ORDINANCE NO. 16-2

AN ORDINANCE providing for the issue of $1,431,600 General Obligation Park Bonds, Series 2016, of the Collinsville Area Recreation District, Madison and St. Clair Counties, Illinois, to provide payment for outstanding bonds of said Park District, and providing for the levy of a direct annual tax sufficient to pay the principal and interest on said bonds.

* * *

WHEREAS, the Collinsville Area Recreation District, Madison and St. Clair Counties, Illinois (the *"District"*), is a duly organized and existing Park District created under the provisions of the laws of the State of Illinois, and is now operating under the provisions of the Park District Code of the State of Illinois, and all laws amendatory thereof and supplementary thereto; and

WHEREAS, the District has issued and now has outstanding and unpaid its General Obligation Bonds (Alternate Revenue Source), Series 2004, dated November 30, 2004 (the *"2004 Bonds"*), General Obligation Bonds (Alternate Revenue Source), Series 2007, dated March 15, 2007 (the *"2007 Bonds"*), General Obligation Refunding Bonds (Alternate Revenue Source), Series 2010A, dated March 2, 2010 (the *"2010A Bonds"*), and General Obligation Refunding Park Bonds (Alternate Revenue Source), Series 2013, dated November 6, 2013 (the *"2013 Bonds,"* and collectively, the *"Prior Bonds"*); and

WHEREAS, it is necessary and desirable to provide the revenue source for the payment of the principal and interest due on the Prior Bonds on December 1, 2016 and the interest due on the Prior Bonds on June 1, 2017; and

WHEREAS, the Prior Bonds are presently outstanding and unpaid and are binding and subsisting legal obligations of the District; and

WHEREAS, the Board of Park Commissioners of the District (the *"Board"*) hereby finds that it does not have sufficient funds on hand for the purpose of providing the revenue source for the payment of the Prior Bonds as aforesaid, and that the cost thereof, including legal, financial, and other expenses, will not be less than $1,431,600 and that it is necessary and for the best interests of the District that it borrow the sum of $1,431,600 and issue bonds of the District to evidence the borrowing; and

WHEREAS, the Board does hereby find and determine that upon the issuance of the bonds of the District now proposed to be issued, the aggregate outstanding unpaid bonded indebtedness of the District, including said bonds, will not exceed .575% of the total assessed valuation of all taxable property in the District as last equalized and determined; and

WHEREAS, pursuant to and in accordance with the provisions of the Bond Issue Notification Act of the State of Illinois, as amended, the President of the Board executed an Order calling a public hearing (the *"Hearing"*) for the 15th day of March, 2016, concerning the intent of the Board to sell bonds in an amount not to exceed $1,500,000 to provide the revenue source for the payment of the Prior Bonds; and

WHEREAS, notice of the Hearing was given (i) by publication at least once not less than seven (7) nor more than thirty (30) days before the date of the Hearing in the *Belleville News-Democrat,* the same being a newspaper of general circulation in the District, and (ii) by posting at least 96 hours before the Hearing a copy of said notice at the principal office of the Board; and

WHEREAS, the Hearing was held on the 15th day of March, 2016, and at the Hearing, the Board explained the reasons for the proposed bond issue and permitted persons desiring to be heard an opportunity to present written or oral testimony within reasonable time limits; and

WHEREAS, the Hearing was finally adjourned on the 15th day of March, 2016; and

WHEREAS, the Board does hereby find and determine that it is authorized at this time to issue bonds in the amount of $1,431,600 to provide the revenue source for the payment of the Prior Bonds:

NOW, THEREFORE, Be It Ordained by the Board of Park Commissioners of the Collinsville Area Recreation District, Madison and St. Clair Counties, Illinois, as follows:

Section 1. Incorporation of Preambles. The Board hereby finds that all of the recitals contained in the preambles to this Ordinance are full, true and correct and does incorporate them into this Ordinance by this reference.

Section 2. Authorization. It is hereby found and determined that the District has been authorized by law to borrow the sum of $1,431,600 upon the credit of the District and as evidence of such indebtedness to issue bonds of the District in said amount, the proceeds of said bonds to be used for the purpose of providing the revenue source for the payment of the principal and interest due on the Prior Bonds on December 1, 2016, and interest due on the Prior Bonds on June 1, 2017, and it is necessary and for the best interests of the District that there be issued at this time $1,431,600 of the bonds so authorized.

Section 3. Bond Details. There shall be borrowed on the credit of and for and on behalf of the District the sum of $1,431,600 for the purposes aforesaid; and that bonds of the District (the *"Bonds"*) shall be issued in said amount and shall be issued in two series, designated as the "General Obligation Park Bonds, Series 2016A" (the *"Tax-Exempt Bonds"*), and as the "Taxable General Obligation Park Bonds, Series 2016B" (the *"Taxable Bonds"*).

The Tax-Exempt Bonds shall be issued in the principal amount of $1,013,400, shall be dated the date of delivery and payment thereof, and shall also bear the date of authentication, shall be in fully-registered form, shall be in denominations of $100,000 each and authorized integral multiples of $100 in excess thereof, shall be numbered 1 and upward, and shall become due and payable (without option of prior redemption) on December 30, 2017 and bear interest at the rate of 3.00% per annum.

The Taxable Bonds shall be issued in the principal amount of $418,200, shall be dated the date of delivery and payment thereof, and shall also bear the date of authentication, shall be in fully-registered form, shall be in denominations of $100,000 each and authorized integral multiples of $100 in excess thereof, shall be numbered 1 and upward, and shall become due and payable (without option of prior redemption) on December 30, 2017 and bear interest at the rate of 4.25% per annum.

The Bonds shall bear interest from their date until the principal amount of the Bonds is paid, such interest (computed upon the basis of a 360-day year of twelve 30-day months) being payable on December 30, 2017. Interest on each Bond shall be paid by check or draft of Fairfield National Bank, Fairfield, Illinois (the *"Bond Registrar"*), payable upon presentation in lawful money of the United States of America, to the person in whose name such Bond is registered at the close of business on December 15, 2017. The principal of the Bonds shall be payable in lawful money of the United States of America at the principal office of the Bond Registrar.

The Bonds shall be signed by the President and Secretary of the Board, and shall be countersigned by the Treasurer of the Board, and the seal of the District shall be affixed thereto or printed thereon, and 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. If the Secretary or the Treasurer of the Board is unable to perform the duties of his or her respective office, then their duties under this Ordinance shall be performed by the Assistant Secretary or the Assistant Treasurer of the Board, respectively.

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 District 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 the Bond Registrar if signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds issued hereunder.

Section 4. Registration of Bonds; Persons Treated as Owners. The District 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 the Bond Registrar, which is hereby constituted and appointed the registrar of the District. The District is authorized to prepare, and the Bond Registrar shall keep custody of, multiple Bond blanks executed by the District for use in the transfer and exchange of Bonds.

Upon surrender for transfer of any Bond at the principal office of the Bond Registrar, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Bond Registrar and duly executed by, the registered owner or his or her attorney duly authorized in writing, the District 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 of the same series and maturity of authorized denominations, for a like aggregate principal amount. Any fully registered Bond or Bonds may be exchanged at said office of the Bond Registrar for a like aggregate principal amount of Bond or Bonds of the same series and maturity of other authorized denominations. The execution by the District 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 series and maturity authenticated by the Bond Registrar shall not exceed the authorized principal amount of Bonds for such series and maturity.

The Bond Registrar shall not be required to transfer or exchange any Bond during the period beginning at the close of business on December 15, 2017, and ending at the opening of business on December 30, 2017.

The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal of or interest on any Bond shall be made only to or upon the order of the registered owner thereof or his or her legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

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

Section 5. *Form of Bond.* The Bonds shall be in substantially the form set forth in *Exhibit A* attached hereto.

Section 6. *Sale of Bonds.* The Bonds hereby authorized shall be executed as in this Ordinance provided as soon after the passage hereof as may be, and thereupon be deposited with the Treasurer of the Board, and be delivered to Fairfield National Bank, Fairfield, Illinois (the *"Purchaser"*), upon receipt of the purchase price therefor, the same being par, plus accrued interest, if any, to the date of delivery; the contract for the sale of the Bonds heretofore entered into (the *"Purchase Contract"*) is in all respects ratified, approved and confirmed, it being hereby found and determined that the Bonds have been sold at such price and bear interest at such rates that neither the true interest cost (yield) nor the net interest rate received upon such sale exceed the maximum rate otherwise authorized by Illinois law and that the Purchase Contract is in the best interests of the District and that no person holding any office of the District, either by election or appointment, is in any manner financially interested directly in his or her own name or indirectly in the name of any other person, association, trust or corporation, in the Purchase Contract.

Section 7. Tax Levy. In order to provide for the collection of a direct annual tax sufficient to pay the interest on the Bonds as it falls due, and also to pay and discharge the principal thereof at maturity, there be and there is hereby levied upon all the taxable property within the District a direct annual tax for each of the years while the Bonds or any of them are outstanding, in amounts sufficient for that purpose, and that there be and there is hereby levied upon all of the taxable property in the District, the following direct annual tax for the Tax-Exempt Bonds, to-wit:

FOR THE YEAR	A TAX SUFFICIENT TO PRODUCE THE SUM OF:	
2016	$1,066,096.80	for interest and principal up to and including December 30, 2017

and for the Taxable Bonds, to wit:

FOR THE YEAR	A TAX SUFFICIENT TO PRODUCE THE SUM OF:	
2016	$449,007.40	for interest and principal up to and including December 30, 2017

Principal or interest maturing at any time when there are not sufficient funds on hand from the foregoing tax levy to pay the same shall be paid from the general funds of the District, and the fund from which such payment was made shall be reimbursed out of the taxes hereby levied when the same shall be collected.

The District covenants and agrees with the purchasers and the holders of the Bonds that so long as any of the Bonds remain outstanding, the District will take no action or fail to take any action which in any way would adversely affect the ability of the District to levy and collect the foregoing tax levy and the District and its officers will comply with all present and future applicable laws in order to assure that the foregoing taxes will be levied, extended and collected as provided herein and deposited in the fund established to pay the principal of and interest on the Bonds.

Section 8. Filing of Ordinance. Forthwith upon the passage of this Ordinance, the Secretary of the Board is hereby directed to file a certified copy of this Ordinance with the County Clerks of The Counties of Madison and of St. Clair, Illinois (the *"County Clerks"*), and it shall be the duty of the County Clerks in and for the year 2016 to ascertain the rate necessary to produce the tax herein levied, and extend the same for collection on the tax books against all of the taxable property within the District in connection with other taxes levied in said year for general park purposes, in order to raise the amounts aforesaid and in said year such annual tax 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 park purposes of the District, and when collected, the taxes hereby levied shall be placed to the credit of a special fund to be designated "Park Bond and Interest Fund of 2016" (the *"Bond Fund"*), which taxes are hereby irrevocably pledged to and shall be used only for the purpose of paying the principal of and interest on the Bonds.

Section 9. Use of Bond Proceeds. Principal proceeds of the Tax-Exempt Bonds in the amount of $993,823.10 are hereby appropriated for the purpose of paying the principal and interest due on the Prior Bonds on December 1, 2016 and the interest due on the Prior Bonds on June 1, 2017. Principal proceeds of the Taxable Bonds in the amount of $411,227.40 are hereby appropriated for the purpose of paying a portion of the principal and the interest due on the 2004 Bonds and the 2013 Bonds on December 1, 2016 and a portion of the interest due on the 2004

Bonds and the 2013 Bonds on June 1, 2017. Such proceeds are hereby ordered deposited in escrow pursuant to an Escrow Letter Agreement to be entered into between the District and The Bank of New York Mellon Trust Company, N.A., Chicago, Illinois, as escrow agent (the *"Escrow Agent"*), in substantially the form attached hereto as *Exhibit B* (the *"Escrow Agreement"*) and made a part hereof by this reference. The Board approves the form, terms and provisions of the Escrow Agreement and directs the President and Secretary of the Board to attest, seal and deliver the Escrow Agreement in the name and on behalf of the District. The balance of the principal proceeds of the Bonds are hereby appropriated to pay the costs of issuance of the Bonds. At the time of the issuance of the Bonds, the costs of issuance of the Bonds may be paid by the Purchaser on behalf of the District from the proceeds of the Bonds. Notwithstanding anything herein to the contrary, the Board may direct the Escrow Agent to apply proceeds of the Bonds to (a) the payment of the principal of and interest on the Prior Bonds on any redemption date of the Prior Bond, or (b) payment of the principal of and interest on the Bonds if moneys on deposit with the Escrow Agent are no longer needed to make the debt service payment on December 1, 2016 and June 1, 2017.

Section 10. Non-Arbitrage and Tax-Exemption—Tax-Exempt Bonds. In this Section 10, *"Bonds"* means the Tax-Exempt Bonds. One purpose of this Section is to set forth various facts regarding the Bonds and to establish the expectations of the Board and the District as to future events regarding the Bonds and the use of Bond proceeds. The certifications, covenants and representations contained herein and in the Federal Tax Certificate and at the time of the Closing are made on behalf of the District for the benefit of the owners from time to time of the Bonds. In addition to providing the certifications, covenants and representations contained herein and the Federal Tax Certificate, the District hereby covenants that it will not take any action, omit to take any action or permit the taking or omission of any action within its control (including, without limitation, making or permitting any use of the proceeds of the Bonds) if taking, permitting or omitting to take such action would cause any of the Bonds to be an arbitrage bond or a private activity bond within the meaning of the Internal Revenue Code of 1986, as amended, or would otherwise cause the interest on the Bonds to be included in the gross income of the recipients thereof for federal income tax purposes. The District acknowledges that, in the event of an examination by the Internal Revenue Service (the *"IRS"*) of the exemption from federal income taxation for interest paid on the Bonds, under present rules, the District may be treated as a "taxpayer" in such examination and agrees that it will respond in a commercially reasonable manner to any inquiries from the IRS in connection with such an examination. The Board and the District certify, covenant and represent as follows:

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

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