STATE OF ILLINOIS

STEPHENSON COUNTY

CITY OF FREEPORT

CERTIFICATION OF ORDINANCE

I, Martha Zuravel, do hereby certify that I am the duly qualified and acting City Clerk of the City of Freeport, Stephenson County, Illinois, and as such official I am the keeper of the records and files of the City Council (the "Corporate Authorities").

I do further certify that the attached ordinance constitutes a full, true and correct excerpt from the proceedings of the regular meeting of the Corporate Authorities held on the 2nd of February 2015, insofar as same relates to the adoption of an ordinance numbered and entitled:

ORDINANCE NO. 2015-09

AN ORDINANCE AUTHORIZING THE CITY OF FREEPORT, STEPHENSON COUNTY, ILLINOIS, TO BORROW FUNDS FROM THE PUBLIC WATER SUPPLY LOAN PROGRAM AND AUTHORIZING LOAN AGREEMENT (HOME RULE ENTITY – CITY OF FREEPORT)

I do further certify that the deliberations of the Corporate Authorities on the adoption of such Ordinance were taken openly, that the adoption of such Ordinance was duly moved and seconded, that the vote on the adoption of such Ordinance was taken openly and was preceded by a public recital of the nature of the matter being considered and such other information as would inform the public of the business being conducted, that such meeting was held at a specified time and place convenient to the public, that the agenda for the meeting was duly posted continuously on the website and at the City Hall at least 48 hours prior to the meeting; that notice of such meeting was duly given to all of the news media requesting such notice, that such meeting was called and held in strict compliance with the provisions of the open meeting laws of the State of Illinois, as amended, and the Illinois Municipal Code, as amended, and that the Corporate Authorities have complied with all of the applicable provisions of such open meeting laws and such Code and their procedural rules in the adoption of such Ordinance.

IN WITNESS WHEREOF, I hereunto affix my official signature and seal of the City of Freeport, Illinois, this 3rd day of February, 2015.

[Signature]

City Clerk

(Seal)
CITY OF FREEPORT

STEPHENSON COUNTY, ILLINOIS

ORDINANCE NO. 2015-09

AN ORDINANCE AUTHORIZING THE CITY OF FREEPORT, STEPHENSON COUNTY, ILLINOIS, TO BORROW FUNDS FROM THE PUBLIC WATER SUPPLY LOAN PROGRAM AND AUTHORIZING LOAN AGREEMENT (HOME RULE ENTITY – CITY OF FREEPORT)

ADOPTED BY THE

CITY COUNCIL

OF THE

CITY OF FREEPORT, ILLINOIS

THIS 2ND DAY OF FEBRUARY, 2015

Published in pamphlet form by authority of the City Council of the City of Freeport, Stephenson County, Illinois, this 3RD day of FEBRUARY, 2015.
WHEREAS, the City of Freeport, Stephenson County, Illinois, operates its public water supply system ("the System"), and in accordance with the provisions of Article VII, Section 6 of the Illinois Constitution of 1970 and the Local Government Debt Reform Act, 30 ILCS 350/l (collectively, "the Act") and;

WHEREAS, the City Council of the City of Freeport has determined that it is advisable, necessary, and in the best interest of public health, safety, and welfare to improve the System, including the following:

PROJECT DESCRIPTION:
Water System improvements, including an estimated 21,080 feet of water main upgrades to 12" and 16" diameter in key areas that would provide adequate water transmission lines from the new Well No. 9 to the new Elevated Tank and improvements to pressure zones, including the replacement of 10,310 feet of 6-8 inch water main and the replacement of 75 valves, together with any land or rights in the land and all electrical, mechanical, or other services necessary, useful or advisable to the construction and installation (the Project), all in accordance with the plans and specifications prepared by consulting engineers of the City; which Project has a useful life of 50+ years; and

WHEREAS, the estimated cost of construction and installation of the Project, including engineering, legal, financial, and other related expenses is $7,967,100, and there are insufficient funds on-hand and lawfully available to pay these costs; and

WHEREAS, the loan shall bear an interest rate as defined by 35 Ill. Adm. Code 662, which does not exceed the maximum rate authorized by the Bond Authorization Act, as amended, 30 ILCS 305/0.01 et seq., at the time of the issuance of the loan; and

WHEREAS, the principal and interest payment shall be payable semi-annually, and the loan shall mature in 20 years, which is within the period of useful life of the Project; and

WHEREAS, the costs are expected to be paid for with a loan to the City of Freeport from the Public Water Supply Loan Program through the Illinois Environmental Protection Agency, the loan to be repaid from revenues generated by a Capital Improvement Program (CIP) monthly increase to system users in an amount sufficient to repay the loan over the twenty (20) year loan period, and the loan is authorized to be accepted at this time pursuant to the Act; and
WHEREAS, in accordance with the provisions of the Act, the City of Freeport is authorized to borrow funds from the Public Water Supply Loan Program in the aggregate principal amount of $7,967,100 to provide funds to pay the costs of the Project; and

WHEREAS, the loan to the City of Freeport shall be made pursuant to a Loan Agreement, including certain terms and conditions, between the City of Freeport and the Illinois Environmental Protection Agency;

NOW THEREFORE, be it ordained by the Corporate Authorities of the City of Freeport, Stephenson County, Illinois as follows:

Section 1. Incorporation Of Preambles
The Corporate Authorities hereby find that the recitals contained in the preambles are true and correct, and incorporate them into this Ordinance by this reference.

Section 2. Determination To Borrow Funds
It is necessary and in the best interests of the City of Freeport to construct the Project for the public health, safety and welfare, in accordance with the plans and specifications, as described; that the System continues to be operated in accordance with the provision of the Act; and that for the purpose of constructing the Project, it is hereby authorized that funds be borrowed by the City of Freeport in an aggregate principal amount (which can include construction period interest financed over the term of the loan) not to exceed $7,967,100.

Section 3. Additional Ordinances
The Corporate Authorities may adopt additional ordinances or proceedings supplementing or amending this Ordinance providing for entering into the Loan Agreement with the Illinois Environmental Protection Agency, prescribing all the details of the Loan Agreement, and providing for the collection, segregation and distribution of the revenues of the system, so long as the maximum amount of the Loan Agreement as set forth in this Ordinance is not exceeded and there is no material change in the Project or purposes described herein. Any additional ordinances or proceedings shall in all instances become effective in accordance with the Act or other applicable laws. This Ordinance, together with such additional ordinances or proceedings, shall constitute complete authority for entering into the Loan Agreement under applicable law. However, notwithstanding the above, the City of Freeport 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 of Freeport, to pay the principal and interest due to the Public Water Supply Loan Program without the written consent of the Illinois Environmental Protection Agency.

Section 4. Loan Not Indebtedness of City Of Freeport
Repayment of the loan to the Illinois Environmental Protection Agency by the City of Freeport pursuant to this Ordinance is to be from revenues generated by a Capital Improvement Program (CIP) monthly increase to system users in an amount sufficient
to repay the loan over the twenty (20) year loan period and the loan does not constitute an indebtedness of the City of Freeport within the meaning of any constitutional or statutory limitation.

**Section 5. Application For Loan**
The Mayor is hereby authorized to make application to the Illinois Environmental Protection Agency for a loan through the Public Water Supply Loan Program, in accordance with the loan requirements set out in 35 Ill. Adm. Code 662.

**Section 6. Acceptance Of Loan Agreement**
The Corporate Authorities hereby authorize acceptance of the offer of a loan through the Public Water Supply Loan Program, including all terms and conditions of the Loan Agreement as well as all special conditions contained therein and made a part thereof by reference. The Corporate Authorities further agree that the loan funds awarded shall be used solely for the purposes of the project as approved by the Illinois Environmental Protection Agency in accordance with the terms and conditions of the Loan Agreement.

**Section 7. Authorization Of The Mayor To Execute Loan Agreement**
The Mayor is hereby authorized and directed to execute the Loan Agreement with the Illinois Environmental Protection Agency. The Corporate Authorities may authorize by resolution a person other than the Mayor for the sole purpose of authorizing or executing any documents associated with payment requests or reimbursements from the Illinois Environmental Protection Agency in connection with this loan.

**Section 8. Reserve Accounts**
As long as the City of Freeport has outstanding revenue bonds payable from revenues of the system that are senior to the revenue bond authorized by this ordinance, the City of Freeport shall maintain an account, coverage and reserves equivalent to the accounts, coverages and reserves required by the outstanding ordinances.

**Section 9. Severability**
If any section, paragraph, clause or provision of this Ordinance is held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provision of this Ordinance.

**Section 10. Repealer**
All ordinances, resolutions or orders, or parts thereof, which conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed.
PASSED BY THE CITY COUNCIL OF THE CITY OF FREEPORT, ILLINOIS this 2nd day of February, 2015.

Martha E. Zuravel City Clerk

YEAS: Klemm, Boldt, Bush, DeVine, Endress, and Brashaw (6)
NAYS: Koester and Crutchfield (2)
ABSTAIN: none
PRESENT: Eight Alderpersons

APPROVED by the Mayor of the City of Freeport this 3rd day of February, 2015.

James L. Gitz, Mayor

Date Published: 02/03/2015
Date Effective: 02/03/2015