consultants and experts to assist him or her in exercising his or her duties hereunder. The Compliance Officer will endeavor to make sure that the City's staff is aware of the need for continuing compliance. The Compliance Officer will provide copies of this Ordinance and the Tax Exemption Certificate and Agreement or other applicable tax documents for each series of Tax Advantaged Obligations then currently outstanding (the "*Tax Agreements*") to staff members who may be responsible for taking actions described in such documents. The Compliance Officer should assist in the education of any new Compliance Officer and the transition of the duties under these procedures. The Compliance Officer will review this Ordinance and each of the Tax Agreements periodically to determine if there are portions that need further explanation and, if so, will attempt to obtain such explanation from counsel or from other experts, consultants or staff.

(h) *Amendment and Waiver.* The procedures described in this Section are only for the benefit of the City. No other person (including an owner of a Tax Advantaged Obligation) may rely on the procedures included in this Section. The City may amend this Section and any provision of this Section may be waived, without the consent of the holders of any Tax Advantaged Obligations and as authorized by passage of an ordinance by the Council. Additional procedures may be required for Tax Advantaged Obligations the proceeds of which are used for purposes other than capital governmentally owned projects or refundings of such, including tax increment financing bonds, bonds financing output facilities, bonds financing working capital, or private activity bonds. The City also recognizes that these procedures may need to be revised in the event the City enters into any derivative products with respect to its Tax Advantaged Obligations.

Section 19. Publication of Ordinance. A full, true and complete copy of this Ordinance shall be published within ten days after passage in pamphlet form by authority of the Council.

Section 20. Severability. If any section, paragraph, clause or provision of this Ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this Ordinance.

DRAFT

Section 21. *Superseder and Effective Date.* All ordinances, resolutions and orders, or parts thereof, in conflict herewith, are to the extent of such conflict hereby superseded; and this Ordinance shall be in full force and effect immediately upon its passage, approval and publication.

AYES: _____

NAYS: _____

ABSENT: _____

ADOPTED: April 1, 2014

APPROVED: April 1, 2014

Mayor, City of Crystal Lake
McHenry County, Illinois

Recorded In City Records: April 1, 2014.

Published in pamphlet form by authority of the Council on April 1, 2014.

ATTEST:

City Clerk, City of Crystal Lake
McHenry County, Illinois