

CITY OF NOKOMIS,
MONTGOMERY COUNTY, ILLINOIS

ORDINANCE NUMBER 2113

AN ORDINANCE APPROVING A LOAN AGREEMENT IN THE
PRINCIPAL AMOUNT OF \$_____ WITH THE
ILLINOIS ENVIRONMENTAL PROTECTION AGENCY AND
AUTHORIZING AND PROVIDING FOR THE ISSUE OF SEWERAGE
REVENUE BONDS IN A LIKE PRINCIPAL AMOUNT OF THE CITY OF
NOKOMIS, MONTGOMERY COUNTY, ILLINOIS FOR THE PURPOSE
OF DEFRAYING THE COST OF EXTENDING AND IMPROVING THE
SEWERAGE SYSTEM OF SAID CITY

ADOPTED BY THE MAYOR AND
CITY COUNCIL OF THE CITY OF NOKOMIS,
MONTGOMERY COUNTY, ILLINOIS
_____, 2024

Published in pamphlet form by authority of the Mayor and City Council of the City of Nokomis,
Montgomery County, Illinois on _____, 2024.

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PREAMBLES

WHEREAS, the City of Nokomis, Montgomery County, Illinois (the “City”) has heretofore been duly organized and is now operating as a municipality under the provisions of the Illinois Municipal Code, and all laws amendatory thereof and supplementary thereto 65 ILCS 5/1-1-1 *et seq.* (the “Act”); and

WHEREAS, the City operates a Sewerage system (the “System”) in accordance with the provisions of Division 141 of Article 11 of the Act; and

WHEREAS, the Mayor and City Council of the City (the “Corporate Authorities”) have determined that it is advisable, necessary and in the best interests of the public health, safety and welfare to construct improvements and extensions to the System, including generally any one or more or all of the following improvements that may be constructed in phases from time to time:

Construction of improvements to the existing wastewater treatment facility and collection system. Phase 1 to include wastewater treatment plant improvements to upgrade the facility through process upgrades, replacements, and modifications, demolition, and repurposing of existing facilities, building modifications, electrical, mechanical, and plumbing, site work and appurtenances. Phase 2 to include collection system improvements to upgrade the system through lift station upgrades, replacements, and modifications, demolition and repurposing of existing assets, manhole replacement, and rehabilitation, forcemain replacement, modification, and rehabilitation, gravity sewer replacement, modification, and rehabilitation, electrical, mechanical, plumbing, site work, street repair and replacement, and appurtenances

including all necessary connections, appurtenances, material, labor and equipment incident thereto, all in order to meet the present and projected needs of the area served by the System, including all mechanical, electrical and other services necessary, useful or advisable to such projects, and, incidental to such improvements and expansion, to pay bond discount, bond interest, bond reserve account funding, legal, financing, and administrative expenses (all of which said construction, services, and incidental expenses may be referred to as the “Project”), all in accordance with the preliminary plans and estimate of costs which have been prepared by Benton & Associates, Inc., the City’s consulting engineers, and have been approved by the Corporate Authorities and are now on file in the office of the City Clerk for public inspection; and

WHEREAS, the total estimated costs of the Project are \$10,000,000; and

WHEREAS, there are not sufficient funds on hand and lawfully available to pay the costs of the Project, and accordingly such costs must be met from proceeds of a loan paid from revenues of the System (the “Loan”) to the City from the Illinois Environmental Protection Agency (the “IEPA”) in accordance with a loan agreement between the IEPA and the City as may be completed in a manner not inconsistent with this Ordinance, amended or supplemented from time to time (the “Loan Agreement”) and related Sewerage Revenue Bonds of the City in an aggregate principal amount not to exceed \$_____ (the “Bonds”) and the “Public Water Supply Loan Program” or the “Water Pollution Control Loan Program”, or both of said programs through the IEPA (the “Programs”), and

WHEREAS, the Loan and related Bonds are to be issued pursuant to the Illinois Municipal Code, and, in particular, Division 141 of Article 11 thereof, as supplemented and amended by the Local Government Debt Reform Act, 30 ILCS 350/1 *et seq.*, the Omnibus Bond Acts, 5 ILCS 70/8, the Intergovernmental Cooperation Act, Section 10 of Article VII of the Constitution of Illinois, the Programs and other applicable law (collectively, the “Applicable Acts”); and

WHEREAS, the Corporate Authorities adopted Ordinance No. 2110 on December 11, 2023, authorizing application to the IEPA for the Loan Agreement and proposing the issuance of sewerage revenue bonds in a principal amount not to exceed \$10,000,000 for the purpose of defraying the cost of extending and improving the System (the “Authorizing Ordinance”); and

WHEREAS, the Authorizing Ordinance was published in *The Journal-News* on December 14, 2023, and the publication included a separate notice of (1) the specific number of voters required to sign the petition requesting the question of improving the System and the issuance of the Bonds therefor; (2) the time in which such petition must have been filed; and (3) the date of the prospective referendum; and

WHEREAS, no petition was filed with the City Clerk within 30 days after publication of the Authorizing Ordinance or has been filed as provided by statute asking that the question of improving the System and the issuance of Bonds therefor be submitted to the electors of the City; and

WHEREAS, the City’s debt service obligations under the Loan Agreement and related Bonds shall be and are hereby authorized and approved as provided herein, but only to the extent that is junior and subordinate to the City’s Senior Debt as herein defined may be presently outstanding, and as specified from time to time in the future as, senior and payable solely and only from surplus revenues related to the Senior Debt while any Senior Debt is outstanding and unpaid; and

WHEREAS, for convenience of reference only this Ordinance is divided into numbered sections with headings, which shall not define or limit the provisions hereof as follows:

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NOW, THEREFORE, Be It Ordained by the City Council of the City of Nokomis, Montgomery 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.

(a) “Applicable Acts” means, collectively, the Illinois Municipal Code, and, in particular, Division 141 of Article 11 thereof, as supplemented and amended by the Local Government Debt Reform Act, 30 ILCS 350/1 *et seq.*, the Omnibus Bond Acts, 5 ILCS 70/8, the Programs and other applicable law.

(b) “Bond Register” means the books of the City kept by the Bond Registrar to evidence the registration and transfer of the Bond.

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

(d) “Bond” or “Bonds” means the Sewerage Revenue Bonds, authorized to be issued by this Ordinance on a junior and subordinate lien basis in an amount not to exceed \$_____, including bonds issued in exchange for or upon transfer or replacement of bonds previously issued under this Ordinance.

(e) “City” means the City of Nokomis, Montgomery County, Illinois.

(f) “Corporate Authorities” means the Mayor and City Council of the City of Nokomis, Montgomery County, Illinois.

(g) “Fiscal Year” means the twelve-month period constituting the City’s fiscal year, not inconsistent with applicable law.

(h) “Loan Agreement” means one or more loan agreements to be entered into by and between the City and the IEPA in connection with the Bonds, including but not limited to the Loan Agreement executed by the Director of the IEPA on _____, 2024 for the loan amount of \$_____ for Project _____, as may be completed, amended or supplemented from time to time.

(i) “Maximum Annual Debt Service” means an amount of money equal to the highest future principal and interest requirement of all Outstanding Bonds required to be deposited into the Bond and Interest Account created by this Ordinance in any Fiscal Year, including and subsequent to the Fiscal Year in which the computation is made. Any Outstanding Bonds required to be redeemed pursuant to mandatory redemption from said Bond and Interest Account shall be treated as falling due on the date required to be redeemed (except in the case of failure to make any such mandatory redemption) and not on the stated maturity date of such Outstanding Bonds.

(j) “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 (including all payments by the City pursuant to long term contracts for such services); but excluding debt service, depreciation, capital improvements or 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.

(k) “Ordinance” means this Ordinance passed by the Corporate Authorities.

(l) “Outstanding Bonds” means Bonds which are outstanding and unpaid; provided, however, such term shall not include Bonds (i) 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 (ii) 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 Bonds.

(m) “Revenues” means all income from whatever source derived from the System, including (i) investment income on all accounts created hereunder; (ii) user connection permit, and inspection fees and the like for the use of the System; (iii) penalties and delinquency charges; (iv) capital development, reimbursement, or recovery charges and the like; but excluding expressly (a) non-recurring income from the sale of property of the System; (b) governmental or other grants; (c) advances or grants made from the City; and as otherwise determined in accordance with generally accepted accounting principles for municipal enterprise funds.

(n) “Senior Debt” means existing bonds and other debt obligations of the City payable from Revenues presently outstanding that shall be, and such bonds and other debt obligations as specified by the City from time to time in the future to be, senior to the Bonds and payable from Revenues prior to the Loan Agreement and related Bonds. No Senior Debt currently exists.

(o) “Surplus Revenues” means Revenues remaining after payments related to any Senior Debt.

(p) “System Fund” means the fund by said name continued or created and established in Section 12 of this Ordinance.

(q) “System” means all property, real, personal or otherwise owned or to be owned by the City or under the control of the City and used for Sewerage purposes and any and all further extensions, improvements and additions thereto.

Section 2. Incorporation of Preambles.

The Corporate Authorities hereby find that the recitals contained in the preambles to this Ordinance are full, true, and correct and does hereby incorporate them into this Ordinance by this reference.

Section 3. Authorization of Loan Agreement and Bonds.

The Corporate Authorities do hereby find that it is necessary and in the best interests of the City to defray the cost of the Project from the proceeds of the Loan Agreement and related issued Bonds. For the purpose of defraying the cost of the Project, the City is authorized to and shall enter into, execute and perform the Loan Agreement and authorized to issue and sell to IEPA the related Bonds, all in the principal amount not to exceed \$_____ and all in accordance with the Loan Agreement. It is the intent of the Corporate Authorities to invoke all supplemental power and authority available under and pursuant to the Applicable Acts.

Section 4. Determination of Useful Life.

The Corporate Authorities do hereby determine the period of usefulness of the Project to be at least forty (40) years from the date of the Bonds.

Section 5. Bond Details.

The Bonds shall be designated “Sewerage Revenue Bonds”, shall be dated the date of their issuance; and shall also bear the date of authentication thereof. The Bonds shall be in fully registered form, shall be in denominations of \$1.00 and authorized integral multiples thereof, and shall be numbered consecutively in such reasonable fashion as may be established by the Bond Registrar, provided that the Bonds shall be initially issued as one bond in the full authorized principal amount.

The Bonds shall mature within thirty (30) years of the issuance of the Bond and the unpaid principal thereof shall bear interest at a rate per annum not in excess of _____%, both as finally determined within these parameters by the Mayor by execution of the Loan Agreement. The Loan Agreement and the related bond or bonds hereunder may have such details, terms and provisions, including other than as specifically provided herein, as shall be determined by the Mayor without further action by the Corporate Authorities, setting forth and specifying details, terms and provisions of and related to the Bonds, including, but not limited to, as the case may be, aggregate principal amount, final interest rates, optional or mandatory call provisions, payment dates, the final maturity schedule, loan number, identification of fiscal agents and additional or supplemental security (including as to reserves and depreciation) and provisions as necessary or desirable to

qualify under applicable federal laws, and the bond form shall be conformed to the Loan Agreement.

Each Bond shall bear interest from its date, or from the most recent interest payment date to which interest has been paid or duly provided for, computed in accordance with the Loan Agreement and payable in lawful money of the United States of America. The principal of and premium, if any, on the Bonds shall be payable in lawful money of the United States of America upon presentation and surrender thereof at the principal office of the City. Interest on the Bonds shall be payable on each interest payment date to the registered owners of record appearing on the registration books maintained by the Bond Registrar on behalf of the City for such purpose (including any successors, the "Bond Registrar") as of the close of business on the fifteenth (15th) day of the calendar month next preceding the applicable interest payment date. Interest on the Bonds shall be paid by check or draft mailed to such registered owners at their addresses appearing on the registration books. The Bond Registrar shall not be required to transfer or exchange any Bond during a period commencing the fifteenth (15th) day of the month next preceding each interest payment date and ending on such interest date or during a period of fifteen (15) days next preceding the mailing of a notice of redemption of any Bond which could designate all or a part of such Bond for redemption.

Payment of principal and interest under the Loan Agreement and related Bonds is hereby authorized and approved as provided in this Ordinance, but only to the extent that is subordinate to Senior Debt of the City and is payable solely and only from Surplus Revenues related to the Senior Debt while any Senior Debt is outstanding and unpaid, and thereafter from the Revenues.

If the Loan Agreement is executed and delivered, whether or not fully disbursed with respect to the Loan thereunder, the Bond shall be deemed issued, whether or not in fact signed, executed and delivered, this Ordinance to constitute the issuance thereof. The debt service obligations of the Bond and the Loan Agreement constitute one and the same debt service obligation.

Section 6. Redemption.

The Bonds are redeemable in accordance with the Loan Agreement, and without penalty or premium prior to maturity at the option of the City, in whole or in part on any date, and if less than all of the outstanding Bonds are to be redeemed, maturities of the Bonds to be called shall be called as determined by the City, and if less than all of a single maturity is so redeemed then the Bonds shall be selected by lot within a maturity in the manner determined by the City.

Unless waived by any holder of Bonds to be redeemed, notice of the call for any such redemption shall be given by the City by mailing the redemption notice by registered or certified mail at least thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption to the registered owner of the Bond or Bonds to be redeemed 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.

Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be 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 Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the City at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the registered holder a new Bond or Bonds of the same rate of interest and maturity in the amount of the unpaid principal.

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

In addition to the foregoing notice, further notice shall be given by the Bond Registrar as may be required by pertinent rules pertaining to securities depositories or the regulation thereof, but no defect in said 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.

Section 7. *Execution; Authentication.*

The Bonds shall be executed on behalf of the City with the manual or facsimile signature of the Mayor and attested with the manual or 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 the Bonds issued hereunder.

Section 8. *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 principal office of City Treasurer, which is hereby constituted and appointed the bond registrar of the City for the Bonds. The City is authorized to prepare, and the Bond Registrar or such other agent as the City may designate shall keep custody of, multiple Bond blanks executed by the City for use in the transfer and exchange of the Bonds.

Any Bond may be transferred or exchanged, but only in the manner, subject to the limitations, and upon payment of the charges as set forth herein. Upon surrender for transfer or

exchange of any Bond at the principal office of the Bond Registrar, duly endorsed by, or accompanied by a written instrument or instruments of transfer or exchange in form satisfactory to the Bond Registrar and duly executed by, the registered owner or his attorney duly authorized in writing, the City shall execute and the Bond Registrar shall authenticate, date and deliver in the name of the registered owner, transferee or transferees (as the case may be) a new fully registered Bond or Bonds of the same maturity and interest rate of authorized denominations, for a like aggregate principal amount.

The execution by the City of any fully registered Bond shall constitute full and due authorization of such Bond; and the Bond Registrar shall thereby be authorized to authenticate, date and deliver such Bonds; 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 after notice calling such Bonds for redemption has been mailed, or to transfer or exchange any Bond during a period of 15 days next preceding mailing of a notice of redemption of the 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 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 the Bond, but the City or the Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of the Bonds except in the case of the issuance of the Bond or Bonds for the unredeemed portion of a Bond surrendered for redemption.

Section 9. Form of Bond; Revenue Bond Equivalent.

To the extent required by applicable law, and otherwise to be given no effect, the obligations of the City under the Loan Agreement shall be deemed to constitute a revenue bond under the Applicable Acts. At such time as advances under the Loan Agreement are complete, the City shall issue a Bond to the IEPA to evidence the loan pursuant to the Loan Agreement in the final principal amount borrowed. The Bond shall be issued as a fully registered Bond, to be appropriately completed when the Bonds are printed, and shall be in substantially the form as follows:

(Form of Bond)

UNITED STATES OF AMERICA
STATE OF ILLINOIS
COUNTY OF MONTGOMERY

CITY OF NOKOMIS
SEWERAGE REVENUE BOND
(IEPA WATER POLLUTION CONTROL REVOLVING LOAN PROGRAM)

Interest
Rate
_____ %

Maturity
Date

Dated
Date

Registered Owner: **ILLINOIS ENVIRONMENTAL PROTECTION AGENCY**

Principal Amount: _____ **DOLLARS**

(1) KNOW ALL PERSONS BY THESE PRESENTS that the City of Nokomis, a municipality and unit of local government situated in the County of Montgomery, in the State of Illinois (the “City”), 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 and to pay interest on such Principal Amount from the Dated Date hereof, or from the most recent interest payment date to which interest has been paid, at the Interest Rate per annum set forth above, such principal and interest to be paid in the amount, at the time, and in the manner, as provided and with the effect set forth in that certain Loan Agreement (Project L _____) by and between the Illinois Environmental Protection Agency (the “IEPA”) and the City (the “Loan Agreement”) and in Ordinance No. _____ passed by the Corporate Authorities of the City on _____, 2024 authorizing issuance of the Bonds (the “Ordinance”), payable in lawfully money of the United States of America by check or draft mailed to the Registered Owner of record hereof as of the fifteenth (15th) day of the calendar month next preceding such interest payment date, at the address of such Registered Owner appearing on the registration books maintained for such purpose by the City Treasurer as Bond Registrar (including its successors, the “Bond Registrar”). This Bond, as to principal and premium, if any, when due, will be payable in lawful money of the United States of America upon presentation and surrender of this Bond to the City.

(2) This Bond incorporates by reference each term and provision of the Loan Agreement and the Ordinance, the intent hereof being that this Bond is essentially to be given effect as the Loan Agreement. Payment of principal and interest hereunder and under the Loan Agreement are and constitute the same obligation and, as provided in the Ordinance, such payment is junior and subordinate to the City’s Senior Debt as defined in the Ordinance and payable solely and only from the surplus revenues related to the Senior Debt while any Senior Debt is outstanding and unpaid.

(3) This Bond is payable solely from the Revenues, as defined, derived from the operation of the Sewerage system of the City, as defined (the “System”), after payment of Operation and Maintenance Costs, as defined, junior and subordinate to certain existing or prospective prior pledges of the revenues of the System, as provided in the Ordinance and not

otherwise, and are issued under authority of the provisions of the Illinois Municipal Code, and, in particular, Division 141 of Article 11 thereof, as supplemented and amended by the Local Government Debt Reform Act, 30 ILCS 350/1 *et seq.*, the Omnibus Bond Acts, 5 ILCS 70/8, the Intergovernmental Cooperation Act, Section 10 of Article VII of the Constitution of Illinois, laws in connection with the Illinois Water Pollution Control Loan Program and other applicable law (collectively, the “Applicable Acts”) for the purpose of defraying the cost of extending and improving the existing Sewerage system of said City. The Bond is issued pursuant to the Ordinance, to which reference is hereby expressly made for all 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.

(4) The City in the Ordinance has reserved the right to issue Senior Debt having and to have a lien on Revenues superior to this Bond and the related Loan Agreement. It is hereby expressly declared that this Bond is, and is to be, subordinate to such Senior Debt (whether issued before or after the date hereof) and payable solely and only from the “Surplus Revenues” as defined in the Ordinance, while any Senior Debt is outstanding and unpaid.

(5) The City in the Ordinance has reserved the right to issue additional debt obligations having a lien on the Revenues superior to, in parity with, or subordinate to, the Bonds and the related Loan Agreement and in compliance with the Loan Agreement. It is hereby expressly declared that this Bond is, and is to be, subordinate to Senior Debt as defined in the Ordinance (whether issued before or after the date hereof) and payable solely and only from the Surplus Revenues as defined in the Ordinance.

(6) Under the Applicable Acts and the Ordinance, the Revenues are to be deposited on such subordinated basis into the System 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, providing an adequate depreciation fund, and in making all payments required to maintain the accounts established under the terms of the Ordinance.

(7) This Bond is redeemable without penalty or premium prior to maturity at the option of the City, in whole or in part on any date. The City shall, at least forty-five (45) days prior to the redemption date (unless a shorter time period shall be satisfactory to the Bond Registrar), notify the Bond Registrar of such redemption date and of the principal amount to be redeemed.

(8) This Bond is transferable only upon the registration books therefor by the Registered Owner hereof in person, or by such Registered Owner’s attorney duly authorized in writing, upon surrender hereof at the principal office of the Bond Registrar together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the Registered Owner or by such a Registered Owner’s duly authorized attorney, and thereupon a new registered Bond or Bonds, in the authorized denominations of \$1.00 or any authorized integral multiple thereof and of the same aggregate principal amount as this Bond shall be issued to the transferee in exchange therefor. In like manner, this Bond may be exchanged for an equal aggregate principal amount of Bonds of any authorized denomination. The Bond Registrar shall not be required to exchange or transfer any Bond during the period from the fifteenth (15th) day of the month preceding any

interest payment date to such interest payment date or during a period of fifteen (15) days next preceding the mailing of a notice of redemption which could designate all or a part of such Bond for redemption. The City or the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to the transfer or exchange of this Bond. No other charge shall be made for the privilege of making such transfer or exchange.

(9) The City and the Bond Registrar may treat and consider the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal, premium, if any, and interest due hereon and for all other purposes whatsoever, and all such payments so made to such Registered Owner or upon such Registered Owner's order shall be valid and effectual to satisfy and discharge the liability upon this Bond to the extent of the sum or sums so paid, and neither the City nor the Bond Registrar shall be affected by any notice to the contrary.

(10) No recourse shall be had for the payment of any Bonds against the Mayor, any member of the City Council or any other officer or employee of the City (past, present or future) who executes any Bonds, or on any other basis. The City may remove the Bond Registrar at any time and for any reason and appoint a successor.

(11) 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 System Fund the Revenues, and such are 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 sufficient at all times to pay Operation and Maintenance Costs, to promptly pay principal of and interest on all Bonds issued by the City which are payable from the Revenues, to provide an adequate depreciation fund, and to comply with all the covenants of and to maintain the accounts created by the Ordinance.

(12) 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 Nokomis, Montgomery County, Illinois, by its Corporate Authorities, has caused this Bond to be executed with the duly authorized manual or facsimile signature of its Mayor and attested by the duly authorized manual or 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 Nokomis,
Montgomery County, Illinois

City Clerk, City of Nokomis,
Montgomery County, Illinois

(SEAL)

Date of Authentication: _____

CERTIFICATE
OF
AUTHENTICATION

Bond Registrar

City Treasurer
City of Nokomis, Illinois

This Bond is one of the Bonds described in the within mentioned Ordinance and is one of the Sewerage Revenue Bonds of the City of Nokomis, Montgomery County, Illinois.

City Treasurer,
as Bond Registrar

By: _____
Authorized Officer

(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.

Section 10. Bonds Limited Obligations.

The Bonds shall be payable solely from the Revenues as derived from the operation of the System, and shall not constitute an indebtedness of the City within the meaning of any constitutional or statutory limitation.

Section 11. Creation of System Fund and Accounts Thereof.

Upon the issuance of the Bonds, the System shall be operated on a Fiscal Year basis. All of the Revenues shall be set aside as collected and be deposited into a separate fund and in an account in a bank to be designated by the Corporate Authorities, which fund is hereby created or continued as the case may be and is designated as the "System Fund" of the City, which shall constitute a trust fund pledged for the sole purpose of carrying out the covenants, terms, and conditions of this Ordinance, and shall be used only in paying Operation and Maintenance Costs, providing an adequate depreciation fund, paying the principal of and interest on all revenue bonds of the City which by their terms are payable solely from the Revenues, and providing for the establishment of and expenditure from the respective accounts as hereinafter described.

Section 12. Flow of Funds.

There shall be and there are hereby created separate accounts in the System Fund to be known as the "Operation and Maintenance Account," the "Bond and Interest Account," the "Depreciation Account" and the "Surplus Account," to which there shall be credited, subject to the Senior Debt, on or before the first day of each month by the financial officer of the City, without any further official action or direction, in the order in which said accounts are hereinafter mentioned, all moneys held in the System Fund, in accordance with the following provisions.

(a) Operation and Maintenance Account: There shall be credited to the Operation and Maintenance Account an amount sufficient, when added to the amount then on deposit in said Account, to establish a balance to an amount not less than the amount necessary to pay Operation and Maintenance Costs for the then current month. Amounts in said Account shall be used to pay Operation and Maintenance Costs.

(b) Bond and Interest Account: There next shall be credited to the Bond and Interest Account and held, in cash and investments, a fractional amount of the interest becoming due on the next succeeding interest payment date on all Outstanding Bonds and also a fractional amount of the principal becoming due on the next succeeding principal payment date of all of the Outstanding Bonds until there shall have been accumulated and held, in cash and investments in the Bond and Interest Account on or before the first day of the month preceding such payment date of interest or principal, an amount sufficient to pay such principal or interest, or both.

In computing the fractional amount to be so set aside each month in the Bond and Interest Account, the fraction shall be so computed that a sufficient amount will be set aside in said Account and will be available for the prompt payment of such principal of and interest on all Outstanding Bonds and shall be not less than one-sixth of the principal and interest becoming due on the next succeeding payment date on all Outstanding Bonds until there is sufficient money in said Account to pay such principal or interest, or both.

Credits to the Bond and Interest Account may be suspended in any Fiscal Year at such time as there shall be a sufficient sum, held in cash and investments, in said Account to meet principal and interest requirements in said Account for the balance of such Fiscal Year, but such credits shall again be resumed at the beginning of the next Fiscal Year.

All moneys in said Account shall be used only for the purpose of paying interest on and principal of Outstanding Bonds.

(c) Depreciation Account: Beginning the month after the delivery of the Bonds, there shall be credited to the Depreciation, Account and held, in cash and investments, such amounts as provided in the Loan Agreement. Thereafter, no additional payments shall be made into said Account except that when any money is paid out of such Account, there next shall be deposited in the Depreciation Account, such amount per month, until the amount on deposit in said Account has been restored to the aggregate amount required by the Loan Agreement.

Amounts to the credit of said Account shall be used first to provide an adequate allowance for depreciation as shall be determined from time to time by the Corporate Authorities, or if not so needed, may be used from time to time to pay for the effective and efficient operation of the System, for any extraordinary maintenance, repairs and necessary replacements, or for improvements of the System. Said funds shall not be allowed to accumulate beyond a reasonable amount necessary for these purposes and shall be used at any time to pay principal of or interest on any Outstanding Bonds whenever there are no other funds available to pay the same.

(d) Surplus Account: All moneys remaining in the System Fund, after crediting the required amounts to the respective accounts hereinabove provided for, and after making up any deficiency in the accounts described in subsections (a) to (c), inclusive, shall be credited each month to the Surplus Account. Funds in the Surplus Account shall first be used to make up any subsequent deficiencies in the Depreciation Account and thereafter in any of the other accounts hereinabove named, secondly shall be used for the purpose of paying principal of and interest on subordinate or junior lien bonds or obligations issued for the purpose of acquiring or constructing repairs, replacements, or improvements or extensions to the System (which such bonds or obligations are hereby expressly authorized to be issued payable from the Surplus Account), and thirdly, at the discretion of the Corporate Authorities, 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, or improvements to the System; or
- (2) For the purpose of calling and redeeming Outstanding Bonds which are callable at the time; or
- (3) For the purpose of purchasing Outstanding Bonds at the time at a price of not to exceed par and accrued interest to the date of purchase; or
- (4) For any other lawful corporate purpose (including but not limited to payments in lieu of taxes and general supervision and administrative charges by the City).

(e) Investment of Moneys in Accounts: Moneys to the credit of the System Fund prior to the monthly accounting and to the credit of the Operation and Maintenance Account may be invested pursuant to any authorization granted to municipal corporations by Illinois statute or court decision.

Moneys to the credit of the Bond and Interest Account, Depreciation Account and Surplus Account may be invested from time to time by the Treasurer of the City in (i) interest bearing bonds, notes, or other direct full faith and credit obligations of the United

States of America, (ii) obligations unconditionally guaranteed as to both principal and interest by the United States of America, or (iii) certificates of deposit or time deposits of any bank, as defined by the Illinois Banking Act, provided such bank is insured by the Federal Deposit Insurance Corporation or a successor corporation to the Federal Deposit Insurance Corporation, and provided further that the principal of such deposits in excess of the insured amount is secured by a pledge of obligations as described in clauses (i) and (ii) above in the full principal amount of such excess. Such investments may be sold from time to time by the Treasurer of the City as funds may be needed for the purpose for which said respective accounts have been created. To the extent moneys in said Accounts as described in this paragraph are held uninvested and on deposit in demand accounts, such amounts shall be added to the amount invested pursuant to clause (iii) above and the sum so derived subject to the limitations as set forth therein.

All interest on any funds so invested shall be credited to the System Fund and is hereby deemed and allocated as expended with the next expenditure(s) of money from the System Fund.

(f) Excess over Requirements: Any amounts to the credit of the Accounts in excess of the then current requirement therefor may be transferred by the Corporate Authorities to such other Account or Accounts of the System Fund as they may in their sole discretion designate.

Section 13. General Covenants.

The City covenants and agrees with the holders and registered owners of the Outstanding Bonds, so long as there are any Outstanding Bonds (as defined herein), as follows:

(a) The City 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 of Illinois.

(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 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 solely from the Revenues, and to provide for the creation and maintenance of the respective accounts as provided in Section 12 of this Ordinance.

There shall be charged against all users of the System, including the City, such rates and amounts for 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 System Fund as revenues derived from the operation of the System; provided however, that the City need not charge itself for such services if in the previous Fiscal Year Revenues not including any payments made by the City shall have met the requirements of this Ordinance.

Whenever money in the Bond and Interest Account is insufficient to pay principal of or interest on Outstanding Bonds, the City covenants to promptly have prepared a rate study for the System by an independent consultant employed for that purpose, and further, to send a copy of such study, when completed, to the holders of the Bonds along with a letter indicating what action the City has taken responsive to such study.

(c) 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.

(d) 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.

(e) 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 owners of any of the Bond. 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:

(i) A statement in detail of income and expenditures of the System for such Fiscal Year and comparable information from the previous Fiscal Year.

(ii) 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 System Fund and comparable information from the previous Fiscal Year.

(iii) 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.

(iv) The number of users of the System during such Fiscal Year.

(v) 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.

(vi) The amount and details of all Outstanding Bonds.

(vii) The accountant's comment 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 operation of the System.

All expenses of the audit required by this section shall be regarded and paid as Operation and Maintenance Costs.

(f) 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 the Bond and Interest Account, and the Depreciation 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.

(g) 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 additional debt 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 the Depreciation Account.

(h) Any holder or registered owner of a Bond or the right to receive interest thereon 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.

(i) To the fullest extent reasonably obtainable, the City will carry insurance on the System of the kinds and in the amounts which are usually carried by other municipal utilities operating similar properties, covering such risks as shall be recommended by a competent consulting engineer or insurance consultant employed by the City for the purpose of making such recommendations. All moneys received for loss under such insurance policies 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 ninety (90) days from the date of the loss. The payment of premiums for all insurance policies required under the provisions of this covenant shall be considered an Operation and Maintenance Cost. The proceeds derived from any and all policies for workers' compensation or public liability shall be paid into the Operation and Maintenance Account and used in paying the claims on account of which they were received.

(j) Except as hereinabove expressly provided for services to the City, the City covenants not to provide any free service of the System, and, to the extent permitted by law, the City will not grant a franchise for the operation of any competing Sewerage system within the City.

(k) The City will adopt a budget for the System 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. The budget may include in its estimate of income, the use of available surplus moneys or other funds of the

City appropriated for the purpose. If during the Fiscal Year there are extraordinary receipts or payments of unusual cost, the City will adopt an amended budget for the remainder of the Fiscal Year, providing for receipts or payments pursuant to this Ordinance.

(l) In accordance with the Loan Agreement, to the extent Revenues pledged to the Bonds are in a subordinate position to an existing revenue bond ordinance, the covenants for the Bonds include coverage and reserve requirements in accordance with 35 Ill. Adm. Code 365.940.

Section 14. Issuance of Additional Debt.

The City reserves the right to issue additional debt obligations having a lien on the Revenues superior to, in parity with, or subordinate to, the Bonds and the related Loan Agreement and in compliance with the Loan Agreement.

Section 15. Execution of Loan Agreement; Delivery of Bonds.

The Loan Agreement, in substantially the form thereof which has been presented before this meeting, is hereby ratified, confirmed and approved. The Mayor is hereby authorized and directed to determine the final amount borrowed in an amount not to exceed \$_____ and to execute the Loan Agreement authorizing such borrowing for and on behalf of the City, and the Clerk is hereby authorized to attest the same and to affix thereto the corporate seal of the City, and including with such other changes therein as the officers of the City executing it shall approve, their approval thereof being conclusive of the Mayor's determination of the amount borrowed and the City's approval of any such changes therein from the forms thereof now before this meeting. The Loan Agreement shall be executed and delivered by the officers of the City to the IEPA. At such time as advances under the Loan Agreement are complete, the City shall issue a Bond to the IEPA to evidence the loan pursuant to the Loan Agreement, which is hereby in all respects authorized, approved and confirmed.

Section 16. Other Ordinances

Notwithstanding anything in this Ordinance to the contrary, the City may not adopt additional ordinances or amendments which provide for any substantive or material change in the scope and intent of this Ordinance, including but not limited to interest rate, preference, or priority of any other ordinance with this Ordinance, parity of any other ordinance with this Ordinance, or otherwise alter or impair the obligation of the City to pay the principal and interest due to the Programs without the written consent of the IEPA.

Section 17. Use of Proceeds.

The proceeds derived from the Loan Agreement and the Bonds shall be used as follows:

(a) The proceeds shall be set aside in a separate fund hereby created and designated as the "Construction Fund" which shall be deposited in such bank or banks designated by the Corporate Authorities as a depository for the Construction Fund. Money in the Construction Fund shall be withdrawn from time to time as needed for the payment of costs of the Project and paying the fees and expenses incidental thereto and said money shall be withdrawn from the depository from time to time by the Treasurer of the City only upon submission by him or her to said depository of the following:

- (i) If such withdrawal of funds by the Treasurer is for payment to a supplier, materialman, or contractor for work done in connection with the Project, a statement executed by the engineer in charge of the construction of the Project stating the amount of materials supplied or the nature of the work completed, that such materials have been properly accepted or such work approved by him or her, the amount due and payable thereon, and the amount remaining to be paid in connection with the Project; and
- (ii) A duplicate copy of the order signed by the Corporate Authorities, or such other officer(s) as may from time to time be by law authorized to sign and countersign orders of the Treasurer of the City, stating specifically the purpose for which the order is issued and indicating that the payment for which the order is issued has been approved by the Corporate Authorities.

Within sixty (60) days after full depletion of the Construction Fund or payment of all costs of the Project, as herein referred to, and as heretofore approved by the Corporate Authorities, the Treasurer 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 Construction Fund shall be transmitted by said depository to the Treasurer of the City, and said Treasurer shall credit said funds to the Surplus Account; and the Construction Fund shall be closed.

Section 18. Provisions a Contract.

The provisions of this Ordinance shall constitute a contract between the City and the registered owners from time to time 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 19. 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.

Section 20. Repealer.

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.

Section 21. Effective Date.

Pursuant to the Applicable Acts, this Ordinance shall be in full force and effect immediately upon its adoption. The City Clerk is authorized to publish this Ordinance in pamphlet form.

PASSED by the Corporate Authorities on _____, 2024.

APPROVED: _____, 2024.

Mayor

AYES: _____

NAYS: _____

ABSENT: _____

PUBLISHED in pamphlet form on _____, 2024.

RECORDED and filed in the office of the City Clerk on _____, 2024.

ATTEST:

City Clerk

(SEAL)

CERTIFICATE

I, Rachel Hill, City Clerk of the City of Nokomis, Montgomery County, Illinois (the “City”), hereby certify that the foregoing Ordinance 2113, “AN ORDINANCE APPROVING A LOAN AGREEMENT IN THE PRINCIPAL AMOUNT OF \$_____ WITH THE ILLINOIS ENVIRONMENTAL PROTECTION AGENCY AND AUTHORIZING AND PROVIDING FOR THE ISSUE OF SEWERAGE REVENUE BONDS IN A LIKE PRINCIPAL AMOUNT OF THE CITY OF NOKOMIS, MONTGOMERY COUNTY, ILLINOIS FOR THE PURPOSE OF DEFRAYING THE COST OF EXTENDING AND IMPROVING THE SEWERAGE SYSTEM OF SAID CITY” (the “Ordinance”) is a true copy of an original Ordinance which was duly adopted by the recorded affirmative votes of a majority of the members of the City Council of the City of Nokomis, Illinois (the “Council”), at a meeting thereof which was duly called and held in compliance with the Open Meetings Act on _____, 2024, and at which a quorum was present and acting throughout, and that such copy has been compared by me with the original Ordinance signed by the Mayor of the City on _____, 2024 and recorded in the Ordinance book of the City and that it is a correct transcript thereof and of the whole of such Ordinance, and that such Ordinance has not been altered, amended, repealed or revoked, but is in full force and effect.

I do further certify that the deliberations of the Council 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 Council at least 48 hours in advance of the holding of said meeting, and that said meeting was called and held in strict compliance with the provisions of the Open Meetings Act of the State of Illinois, as amended, the Local Government Debt Reform Act of the State of Illinois, as amended, and the Municipal Code of the State of Illinois, as amended, and that the Council has complied with all of the applicable provisions of said Acts and said Code and with all of the procedural rules of the Council.

I do further certify that the Ordinance was published in pamphlet form on _____, 2024 by authority of the Council, and that said ordinance as so published was on said date readily available for public inspection and distribution, in sufficient number to meet the needs of the general public, at my office as City Clerk located in the City.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the City of Nokomis, Montgomery County, Illinois this _____, 2024.

City Clerk

(SEAL)