

ORDINANCE NO. 2002-02-012

AN ORDINANCE authorizing the sale of certain mortgage-backed certificates pledged to the Single Family Mortgage Revenue Bonds (GNMA Mortgage-Backed Securities Program), Series 1990, of the City of Moline, Illinois, the City of Rock Island, Illinois, and the City of Urbana, Illinois, jointly; authorizing the execution and delivery of certain documents in connection therewith; confirming the sale thereof; and related matters.

WHEREAS, the City of Urbana, Illinois (the "City") is a home rule unit of government under Section 6 of Article VII of the 1970 Constitution of the State of Illinois; and

WHEREAS, pursuant to the Constitution and the laws of the State of Illinois and particularly Section 6 of Article VII of the 1970 Constitution of the State of Illinois, the City is authorized to issue its revenue bonds for the purpose of financing the acquisition of mortgage loans for residential real property owned by persons of low and moderate income; and

WHEREAS, pursuant to the Constitution and the laws of the State of Illinois, and particularly Section 6 of Article VII of the 1970 Constitution and the laws of the State of Illinois, the City, jointly with the City of Moline, Illinois, and the City of Rock Island, Illinois (collectively, the "Issuers"), have previously issued their Single Family Mortgage Revenue Bonds (GNMA Mortgage-Backed Securities Program), Series 1990 (the "Bonds") pursuant to the Trust Indenture dated as of September 1, 1990 (the "Indenture") by and among the Issuers, jointly, and The First National Bank of Chicago, succeeded in trust by Bank One Trust Company, N.A., as Trustee (the "Trustee"), to finance the acquisition of certain mortgage-backed certificates (the "Securities") guaranteed by the Government National Mortgage Association ("GNMA"); and

WHEREAS, it is now considered necessary, desirable and in the public interest for the Issuers to sell the Securities pledged under the Indenture, as permitted by the Indenture, and to provide for the payment of the principal of, premium, if any, and interest on the outstanding Bonds upon redemption prior to maturity with the proceeds of such sale in accordance with the provisions of the Indenture; and

WHEREAS, it is necessary and desirable in connection with the sale of the Securities to execute certain other documents and instruments, including without limitation, a Letter of Instructions and Closing Certificate (the "Letter of Instructions");

WHEREAS, a form of the Letter of Instructions has been presented to this meeting;

NOW, THEREFORE, Be It Ordained by the City Council of the City of Urbana, Illinois, as follows:

Section 1. That it is the finding and declaration of the City that the sale of the Securities and the provision for the payment of the principal of, premium, if any, and interest on the Bonds through the sale of the Securities and the redemption of certain of the Bonds prior to maturity is advantageous to the City and therefore serves a valid public purpose.

Section 2. That the Mayor of the City is authorized, empowered and directed to undertake, together with the other Issuers, the sale of the Securities to one or more purchasers (the "Purchaser") to be approved by the Mayor of the City, at a purchase price which will be sufficient, together with other available moneys under the Indenture, are sufficient to provide for the payment of the principal of, premium, if any, and interest on the Bonds upon redemption; that the form, terms and provisions of the proposed Letter of Instructions presented to this meeting be, and they are hereby, in all respects approved; that the Mayor is hereby, authorized, empowered and directed to execute, and thereupon to cause the Letter of Instructions to be delivered to the Trustee; that the Letter of Instructions is to be in substantially the form presented to this meeting or with such changes therein as shall be approved by the Mayor of the City, his execution thereof to constitute conclusive evidence of his approval of any and all changes or revisions therein from the form of the Letter of Instructions before this meeting; that from and after the execution and delivery of the Letter of Instructions, the officers, officials, agents and employees of the City are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Letter of Instructions, as executed, including without limitation the execution of any assignment or assignments of the Securities; and that the Letter of Instructions shall constitute, and is hereby made, a part of this authorizing ordinance, and a copy of the Letter of Instructions shall be placed in the official records of the City and shall be available for public inspection at the principal office of the City; and that from and after the sale of the Securities, the officers, officials, agents and employees of the City are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with such sale of the Securities.

Section 3. That the Mayor and the City Clerk of the City, and the proper officers, officials, agents and employees of the City, are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents and certificates, including without limitation the execution of assignments of the Securities, as may be necessary to carry out and comply with the Indenture provisions relating to the sale of the Securities or the provision for the payment of the principal of, premium, if any, and interest on the Bonds upon redemption prior to maturity, and to further the purposes and intent of this authorizing ordinance, including the preamble to this authorizing ordinance.

Section 4. That all acts of the officers, officials, agents and employees of the City which are in conformity with the purposes and intent of this authorizing ordinance and in furtherance of the sale of the Securities and the other components of the Trust Estate and the provision for the payment of the principal of, premium, if any, and interest on the Bonds at maturity or upon redemption prior to maturity and the same hereby are, in all respects, approved and confirmed.

Section 5. That the provisions of this authorizing ordinance are hereby declared to be separable, and if any section, phrase or provision of this authorizing ordinance shall for any reason be declared to be invalid, such declaration shall not affect the validity of the remainder of the sections, phrases and provisions of this authorizing ordinance.

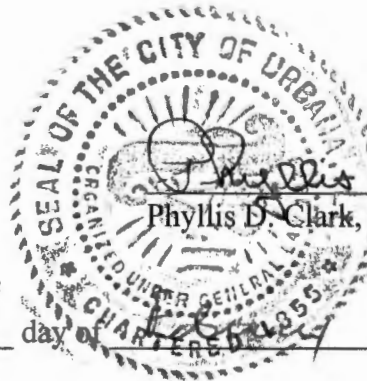
Section 6. That all ordinances, resolutions and orders, or parts thereof, in conflict with the provisions of this authorizing ordinance are, to the extent of such conflict, hereby superseded; and that this authorizing ordinance shall be in full force and effect upon its passage and approval, as provided by law.

PASSED by the City Council this 18th day of February, 2002.

AYES: Chynoweth, Hayes, Huth, Otto, Patt, Whelan, Wyman

NAYS: None

ABSTAINS: None



Phyllis D. Clark
Phyllis D. Clark, City Clerk

APPROVED by the Mayor this 21st day of February, 2002.

Tod Satterthwaite
Tod Satterthwaite, Mayor

\$18,000,000
CITY OF MOLINE, ILLINOIS
CITY OF ROCK ISLAND, ILLINOIS
CITY OF URBANA, ILLINOIS
Single Family Mortgage Revenue Bonds
(GNMA Mortgage-Backed Securities Program)
Series 1990

LETTER OF INSTRUCTIONS AND CLOSING CERTIFICATE

The CITY OF MOLINE, ILLINOIS, the CITY OF ROCK ISLAND, ILLINOIS and the CITY OF URBANA, ILLINOIS (the "Issuers") hereby irrevocably direct Bank One Trust Company, N.A., as trustee (by succession to The First National Bank of Chicago, Chicago, Illinois) (the "Trustee"), under a Trust Indenture dated as of September 1, 1990 (the "Indenture"), between the Issuers and the Trustee, securing the above-captioned bonds (the "Bonds"), to take the actions set forth below in connection with (i) the sale of the outstanding GNMA mortgage-backed certificates pledged under the Indenture (the "GNMA Certificates"), and (ii) the final redemption of the outstanding Bonds. Certain representations, warranties and covenants of the Issuers are also set forth below, and are made for the benefit of George K. Baum & Company, as purchaser of the GNMA Certificates (the "Purchaser"), Greenberg Traurig, LLP, as Bond Counsel, and the Trustee.

The following directions of the Issuers to the Trustee are irrevocable and binding on the Issuers and, together with the following representations and warranties of the Issuers, are given for the benefit of the Trustee, the Purchaser and Bond Counsel. No further instruction, approval or consent is required from the Issuers to the Trustee in connection with the sale and delivery of the GNMA Certificates from the Trustee to the Purchaser, or the provision for the redemption of the Bonds.

1. You are authorized and directed, in accordance with Section 4.04 of the Indenture to sell the outstanding GNMA Certificates to the Purchaser on February 27, 2002 (the "Closing Date").
2. You are also authorized and directed to execute any assignments or other documents with respect to the GNMA Certificates reasonably required by the Purchaser relating to the sale of the GNMA Certificates.
3. You shall be entitled to rely upon additional directions of the Purchaser relating to the delivery of the GNMA Certificates.
4. You shall not take any action to forgive any payment obligation with respect to a GNMA Certificate, or any payment obligation of any mortgagor under any Mortgage Loan, and you shall not take any action to rebate any payment previously made with respect to any GNMA Certificate or any Mortgage Loan.
5. Upon the closing of the sale of the GNMA Certificates, you shall provide for the redemption of all outstanding Bonds in whole pursuant to Section 4.04(a) of the Indenture or the earliest practicable date. In that regard, you shall liquidate any non-mortgage loan investment (excluding the Investment Agreement (defined below)), so that all such investments are reduced to cash or its equivalent by the Closing Date. These instructions shall serve as notice of election, and direction, of the City to provide for the

optional redemption of all outstanding Bonds, as required by Section 4.04(b) of the Indenture.

6. On the Closing Date, you shall deposit proceeds received from the sale of the GNMA Certificates in the Revenue Fund, in accordance with Section 6.05 of the Indenture. You shall then invest sufficient amounts in the Revenue Fund under the Investment Agreement dated as of September 26, 1990, between Bayerische Landesbank Girozentrale and you (as successor trustee), after taking into account any existing principal balances invested in the Revenue Fund under the Investment Agreement, to provide for the redemption in whole of the Bonds (including principal, premium and interest) on the Redemption Date and any final payment of any fees and expenses due under the Indenture. You shall receive, and are authorized to rely on, a verification report from Greenberg Traurig, LLP, confirming the total amount required to be invested pursuant to the Investment Agreement in order to provide for payment in full of the Bonds. You shall mail notice of such redemption in accordance with Section 4.06 of the Indenture.
7. Upon provision for the redemption of the Bonds, you shall disburse any remaining moneys held under the Indenture in accordance with the Schedule of Transaction Costs attached hereto.
8. You are authorized to execute such further GNMA Certificates, documents or instruments as may be reasonably requested by the Purchaser to vest in the Purchaser any rights granted, conveyed or transferred pursuant to the Agreement.
9. The Issuers agree that in accordance with Section 6.11 of the Indenture, the amounts payable to the Issuer from funds remaining under the Indenture, after payment of Purchaser's fee and the other transaction costs (as set forth in the attached Schedule) shall be divided equally among the Issuers (1/3 to each Issuer).
10. Each Issuer represents and warrants, for the benefit of the Trustee, the Purchaser and Bond Counsel that:
 - (i) it is a political subdivision duly organized and existing under the laws of the State of Illinois.
 - (ii) the undersigned is fully authorized to execute this Letter of Instructions and Closing Certificate on behalf of the Issuer and the Issuer has full power and authority to issue the foregoing instructions to the Trustee.
 - (iii) the execution and delivery and performance of this Letter of Instructions and Closing Certificate does not violate any applicable law or regulation and does not constitute a default under the provisions of any indenture, contract, agreement or other undertaking with respect to the Issuer to which the Issuer is a party.
 - (iv) it has obtained any consent or approval, and has made any requisite publication or filing required to authorize the execution, delivery and performance of this Letter of Instructions and Closing Certificate, and all such consents and approvals are in full force and effect.

- (v) it has all requisite power and authority to cause the Trustee by irrevocable instruction to redeem the Bonds and transfer title to the GNMA Certificates to the Purchaser.
- (vi) there is no action, suit, investigation or proceeding, pending or threatened against or affecting the Issuer, the result of which could have a material adverse affect on the ability of the Issuer to perform its obligations hereunder or that could affect redemption of the Bonds or the value of the GNMA Certificates.
- (vii) it has not been advised that:
 - (a) any GNMA Certificate or Mortgage Loan is not a legal, valid and binding obligation of the maker or makers thereof, enforceable in accordance with its terms;
 - (b) any Mortgage is not a valid lien on the related property described therein;
 - (c) the Issuers (or the Trustee on behalf of the Issuers) is not the sole legal and equitable owner of the GNMA Certificates with full power to sell and assign the same or to cause the Trustee to sell and assign the same on its behalf; or
 - (d) the terms of any Mortgage Loan have been impaired, waived, altered or modified in any material respect, except by instruments of record or except as described in writing to the Purchaser.

SCHEDULE OF TRANSACTION COSTS

IN WITNESS WHEREOF, the undersigned have executed this Letter of Instructions and Closing Certificate as of the 27th day of February, 2002.

CITY OF MOLINE, ILLINOIS

By: _____
Finance Director

[SEAL]

Attest:

City Clerk

CITY OF ROCK ISLAND, ILLINOIS

By: _____
City Manager

[SEAL]

Attest:

City Clerk

CITY OF URBANA, ILLINOIS

By: Tal Satterthwaite
Mayor

[SEAL]
Attest:
Angela J. Clark
City Clerk

ACCEPTED:

**BANK ONE TRUST COMPANY N.A.,
as Trustee**

By: _____
Authorized Signatory