



AGENDA ITEM EXECUTIVE SUMMARY

Agenda Item:	AN ORDINANCE authorizing and providing for the issue of not to exceed \$12,500,000 Waterworks and Sewerage Revenue Bonds, Series 2017 (Junior Lien IEPA) of the City for the purposes of paying the costs of the necessary improvements to the Waterworks and Sewerage System of said City, prescribing all the details of said bonds and providing for the collection, segregation and distribution of the revenues of said System for the payment of said bonds.		
Presenter & Title:	Rita Kruse, Finance Manager		
Date:	May 22, 2017		
<i>Please Check Appropriate Box:</i>			
<input checked="" type="checkbox"/>	Committee of the Whole Meeting		Special Committee of the Whole Meeting
<input checked="" type="checkbox"/>	City Council Meeting		Special City Council Meeting
<input type="checkbox"/>	Public Hearing		Other -
Estimated Cost: \$12,500,000			
		Budgeted?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
<i>If NO, please explain how the item will be funded:</i>			
Executive Summary:			
<p>In response to the Illinois Environmental Protection Agencies (IEPA) unfunded mandate, the City of Geneva is embarking on an update to the Wastewater Treatment Plant (WWTP).</p> <p>The project's main goal is to update the WWTP to meet the total phosphorus (TP) limit of 1.0mg/L. The major components that will be upgraded include: blowers, diffusers, aeration tank modification, secondary clarifier modification, RAS/WAS system upgrades and raw sewerage pump upgrades. The construction of the improvements are scheduled to go out for bid once the bond ordinance and loan agreement are approved by Council and has an 18 month construction timeline.</p>			

To fund this project, the City will be utilizing the IEPA Water Pollution Control Loan Program. This program allows the City to borrow funds from the IEPA at a low interest rate. The current rate is 1.75%, the final rate will be determined at the loan closing. The requested amount of \$12,500,000 includes construction and engineering costs, construction contingency and accrued interest costs.

This debt issuance is subject to the “backdoor referendum” procedures. The Council approved the authorizing ordinance on February 21, 2017. The City will published the ordinance in Daily Herald on February 23, 2017. No petitioners came forward before the 30 days period which ended on March 24, 2017.

This debt issuance is subordinate to all current and future debt excluding prior and current IEPA loans which they are in parity. Due to the subordination, the issuance requires the City to fund and maintain an account with the following year’s bond and interest payment for all IEPA loans.

The actual amount and interest rate of the debt will be determined once the project is completed. The actual amount is based upon the reimbursements requested by the City and the accrued interest related to the reimbursements.

Bond council prepared the document and it has been reviewed by the City Attorney. The ordinance allows the City to sign the loan agreement, see the next agenda item.

Attachments: *(please list)*

- AN ORDINANCE authorizing and providing for the issue of not to exceed \$12,500,000 Waterworks and Sewerage Revenue Bonds, Series 2017 (Junior Lien IEPA) of the City for the purposes of paying the costs of the necessary improvements to the Waterworks and Sewerage System of said City, prescribing all the details of said bonds and providing for the collection, segregation and distribution of the revenues of said System for the payment of said bonds.

Recommendation / Suggested Action: *(briefly explain)*

Staff recommends approval of the ordinance as presented.

MINUTES of a regular public meeting of the City Council of the City of Geneva, Kane County, Illinois, held City Council Chambers of City Hall, 109 James Street, Geneva, Illinois, in said City at 7:00 p.m., on the 5th day of June, 2017.

* * *

The meeting was called to order by the Mayor, and upon the roll being called, Kevin R. Burns, the Mayor, and the following Aldermen were physically present at said location:

The following Aldermen were allowed by a majority of the members of the City Council in accordance with and to the extent allowed by rules adopted by the City Council to attend the meeting by video or audio conference: _____

No Alderman was not permitted to attend the meeting by video or audio conference.

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

The Mayor announced that in order to finance necessary improvements to the waterworks and sewerage system of the City, it would be necessary for the City to issue revenue bonds therefor and that the City Council would consider the adoption of an ordinance authorizing and providing for the issuance of such bonds.

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

ORDINANCE NO. 2017-14

AN ORDINANCE authorizing and providing for the issue of not to exceed \$12,500,000 Waterworks and Sewerage Revenue Bonds, Series 2017 (Junior Lien IEPA) of the City of Geneva, Kane County, Illinois, for the purposes of paying the costs of the necessary improvements to the Waterworks and Sewerage System of said City, prescribing all the details of said bonds and providing for the collection, segregation and distribution of the revenues of said System for the payment of said bonds.

Adopted by the City Council of the
City of Geneva, Kane County, Illinois,
on the 5th day of June, 2017

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ORDINANCE NO. 2017-14

AN ORDINANCE authorizing and providing for the issue of not to exceed \$12,500,000 Waterworks and Sewerage Revenue Bonds, Series 2017 (Junior Lien IEPA) of the City of Geneva, Kane County, Illinois, for the purposes of paying the costs of the necessary improvements to the Waterworks and Sewerage System of said City, prescribing all the details of said bonds and providing for the collection, segregation and distribution of the revenues of said System for the payment of said bonds.

* * *

WHEREAS, the City of Geneva, Kane County, Illinois (the “*City*”), is a duly organized and existing municipality incorporated and existing under the provisions of the laws of the State of Illinois, is now operating under the provisions of the Illinois Municipal Code, as amended (the “*Act*”); and for many years has owned and operated a municipally-owned waterworks and sewerage system (as herein more fully defined, the “*System*”) as set forth in Division 139 of Article 11 of the Act; and

WHEREAS, the City Council of the City (the “*Corporate Authorities*”) has determined that it is advisable, necessary and in the best interests of the public health, safety and welfare of the City to undertake certain improvements to the System, including the following projects:

- Improving and upgrading the sewerage plant, including upgrading major components thereof, including, but not limited to, blowers, diffusers, aeration tank modifications, secondary clarifier modifications, RAS/WAS system upgrades and raw sewage pump upgrades

all in accordance with the preliminary plans and estimate of costs heretofore approved by the Corporate Authorities and now on file in the office of the City Clerk, and to pay engineering, legal, financial and administrative expense related thereto (collectively, the “*Project*”); and

WHEREAS, the estimated cost of the Project is not less than \$12,500,000, and there are insufficient funds on hand and lawfully available to pay such cost; and

WHEREAS, on the 21st day of February, 2017, by Ordinance No. 2017-03 (the “*Authorizing Ordinance*”), the Corporate Authorities proposed the issuance of revenue bonds in the aggregate amount of not to exceed \$12,500,000 for the purpose of paying the cost of the Project, and the Authorizing Ordinance, together with a notice of intent to issue such revenue bonds, was duly published on the 23rd day of February, 2017, in the *Daily Herald*, the same being a newspaper of general circulation in the City, all as required by law; and

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

WHEREAS, the Corporate Authorities have heretofore, and it hereby is, determined that the City has been authorized to issue revenue bonds payable from the revenues of the System in the aggregate amount of not to exceed \$12,500,000 for the purpose of paying the cost of the Project; and

WHEREAS, the State of Illinois (the “*State*”), acting throughout the Illinois Environmental Protection Agency (“*IEPA*”), may make one or more loans (the “*Loans*”), pursuant to the IEPA form Loan Agreement (the “*Loan Agreements*”) to the City, to be evidenced by all or a portion of such revenue bonds, through the “Water Pollution Control Loan Program” of the State or the “Public Water Supply Program” of the State (together, the “*Loan Programs*”), or both, for the purpose of paying certain eligible costs of the Project, and it is necessary and advisable to authorize the acceptance of the loans (the “*Loans*”) and execution of appropriate Loan documents; and

WHEREAS, the City has heretofore issued and has outstanding its General Obligation Refunding Bonds (Waterworks and Sewerage Alternate Revenue Source), Series 2012 (the

“*Prior Alternate Bonds*”), issued pursuant to an ordinance adopted by the Corporate Authorities on the 6th day of February, 2012 (the “*Prior Alternate Bond Ordinance*”); and

WHEREAS, other than the Prior Alternate Bonds and outstanding bonds of the City evidencing loans to the City from the State, acting through the IEPA, through the Loan Programs (the “*IEPA Bonds*”), there are no bonds or other obligations of the City payable from the Revenues (as hereinafter defined); and

WHEREAS, the revenue bonds to be issued to the IEPA pursuant to the Loan Agreements and this Ordinance shall be (i) subordinate in lien to any Future Revenue Bonds (as herein defined), the Prior Alternate Bonds and any Additional Alternate Bonds (as herein defined) and (ii) on a parity with the IEPA Bonds, all as hereinafter set forth; and

WHEREAS, the Prior Alternate Bond Ordinance permits the issuance of obligations on a lien subordinate to the Prior Alternate Bonds; and

WHEREAS, it is hereby determined that it is in the best interests of the City that one or more such revenue bonds be authorized to be issued in the amount of not to exceed \$12,500,000 at this time, for the purpose of paying the costs of the Project:

NOW, THEREFORE, Be It Ordained by the City Council of the City of Geneva, Kane County, Illinois, as follows:

Section 1. Definitions. The following words and terms used in this Ordinance shall have the following meanings unless the context or use clearly indicates another or different meaning is intended. Reference to any gender shall be deemed to include the other and also inanimate persons such as corporations, where applicable.

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

Act
 Authorizing Ordinance
 City
 Corporate Authorities
 Fund
 IEPA
 IEPA Bonds
 Loan Agreements
 Loan Programs
 Loans
 Prior Alternate Bond Ordinance
 Prior Alternate Bonds
 Project
 State
 System

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

“Additional Alternate Bonds” means any alternate bonds issued in the future as “alternate bonds” under the Reform Act and having a lien priority with respect to Revenues superior to the Bonds and the IEPA Bonds, and which may be on a parity with the Prior Alternate Bonds.

“Additional IEPA Bonds” means any bonds issued in the future in accordance with the provisions of the Act and this Ordinance on a parity with and sharing ratably and equally in the Revenues with the Bonds and the IEPA Bonds.

“Alternate Bond and Interest Subaccount” means the “2012B Alternate Bond and Interest Subaccount” created pursuant to the Prior Alternate Bond Ordinance from which debt service on the Prior Alternate Bonds is paid.

“Bond” or *“Bonds”* means one or more, as applicable, of the not to exceed \$12,500,000 Waterworks and Sewerage Revenue Bonds, Series 2017 (Junior Lien IEPA), authorized to be issued by this Ordinance.

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

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

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

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

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

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

“IEPA Bonds” means the Bonds, the IEPA Bonds and any Additional IEPA Bonds payable from the IEPA Bond Reserve Subaccount (created and described in Section 12 hereof) of the Surplus Account of the Waterworks and Sewerage Fund, after the required deposits into the Alternate Bond and Interest Subaccount of the Surplus Account have been made.

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

“Operation and Maintenance Costs” means all costs of operating, maintaining and routine repair of the System, including wages, salaries, costs of materials and supplies, power, fuel, insurance, taxes, including rebate of excess arbitrage profits to the U.S. government, and

purchase of water or sewage treatment services (including all payments by the City pursuant to long term contracts for such services), leasehold and other rental fees; but excluding debt service, depreciation, capital improvements or replacements (including water meter replacements) or engineering expenses in anticipation thereof or in connection therewith, or any reserve requirements; and otherwise determined in accordance with generally accepted accounting principles for municipal enterprise funds.

“*Ordinance*” means this Ordinance, numbered as set forth on the title page hereof, and passed by the City Council on the 5th day of June, 2017, as originally adopted and as the same may from time to time be amended or supplemented.

“*Outstanding*” (i) when used with reference to IEPA Bonds, means such bonds which are outstanding and unpaid; *provided, however*, such term shall not include IEPA Bonds (A) which have matured and for which moneys are on deposit with proper paying agents, or are otherwise properly available, sufficient to pay all principal thereof and interest thereon, or (B) the provision for payment of which has been made by the City by the deposit in an irrevocable trust or escrow of funds or direct, full faith and credit obligations of the United States of America, the principal of and interest on which will be sufficient to pay at maturity or as called for redemption all the principal of and interest on such IEPA Bonds; (ii) with respect to the Prior Alternate Bonds, means Outstanding as defined in the Prior Alternate Bond Ordinance; and (iii) with respect to Additional Alternate Bonds and Future Revenue Bonds, means Outstanding as shall be defined with respect to such bonds in the relevant Future Prior Lien Bond Ordinance.

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

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

“Revenues” means all income from whatever source derived from the System, including (a) operating revenues and receipts; (b) investment income on all accounts of the Waterworks and Sewerage Fund; (c) connection, permit and inspection fees and the like; (d) penalties and delinquency charges; (e) capital development, reimbursement, or recovery charges and the like and any service charges insofar as designated by the City Council as paid for System service; but excluding expressly (i) non-recurring income from the sale of property of the System; (ii) governmental or other grants; (iii) advances or grants made from the City; and as otherwise determined in accordance with generally accepted accounting principles for municipal enterprise funds, and as may be specifically defined in any Future Revenue Bond Ordinance.

“Surplus Account” means the Surplus Account of the Waterworks and Sewerage Fund created pursuant to the Prior Alternate Bond Ordinance.

“System” means all of the property and facilities of the combined waterworks and sewerage system of the City, whether lying within or without the boundaries of the City, as now existing or as may hereafter be acquired, improved or extended, including all improvements, additions and extensions thereto or replacements thereof hereafter constructed, installed or acquired by purchase, contract or otherwise, all contracts, rights, agreements, leases and franchises of every nature owned by the City and used or useful or held for use in the operation of the System or any part or portion thereof.

“Waterworks and Sewerage Fund” or *“Fund”* means the Waterworks and Sewerage Fund heretofore created by the City and expressly continued hereunder.

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

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

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

Section 5. Bond Details. For the purpose of paying all or a portion of the cost of the Project, there shall be issued and sold the Bonds in the principal amount of not to exceed \$12,500,000. The Bonds shall be issuable in one or more series for all or a portion of the Project. The amount of any such series of Bonds shall be sufficient to provide for a single loan from the IEPA for the Project pursuant to a Loan Agreement for such portion of the Project, and which series shall not exceed the balance of the Bonds herein authorized.

The further details of the Bonds shall be as follows: There shall be issued a single Bond for each series payable to the IEPA or registered assigns as provided therein. The maximum principal face amount (the "*Face Amount*") of each Bond shall be shown on the face of the Bond, but only so much of the Face Amount as is shown as advanced by the IEPA and received for value (the "*Outstanding Principal Amount*" as subject to reduction as hereinbelow provided), as evidenced by the Bond, shall be payable. Such advances shall be in integral multiples of \$100. Each Bond shall be designated "Waterworks and Sewerage Revenue Bond, [First Second, Third, Etc.] Series 2017 (Junior Lien IEPA)," or such other series designation, as appropriate. Each Bond shall be dated as of its date of authentication. The Outstanding Principal Amount of any Bond from time to time outstanding shall bear interest at the rate of not to exceed 5.00% per annum as set forth in the Loan Agreement. The Outstanding Principal Amount of each Bond shall become due and payable pursuant to a schedule of repayment (the "*Repayment Schedule*")

determined as set forth in the pertinent Loan Agreement; *provided, however*, that the Repayment Schedule, in order to be enforceable, shall comply with each of the following terms:

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

The Outstanding Principal Amount at any time shall be made up of (a) advances less the sum of (b)(i) installment payments and (ii) redemptions and prepayments. Each Bond shall bear interest on the Outstanding Principal Amount from time to time at the rate provided for such Bond, in each case from the time advanced until paid or duly provided for, such interest computed on the basis of a 365-day or 366-day year, as applicable, and being payable on the dates provided in the Repayment Schedule. The interest on and all installments of principal of each Bond shall be payable in lawful money of the United States of America upon presentation at the office of the Bond Registrar; *provided, however*, that so long as any agency of the State or of the U.S. Government or a financial institution is the registered owner as shown by the Bond Register, then such payments shall be made by check or draft of the Bond Registrar to the registered owner, which check or draft shall be payable in lawful money of the United States of America, and mailed not less than four business days prior to the date when due to the address of the Registered Owner as set forth in the Bond Register, or at such other address as is furnished in writing to the Bond Registrar; and, *provided, further*, that the final installment of principal and interest, when due, shall only be payable upon presentation of a Bond.

Section 6. Redemption. Each Bond and the installments thereon are subject to redemption and prepayment prior to maturity, at the option of the City, in whole or in part,

applicable to installments in the inverse order of maturity or as otherwise agreed by the City and the owner of the Bonds affected at such time, from any available funds, on any date, at the redemption price of par plus accrued interest to the date fixed for redemption. Unless waived by the Bond Registrar, the City shall notify the Bond Registrar of the redemption and prepayment of the Bond not less than 30 days prior to the date of redemption. Unless waived by the registered owner of the Bond to be redeemed, official notice of any such redemption and prepayment shall be given by the Bond Registrar on behalf of the City by mailing the redemption notice by registered or certified mail not less than 20 days and not more than 60 days prior to the date fixed for redemption to the registered owner of the Bond at the address shown on the Bond Register or at such other address as is furnished in writing by such registered owner to the Bond Registrar.

All official notices of redemption shall include the proper identification of the Bonds and at least the information as follows:

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

Prior to any redemption date, the City shall deposit with the Bond Registrar an amount of money sufficient to pay the redemption price of the Bond or portion so redeemed. Official notice of redemption having been given as aforesaid, the Bond or portion so redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the City shall default in the payment of the redemption price) such Bond or portion so redeemed shall cease to bear interest. Upon surrender of the Bond for redemption and prepayment in accordance with said notice, such Bond or portion so redeemed

shall be paid by the Bond Registrar at the redemption price. A notation of any partial prepayment shall be made upon a schedule attached to the Bond. In the event of a redemption in part, the IEPA (or subsequent owner) shall promptly promulgate a revised Repayment Schedule based upon the new Outstanding Principal Amount and submit same to the City, which shall approve same and authorize the IEPA (or subsequent owner) to substitute such Repayment Schedule as an attachment to the Bonds.

Section 7. Amendment. The rights and obligations of the City and of the owners of Outstanding Bonds may from time to time be modified or amended by a supplemental ordinance adopted by the Corporate Authorities with the written consent of the registered owners of not less than 2/3 of the principal amount of all Outstanding Bonds (excluding any of said bonds owned by or under the control of the City); *provided, however,* that no such modification or amendment shall extend or change the maturity of or date of redemption prior to maturity, or reduce the interest rate or premium on, or permit the creation of a preference or priority of any Outstanding Bond or Outstanding Bonds over any other Outstanding Bond or Outstanding Bonds, or otherwise alter or impair the obligation of the City to pay the principal of and interest and premium on any of the Outstanding Bonds at the time, place, rate, and in the currency provided therein, or alter or impair the obligations of the City with respect to registration, transfer, exchange or notice of redemption of Bonds, without the express consent of the registered owners of all the Outstanding Bonds affected; nor shall any such modification or amendment reduce the percentage of the registered owners of Outstanding Bonds required for the written consent to such modification or amendment without the consent of the registered owners of all of the Outstanding Bonds. Ownership of Bonds for purposes of consent by the registered owners thereof shall be conclusively proved by the Bond Register. In obtaining or receiving the consents of registered owners, the City may establish reasonable rules of procedure

including, without limitation, rules relating to (i) a record date to fix the registered owners who are entitled to vote, (ii) solicitation of proxies and (iii) a meeting of the registered owners for the taking of actions. The registered owners of Bonds may vote their Bond interest in fractional shares. In the event that Bonds are registered in the name or names of nominees or depositories, consent of such owners by proxy in accordance with the applicable customs of the securities industry or rules of the Securities and Exchange Commission, Municipal Securities Rulemaking Board or other association or agency having jurisdiction shall be sufficient.

Section 8. Execution; Authentication. The Bonds shall be executed on behalf of the City with the manual or duly authorized facsimile signature of the Mayor and attested with the manual or duly authorized facsimile signature of the City Clerk, as they may determine, and shall have impressed or imprinted thereon the corporate seal or facsimile thereof of the City. In case any officer whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery.

All Bonds shall have thereon a certificate of authentication substantially in the form hereinafter set forth duly executed by the Bond Registrar as authenticating agent of the City and showing the date of authentication. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this Ordinance unless and until such certificate of authentication shall have been duly executed by the Bond Registrar by manual signature, and such certificate of authentication upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Ordinance. The certificate of authentication on any Bond shall be deemed to have been executed by it if signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds issued hereunder.

Section 9. Registration of Bonds; Persons Treated as Owners. The City shall cause books (the “*Bond Register*”) for the registration and for the transfer of the Bonds as provided in this Ordinance to be kept at the office of the Bond Registrar, which is hereby constituted and appointed the registrar of the City. The City is authorized to prepare, and the Bond Registrar or such other agent as the City may designate shall keep custody of, multiple Bond blanks executed by the City for use in the transfer of Bonds. Any Bond may be transferred as a whole but not in part but only in the manner, subject to the limitations, and upon payment of the changes as set forth in this Ordinance. Upon surrender for transfer of any Bond at the office of the Bond Registrar, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Bond Registrar and duly executed by, the registered owner or his or her attorney duly authorized in writing, the City shall execute and the Bond Registrar shall register the Bond in the name of the new registered owner on the registration grid provided therein, and shall also enter the name and address of the new registered owner in the Bond Register. The Bond Registrar shall not be required to transfer any Bond during the period from the 15th day next preceding any interest payment date on such Bond and ending at the opening of business on such interest payment date, or to transfer or exchange any Bond after notice calling such Bond for redemption has been mailed, or to transfer any Bond during a period of fifteen days next preceding mailing of a notice of redemption of any Bonds. The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal of or interest on any Bond shall be made only to or upon the order of the registered owner thereof or his or her legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid. No service charge shall be made for any transfer of Bonds, but the City or the Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental

charge that may be imposed in connection with any transfer of Bonds except in the case of the issuance of a Bond or Bonds for the unredeemed portion of a Bond surrendered for redemption.

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

SOLE BOND: REGISTERED
No. ONE

MAXIMUM AMOUNT REGISTERED
\$12,500,000

THIS BOND IS TRANSFERABLE ONLY AS A WHOLE.

**UNITED STATES OF AMERICA
STATE OF ILLINOIS
COUNTY OF KANE
CITY OF GENEVA
WATERWORKS AND SEWERAGE REVENUE BOND
SERIES 2017 (JUNIOR LIEN IEPA)**

Interest	Maturity	Dated
Rate: ____%	Date: _____, 20__	Date: _____, 20__

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

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

This bond and the bonds of the series of which it forms a part (“*Bond*” and “*Bonds*” respectively) are of an authorized issue of [Twelve Million Five Hundred Thousand Dollars (\$12,500,000)], of like dated date and tenor except as to maturity, rate of interest and privilege of redemption. The Bonds are payable solely from the Revenues derived from the operation of the waterworks and sewerage system of the City (the “*System*”) after payment of Operation and Maintenance Costs (the “*Net Revenues*”) and after payment of obligations having a prior lien on such Net Revenues now outstanding or to be issued in the future, all as provided in the Ordinance (defined below), and not otherwise, and are issued under authority of the provisions of Division 139 of Article 11 of the Illinois Municipal Code, as supplemented and amended, and particularly as supplemented by the Local Government Debt Reform Act of the State of Illinois,

as amended (collectively, the “Act”), for the purposes of paying a portion of the costs of the Project (as defined in the hereinafter defined Ordinance). The Bonds are issued pursuant to an ordinance passed by the City Council (the “Corporate Authorities”) of the City on the 5th day of June, 2017 (the “Ordinance”) and pursuant to a Loan Agreement (the “Loan Agreement”), as authorized by the Ordinance, by and between the City and the Environmental Protection Agency of the State of Illinois, as initial purchaser for value and Registered Owner hereof. Reference is hereby expressly made to the Ordinance and Loan Agreement for further definitions and terms and to all the provisions of which the holder by the acceptance of this Bond assents. **This Bond does not constitute an indebtedness of the City within the meaning of any constitutional or statutory provision or limitation. This Bond is a limited obligation of the City payable solely from the Net Revenues after payment of the obligations having a prior lien on such Net Revenues now outstanding or to be issued in the future, all as provided in the Ordinance.**

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

This Bond is subject to and subordinate as to the lien on the Revenues of the Prior Alternate Bonds, any Additional Alternate Bonds and any Future Revenue Bonds (each as defined in the Ordinance), the provision for payment of which is made from an account or accounts of the Waterworks and Sewerage Fund having a prior claim on the Revenues. This

Bond is issued on a parity with the IEPA Bonds, sharing ratably and equally in the Revenues with said IEPA Bonds. In addition, Bonds may be issued in the future to share in the Revenues of the System on a parity as to lien with or subordinate to the lien of this Bond.

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

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

This Bond is transferable as a whole but not in part by the Registered Owner hereof in person or by his or her attorney duly authorized in writing at the office of the Bond Registrar in Geneva, Illinois, only in the manner, subject to the limitations and upon payment of the charges provided in the Ordinance. Upon surrender hereof at the office of the Bond Registrar,

accompanied by a written instrument or instruments of transfer in form satisfactory to the Bond Registrar and duly executed by the Registered Owner or an attorney for such owner duly authorized in writing, the Bond Registrar shall register this Bond in the name of the new Registered Owner on the registration grid provided herein, and shall also enter the name and address of the new registered owner in the Bond Register.

The Bond Registrar shall not be required to transfer this Bond during the period from the close of business on the 15th day next preceding any interest payment date on such Bond and ending at the opening of business on such interest payment date or during the period of 15 days preceding the giving of notice of redemption of this Bond or to transfer any Bond all or a portion of which has been called for redemption.

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

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

fund, and to comply with all the covenants of and to maintain the accounts created by the Ordinance.

THE INTEREST ON THIS BOND IS NOT TAX-EXEMPT UNDER THE PROVISIONS OF SECTION 103 OF THE INTERNAL REVENUE CODE OF 1986, AND THE REGISTERED OWNER HEREOF BY ACCEPTANCE OF THIS BOND ACKNOWLEDGES SUCH STATUS AND AGREES WITH THE CITY NOT TO ASSERT ANY CLAIM TO THE CONTRARY.

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

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

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

Mayor, City of Geneva
Kane County, Illinois

Attest:

City Clerk, City of Geneva
Kane County, Illinois

[SEAL]

Date of Authentication: _____, 20__

CERTIFICATE
OF
AUTHENTICATION

Bond Registrar and Paying Agent:

City Treasurer,
City of Geneva, Kane County, Illinois

This Bond is one of the Bonds described in the within mentioned Ordinance and is one of the Waterworks and Sewerage Revenue Bonds, Series 2017 (Junior Lien IEPA), of the City of Geneva, Kane County, Illinois.

City Treasurer, as Bond Registrar

ASSIGNMENT

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

(Name and Address of Assignee)

the within Bond and does hereby irrevocably constitute and appoint _____

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

Dated: _____

Signature Guaranteed: _____

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

REGISTERED OWNER NOTATION

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

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

DATE OF REGISTRATION	NAME OF REGISTERED OWNER	SIGNATURE OF BOND REGISTRAR
_____	State of Illinois Illinois Environmental Protection Agency	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
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_____	_____	_____
_____	_____	_____

Section 11. Bonds Limited Obligations. The Bonds shall be payable solely from Revenues on deposit in the Surplus Account of the Waterworks and Sewerage Fund, after the required deposits into the Alternate Bond and Interest Subaccount of the Surplus Account have been made, and shall not constitute an indebtedness of the City within the meaning of any constitutional or statutory limitation.

Section 12. Flow of Funds. Upon the issuance of the Bonds, the System shall continue to be operated on a Fiscal Year basis. All of the Revenues shall be set aside as collected and be deposited into the Waterworks and Sewerage Fund, which is a separate fund of the City, which fund has been heretofore created and is expressly continued hereunder. The Waterworks and Sewerage Fund shall constitute a trust fund for the sole purpose of carrying out the covenants, terms and conditions of the Prior Alternate Bond Ordinance, any Future Prior Lien Bond Ordinances and this Ordinance.

The accounts and monthly deposits set forth in the Prior Alternate Bond Ordinance are hereby expressly continued and maintained. As provided in the Prior Alternate Bond Ordinance, after monthly payments and deposits are made to pay Operation and Maintenance Costs, to provide for an adequate depreciation fund for the System, and to provide for the establishment and expenditure from the respective accounts created pursuant to any Future Revenue Bond Ordinance and making up any deficiencies in said accounts, all moneys remaining in the Waterworks and Sewerage Fund shall be credited each month to the Surplus Account.

The Revenues credited to the Surplus Account shall be deposited, first, to the Alternate Bond and Interest Subaccount to the extent and in the manner as described in Section 14(B) of the Prior Alternate Bond Ordinance. All Revenues remaining in the Surplus Fund after such deposits to the Alternate Bond and Interest Subaccount shall be deposited to a separate and

segregated subaccount hereby created and designated the “IEPA Bond and Interest Subaccount of the Surplus Account” (the “*IEPA Bond and Interest Subaccount*”), as follows:

A. There shall be paid into the IEPA Bond and Interest Subaccount a fractional amount of the interest becoming due on the next succeeding interest payment date on all Outstanding IEPA Bonds, including the Bonds, and also a fractional amount of the principal becoming due on the next succeeding principal maturity date of all Outstanding IEPA Bonds until there shall have been accumulated in the IEPA Bond and Interest Subaccount on or before the month preceding such maturity date of interest or principal, an amount sufficient to pay such principal or interest, or both, of all Outstanding IEPA Bonds.

B. The fractional amount to be set aside each month in the IEPA Bond and Interest Subaccount shall be computed so that sufficient funds will be set aside in the IEPA Bond and Interest Subaccount and will be available for the prompt payment of such principal of and interest on all Outstanding IEPA Bonds as the same will become due, and shall be not less than one-fifth of the interest and principal becoming due on the next succeeding interest and principal payment date on all Outstanding IEPA Bonds until there is sufficient money in the IEPA Bond and Interest Subaccount to pay such principal and interest.

C. Credits to the IEPA Bond and Interest Subaccount may be suspended in any Fiscal Year at such time as there shall be a sufficient sum, held in cash and investments, in the IEPA Bond and Interest Subaccount to meet principal and interest requirements in the IEPA Bond and Interest Subaccount for the balance of such Fiscal Year, but such credits shall be resumed if a deficiency shall subsequently exist and at the beginning of the next Fiscal Year.

D. All moneys in the IEPA Bond and Interest Subaccount shall be used only for the purpose of paying interest on and principal of Outstanding IEPA Bonds, including the Bonds.

E. After crediting the IEPA Bond and Interest Subaccount as hereinabove provided for, and after making up any deficiencies in the IEPA Bond and Interest Subaccount, there shall be credited to a separate and segregated account hereby created and designated the IEPA Bond Reserve Subaccount of the Surplus Account (the “*IEPA Bond Reserve Subaccount*”) and held, in cash and investments, such sum as necessary to comply with the funding requirement described in Section 13(C) of this Ordinance. In each month after the month in which the funding requirement with respect to the IEPA Bond Reserve Subaccount set forth in Section 13(c) hereof is met, and for such period of time that such test is satisfied, said deposits into the IEPA Bond Reserve Subaccount shall be suspended. The funds on hand in the IEPA Bond Reserve Subaccount shall be used solely to pay principal of or interest becoming due on any IEPA Bonds then Outstanding whenever funds are not available in the IEPA Bond and Interest Subaccount

therefor, and for that purpose there shall be transferred promptly from the IEPA Bond Reserve Subaccount to the IEPA Bond and Interest Subaccount not less than five (5) days prior to the due date of principal of and interest on any IEPA Bonds a sum which, together with the funds then on hand in the IEPA Bond and Interest Subaccount, shall be sufficient to meet such principal or interest becoming due. In future bond ordinances, the City may covenant to make specific monthly deposits to the IEPA Bond Reserve Subaccount.

F. Any funds remaining in the Surplus Account after making the aforesaid deposits to the credit of the IEPA Bond and Interest Subaccount and the IEPA Bond Reserve Subaccount, at the discretion of the Corporate Authorities, shall be used first, as may be provided in the Prior Alternate Bond Ordinance or any Future Revenue Bond Ordinance, as may be applicable, and such remaining amounts shall be used for one or more of the following purposes without any priority among them:

(1) For the purpose of constructing or acquiring repairs, replacements, improvements or extensions to the System;

(2) For the purpose of calling and redeeming Prior Alternate Bonds, Future Revenue Bonds, Additional Alternate Bonds, IEPA Bonds, or any of them, which are callable at the time;

(3) For the purpose of purchasing Prior Alternate Bonds, Future Revenue Bonds, Additional Alternate Bonds, IEPA Bonds, or any of them, which are not callable at the time at a price not in excess of the fair market value thereof on the date of purchase;

(4) For the purpose of paying principal of and interest on any subordinate bonds or obligations issued for the purpose of acquiring or constructing repairs, replacements, improvements or extensions to the Waterworks and Sewerage System; or

(5) For any other lawful corporate purpose.

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

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

B. The City will establish and maintain at all times reasonable fees, charges and rates for the use and service of the System and will provide for the collection thereof and the segregation and application of the Revenues in the manner provided by the Prior Alternate Bond Ordinance and this Ordinance, sufficient at all times to pay Operation and

Maintenance Costs, to provide an adequate depreciation fund, to pay the principal of and interest on all revenue bonds of the City which by their terms are payable from the Revenues, and to provide for the creation and maintenance of the respective accounts enumerated in said Ordinances. There shall be charged against all users of the System, including the City, such rates and amounts for System services as shall be adequate to meet the requirements of this subsection. Charges for services rendered the City shall be made against the City, and payment for the same shall be made monthly from the corporate funds into the Waterworks and Sewerage Fund as revenues derived from the operation of the System.

C. The City will maintain the IEPA Bond Reserve Account in accordance with the provisions of Title 35, Section 365.940 of the Illinois Administrative Code and Title 35, Section 662.930, of the Illinois Administrative Code, in an amount equal to the principal and interest payments due annually on the Bonds as set forth by the IEPA in the Loan Agreements. Such reserve fund will be fully funded within two calendar years of the date on which the Loan for the funding of the Project is awarded by the IEPA.

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

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

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

1. A statement in detail of income and expenditures of the System for such Fiscal Year.
2. A balance sheet as of the end of such Fiscal Year, including a statement of the amount held in each of the accounts of the Waterworks and Sewerage Fund.

3. A list of all insurance policies in force at the end of the Fiscal Year, setting out as to each policy the amount of the policy, the risks covered, the name of the insurer, and the expiration date of the policy, and any amounts held as self-insurance reserves.

4. The names of all contract customers served directly or indirectly by the System at the end of the year.

5. A summary of rates in effect at the end of such Fiscal Year for services of the System and any changes in such rates effective during such Fiscal Year.

6. The amount and details of all Outstanding Bonds.

In connection with said audit, the accountant shall deliver a letter or statement regarding the manner in which the City has carried out the requirements of this Ordinance, and the accountant's recommendations for any changes or improvements in the financial operation of the System. All expenses of the audit required by this section shall be regarded and paid as Operation and Maintenance Costs. It is further covenanted and agreed that a copy of each such audit shall be furnished upon completion to the original purchaser of any of the Bonds, including the IEPA.

G. The City will keep the books and accounts for the System in accordance with generally accepted fund reporting practices for municipal enterprise funds; *provided, however,* that the monthly credits to each bond and interest, bond reserve, and depreciation, repair and replacement account shall be in cash, and said funds shall be held separate and apart in cash and investments. For the purpose of determining whether sufficient cash and investments are on deposit in such accounts under the terms and requirements of this Ordinance, investments shall be valued at amortized cost.

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

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

J. The City will carry insurance on the System of the kinds and in the amounts which are usually carried by private parties operating similar properties, covering such

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

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

L. The City will adopt a budget for the Waterworks and Sewerage Fund prior to the beginning of each Fiscal Year, subject to applicable state law, providing for payment of all sums to be due in the Fiscal Year so as to comply with the terms of this Ordinance. If during the Fiscal Year there are extraordinary variations in revenues or expenditures, the City will adopt an amended budget for the remainder of the Fiscal Year, providing for Revenues and payments pursuant to this Ordinance.

Section 14. Additional IEPA Bonds; Future Revenue Bonds and Additional Alternate Bonds.

A. Additional IEPA Bonds.

1. Additional IEPA Bonds may be issued for any proper System purpose upon compliance with the following conditions:

(a) The amounts required to be credited monthly to the respective accounts described above in this Ordinance (Section 12) must have been credited in full up to the date of the delivery of such Additional IEPA Bonds.

(b) The Net Revenues of the System for the last completed Fiscal Year prior to the issuance of the Additional IEPA Bonds (as shown by the audit of an independent certified public accountant), or the adjusted Net Revenues of the System for such year (as defined herein) must equal at least 100% of maximum annual debt service computed immediately after the issuance of the proposed Additional IEPA Bonds, but only for those Fiscal Years in which the Outstanding IEPA Bonds immediately prior to such issuance will continue to be Outstanding IEPA Bonds as provided herein.

(c) Net Revenues of the System may be adjusted as follows:

(i) In the event there shall have been an increase in the rates of the System from the rates in effect for the preceding Fiscal Year, which increase is in effect at the time of the issuance of any such Additional IEPA Bonds, the Net Revenues as described hereinabove may be adjusted to reflect the Net Revenues of the System for the immediately preceding Fiscal Year as they would have been had said then existing rates been in effect during all of said Fiscal Year.

(ii) Any such adjustment shall be evidenced by the certificate of an independent consulting engineer or an independent certified public accountant employed for that purpose, which certificate shall be filed with and approved by the Corporate Authorities prior to the issuance of the proposed Additional IEPA Bonds.

2. Additional IEPA Bonds may be issued to refund Outstanding IEPA Bonds if the sum of the aggregate amount of principal and interest due and payable on the Outstanding IEPA Bonds in each Fiscal Year including and subsequent to the Fiscal Year of issuance for all Outstanding IEPA Bonds after such issuance does not exceed such sum prior to such issuance.

3. Additional IEPA Bonds may be issued to refund Outstanding IEPA Bonds if the bonds so issued (i) do not exceed the principal amount of the Outstanding IEPA Bonds to be refunded, (ii) do not bear interest at a rate in excess of the Outstanding IEPA Bonds to be refunded, and (iii) do not mature earlier than any Outstanding IEPA Bonds not to be refunded.

4. Additional IEPA Bonds may be issued to refund Outstanding IEPA Bonds in order to avoid default in the payment of principal of or interest on Outstanding IEPA Bonds; *provided*, they are issued to avoid such default within three months of the date thereof.

5. Bonds or other obligations may be issued payable from the Revenues subordinate to the Outstanding IEPA Bonds.

6. Alternatively, to any or all of the conditions within this paragraph (A), Additional IEPA Bonds may be issued with the consent of the owners of not less than two-thirds (2/3rds) of the IEPA Bonds Outstanding prior to such proposed issuance. Proof of ownership may be made in the same manner as for an amendment (Section 7). Additionally, the offer by the IEPA of a future loan pursuant to any Loan Agreement shall be deemed to be consent by the IEPA as the owner of all IEPA Bonds, it shall then own, as to issuance of the Additional IEPA Bonds to evidence such loan.

B. Future Revenue Bonds and Additional Alternate Bonds.

1. Future Revenue Bonds and Additional Alternate Bonds may be issued as provided in the Prior Alternate Bond Ordinance (a "*Proposed Prior Lien Issuance*") for any proper System purpose upon compliance with the ordinances (*i.e.*, the Future Prior Lien Bond Ordinance(s)) governing their terms and upon compliance with any one of the further following conditions:

(a) It shall be demonstrated that the conditions of paragraph (A)(1) above will be met after the Proposed Prior Lien Issuance.

(b) Such Proposed Issuance would meet the conditions of paragraph (A)(2) above substituting the words "Future Revenue" or "Additional Alternate," as applicable, for the term "Additional IEPA" throughout.

(c) Such Proposed Issuance would meet the conditions of paragraph (A)(3) above substituting the words "Future Revenue" or "Additional Alternate," as applicable, for the term "Additional IEPA" throughout.

(d) Such Proposed Issuance would meet the conditions of paragraph (A)(4) above substituting the words "Future Revenue" or "Additional Alternate," as applicable for the term "Additional IEPA" throughout.

(e) Such Proposed Issuance may be issued with the consent of the owners of not less than two-thirds (2/3rds) of the IEPA Bonds then Outstanding.

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

Section 15. Sale of the Bonds; IEPA Loan Agreements. The Bonds shall be executed and delivered to the Bond Registrar and be by the Bond Registrar delivered to the purchaser thereof, namely, the IEPA, all in accordance with the provisions of one or more Loan Agreements by and between the IEPA and the City. The execution of any Loan Agreements by any of the Designated Officers is hereby authorized and approved, said Loan Agreements to be in substantially the form now before the Corporate Authorities or with such changes therein as shall be approved by the Designated Officer executing said Loan Agreements, said execution to constitute evidence of the approval of such changes.

Further, the Corporate Authorities hereby authorize acceptance of the offer of a loan or loans through the Loan Programs, including all terms and conditions of each Loan Agreement as well as all special conditions contained therein and made a part thereof by reference. The Corporate Authorities further agree that the loan funds awarded shall be used solely for the purposes of the Project as approved by the IEPA in accordance with the terms of each Loan Agreement. Any of the officers and officials of the City shall be authorized to take all necessary action to complete the borrowing in accordance with the terms of a Loan Agreement.

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

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

Section 16. Use of Proceeds, Expense Fund. The proceeds derived from the sale of the Bonds and advances made from time to time from the IEPA shall be used solely and only to pay eligible costs of the Project as provided in each Loan Agreement, or to reimburse the City for

such costs as previously advanced, all in accordance with the terms of such Loan Agreement, and shall be deposited as follows:

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

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

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

Within 60 days after full depletion of the Project Account or payment of all costs of the Project, as herein referred to, and as heretofore approved by the Corporate Authorities, a Designated Officer shall certify to the Corporate Authorities the fact of such depletion or the engineer in responsible charge of the Project shall certify to the Corporate Authorities the fact that the work has been completed according to approved plans and specifications, as applicable, and upon approval of such certification by the Corporate Authorities, funds (if any) remaining in the Project Account shall be credited to the IEPA Bond Reserve Account, or, if such account is fully funded, to the IEPA Bond and Interest Subaccount and held for the purposes thereof; and the Project Account shall be closed.

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

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

Section 18. Tax Certificate. The City agrees and covenants with the IEPA that, upon request, and prior to the execution of a Loan Agreement, it will submit to the IEPA a tax certificate as provided by the IEPA concerning the Bonds and applicable federal tax law that applies to the Bonds. In connection therewith, the City and the Corporate Authorities further agree: (a) through their officers, to make such further specific covenants, representations as shall be truthful, and assurances as may be necessary or advisable; (b) to consult with counsel approving the Bonds and to comply with such advice as may be given; (c) to file such forms, statements, and supporting documents as may be required and in a timely manner; and (e) if deemed necessary or advisable by their officers, to employ and pay fiscal agents, financial advisors, attorneys, and other persons to assist the City.

Section 19. Continuing Disclosure. The City agrees and covenants that, if at any time the IEPA notifies the City that it is deemed to be an “obligated person” for purposes of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the “Rule”), the City will execute an undertaking in a form acceptable to the IEPA in compliance with the Rule in which the City will agree, among other things, to provide annual financial information (as defined in the Rule) with respect to the City to all required information repositories for so long as the City shall be deemed to be an obligated person. The City acknowledges that it will be deemed to be an obligated person at any time the aggregate principal amount of one or more of the City’s outstanding loans with the IEPA, which are pledged to secure bonds issued on behalf of the IEPA, exceeds a percentage (currently 20%) of the aggregate principal amount of all loans of the IEPA pledged to secure such bonds.

Section 20. List of Bondholders. The Bond Registrar shall maintain a list of the names and addresses of the registered owners of all Bonds.

Section 21. Rights and Duties of Bond Registrar. The duties of the Bond Registrar shall include the following:

- (a) to act as bond registrar, authenticating agent, paying agent and transfer agent as provided herein;
- (b) to maintain a list of Bondholders as set forth herein and to furnish such list to the City upon request, but otherwise to keep such list confidential to the extent permitted by law;
- (c) to give notice of redemption of Bonds as provided herein;
- (d) to cancel and/or destroy Bonds which have been paid at maturity or upon earlier redemption or submitted for transfer; and
- (e) to furnish the City at least annually an audit confirmation of Bonds paid, Bonds outstanding and payments made with respect to interest on the Bonds.

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

Section 22. Severability. If any section, paragraph, clause or provision of this Ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this Ordinance.

[Remainder of page intentionally left blank.]

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

ADOPTED by the City Council on June 5, 2017.

AYES: _____

NAYS: _____

ABSENT: _____

ABSTAIN: _____

ADOPTED: June 5, 2017

Approved: June 5, 2017.

Mayor

RECORDED in the City Records on June 5, 2017.

ATTEST:

City Clerk

[SEAL]

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

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

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

NAY: _____

Whereupon the Mayor declared the motion carried and the ordinance adopted, and henceforth did approve and sign the same in open meeting and did direct the City Clerk to record the same in full in the records of the City Council of the City of Geneva, Kane County, Illinois, which was done.

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

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

City Clerk

STATE OF ILLINOIS)
) SS
 COUNTY OF KANE)

CERTIFICATION OF ORDINANCE AND MINUTES

I, the undersigned, do hereby certify that I am the duly qualified and acting City Clerk of the City of Geneva, Kane County, Illinois (the “City”), and as such officer I am the keeper of the books, records, files, and journal of proceedings of the City and of the City Council (the “Corporate Authorities”) thereof.

I do further certify that the foregoing constitutes a full, true and complete transcript of the minutes of the legally convened meeting of the Corporate Authorities held on the 5th day of June, 2017, insofar as same relates to the adoption of an ordinance numbered ____ and entitled:

AN ORDINANCE authorizing and providing for the issue of not to exceed \$12,500,000 Waterworks and Sewerage Revenue Bonds, Series 2017 (Junior Lien IEPA) of the City of Geneva, Kane County, Illinois, for the purposes of paying the costs of the necessary improvements to the Waterworks and Sewerage System of said City, prescribing all the details of said bonds and providing for the collection, segregation and distribution of the revenues of said System for the payment of said bonds.

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

I do further certify that the deliberations of the Corporate Authorities on the adoption of said ordinance were taken openly; that the vote on the adoption of said ordinance was taken openly; that said meeting was held at a specified time and place convenient to the public; that notice of said meeting was duly given to all of the news media requesting such notice; that an agenda for said meeting was posted at the location where said meeting was held and at the principal office of the Corporate Authorities at least 72 hours in advance of the holding of said meeting; that at least one copy of said agenda was continuously available for public review during the entire 72 hour period preceding said meeting, that said agendas so posted is attached hereto as *Exhibit A*; that said meeting was called and held in strict accordance with the provisions of the Open Meetings Act of the State of Illinois, as amended; and that the Corporate Authorities have complied with all of the applicable provisions of said Act and their procedural rules in the adoption of said ordinance.

IN WITNESS WHEREOF, I have hereunto affixed my official signature and the seal of the City, this 5th day of June, 2017.

City Clerk

(SEAL)

[Attach Agenda as Exhibit A]