

RESOLUTION providing for the issue of \$4,630,000 General Obligation Limited Tax Bonds, Series 2010, of School District Number 116, Champaign County, Illinois, and for the levy of a direct annual tax to pay the principal and interest on said bonds.

\* \* \*

WHEREAS, pursuant to the provisions of Article 20 of the School Code of the State of Illinois (the “*Act*”), and all laws amendatory thereof and supplementary thereto, School District Number 116, Champaign County, Illinois (the “*District*”), is authorized to create, establish, maintain and operate a Working Cash Fund in and for the District; and

WHEREAS, pursuant to authority of the provisions of said Article 20 the Board of Education of the District (the “*Board*”) adopted a resolution declaring its intention to avail of the provisions of said Article and issue bonds of the District in the aggregate amount of \$6,000,000 for working cash fund purposes as in and by said Article 20 provided (the “*Working Cash Fund Bonds*”); and

WHEREAS, pursuant to and in accordance with the Act and the provisions of Section 5 of the Local Government Debt Reform Act of the State of Illinois, as amended, notice of intention to issue said bonds pursuant to the provisions of said Article 20 was published in the *Champaign News-Gazette*, the same being a newspaper of general circulation in the District, and an affidavit evidencing the publication of such notice of intention, together with a newspaper clipping of such notice as published attached thereto, have heretofore been presented to the Board and made a part of the permanent records of the Board; and

WHEREAS, more than thirty (30) days have expired since the date of the publishing of such notice of intention to issue said bonds, and no petition with the requisite number of valid signatures thereon has been filed with the Secretary of the Board requesting that the proposition to issue said bonds as authorized by the provisions of said Article 20 be submitted to the legal voters of the District; and

WHEREAS, the District is a duly organized and operating school district, is now operating under the provisions of the Act, and, as such, is a “*local public entity*” as defined in the Local Governmental and Governmental Employees Tort Immunity Act of the State of Illinois, as amended (the “*Tort Immunity Act*”); and

WHEREAS, Section 9-105 of the Tort Immunity Act authorizes the Board when it considers the action advisable, to issue general obligation bonds without referendum for the payment of any cost, liability or loss against which the District may protect itself or self-insure pursuant to Section 9-103 of the Tort Immunity Act or for the payment of which the District may levy a tax pursuant to Section 9-107 of the Tort Immunity Act, including, without limitation, any or all “*tort judgments*” or “*settlements*” (as such terms are defined in the Tort Immunity Act) entered against or entered into by the District (the “*Payments*”); and

WHEREAS, the Board has heretofore determined and does hereby determine that it is advisable, necessary and in the best interests of the District to provide for Payments associated with the Jon White matter in the amount of \$1,645,000 as permitted by the Tort Immunity Act; and

WHEREAS, it is necessary and in the best interests of the District that the sum of \$1,645,000 be borrowed at this time for making the Payments, and in evidence of such indebtedness, general obligation bonds of the District in the principal amount of \$1,645,000 be issued without referendum as authorized by Section 9-105 of the Tort Immunity Act (the “*Tort Bonds*”); 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, on the 1st day of December, 2009, executed an Order calling a public hearing (the “*Hearing*”) for the 15th day of December, 2009, concerning the intent of the Board to sell said 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 *Champaign News-Gazette*, the same being a newspaper of general circulation in the District, and (ii) by posting at least 48 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 December, 2009, 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 December, 2009; and

WHEREAS, the Board is now authorized to issue bonds to the amount of \$6,000,000 as authorized by the provisions of said Article 20 for working cash fund purposes and bonds to the amount of \$1,645,000 as authorized by the provisions of the Tort Immunity Act and to levy taxes to pay principal of and interest on such bonds; and

WHEREAS, the Board deems it advisable, necessary and for the best interests of the District that \$2,985,000 of the Working Cash Fund Bonds and \$1,645,000 of the Tort Bonds so authorized be issued at this time in an aggregate principal amount of \$4,630,000; and

WHEREAS, the bonds so authorized shall be issued as limited bonds under the provisions of Section 15.01 of the Local Government Debt Reform Act of the State of Illinois, as amended (the "*Debt Reform Act*"), and as such it is not necessary to submit the proposition of the issuance of the bonds to the voters of the District for approval:

NOW, THEREFORE, Be It and It Is Hereby Resolved by the Board of Education of School District Number 116, Champaign County, Illinois, as follows:

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

*Section 2. Authorization.* It is hereby found and determined that the working cash fund of the District be increased and the Board has been authorized by law to borrow the sum of \$6,000,000 upon the credit of the District and as evidence of such indebtedness to issue Working Cash Fund Bonds of the District in said amount, the proceeds of said Working Cash Fund Bonds to be used for working cash fund purposes, and that it is necessary and for the best interests of the District that there be issued at this time \$2,985,000 of the Working Cash Fund Bonds so authorized. It is hereby found and determined that the Board has been authorized by law to borrow the sum of \$1,645,000 upon the credit of the District and as evidence of such indebtedness to issue Tort Bonds of the District in said amount, the proceeds of said bonds to be used for the Payments, and that it is necessary and in the best interests of the District that \$1,645,000 of said Tort Bonds be issued at this time.

*Section 3. Bond Details.* There be borrowed on the credit of and for and on behalf of the District the sum of \$2,985,000 for working cash fund purposes; and that bonds of the District shall be issued in said amount and shall be designated “General Obligation Limited Tax Bonds, Series 2010A” (the “2010A Bonds”). The 2010A Bonds shall be dated February 23, 2010, and shall also bear the date of authentication, shall be in fully registered form, shall be in denominations of \$5,000 each and authorized integral multiples thereof (but no single 2010A Bond shall represent installments of principal maturing on more than one date), shall be numbered 1 and upward, and the 2010A Bonds shall become due and payable (without option of prior redemption but subject to prior mandatory redemption as provided herein) on January 1, 2013, and shall bear interest at the rate of 2.52% per annum.

There be borrowed on the credit of and for and on behalf of the District the sum of \$765,000 for the tort judgment purposes; and that bonds of the District shall be issued in said amount and shall be designated “General Obligation Limited Tax Bonds, Series 2010B” (the

*“2010B Bonds”*). The 2010B Bonds shall be dated February 23, 2010, and shall also bear the date of authentication, shall be in fully registered form, shall be in denominations of \$5,000 each and authorized integral multiples thereof (but no single 2010B Bond shall represent installments of principal maturing on more than one date), shall be numbered 1 and upward, and the 2010B Bonds shall become due and payable (without option of prior redemption but subject to prior mandatory redemption as provided herein) on January 1, 2015, and shall bear interest at the rate of 3.30% per annum.

There be borrowed on the credit of and for and on behalf of the District the sum of \$880,000 for the tort judgment purposes; and that bonds of the District shall be issued in said amount and shall be designated *“Taxable General Obligation Limited Tax Bonds, Series 2010C”* (the *“2010C Bonds”* and, together with the 2010A Bonds and the 2010B Bonds, the *“Bonds”*). The 2010C Bonds shall be dated February 23, 2010, and shall also bear the date of authentication, shall be in fully registered form, shall be in denominations of \$5,000 each and authorized integral multiples thereof (but no single 2010C Bond shall represent installments of principal maturing on more than one date), shall be numbered 1 and upward, and the 2010C Bonds shall become due and payable (without option of prior redemption but subject to prior mandatory redemption as provided herein) on January 1, 2013, and shall bear interest at the rate of 3.88% per annum.

The Bonds shall bear interest from their date or from the most recent interest payment date to which interest has been paid or duly provided for, 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 January 1 and July 1 of each year, commencing on July 1, 2010. Interest on each Bond shall be paid by check or draft of Commerce Trust Company, Kansas City, Missouri (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 the 15th day of the month next preceding the interest payment date. The principal of the Bonds shall be payable in lawful money of the United States of America at the principal corporate trust office of the Bond Registrar.

The Bonds shall be signed by the President and Secretary of the Board, and shall be registered, numbered and countersigned by the School Treasurer who receives the taxes of the District, 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.

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 Resolution 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 Resolution. 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.* (a) *General.* The District shall cause books (the "*Bond Register*") for the registration and for the transfer of the Bonds as provided in this Resolution to be kept at the principal corporate trust 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 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 his 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 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 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 maturity authenticated by the Bond Registrar shall not exceed the authorized principal amount of Bonds for such maturity less previous retirements.

The Bond Registrar shall not be required to transfer or exchange any Bond during the period beginning at the close of business on the 15th day of the month next preceding any interest payment date on such Bond and ending at the opening of business 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 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 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, except in the case of the issuance of a Bond or Bonds for the unredeemed portion of a Bond surrendered for redemption.

(b) *Global Book-Entry System.* If requested by the hereinafter defined Purchaser, the Bonds shall be initially issued in the form of a separate single fully registered Bond for each of the maturities of the Bonds determined as described in Section 3 hereof. Upon initial issuance, the ownership of each such Bond shall be registered in the Bond Register in the name of Cede & Co., or any successor thereto ("*Cede*"), as nominee of The Depository Trust Company, New York, New York, and its successors and assigns ("*DTC*"). All of the outstanding Bonds shall be registered in the Bond Register in the name of Cede, as nominee of DTC, except as hereinafter provided. The President and Secretary of the Board, the Superintendent and chief business official of the District and the Bond Registrar are each authorized to execute and deliver, on behalf of the District, such letters to or agreements with DTC as shall be necessary to effectuate such book-entry system (any such letter or agreement being referred to herein as the "*Representation Letter*"), which Representation Letter may provide for the payment of principal of or interest on the Bonds by wire transfer.

With respect to Bonds registered in the Bond Register in the name of Cede, as nominee of DTC, the District and the Bond Registrar shall have no responsibility or obligation to any broker-dealer, bank or other financial institution for which DTC holds Bonds from time to time as securities depository (each such broker-dealer, bank or other financial institution being referred to herein as a "*DTC Participant*") or to any person on behalf of whom such a DTC Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence,



the District and the Bond Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC 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 (iii) the payment to any DTC 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 the principal of or interest on the Bonds. The District and the Bond Registrar may treat and consider the person in whose name each Bond is registered in the Bond Register as the holder and absolute owner of such Bond for the purpose of payment of principal and interest with respect to such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Bond Registrar shall pay all principal of and interest on the Bonds only to or upon the order of the respective registered owners of the Bonds, as shown in the Bond Register, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the District's obligations with respect to payment of the principal of and interest on the Bonds to the extent of the sum or sums so paid. No person other than a registered owner of a Bond as shown in the Bond Register, shall receive a Bond evidencing the obligation of the District to make payments of principal and interest with respect to any Bond. Upon delivery by DTC to the Bond Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede, and subject to the provisions in Section 3 hereof with respect to the payment of interest to the registered owners of Bonds at the close of business on the 15th day of the month next preceding the applicable interest payment date, the name "Cede" in this Resolution shall refer to such new nominee of DTC.

In the event that (i) the District determines that DTC is incapable of discharging its responsibilities described herein and in the Representation Letter, (ii) the agreement among the District, the Bond Registrar and DTC evidenced by the Representation Letter shall be terminated for any reason or (iii) the District determines that it is in the best interests of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, the District shall notify DTC and DTC Participants of the availability through DTC of certificated Bonds and the Bonds shall no longer be restricted to being registered in the Bond Register in the name of Cede, as nominee of DTC. At that time, the District may determine that the Bonds shall be registered in the name of and deposited with such other depository operating a universal book-entry system, as may be acceptable to the District, or such depository's agent or designee, and if the District does not select such alternate universal 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 of Section 4(a) hereof.

Notwithstanding any other provisions of this Resolution to the contrary, so long as any Bond is registered in the name of Cede, as nominee of DTC, 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 name provided in the Representation Letter.

*Section 5. Redemption.* The 2010A Bonds are subject to mandatory redemption, in integral multiples of \$5,000 selected by lot by the Bond Registrar, at a redemption price of par plus accrued interest to the redemption date, on January 1 of the years and in the principal amounts as follows:

YEAR	PRINCIPAL AMOUNT
2011	\$ 340,000
2012	1,235,000
2013 (maturity)	1,410,000

The 2010B Bonds are subject to mandatory redemption, in integral multiples of \$5,000 selected by lot by the Bond Registrar, at a redemption price of par plus accrued interest to the redemption date, on January 1 of the years and in the principal amounts as follows:

YEAR	PRINCIPAL AMOUNT
2013	\$ 40,000
2014	350,000
2015 (maturity)	375,000

The 2010C Bonds are subject to mandatory redemption, in integral multiples of \$5,000 selected by lot by the Bond Registrar, at a redemption price of par plus accrued interest to the redemption date, on January 1 of the years and in the principal amounts as follows:

YEAR	PRINCIPAL AMOUNT
2011	\$290,000
2012	305,000
2013 (maturity)	285,000

The Bonds shall be redeemed only in the principal amount of \$5,000 and integral multiples thereof. For purposes of any redemption of less than all of the outstanding Bonds of a single maturity, the particular Bonds or portions of Bonds to be redeemed shall be selected by lot by the Bond Registrar from the Bonds of such maturity by such method of lottery as the Bond Registrar shall deem fair and appropriate; *provided* that such lottery shall provide for the selection for redemption of Bonds or portions thereof so that any \$5,000 Bond or \$5,000 portion of a Bond shall be as likely to be called for redemption as any other such \$5,000 Bond or \$5,000 portion. The Bond Registrar shall make such selection upon the earlier of the irrevocable deposit of funds with an escrow agent sufficient to pay the redemption price of the Bonds to be redeemed or the time of the giving of official notice of redemption.

The Bond Registrar shall promptly notify the District in writing of the Bonds or portions of Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed.

*Section 6. Redemption Procedure.* Unless waived by any holder of Bonds to be redeemed, notice of the call for any such redemption shall be given by the Bond Registrar on behalf of the District by mailing the redemption notice by first class 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.

All notices of redemption shall state:

- (1) the redemption date,
- (2) the redemption price,
- (3) if less than all outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed,
- (4) that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date,
- (5) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal corporate trust office of the Bond Registrar, and
- (6) such other information then required by custom, practice or industry standard.

Unless moneys sufficient to pay the redemption price of the Bonds to be redeemed shall have been received by the Bond Registrar prior to the giving of such notice of redemption, such notice may, at the option of the District, state that said redemption shall be conditional upon the receipt of such moneys by the Bond Registrar on or prior to the date fixed for redemption. If

such moneys are not received, such notice shall be of no force and effect, the District shall not redeem such Bonds, and the Bond Registrar shall give notice, in the same manner in which the notice of redemption shall have been given, that such moneys were not so received and that such Bonds will not be redeemed. Otherwise, prior to any redemption date, the District shall deposit with the Bond Registrar an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on that date.

Subject to the provisions for a conditional redemption described above, 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 District 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 Bond Registrar 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 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 cancelled and destroyed by the Bond Registrar and shall not be reissued.

*Section 7. Form of Bond.* The Bonds shall be in substantially the following form; *provided, however,* that if the text of the Bond is to be printed in its entirety on the front side of the Bond, then paragraph [2] and the legend, “See Reverse Side for Additional Provisions”, shall be omitted and paragraphs [6] through [11] shall be inserted immediately after paragraph [1]:

(Form of Bond - Front Side)

REGISTERED  
NO. 1

REGISTERED  
\$ \_\_\_\_\_

**UNITED STATES OF AMERICA**

**STATE OF ILLINOIS**

**COUNTY OF CHAMPAIGN**

**SCHOOL DISTRICT NUMBER 116**

**[TAXABLE] GENERAL OBLIGATION LIMITED TAX BOND, SERIES 2010[A][B][C]**

See Reverse Side for  
Additional Provisions

Interest                      Maturity                      Dated  
Rate: \_\_\_\_%              Date: January 1, 20\_\_              Date: February 1, 2010              CUSIP \_\_\_\_\_

Registered Owner:

Principal Amount:

[1] KNOW ALL MEN BY THESE PRESENTS, that School District Number 116, Champaign County, Illinois (the “*District*”), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns as hereinafter provided, on the Maturity Date identified above, the Principal Amount identified above and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on such Principal Amount from the date of this Bond or from the most recent interest payment date to which interest has been paid at the Interest Rate per annum set forth above on January 1 and July 1 of each year, commencing July 1, 2010, until said Principal Amount is paid. Principal of this Bond is payable in lawful money of the United States of America upon presentation and surrender hereof at the principal corporate trust office of Commerce Trust Company, Kansas City, Missouri, as bond registrar and paying agent (the “*Bond Registrar*”). Payment of the installments of interest shall be made to the Registered Owner hereof as shown on the

registration books of the District maintained by the Bond Registrar, at the close of business on the 15th day of the month next preceding each interest payment date and shall be paid by check or draft of the Bond Registrar, payable upon presentation in lawful money of the United States of America, mailed to the address of such Registered Owner as it appears on such registration books or at such other address furnished in writing by such Registered Owner to the Bond Registrar.

[2] Reference is hereby made to the further provisions of this Bond set forth on the reverse hereof and such further provisions shall for all purposes have the same effect as if set forth at this place.

[3] It is hereby certified and recited that all conditions, acts and things required by law to exist or to be done precedent to and in the issuance of this Bond did exist, have happened, been done and performed in regular and due form and time as required by law; that the indebtedness of the District, including the issue of bonds of which this is one, does not exceed any limitation imposed by law; and that provision has been made for the collection of a direct annual tax to pay the interest hereon as it falls due and also to pay and discharge the principal hereof at maturity. Although this Bond constitutes a general obligation of the District and no limit exists on the rate of said direct annual tax, the amount of said tax is limited by the provisions of the Property Tax Extension Limitation Law of the State of Illinois, as amended (the "*Law*"). The Law provides that the annual amount of the taxes to be extended to pay the issue of bonds of which this Bond is one and all other limited bonds (as defined in the Local Government Debt Reform Act of the State of Illinois, as amended) heretofore and hereafter issued by the District shall not exceed the debt service extension base (as defined in the Law) of the District (the "*Base*") [less the amount extended to pay certain other non-referendum bonds [heretofore and] hereafter issued by the District], as more fully described in the proceedings of the District providing for the issue of this Bond. Payments on the Bonds from the Base will be

made on a parity with the payments on the outstanding limited bonds heretofore issued by the District. The District is authorized to issue from time to time additional limited bonds payable from the Base [and additional non-referendum bonds payable from property taxes unlimited as to rate or amount], as permitted by law, and to determine the lien priority of payments to be made from the Base to pay the District's limited bonds.

[4] 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.



[5] IN WITNESS WHEREOF, said School District Number 116, Champaign County, Illinois, by its Board of Education, has caused this Bond to be signed by the President and Secretary of said Board of Education, and to be registered, numbered and countersigned by the School Treasurer who receives the taxes of the District, all as of the Dated Date identified above.

\_\_\_\_\_  
SPECIMEN  
President, Board of Education

\_\_\_\_\_  
SPECIMEN  
Secretary, Board of Education

Registered, Numbered and Countersigned:

\_\_\_\_\_  
SPECIMEN  
School Treasurer

Date of Authentication: \_\_\_\_\_, 20\_\_

CERTIFICATE  
OF  
AUTHENTICATION

Bond Registrar and Paying Agent:  
Commerce Trust Company,  
Kansas City, Missouri

This Bond is one of the Bonds described in the within mentioned resolution and is one of the [Taxable] General Obligation Limited Tax Bonds, Series 2010[A][B][C], of School District Number 116, Champaign County, Illinois.

COMMERCE TRUST COMPANY,  
as Bond Registrar

By \_\_\_\_\_  
SPECIMEN  
Authorized Officer

[Form of Bond - Reverse Side]

**SCHOOL DISTRICT NUMBER 116**

**CHAMPAIGN COUNTY, ILLINOIS**

**[TAXABLE ] GENERAL OBLIGATION LIMITED TAX BOND, SERIES 2010[A][B][C]**

[6] [This Bond is one of a series of bonds issued by the District for working cash fund purposes, in full compliance with the provisions of the School Code of the State of Illinois, and the Local Government Debt Reform Act of the State of Illinois, and all laws amendatory thereof and supplementary thereto, and is authorized by the Board of Education of the District by resolutions duly and properly adopted for that purpose, in all respects as provided by law.] [This Bond is one of a series of bonds issued by the District for the payment of any cost, liability or loss against which the District may protect itself or self-insure pursuant to Section 9-103 of the Local Governmental and Governmental Employees Tort Immunity Act of the State of Illinois, as amended (the "*Tort Immunity Act*"), or for the payment of which the District may levy a tax pursuant to Section 9-107 of the Tort Immunity Act, including, without limitation, the payment of any or all tort judgments or settlements entered against or entered into by the District, in full compliance with the provisions of the Tort Immunity Act, the School Code of the State of Illinois, and the Local Government Debt Reform Act of the State of Illinois, and all laws amendatory thereof and supplementary thereto, and is authorized by the Board of Education of the District by a resolution duly and properly adopted for that purpose, in all respects as provided by law.]

[7] The Bonds are subject to mandatory redemption, in integral multiples of \$5,000 selected by lot by the Bond Registrar, at a redemption price of par plus accrued interest to the redemption date, on January 1 of the years and in the principal amounts as follows:

YEAR	PRINCIPAL AMOUNT
2011	\$ 340,000
2012	1,235,000
2013 (maturity)	1,410,000

[7] The Bonds due are subject to mandatory redemption, in integral multiples of \$5,000 selected by lot by the Bond Registrar, at a redemption price of par plus accrued interest to the redemption date, on January 1 of the years and in the principal amounts as follows:

YEAR	PRINCIPAL AMOUNT
2013	\$ 40,000
2014	350,000
2015 (maturity)	375,000

[7] The Bonds due are subject to mandatory redemption, in integral multiples of \$5,000 selected by lot by the Bond Registrar, at a redemption price of par plus accrued interest to the redemption date, on January 1 of the years and in the principal amounts as follows:

YEAR	PRINCIPAL AMOUNT
2011	\$290,000
2012	305,000
2013 (maturity)	285,000

[8] Notice of any such redemption shall be sent by first class mail not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books of the District maintained by the Bond Registrar or at such other address as is furnished in writing by such registered owner to the Bond Registrar. When so called for redemption, this Bond will

cease to bear interest on the specified redemption date, provided funds for redemption are on deposit at the place of payment at that time, and shall not be deemed to be outstanding.

[9] This Bond is transferable by the registered holder hereof in person or by his attorney duly authorized in writing at the principal corporate trust office of the Bond Registrar in Kansas City, Missouri, but only in the manner, subject to the limitations and upon payment of the charges provided in the authorizing resolution, and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds of authorized denominations of the same maturity and for the same aggregate principal amount will be issued to the transferee in exchange therefor.

[10] The Bonds are issued in fully registered form in the denomination of \$5,000 each or authorized integral multiples thereof. This Bond may be exchanged at the principal corporate trust office of the Bond Registrar for a like aggregate principal amount of Bonds of the same maturity of other authorized denominations, upon the terms set forth in the authorizing resolution. The Bond Registrar shall not be required to transfer or exchange any Bond during the period beginning at the close of business on the 15th day of the month next preceding any interest payment date on such Bond and ending at the opening of business on such interest payment date, except in the case of the issuance of a Bond or Bonds for the unredeemed portion of a Bond surrendered for redemption.

[11] The District and the Bond Registrar may deem and treat the registered holder hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes and neither the District nor the Bond Registrar shall be affected by any notice to the contrary.

(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 \_\_\_\_\_

\_\_\_\_\_ 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 8. Sale of Bonds.* The Bonds hereby authorized shall be executed as in this Resolution provided as soon after the passage hereof as may be, and thereupon be deposited with the School Treasurer who receives the taxes of the District, and be by said Treasurer delivered to Clayton Holdings, LLC, Clayton, Missouri (the "*Purchaser*"), upon receipt of the purchase price therefor, the same being \$2,985,000 for the 2010A Bonds, \$765,000 for the 2010B Bonds and \$880,000 for the 2010C Bonds, plus accrued interest, if any, to 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 interested, directly or indirectly, in his own name or in the name of any other person, association, trust or

corporation, in the Purchase Contract for the purchase of the Bonds; the surety bond executed by said Treasurer in connection with the issuance of the 2010A Bonds as required by Section 19-6 of the Act is hereby approved and shall be filed with the Regional Superintendent of Schools having jurisdiction over the District; and the Bonds before being issued shall be registered, numbered and countersigned by said Treasurer, such registration being made in a book provided for that purpose, in which shall be entered the record of the resolution authorizing the Board to borrow said money and a description of the Bonds issued, including the number, date, to whom issued, amount, rate of interest and when due.

The use by the Purchaser of any Preliminary Official Statement and any final Official Statement or other offering documents relating to the Bonds (the “*Official Statement*”) is hereby ratified, approved and authorized; the execution and delivery of the Official Statement is hereby authorized; and the officers of the Board are hereby authorized to take any action as may be required on the part of the District to consummate the transactions contemplated by the Purchase Contract, this Resolution, said Preliminary Official Statement, the Official Statement and the Bonds.

*Section 9. Tax Levy.* In order to provide for the collection of a direct annual tax 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, 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 2010A Bonds, to-wit:

FOR THE YEAR	A TAX TO PRODUCE THE SUM OF:	
2009	\$ 405,819.25	for interest and principal up to and including January 1, 2011
2010	\$1,301,654.00	for interest and principal
2011	\$1,445,532.00	for interest and principal

and for the 2010B Bonds, to-wit:

FOR THE YEAR	A TAX TO PRODUCE THE SUM OF:	
2009	\$ 22,089.38	for interest and principal up to and including January 1, 2011
2010	\$ 25,245.00	for interest and principal
2011	\$ 65,245.00	for interest and principal
2012	\$373,925.00	for interest and principal
2013	\$387,375.00	for interest and principal

and for the 2010C Bonds, to-wit:

FOR THE YEAR	A TAX TO PRODUCE THE SUM OF:	
2009	\$319,876.00	for interest and principal up to and including January 1, 2011
2010	\$327,892.00	for interest and principal
2011	\$296,058.00	for interest and principal

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 10. Filing of Resolution.* Forthwith upon the passage of this Resolution, the Secretary of the Board is hereby directed to file a certified copy of this Resolution with the County Clerk of Champaign County, Illinois (the “*County Clerk*”), and it shall be the duty of the

County Clerk to annually in and for each of the years 2009 to 2013, inclusive, 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 each of said years for school purposes, in order to raise the respective amounts aforesaid and in each of said years 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 school purposes of the District, and when collected, the taxes hereby levied shall be placed to the credit of the special fund to be designated "School Bond and Interest Fund of 2010" (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; and a certified copy of this Resolution shall also be filed with the School Treasurer who receives the taxes of the District. Interest earnings on the Bond Fund and the Working Cash Fund (hereinafter defined) have not been earmarked or restricted by the Board for a designated purpose.

*Section 11. Limitation on Extension; General Obligation Pledge; Additional Obligations.* Notwithstanding any other provision of this Resolution, the annual amount of the taxes to be extended by the County Clerk to pay the Bonds and all other limited bonds (as defined in the Debt Reform Act) heretofore and hereafter issued by the District shall not exceed the debt service extension base (as defined in the Property Tax Extension Limitation Law of the State of Illinois, as amended) of the District (the "*Base*") less the amount extended to pay (a) the District's outstanding General Obligation Refunding School Bonds, Series 2002 and (b) unlimited tax bonds issued to refund such bonds described in (a).

No limit, however, exists on the rate of the direct annual tax levied herein, and the Bonds shall constitute a general obligation of the District.



Payments on the Bonds from the Base will be made on a parity with the payments on the District's outstanding General Obligation Limited Tax Bonds, Series 2009. The District is authorized to issue from time to time additional limited bonds payable from the Base and additional non-referendum bonds payable from property taxes unlimited as to rate or amount, as permitted by law, and to determine the lien priority of payments to be made from the Base to pay the District's limited bonds.

*Section 12. Use of Bond Proceeds.* All moneys derived from the issuance of the Bonds hereby authorized shall be used only for the purpose and in the manner provided by the Act and the Tort Immunity Act. Accrued interest received on the delivery of the Bonds is hereby appropriated for the purpose of paying first interest due on the Bonds and is hereby ordered deposited into the Bond Fund.

The principal proceeds of the 2010A Bonds and any premium received on the delivery of the 2010A Bonds are hereby appropriated to pay the costs of issuance of the 2010A Bonds and for working cash fund purposes, and that portion thereof not needed to pay such costs shall be set aside in a separate fund known and designated as the "Working Cash Fund of School District Number 116, Champaign County, Illinois," which said fund shall be held apart, maintained and administered as provided in Article 20 of the Act at least until all the 2010A Bonds have been retired, and shall not be used for any other purpose whatsoever.

The principal proceeds of the 2010B Bonds and the 2010C Bonds and any premium received on the delivery of the 2010B Bonds and the 2010C Bonds are hereby appropriated to pay the costs of issuance of the 2010B Bonds and the 2010C Bonds and for making the Payments and not for creating a reserve therefor, and that portion thereof not needed to pay such costs shall be set aside in a separate fund known and designated as the "Tort Immunity Fund of School District Number 116, Champaign County, Illinois," which said fund shall be held apart,

maintained and administered as provided in the Tort Immunity Act. 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.

*Section 13. Non-Arbitrage and Tax-Exemption; 2010A Bonds and 2010B Bonds.* 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 2010A Bonds and 2010B Bonds (the “*Tax-exempt Bonds*”) if taking, permitting or omitting to take such action would cause any of the Tax-exempt Bonds to be an arbitrage bond or a private activity bond within the meaning of the Internal Revenue Code of 1986, as amended (the “*Code*”), or would otherwise cause the interest on the Tax-exempt 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 of the exemption from Federal income taxation for interest paid on the Tax-exempt 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 Internal Revenue Service in connection with such an examination.

The District also agrees and covenants with the purchasers and holders of the Tax-exempt 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 Tax-exempt Bonds and affects the tax-exempt status of the Tax-exempt Bonds.

The Board hereby authorizes the officials of the District responsible for issuing the Tax-exempt Bonds, the same being the President and Secretary of the Board and the School Treasurer who receives the taxes of the District, to make such further covenants and certifications regarding the specific use of the proceeds of the Tax-exempt Bonds as approved by the Board

and as may be necessary to assure that the use thereof will not cause the Tax-exempt Bonds to be arbitrage bonds and to assure that the interest on the Tax-exempt 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 Tax-exempt 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 Tax-exempt 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 pay fiscal agents, financial advisors, attorneys, and other persons to assist the District in such compliance.

*Section 14. Designation of Issue.* The District hereby designates each of the Tax-exempt Bonds as a “qualified tax-exempt obligation” for the purposes and within the meaning of Section 265(b)(3) of the Code.

*Section 15. Registered Form.* The District recognizes that Section 149(a) of the Code requires the Tax-exempt Bonds to be issued and to remain in fully registered form in order that interest thereon is exempt from federal income taxation under laws in force at the time the Tax-exempt Bonds are delivered. In this connection, the District agrees that it will not take any action to permit the Tax-exempt Bonds to be issued in, or converted into, bearer or coupon form.

*Section 16. List of Bondholders.* The Bond Registrar shall maintain a list of the names and addresses of the holders of all Bonds and upon any transfer shall add the name and address of the new Bondholder and eliminate the name and address of the transferor Bondholder.

*Section 17. Duties of Bond Registrar.* If requested by the Bond Registrar, the President and Secretary of the Board are authorized to execute the Bond Registrar’s standard form of

agreement between the District and the Bond Registrar with respect to the obligations and duties of the Bond Registrar hereunder which may include the following:

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

*Section 18. Severability.* If any section, paragraph, clause or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

*Section 19. Repeal.* All resolutions or parts thereof in conflict herewith be and the same are hereby repealed and this Resolution shall be in full force and effect forthwith upon its adoption.

Adopted February 2, 2010.

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President, Board of Education

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Secretary, Board of Education

