

ORDINANCE NO. _____

THE COUNTY OF UNION, ILLINOIS

AN ORDINANCE AUTHORIZING THE ISSUANCE BY THE COUNTY OF UNION, ILLINOIS, OF GENERAL OBLIGATION REFUNDING LIMITED BONDS, SERIES 2014, TO REFINANCE THE COUNTY'S COSTS OF FUNDING A SELF-INSURANCE PROGRAM; FIXING THE DETAILS OF SUCH BONDS AND LEVYING A DIRECT ANNUAL TAX TO PAY THE INTEREST ON AND PRINCIPAL OF SUCH BONDS; AND RELATED MATTERS

WHEREAS, pursuant to the Local Governmental and Governmental Employees Tort Immunity Act (745 ILCS 1011 -1 01 et seq.), the Intergovernmental Cooperation Act (5 ILCS 220/1 et seq.), the Counties Code (55 ILCS 5/1-1 et seq.) and Section 10 (Intergovernmental Cooperation) of Article VII (Local Government) of the Constitution of the State of Illinois (collectively, as supplemented and amended, including by the Registered Bond Act, the Bond Replacement Act, the Bond Authorization Act and the Local Government Debt Reform Act (including without limitation particularly Section 15.01 thereof concerning **“limited bonds”**), the **“Acts”**), The County of Union, Illinois (hereinafter referred to as the **“County”**), is authorized to issue its limited bonds to refinance costs of self-insuring against certain liabilities and risks (the **“Program”**); and

WHEREAS, there has been presented before this meeting of the Board of Commissioners of the County a Trust Agreement dated as of April 1, 1989 (as supplemented and amended, the **“Trust Agreement”**, as supplemented by the Trust’s Depository Agreement, now with Hometown National Bank), by and among The Counties of Johnson, Pulaski and Union, as the initial members, with The Counties of Pulaski and Union presently the remaining **“Members”**, and the Trustees provided therein (the **“Trustees”**), establishing the Southern Illinois Counties Insurance Trust (the **“Trust”**); and

WHEREAS, pursuant to Ordinance No. 2006-15 adopted October 16, 2006 (the **“2006 Ordinance”**), the County on October 31, 2006 issued General Obligation Self-Insurance Bonds (Alternate Revenue Source), Series 2006 (to the extent to be refunded under this ordinance, the **“2006 Bonds”**), which 2006 Bonds are to be refunded (the **“Refunding”**) by funding an escrow, deposit or refunding account (as applicable, the **“Refunding Account”**) with cash and/or certain investment securities (the **“Investment Securities”**) under an escrow, deposit or refunding agreement (as applicable, the **“Refunding Agreement”**) with Hometown National Bank, as escrow, deposit or refunding agent (as applicable, the **“Refunding Agent”**); and

WHEREAS, pursuant to this ordinance the County intends to issue up to \$2,030,000 General Obligation Refunding Limited Bonds, Series 2014 (the **“Series 2014 Bonds”** or **“Series 2014”**), to refund 2006 Bonds and to pay costs of issuing the Bonds; and

WHEREAS, there is authorized to be prepared for the Bonds, a Bond Purchase Agreement (the **“Bond Purchase Agreement”**) to be entered into by and between the County and Bernardi Securities, Inc., with its principal office in Chicago, Illinois (the **“Underwriter”**),

pursuant to which the Underwriter offers to purchase the Bonds as described in the Official Statement (in preliminary form and as supplemented and completed to be final, the “**Official Statement**”) related to the Bonds, as supplemented by the County's Continuing Disclosure Certificate and Agreement (the “**Disclosure Agreement**”) under Rule 15c2-12 (“**Rule 15c2-12**”) of the Securities and Exchange Commission (“**SEC**”); and

WHEREAS, it is proper and in the best interests of the County and for the public safety, benefit and welfare of its inhabitants to issue the Bonds for the Refunding, and this Board of Commissioners does now find that it is necessary and advisable that the Bonds be issued and delivered, among other things, to effect the objects and purposes of this ordinance; and

WHEREAS, to facilitate reference, this ordinance is set out in sections, with captions which shall not define or limit the provisions hereof, as follows:

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NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF COMMISSIONERS OF THE COUNTY OF UNION, ILLINOIS, as follows:

Section 1. Authority, Purpose and Terms. In order to provide funds to refinance the Program by the Refunding, pursuant to and in accordance with the Acts there are hereby authorized and ordered to be prepared and issued the County's **General Obligation Refunding Limited Bonds, Series 2014** (the “**Bonds**”) in an aggregate principal amount not to exceed \$2,030,000, and that the Bonds shall have certain terms and provisions, as follows:

(a) **Date.** The Bonds shall be dated as of and before the date of issuance and delivery thereof as the Underwriter agrees or accepts.

(b) **Interest Payments.** The Bonds shall bear interest from their dated date (or from the most recent interest payment date to which interest has been paid, as the case may be), payable semiannually on each June 1 and December 1, commencing on or after June 1, 2014, until the principal thereof shall have been fully paid, computed on the basis of a 360-day year of twelve 30-day months. Interest to accrue on the Bonds on and prior to the respective maturity dates thereof shall be payable in lawful money of the United States of America by check or draft of the Paying Agent (as hereinafter defined) mailed to the registered owners of such Bonds as their names and addresses appear on the registration books maintained by the Bond Registrar (as hereinafter defined) as of the close of business on the 15th day (whether or not a business day) of the calendar month next preceding the applicable interest payment date, and no interest shall accrue on any Bond after the respective maturity dates thereof unless such Bond shall be duly presented for payment at the designated corporate trust office of the Bond Registrar and be not paid.

(c) **Denominations.** The Bonds shall be of the denominations of Five Thousand Dollars (\$5,000) or any integral multiple thereof not exceeding the aggregate principal amount of the Bonds maturing in any year, and not previously retired.

(d) **Principal Payment.** The Bonds shall be payable as to principal at maturity in lawful money of the United States of America upon presentation and surrender thereof at the designated office of the Paying Agent, Hometown National Bank (including its successors, as applicable, the “**Bond Registrar**” and “**Paying Agent**”), through its designated payment office in LaSalle, Illinois.

(e) **Maturities and Interest Rates.** The Bonds shall bear interest at the rates per annum (not to exceed 9.00 percent per annum) and mature on December 1 in each of the years and in the amount in each year, commencing no earlier than 2014 and ending no later than 2026 as shall be specified in a Bond Order.

(f) **Redemption.** (i) Bonds maturing on and after December 1 of the year specified in a Bond Order are subject to redemption prior to maturity and prepayment in the principal amounts form such maturities or in any order of maturity as designated by the County (but in inverse order if there is no designation) at the option of the County, in whole at any time or in part (if in part, in integral multiples of \$5,000) on any date on and after December 1 of the year specified in a Bond Order, at a redemption price equal to the principal amount of Bonds being redeemed together with accrued interest to the date fixed for redemption, and otherwise are not callable for optional redemption.

(ii) Bonds maturing on December 1 of the years set forth in a Bond Order (the “Term Bonds”) are subject to mandatory sinking fund redemption in the principal amount on December 1 of the years as set forth herein or otherwise as shall be specified in a Bond Order, and not otherwise.

At its option before the 45th day (or such lesser time acceptable to the Bond Registrar) next preceding any mandatory sinking fund redemption date in connection with Term Bonds the County by furnishing the Bond Registrar and the Paying Agent an appropriate certificate of direction and authorization executed by the Chairman of the Board of Commissioners or County Treasurer may: (i) deliver to the Bond Registrar for cancellation Term Bonds in any authorized aggregate principal amount desired; or (ii) furnish the Paying agent funds for the purpose of purchasing any of such Term Bonds as arranged by the County; or (iii) receive a credit (not previously given) with respect to the mandatory sinking fund redemption obligation for such Term Bonds which prior to such date have been redeemed and cancelled. Each such Bond so delivered, previously purchased or redeemed shall be credited at 100% of the principal amount thereof, and any excess shall be credited with regard to future mandatory sinking fund redemption obligations for such Bonds in the principal amount from specified due dates (but in chronological order if there is no specification), and the principal amount of Bonds to be so redeemed as provided shall be accordingly reduced. In the event Bonds being so redeemed are in a denomination greater than \$5,000 a portion of such Bonds may be so redeemed, but such portion shall be in the principal amount of \$5,000 each or any authorized integral multiple thereof.

(g) **Redemption Procedure.** If less than all the Bonds are called for redemption and prepayment, they shall be called in inverse order of maturity and by lot within each maturity, with each \$5,000 principal amount of face value being subject to call as a separate unit, in such manner as the Bond Registrar shall determine. With notice to the Bond Registrar by the County 45 days before the applicable redemption date (which shall not be required for Term Bond redemptions), or such lesser notice acceptable to the Bond Registrar, written notice of the County's exercise of its option to redeem and prepay any or all of the Bonds shall be given by the Bond Registrar by first class mail to the registered owner of each Bond to be redeemed at such registered owner's address appearing on the registration books of the County with respect thereto. The date of the mailing of such notice shall be not more than sixty (60) and not less than thirty (30) days prior to the date of redemption, and any such notice shall designate the date and place of redemption of the Bonds, which shall be the principal corporate trust office of the Paying Agent, in LaSalle, Illinois, shall designate the numbers of the Bonds or portions thereof to be redeemed and the aggregate principal amount of Bonds to be redeemed, and shall indicate that on the designated date of redemption such Bonds will be redeemed by payment of the principal thereof, premium, if any, and accrued interest thereon, and that from and after the designated redemption date interest in respect of the Bonds so called for redemption shall cease to accrue, provided that funds are then available for their payment.

In addition to the foregoing notice set forth above, further notice shall be given by the Bond Registrar on behalf of the County as set out below, but no defect in such further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed. Each further

notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (a) the CUSIP numbers of all Bonds being redeemed; (b) the date of issue of the Bonds as originally issued; (c) the rate of interest borne by each Bond being redeemed; (d) the maturity date of each Bond being redeemed; and (e) any other descriptive information needed to identify accurately the Bonds being redeemed.

Each further notice of redemption shall be sent at least thirty (30) days before the redemption date to all registered securities depositories then holding any Bonds and in the sole discretion of the Bond Registrar to one or more national information services that disseminate notice of redemption of obligations such as the Bonds.

Upon payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall identify the Bond or Bonds, or portion thereof, being redeemed with the proceeds of such check or other transfer.

If any Bond or portion of Bond called for redemption shall not be so paid upon surrender thereof for redemption, the principal, and premium, if any, shall, until paid, bear interest from the redemption date at the rate borne by the Bond or portion of such Bond so called for redemption. All Bonds which have been redeemed shall be cancelled and destroyed by the Bond Registrar and shall not be reissued.

(h) **Bond Order**. The Bonds shall bear interest at such rates, and interest shall be payable on the dates, mature in the principal amount in each year, but not exceeding the authorized aggregate principal amount of the Bonds, if different than as set forth above, and have such other terms and provisions different than or supplemental to those provided herein, and have such other related and incidental terms and provisions, as set forth in a Bond Order, and not otherwise,. For purposes of the foregoing and otherwise in this ordinance, the term “**Bond Order**” shall mean one or more certificates signed by the Chairman of the Board of Commissioners or the County Treasurer, and attested by the County Clerk and under the seal of the County, setting forth and specifying details of the Bonds, including, but not limited to, selection of 2006 Bonds subject to Refunding and provisions with respect to principal amount, series designation, tax-exempt or taxable status, denominations, payment dates, wire or other electronic interest payment, final interest rates, Levied Taxes, issue price, reoffering premiums, original issue discount (“**OID**”) optional and/or mandatory redemption provisions, conditional call provisions, status as or not as “**qualified tax-exempt obligations**”, bond insurance provisions and the designation of a bond insurer (as applicable, an “**Insurer**”) and a bond insurance policy or other credit facility (as applicable, a “**Policy**”), the designation of a Bond Registrar and Paying Agent, Refunding Agent and other fiscal agents, and the final maturity schedule, pursuant to this ordinance.

(i) **Limited Bonds**. The Bonds are to constitute general obligation “**limited bonds**”, which are to be paid when due from a levy of taxes unlimited as to rate, but limited as to amount under the Local Government Debt Reform Act (such levy of taxes, “**Levied Taxes**”) to the debt service extension base (the “**Base**”) under the Property Tax Extension Limitation Law.

(j) **Qualified Tax-Exempt Obligations**. The County hereby designates the Bonds as “**qualified tax-exempt obligations**” under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the “**code**”).

Section 2. Payment. Interest on the Bonds shall be payable by check or draft of the Paying Agent on County funds to the order of the registered owners thereof named on the registration books of the County maintained by the Bond Registrar at the close of business on the fifteenth (15th) day (whether or not a business day) of the calendar month next preceding the applicable interest payment date, and mailed to such registered owners at their addresses appearing on such registration books. Payment of the principal of any Bond shall be made by check or draft of the Paying Agent only upon presentation and surrender thereof to the Paying Agent.

Section 3. Transfer, Exchange and Registration. The County shall cause books for the registration and for the transfer of the Bonds as provided in this ordinance to be kept at the designated corporate trust office of the Bond Registrar, which is hereby constituted and appointed the Bond Registrar of the County for such purposes. Subsection (a) below is subject to subsection (b).

(a) General. The County is authorized to prepare, and the Bond Registrar shall keep custody of, multiple Bond blanks executed by the County for use in the transfer and exchange of Bonds.

Upon surrender for transfer of any Bond at the designated principal corporate trust 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 such registered owner's attorney duly authorized in writing, the County shall execute and the Bond Registrar shall authenticate, date and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds bearing interest at the same interest rate and of the same maturity of authorized denominations for a like aggregate principal amount. Any fully registered Bond or Bonds may be exchanged at the designated corporate trust office of the Bond Registrar for a like aggregate principal amount of Bond or Bonds of the same maturity of other authorized denominations and bearing interest at the same interest rate. The execution by the County 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, the principal amount of outstanding 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 Bond Registrar shall not be required to transfer or exchange any Bond during the period from the fifteenth (15th) day of the calendar month next preceding the interest payment date on such Bond and ending on such interest payment date, nor, as applicable, to transfer or exchange any Bond after notice calling such Bond for redemption has been mailed, nor during a period of fifteen (15) days next preceding mailing of a notice of redemption of any Bonds.

The 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, premium (if any) and interest on any Bond shall be made only to or upon the order of the registered owner thereof or such registered owner's legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the

sum or sums so paid.

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

(b) Book-Entry-Only Provisions. Unless otherwise set forth a Bond Order, as the case may be, Bonds shall be issued in the form of a separate single fully registered Bond for each of the maturities of the Bonds. Upon initial issuance, the ownership of each such Bond may be registered in the Bond Register therefor in a street name of the Depository or any successor thereto, as nominee of the Depository. The outstanding Bonds from time to time may be registered in the Bond Register in a “nominee’s” name (initially “Cede & Co.” for DTC), as nominee of the securities depository therefor (the “**Depository**”, initially The Depository Trust Company, New York, New York (“**DTC**”)). If not already done, the Chairman of the Board of Commissioners or County Treasurer is authorized to execute and deliver on behalf of the County such letters to or agreements with the Depository as shall be necessary to effectuate such book-entry system (any such letter or agreement being referred to herein as the “**Representation Letter**”). Without limiting the generality of the authority given to the Chairman of the Board of Commissioners or County Treasurer with respect to entering into such Representation Letter, it may contain provisions relating to **(a)** payment procedures, **(b)** transfers of the Bonds or of beneficial interest therein, **(c)** redemption notices and procedures unique to the Depository, **(d)** additional notices or communications, and **(e)** amendment from time to time to conform with changing customs and practices with respect to securities industry transfer and payment practices.

With respect to Bonds registered in the Bond Register in the name of a nominee of the Depository, the County and the Bond Registrar or Paying Agent shall have no responsibility or obligation to any broker-dealer, bank or other financial institution for which the Depository holds Bonds from time to time as securities depository (each such broker-dealer, bank or other financial institution being referred to herein as a “**Depository Participant**”) or to any person on behalf of whom such a Depository Participant holds an interest in the Bonds (i.e., “**indirect participants**” and or “**beneficial owners**”). Without limiting the meaning of the foregoing, the County and the Bond Registrar shall have no responsibility or obligation with respect to **(a)** the accuracy of the records of the Depository, the nominee, or any Depository Participant with respect to any ownership interest in the Bonds, **(b)** the delivery to any Depository Participant or any other person, other than a registered owner of a Bond as shown in the Bond Register, of any notice with respect to the Bonds, including any notice of redemption, or **(c)** the payment to any Depository Participant or any other person, other than a registered owner of a Bond as shown in the Bond Register, of any amount with respect to principal of or interest on the Bonds.

As long as the Bonds are held in a book-entry-only system, no person other than the nominee of the Depository, or any successor thereto, as nominee for the Depository, shall receive a Bond certificate with respect to any Bonds. Upon delivery by the Depository to the Bond Registrar of written notice to the effect that the Depository has determined to substitute a new nominee in place of the prior nominee, and subject to the provisions hereof with respect to

the payment of interest to the registered owners of Bonds as of the close of business on the fifteenth (15th) day of the calendar month next preceding the applicable interest payment date, the reference herein to nominee in this ordinance shall refer to such new nominee of the Depository.

In the event that (a) the County determines that the Depository is incapable of discharging its responsibilities described herein and in the Representation Letter, (b) the agreement between the County and the Depository evidenced by the Representation Letter shall be terminated for any reason or (c) the County determines that it is in the best interests of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, the County shall notify the Depository and the Depository Participants of the availability of Bond certificates, and the Bonds shall no longer be restricted to being registered in the Bond Register in the name of a nominee of the Depository. At that time, the County may determine that the Bonds shall be registered in the name of and deposited with a successor depository operating a book-entry system, as may be acceptable to the County, or such depository's agent or designee, and if the County does not select such alternate 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 hereof. Notwithstanding any other provision of this ordinance to the contrary, so long as any Bond is registered in the name of a nominee of the Depository, 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 4. Temporary Bonds. Prior to the preparation of Bonds in definitive form, and while the Bonds are held in a global book-entry system, the County may issue temporary Bonds in registered form and in such denominations as the Board of Commissioners may determine, but otherwise in substantially the form hereinafter set forth in Section 9, with appropriate variations, omissions and insertions. If Bonds are initially delivered in temporary form, the County shall promptly prepare and execute Bonds in definitive form and deliver them to the Bond Registrar before the first interest payment date, and upon presentation and surrender of Bonds in temporary form, the Bond Registrar shall authenticate and deliver in exchange therefor Bonds in definitive form of the same maturity for the same aggregate principal amount of Bonds in temporary form.

Section 5. Mutilated or Lost Bonds. In the event any Bond become mutilated or be lost or destroyed, the County shall cause to be executed, and the Bond Registrar shall authenticate and deliver, a new Bond of like date and tenor in exchange and substitution for, and upon cancellation of, such mutilated Bond or in lieu of and in substitution for such lost or destroyed Bond; provided, however, that the County and the Bond Registrar shall so execute, authenticate and deliver only if the registered owner thereof has paid the reasonable expenses and charges of the County and the Bond Registrar in connection therewith and, in the case of a lost or destroyed Bond: (a) has filed with the Bond Registrar evidence satisfactory to it that such Bond was lost or destroyed and that such registered owner was the owner thereof; and (b) has furnished to the County and the Bond Registrar indemnity satisfactory to them. No security bond in connection with the foregoing shall be required of any registered owner which shall be a bank or other financial institution. The Bond Replacement Act shall apply in the case of lost, destroyed or defaced Bonds. If any such Bond shall have matured, instead of issuing a new

Bond, the Paying Agent, at the Bond Registrar's direction, may pay the same without surrender thereof.

Section 6. Disposition of Paid Bonds. All Bonds which have been paid shall not be reissued, and the Bond Registrar shall, unless otherwise directed by the Board of Commissioners, cremate, shred or otherwise dispose of such Bonds. The Bond Registrar shall deliver to the Board of Commissioners a certificate of any such cremation, shredding or other disposition of any Bond.

Section 7. Execution of Bonds. The Bonds shall be signed by the manual or facsimile signature of the Chairman of the Board of Commissioners, and the seal of the County shall be affixed thereto or a facsimile thereof printed thereon and attested by the manual or facsimile signature of the County Clerk. In case any officer whose signature or a facsimile of whose signature shall appear on any Bond shall cease to be such officer before the delivery of the Bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery. Any Bond may bear the facsimile signature of or may be signed by such persons as at the actual time of the execution thereof shall be the proper officers to sign such Bond although at the date of such Bond such persons may not have been such officers.

Section 8. Authentication of Bonds. The Bonds shall bear a certificate of authentication, substantially in the form hereinafter set forth, duly executed by the Bond Registrar. The Bond Registrar shall authenticate each Bond with the signature of any authorized officer or employee of the Bond Registrar but it shall not be necessary for the same person to authenticate all of the Bonds. Only such authenticated Bonds shall be entitled to any right or benefit under this ordinance, and such certificate on any Bond issued hereunder shall be conclusive evidence that the Bond has been duly issued and is secured by the provisions hereof,

Section 9. Form of Bonds. Each Bond and the Certificate of Authentication appearing thereon shall be in substantially the form, with appropriate insertions, deletions and other modifications, including in connection with printing on the face and obverse side thereof, as follows:

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REGISTERED
Number _____

REGISTERED
\$ _____

:See Reverse Side for :
:Additional Provisions:

**UNITED STATES OF AMERICA
STATE OF ILLINOIS
THE COUNTY OF UNION**

**GENERAL OBLIGATION REFUNDING LIMITED BOND
SERIES 2014**

Interest Rate: Maturity Date: Dated Date: CUSIP:

REGISTERED OWNER:

PRINCIPAL AMOUNT:

THE COUNTY OF UNION, ILLINOIS (the “**County**”), acknowledges itself indebted and, for value received, hereby promises to pay to the registered owner identified above or registered assigns, the Principal Amount set forth above on the Maturity Date set forth above, together with interest thereon from the later of the Dated Date set forth above or the most recent payment date to which interest has been paid, as the case may be, at the Interest Rate per annum set forth above, computed on the basis of a 360-day year of twelve 30-day months, payable semi-annually on each June 1 and December 1, commencing _____, 201__, until this Bond shall have been fully paid.

Both principal of and interest on this Bond are payable by check or draft on County funds in lawful money of the United States of America by Hometown National Bank, through its designated payment office in the LaSalle, Illinois (including its successors, the "**Paying Agent**"), and, for the prompt payment of this Bond and the interest hereon, the full faith, credit and resources of the County, including the levy of taxes without limit as to rate but limited as to amount as “**limited bonds**” under the Local Government Debt Reform Act, are hereby irrevocably pledged. Interest on this Bond shall be payable by check or draft of the Paying Agent to the order of the registered owner hereof named on the registration books of the County maintained by Hometown National Bank, through its designated corporate trust office in LaSalle, Illinois (including its successors, the "**Bond Registrar**"), at the close of business on the fifteenth (15th) day (whether or not a business day) of the calendar month next preceding the applicable interest payment date, and mailed to such registered owner at such registered owner's address as it appears on such registration books. Payment of the principal hereof shall be made only upon presentation and surrender of this Bond to the Paying Agent. [Adapt and insert, as applicable: Interest on each Bond also may be payable by wire or electronic transfer to (and at the expense of) any registered owner of a Bond or Bonds (as of the applicable record date) holding an aggregate principal amount of \$500,000 or more when such registered owner shall have requested such wire or electronic transfer payment to a bank in the continental United States by written instruction (with sufficient directions, including bank address and routing and account numbers) to the Paying Agent at least fifteen (15) days prior to an interest payment date.]

[Insert and adapt, as applicable: Bonds of this series maturing on December 1, 20__ and 20__ are Term Bonds (the “**Term Bonds**”), subject to mandatory sinking fund redemption in the principal amount on December 1 of each of the years, as follows:

<u>Dec. 1, 20</u>	<u>Term Bonds</u>	<u>Dec. 1, 20</u>	<u>Term Bonds</u>
<u>Year</u>	<u>Principal Amount(\$)</u>	<u>Year</u>	<u>Principal Amount(\$)</u>

*To be paid at maturity unless previously retired.]

[Insert and adapt, as applicable: Bonds maturing on and after December 1, 20__ are subject to redemption and prepayment prior to in the principal amount from such maturities or in any order of maturity designated by the County (but in inverse order if there is no designation) at the option of the County, in whole at any time or in part (if in part, in integral multiples of \$5,000) on any date on and after December 1, 20__, at a redemption price equal to the principal amount of Bonds being redeemed together with accrued interest to the date fixed for redemption. Or: The Bonds are not subject to call for optional redemption.]

[If less than all the Bonds are called for redemption and prepayment at any time, they shall be called in inverse order of maturity and selected by lot within each maturity, with each \$5,000 principal amount of face value being subject to call as a separate unit, in such manner as the Bond Registrar shall determine. Written notice of the County's exercise of its option to redeem and prepay any or all of the Bonds shall be given by first class mail to the registered owner of each Bond to be redeemed not more than sixty (60) days nor less than thirty (30) days prior to the date fixed for redemption at such registered owner's address as it appears on registration books of the County maintained by the Bond Registrar. Interest shall cease on any Bond called for prepayment from and after the date fixed for its redemption, provided that funds are then available for its payment.]

This Bond is one of an authorized series of Bonds of the County, all of like tenor and effect, except as to date of maturity, rate of interest and rights of redemption, issuable in fully registered form aggregating the principal amount of \$_____, issued for the purpose of providing funds to refund certain prior self-insurance bonds under the Local Government Debt Reform Act, the Local Governmental and Governmental Employees Tort Immunity Act (745 ILCS 1011-101 et seq.), the Counties Code (55 ILCS 5/1-1 et seq.), the Intergovernmental Cooperation Act (5 ILCS 22011 et seq.), and Section 10 (Intergovernmental Cooperation) of Article VII (Local Government) of the Constitution of the State of Illinois (as supplemented and amended, collectively, the “**Acts**”).

This Bond is transferable by the registered owner hereof or by such registered owner's attorney duly authorized in writing at the designated corporate trust office of the Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges provided in the ordinance authorizing this Bond and the series of which it is a part, and upon surrender and cancellation hereof. Upon such transfer, a new registered Bond or Bonds of the same maturity, of authorized denomination or denominations and for the same aggregate

principal amount will be issued to the transferee in exchange therefor. The County 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 and premium, if any, hereon and interest due hereon and for all other purposes, and neither the County nor the Bond Registrar or the Paying Agent shall be affected by any notice to the contrary.

The Bond Registrar shall not be required to transfer or exchange any Bond during the period from the fifteenth (15th) day of the calendar month next preceding the interest payment date on such Bond and ending on such interest payment date, nor to transfer or exchange any Bond after notice calling such Bond for redemption has been mailed, nor during a period of fifteen (15) days next preceding mailing of a notice of redemption of any Bonds.

The Bonds have been designated as “**qualified tax-exempt obligations**” under Section 265(b)(3) of the Internal Revenue Code of 1996, as amended.

This Bond shall not be valid or binding on the County until it shall have been authenticated by the execution by the Bond Registrar of the Certificate of Authentication appearing hereon.

This Bond, and each Bond of the series of which it forms a part, is issued under authority of the Constitution and laws of the State of Illinois, including the Acts, and under the further authority of an ordinance duly adopted and proceedings duly had by the Board of Commissioners of the County.

It is hereby certified, recited, and declared that all acts, conditions, and things required to be done, happen, and be performed precedent to and in the issuance of this Bond, in order to make the same a valid and binding general obligation of the County, have been done, have happened, and have been performed in regular and due form, time and manner, as required by law; that provision has been made for the collection of a direct annual tax sufficient to pay the principal of and interest on this Bond and the issue of which it is one as the same shall mature and come due; and the issuance of this Bond and the issue of which it forms a part, together with all other obligations of the County, does not exceed or violate any constitutional or statutory limitation or provision.

IN WITNESS WHEREOF, The County of Union, Illinois, has executed this Bond by causing it to be signed with the manual or facsimile signature of the Chairman of the Board of Commissioners, under the seal of the County and attested by the manual or facsimile signature of the County Clerk, all as of the Dated Date set forth above.

(SEAL)

THE COUNTY OF UNION, ILLINOIS

Attest:

_____ By: _____
County Clerk Chairman

CERTIFICATE OF AUTHENTIATION

This is one of the General Obligation Refunding Limited Bonds, Series 2014, described in the within-mentioned ordinance.

Registration Date: _____

HOMETOWN NATIONAL BANK,
LaSalle, Illinois

Bond Registrar: Hometown National Bank
and Paying Agent: LaSalle, Illinois

By: _____
Authorized Signer

ASSIGNMENT

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

(Name, Address and Tax Identification of Assignee)

the within Bond and does hereby irrevocably constitute and appoint _____

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

Dated: _____

Signature guaranteed: _____

(Name of Eligible Guarantor Institution as defined by SEC Rule 17 Ad-15 (17 CFR 240.1 Ad-15))

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.

Section 10. Levy and Extension of Taxes. In order to provide for the payment when due of the interest on the Bonds, and also to pay and discharge the principal thereof at maturity, there shall be and there is hereby levied upon all the taxable property within the County a direct annual tax for each of the years while the Bonds or any of them are outstanding, amounts sufficient for that purpose, and for such purposes that there shall be and there is hereby levied upon all of the taxable property in the County in and for each of the years, commencing not before levy year 2013 and ending not later than levy year 2025, direct annual taxes in the amount for each levy year, as shall be specified in a Bond Order (such direct annual taxes, as applicable to the of Bonds, the “**Levied Taxes**”), subject to the applicable limitation as “**limited bonds**”.

Principal or interest maturing or coming due at any time when there are not sufficient funds on hand from the foregoing tax levy to pay the same shall be paid from general funds of the County, and the fund from which such payment was made shall be reimbursed, as more specifically herein provided, out of the taxes hereby levied when such taxes shall have been collected and received by the County.

The County covenants and agrees with the owners of the Bonds that so long as any of the Bonds remain outstanding the County will take no action or fail to take any action which in any way would adversely affect the ability of the County to levy, extend and collect Levied Taxes, and the County and its officers will comply with all present and future applicable laws in order to assure that the foregoing Levied Taxes will be levied, extended and collected as provided herein and deposited in or credited to the fund established to pay the principal of and interest on the Bonds (the “**Debt Service Fund**”, to be established by the County under this ordinance); provided, however, that whenever other funds (including the proceeds of bonds issued to refund the Bonds or money held in a separate account or subaccount established under the Trust Agreement for the sole purpose of paying principal and interest on the Bonds (including the “**Union County Levy Abatement Subaccount**”)) are made available for the purpose of paying any principal of or interest on the Bonds so as to enable the abatement of taxes levied therefor, the Board of Commissioners shall, by ordinance or resolution, direct the deposit of such funds into the Debt Service Fund hereinafter created, established and defined pursuant to Section 19 (except for money held in the Union County Levy Abatement Subaccount which shall be paid directly to the Paying Agent immediately prior to an interest or principal payment date on the Bonds). In and by such ordinance or resolution or other appropriate certification, the County shall direct the abatement of the taxes, if at all, by an amount not to exceed the aggregate amount then on deposit in the Union County Levy Abatement Subaccount and the Debt Service Fund, established and defined pursuant to Section 19 and proper notification of such abatement shall be filed with the County Clerk of the County in a timely manner to effect such abatement. The County may abate taxes pursuant to this procedure at such other times as it deems appropriate, not inconsistent with this ordinance.

Levied Taxes to pay Bonds, and any other funds to pay Bonds shall be paid over by the County to the Paying Agent no later than the last to occur of: (i) the County’s business day next following receipt; or (ii) 30 days before the interest and/or applicable principal payment date preceding the next occurring June 1 or December 1; and upon such payment over to the Paying Agent the County shall report such payment to the Underwriter.

Section 11. File Ordinance With County Clerk. After the adoption of this ordinance and prior to or concurrently with the issuance of any Bonds, a certified copy of this ordinance shall be filed with the records of the County in the office of the County Clerk, and it shall be the duty of the County Clerk annually in and for each of the years authorized in Section 10, and specified in a Bond Order, subject to the limitation applicable to limited bonds, to ascertain the rate necessary to produce the Levied Taxes herein authorized to be levied and extend the same for collection on the tax books against all of the taxable property within the County in connection with other taxes levied in each of such years for general corporate purposes in order to raise the respective amounts aforesaid. In each of such years such annual taxes shall be computed, extended and collected in the same manner as now or hereafter provided by law for the computation, extension and collection of taxes for general corporate purposes of the County, and when collected the Levied Taxes hereby levied shall be placed to the credit of the Debt Service Fund, as more specifically as provided in Section 19 of this ordinance, which funds are hereby irrevocably pledged to and shall be used only for the purpose of paying the principal of and interest on the Bonds.

Section 12. Remittance to Paying Agent. The County Treasurer is hereby authorized and directed to timely remit or cause to be remitted to the Paying Agent sums sufficient to pay interest and principal on the Bonds as the same become due. Such remittance shall be made: **first**, from the Union County Levy Abatement Subaccount; **second**, from monies deposited in the Debt Service Fund; **third**, from any monies deposited in the Surplus Fund; **fourth**, from Bond proceeds; and **fifth**, from any other available funds of the County. The County Treasurer shall also pay from other funds of the County, along with each such remittance, the usual and customary fees of the Paying Agent and/or Bond Registrar for their respective services under this ordinance.

Section 13. Discharge of Liability. If any Bond shall not be presented for payment when the principal thereof becomes due (whether at maturity or call for redemption or otherwise), liability of the County to the registered owner thereof for the payment of such Bond shall forthwith cease, determine and be completely discharged if funds sufficient to pay such Bond and interest due thereon shall be held by the Paying Agent for the benefit of the owner, and thereupon it shall be the duty of the Paying Agent to hold such funds, without liability for interest thereon, for the benefit of the registered owner of such Bond, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on the part of such registered owner under this ordinance or otherwise on or with respect to such Bond; provided, that at the expiration of five (5) years from the maturity date of such Bond, any funds remaining on deposit with the Paying Agent for payment thereof shall be paid to the County.

The Bonds may be discharged, payment provided for, and the County's liability terminated, in whole or in part, as follows:

(a) **Discharge of Indebtedness.** If (i) the County shall pay or cause to be paid to the registered owners of the Bonds the principal, premium, if any, and interest to become due thereon at the times and in the manner stipulated therein and herein, (ii) all fees and expenses of the Bond Registrar and Paying Agent shall have been paid, and (iii) the County shall keep, perform and observe all and singular the covenants and promises in the Bonds and in this ordinance expressed as to be kept, performed and observed by it or on its part, then these

presents and the rights hereby granted shall cease, determine and be void. If the County shall pay or cause to be paid to the registered owners of all outstanding Bonds of a particular series, or of a particular maturity within a series, in such a manner that would not adversely affect the tax-exempt status of the Bonds, the principal, premium, if any, and interest to become due thereon at the times and in the manner stipulated therein and herein, such Bonds shall cease to be entitled to any lien, benefit or security under this ordinance, and all covenants, agreements and obligations of the County to the registered owners of such Bonds shall thereupon cease, terminate and become void and discharged and satisfied.

(b) **Provision for Payment.** Bonds for the payment or redemption of which sufficient monies or sufficient Government Securities shall have been deposited with the Paying Agent (whether upon or prior to the maturity or the redemption date of such Bonds) shall be deemed to be paid within the meaning of this ordinance and no longer outstanding under this ordinance; provided, however, that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been duly given as provided in this ordinance or arrangements satisfactory to the Bond Registrar (including certified public accountant verifications and opinions of Bond Counsel) shall have been made for the giving thereof. Government Securities shall be considered sufficient only if such investments are not redeemable prior to maturity at the option of the County thereof and mature and bear interest in such amounts and at such times as will assure sufficient cash to pay currently maturing interest and to pay principal and redemption premiums if any when due on the Bonds without rendering the interest on any tax-exempt Bonds taxable under the Code. The County may at any time surrender to the Bond Registrar for cancellation by it any Bonds previously authenticated and delivered hereunder, which the County may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

(c) **Termination of County's Liability.** Upon the discharge of indebtedness under paragraph (a) hereof, or upon the deposit with the Paying Agent or another appropriate escrow agent of sufficient money and Government Securities (such sufficiency being determined as provided in paragraph (b) hereof) for the retirement of any particular Bond or Bonds, all liability of the County in respect of such Bond or Bonds shall cease, determine and be completely discharged and the registered owners thereof shall thereafter be entitled only to payment out of the money and the proceeds of the Government Securities deposited as herein described for their payment.

Section 14. Duties of Bond Registrar. The Bond Registrar shall keep on file a list of names, addresses and tax identification numbers of the registered owners of all Bonds, together with the principal amount and numbers of such Bonds. At reasonable times and under reasonable regulations established by the Bond Registrar, and not inconsistent with applicable law, such list may be inspected and copied by the County and by designated representatives of the registered owners of not less than **25%** (or such lesser percentage as required by applicable law, as the case may be) in aggregate principal amount of Bonds then outstanding, such ownership and the authority of such designated representative to be evidenced to the reasonable satisfaction of the Bond Registrar. The Bond Registrar shall mail any notices which it is required to furnish registered owners of the Bonds pursuant to the terms of this ordinance to all names and addresses on such list.

Section 15. Ordinance a Contract; Amendments. The provisions of this ordinance shall constitute a contract between the County and the owners of the Bonds herein authorized to be issued, and after the issuance of the Bonds, no changes, additions, or alterations of any kind shall be made hereto in any manner until such time as the Bonds authorized hereby and the interest thereon shall be paid in full, or unless and until adequate provision is made for the payment of the Bonds and interest thereon by depositing with the Paying Agent monies or, to the extent permitted by law, direct obligations of the United States of America, or obligations the timely payment of the principal of and interest on which is fully guaranteed by the United States of America, or certificates of deposit secured by direct obligations of the United States of America, the principal of and interest on which shall, in the opinion of, as applicable, the Paying Agent or other escrow or fiscal agent, be sufficient to pay the principal of, premium, if any, and interest on the Bonds, whether at the maturity thereof or otherwise, at such time or times as the same shall become due and payable. From and after the issuance of any Bonds under this ordinance, this ordinance shall not be amended except for such changes, additions or alterations as may be necessary or appropriate: **(a)** to cure any ambiguity or formal defect or omission in this ordinance, or **(b)** upon the consent of the registered owners of not less than seventy-five percent (75%) in principal amount of all such Bonds then outstanding, such consent to be evidenced by an instrument or instruments of such registered owners duly acknowledged in the manner provided in Section 16 and filed with the County Clerk; provided, however, that no such modification or alteration shall extend the maturity of or reduce the interest rate of or otherwise alter or impair the obligation to pay the principal of or the interest on any Bond at the time and place and at the rate and in the currency as provided therein, without the express consent of the registered owner of such Bond, nor reduce the percentage of Bonds required for the affirmative vote or written consent to a modification or alteration.

Section 16. Consents and Approvals. Any consent, request, direction, approval, objection or other instrument required by this ordinance to be signed and executed by the registered owners of the Bonds may be in any number of concurrent writings of similar tenor and may be signed or executed by such registered owners in person or by agent appointed in writing. The fact and date of the execution by any person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgements within such jurisdiction that the person signing such writing acknowledged before such officer the execution thereof, or by affidavit of any witness to such execution. Proof of the execution of any such consent, request, direction, approval, objection or other instrument or of the writing appointing any such agent, if made in the manner set forth above, shall be sufficient for any of the purposes of this ordinance, and shall be conclusive in favor of the Paying Agent, the Bond Registrar and the County with regard to any action taken under such request or other instrument.

Section 17. Related Agreements and Official Statement. The County hereby authorizes, ratifies, confirms and approves the execution, delivery and performance, as the case may be, by or on behalf of the County of, as applicable, the **(i)** Official Statement, **(ii)** Bond Purchase Agreement, **(iii)** Disclosure Agreement, **(iv)** Trust Agreement, **(v)** Refunding Agreement, and **(vi)** related and incidental documents, instruments and agreements (collectively, **(i)-(vi)** as applicable, the **“Related Agreements”**) as prepared or in substantially forms thereof presented before this meeting with changes therein as the officers executing them shall approve. The County authorizes, ratifies and confirms the use by the Underwriter of the Official Statement, in preliminary and final form, in connection with the issuance and sale of the Bonds.

Pursuant to paragraphs (b)(5) and (g) of Rule 15c2-12 of the Securities and Exchange Commission, the County hereby represents that it has outstanding now, and as of the date of issuance of the Bonds will have outstanding less than \$10,000,000 obligations to be taken into account thereunder. The County will reasonably cooperate with the Underwriter in connection with compliance by the Underwriter with such Rule 15c2-12. In addition, the County covenants and agrees that upon request and with a cost of copy plus postage the County will provide a copy of its most recent audit to the Underwriter and to the registered owners or beneficial owners of any of the Bonds.

The officers of the County are hereby authorized to execute, acknowledge, deliver and accept, as appropriate, all documents and instruments supplemental hereto, including desirable or necessary modifications to the Related Agreements and the Official Statement, desirable or necessary to effect the approval, acceptance, execution, delivery or performance, as appropriate, in connection with this ordinance and the Related Agreements and the Official Statement. The Chairman, Vice Chairman, County Clerk, County Treasurer, State's Attorney and other officials and employees of the County are hereby authorized and directed on behalf of the County to do all such other and further things as may be necessary or desirable to carry out the transactions contemplated by this ordinance and the Related Agreements, without further act or deed on the part of the Board of Commissioners.

Section 18. Registrar, Paying Agent and Refunding Agent. Hometown National Bank shall be and hereby is designated and appointed as Paying Agent, Bond Registrar and refunding Agent for the County, who shall act as paying agent, transfer agent and the office or agency of the County where the registration books relating to the Bonds shall be maintained. The acceptance by Hometown National Bank of the duties of Paying Agent and Bond Registrar imposed by this ordinance shall be evidenced by its execution of a certificate of acceptance. The Paying Agent, Bond Registrar and Refunding Agent shall be entitled to payment of and reimbursement for its or their reasonable fees for its or their services and all out-of-pocket expenses reasonably incurred hereunder and as Bond Registrar and Paying Agent for the Bonds or otherwise hereunder, including the reasonable fees of its counsel. In case the Paying Agent or Bond Registrar shall resign, be removed, be dissolved, or otherwise become incapable of acting hereunder, a successor shall be appointed by the Board of Commissioners, which successor in each case shall be a bank or trust company authorized to accept trusts and to act as Paying Agent and/or Bond Registrar and/or Refunding Agent in the State of Illinois.

Section 19. Debt Service Fund. All of the revenues collected on account of the Levied Taxes herein provided for and all other funds made available pursuant to Section 10 of this ordinance for the payment of the principal of or interest on the Bonds, except for the amount on deposit in the Union County Levy Abatement Subaccount, shall be deposited in one of two separate funds to be known as the “**Debt Service Fund**” (which shall be held by the Paying Agent) and the “**Surplus Fund**” (which shall be held by the County). Such revenues deposited into the Debt Service Fund are hereby allocated and set aside for the sole purpose of paying the principal of and interest on the Bonds authorized hereby as and when the same shall mature and come due. The County Treasurer shall deposit first into the Debt Service Fund, **first**, monies on deposit therefor in the Union County Levy Abatement Subaccount, up to the amounts in (a) below, and **second**, all revenues received for the payment of the principal of or interest on the

Bonds on account of the Levied Taxes herein levied. Amounts deposited with the Paying Agent (including Bond proceeds, if any are required, to pay accrued and capitalized interest) shall be invested at the direction of the County Treasurer in investment authorized by applicable law (subject to Section 21 below, “**Qualified Investments**”). To the extent the amount to be deposited in or credited to the Debt Service Fund together with the amount on deposit in the Union County Levy Abatement Subaccount (to be transferred to and deposited in or credited to the Debt Service Fund) would cause the balance in the Debt Service Fund to exceed the amount of principal and interest on the Bonds becoming due during at least the next 12 months, the County Treasurer shall next deposit to the Surplus Fund the revenues received for the payment of the principal of or interest on the Bonds on account of the Levied Taxes, or otherwise.

In the event that the County shall be required to transfer monies from other funds held by the County to pay principal and interest on the Bonds as required by Section 10 of this ordinance, then the County Treasurer shall reimburse the County for such amounts prior to transferring any of the revenues received from the taxes levied herein to the Debt Service Fund or the Surplus Fund.

Section 20. Sale of Bonds/Deposit of Funds. (a) The Bonds hereby authorized shall be sold and executed as in this ordinance provided as soon after the passage hereof as may be, and the proceeds from such sale, to the extent not directly applied to fund the premium for an Insurer’s Policy, or other costs of issuance (including as arranged by the Underwriter) of the Bonds at the time the Bonds are issued, which application upon presentation of statements therefor is expressly authorized, and for which the Underwriter shall receive a credit against the purchase price for the Bonds shall thereupon be delivered to or at the direction of the Underwriter in accordance with the terms and provisions of the Bond Purchase Agreement, upon receipt of the purchase price therefor, the same being the purchase price set forth in the Bond Purchase Agreement (plus accrued interest, if any, to date of delivery). An Official Statement, Bond Purchase Agreement, Refunding Agreement and the Disclosure Agreement are in all respects ratified, approved and confirmed, it being hereby found and determined that such Bond Purchase Agreement, Refunding Agreement and Disclosure Agreement are in the best interest of the Issuer and that no person holding an office of the County 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 the Bond Purchase Agreement, Refunding Agreement or Program. The County hereby authorizes and approves the Official Statement to be used in the offering and sale of the Bonds. The County hereby deems the Official Statement to be final as of the date of this ordinance, as provided in and subject to appropriate supplements under Rule 15c2-12 of the Securities and Exchange Commission. The County will cooperate with the Underwriter in connection with the compliance by the Underwriter with requirements of such Rule 15c2-12 and applicable rules of the Municipal Securities Rulemaking Board.

(b) Any net proceeds received upon sale and delivery of the Bonds (including accrued interest thereon and, as applicable, capitalized interest to pay certain initial debt service), shall immediately upon receipt thereof, be set aside in a separate fund established with the Depository appointed pursuant to the Trust Agreement to be known as the Union County Bond Proceeds Fund and shall be used and applied as follows:

- (i) an amount equal to the accrued interest or capitalized interest on the Bonds shall be transferred to the Union County Levy Abatement Subaccount;
- (ii) unless or to the extent that issuance costs are paid directly by the Underwriter under (a) above, which is hereby authorized, an amount sufficient therefor shall be deposited to a separate account designated as the Issuance Account of the Union County Bond Proceeds Fund and used to pay the costs of issuance of the Bonds; and
- (iii) any balance of the proceeds of the Bonds shall be deposited to a separate subaccount the Principal Account of the County's Initial Contribution Fund established under the Trust Agreement.

Section 21. Investment Restrictions. Not less than 95% of the net proceeds of the Bonds, which under this ordinance are required to be on deposit in the Issuance Account and in the Contribution Account, shall be invested, if at all, solely and only in investments (“**Qualified Tax-Exempt Investments**”) --

(i) the interest on which is not includible in gross income under Section 103 of the Code, and

(ii) which are not specified private activity bonds (as defined in Section 57(a)(5)(C) of the Code, i.e., “**non-AMT**” bonds).

Amounts in the Debt Service Fund with respect to the Bonds shall be invested only in obligations described in (i) and (ii) above. The foregoing investment restrictions need not be followed to the extent that the County requests and receives an approving written opinion of counsel with recognized expertise in public and municipal finance and the issuance of tax-exempt State local governmental obligations (“**Bond Counsel**”).

Section 22. Non-Arbitrage and Rebate. The County recognizes that the owners of the Bonds will have accepted them on, and paid therefor a price which reflects, the understanding that interest thereon is not includable in gross income for federal income tax purposes under laws in force at the time the Bonds shall have been delivered. In this connection the County agrees that it will not take any action or fail to take any action if any such action or failure to take action would adversely affect the exclusion from gross income of the interest on the Bonds under Section 103 of the Internal Revenue Code of 1986, as amended (the “**Code**”). The County will not directly or indirectly use or permit the use of any proceeds of the Bonds or any other funds of the County, or take or omit to take any action, that would cause the Bonds to be “**private activity bonds**” or “**arbitrage bonds**” or “**hedge bonds**” within the meaning of Sections 141 or 148 or 149(g) of the Code. To that end, the County will comply with all requirements of Sections 141, 148 and 149(g) of the Code to the extent applicable to the Bonds. The County shall not permit or authorize the Trustees or the Depository (as such terms are defined in the Trust Agreement) to invest any of the proceeds of the Bonds deposited to any fund or account or subaccount established under and pursuant to this ordinance or the Trust Agreement other than in compliance with Sections 148 and 149(g) of the Code. Investments

may be made to the extent the County shall have received the unqualified written opinion of Bond Counsel that any such investment will not adversely affect the tax-exempt status of the interest on the Bonds.

Without limiting the generality of the foregoing, the County agrees that it shall pay from time to time all amounts (if any) required to be rebated to the United States pursuant to Section 148(f) of the Code and any temporary, proposed or final Treasury Regulations as may be applicable to the Bonds from time to time. This covenant shall survive payment in full or defeasance of the Bonds. In connection with such rebate, there is hereby authorized to be then created a separate and special fund known as the **“Rebate Fund”**, into which there shall be deposited as necessary investment earnings in all funds and accounts under and in respect of this ordinance to the extent required so as to maintain the tax-exempt status of interest on Bonds. All rebates, yield reduction payments, special impositions or taxes for such purpose payable to the United States of America (Internal Revenue Service) under Section 148(f) of the Code shall be payable from the Rebate Fund.

Notwithstanding any provision of this Section 22, if the County shall obtain an opinion of Bond Counsel to the effect that any action required under this Section is no longer required or to the effect that some further action is required to maintain the exclusion from gross income of the interest on the Bonds pursuant to Section 103 of the Code, the County may rely conclusively on such opinion in complying with the provisions hereof. The County does not expect to pay any rebate under Section 148(f) of the Code although it does not qualify for Section 148(f)(4)(D)'s small issuer exception, and investment are limited to non-AMT bonds.

Section 23. Supplemental Actions. The Board of Commissioners hereby authorizes the officials of the County responsible for issuing the Bonds, the same being the Chairman, County Clerk and County Treasurer, to make such further filings, covenants, certifications and supplemental certificates and agreements as may be desirable or necessary to assure that the implementations of the Program and the investment of Bond proceeds and other proceeds will not cause the Bonds to be **“arbitrage bonds”** or **“private activity bonds”** or **“hedge bonds”** and to assure that the interest in the Bonds will be excluded from gross income for federal income tax purposes. In connection therewith, the County further agrees: **(a)** through the officers of the County, to make such further specific covenants, representations as shall be truthful, and assurances as may be necessary or advisable; **(b)** to consult with Bond Counsel approving the Bonds and to comply with such advice as may be given; **(c)** to pay to the United States, as necessary, yield reduction payments and 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, to consult, employ and pay fiscal agents, financial advisors, attorneys, and other persons to assist the County in such compliance. The County acknowledges that the essence of maintaining the tax-exempt status of the Bonds is compliance with the investment restrictions of Sections 21 and 22 of this ordinance. Ordinance No. 2013-12, adopted August 23, 2013 is hereby repealed.

Section 24. Policy of Insurer. The designation of an Insurer, if any, is hereby ratified, confirmed and approved. The provisions of a Policy and the Insurer's commitment and standard package, if any, are incorporated into this ordinance by reference, including without

limitation that any investment restrictions and limitations in the commitment, the standard package and otherwise related to the Policy shall be deemed to be applicable restrictions and limitations on the investments authorized by this ordinance. In the event there is no Policy or Insurer specified in the Bond Purchase Agreement, reference to the Insurer and Policy in this ordinance shall be given no effect. The Insurer's standard package is incorporated by this reference into this ordinance and is to be attached to this ordinance, provided that any failure to so attach does not abrogate, diminish or impair the effect thereof.

Section 25. Effective. This ordinance shall be in effect immediately upon adoption.

Upon motion by _____, seconded by _____,
adopted this ____ day of _____, 2013, by roll call vote, as follows:

Voting "For" (names): _____

Voting "Against" (names): _____

Absent, Etc. (names): _____

(SEAL)

County Clerk as *ex-officio* Clerk
to the Board of Commissioners

Chairman

