

VILLAGE OF VERNON HILLS

ORDINANCE NO. 2010-022

AN ORDINANCE OF THE VILLAGE OF VERNON HILLS, LAKE COUNTY, ILLINOIS, PROVIDING FOR THE ISSUANCE OF A NOT TO EXCEED \$305,000 TAXABLE SUBORDINATE LIEN TAX INCREMENT REVENUE NOTE (TOWN CENTER PROJECT), SERIES 2010, AND PLEDGING CERTAIN INCREMENTAL PROPERTY TAX REVENUES TO THE PAYMENT THEREOF.

THE 2ND DAY OF MARCH 2010

Published in pamphlet form by the
Authority of the President and Board
Of Trustees of the Village of Vernon
Hills, Lake County, Illinois, this 3rd
Day of March 2010

ORDINANCE NUMBER 2010-022

AN ORDINANCE of the Village of Vernon Hills, Lake County, Illinois, providing for the issuance of a not to exceed \$305,000 Taxable Subordinate Lien Tax Increment Revenue Note (Town Center Project), Series 2010, and pledging certain incremental property tax revenues to the payment thereof.

WHEREAS, the Village of Vernon Hills, Lake County, Illinois (the "*Village*"), is a duly organized and incorporated municipality operating under the laws of the State of Illinois including, particularly, the Illinois Municipal Code, as amended, including therein the Tax Increment Allocation Redevelopment Act, as amended (the "*TIF Act*"), and as supplemented by the Local Government Debt Reform Act, as amended, and the other Omnibus Bond Acts, as amended (collectively, the "*Act*"); and

WHEREAS, the Village has heretofore caused an eligibility study (the "*Eligibility Study*") to be conducted and caused the preparation of a proposed written redevelopment plan for a proposed redevelopment project pursuant to the TIF Act; and

WHEREAS, the President and Board of Trustees of the Village (the "*Corporate Authorities*") have heretofore given notice of and reviewed the Eligibility Study and proposed redevelopment plan and project, placed the proposed redevelopment plan on file for public inspection and thereafter called and gave public notice of a public hearing (the "*Hearing*") for the 8th day of January, 2002, and convened a joint review board to consider the approval of the Town Center Redevelopment Project Area Tax Increment Financing District Eligibility Study, Redevelopment Plan and Project (the "*Redevelopment Plan*") and a redevelopment project as described therein (the "*Project*"), the designation of the NW & SW Corners of Route 45 and 21 Town Center Redevelopment Project Area (as legally described in EXHIBIT A attached hereto,

the “*Redevelopment Project Area*”) and the adoption of tax increment allocation financing for the Redevelopment Project Area; and

WHEREAS, the Village held the Hearing on the 8th day of January 2002, heard all protests and objections at the Hearing and finally adjourned the Hearing on the 8th day of January, 2002; and

WHEREAS, the Corporate Authorities thereafter by ordinances adopted on the 21st day of May, 2002, approved the Redevelopment Plan and Project, designated the Redevelopment Project Area, adopted tax increment allocation financing therefor, and established a special tax allocation fund in connection therewith, all as provided in the TIF Act; and

WHEREAS, the Corporate Authorities subsequently by ordinance corrected a *de minimis* scrivener’s error in the legal description set forth in the Redevelopment Plan and gave proper notice thereof, all pursuant to and in compliance with the TIF Act; and

WHEREAS, the Redevelopment Plan contemplates that the Village will incur, and the Village has heretofore incurred, certain “redevelopment project costs,” as defined in the TIF Act, in connection with the designation of the Redevelopment Project Area and the implementation of the Project; and

WHEREAS, the Village has heretofore further determined that in order to effectuate the Project it is desirable and necessary that the Village provide a reasonable opportunity for any person to submit proposals or bids for the Project and accordingly has heretofore published notice of its intention to enter into a redevelopment agreement relating to the Project, said notice being published in the *Daily Herald* on the 9th day of May, 2007, all in the time and manner as required under the TIF Act; and

WHEREAS, the Corporate Authorities have heretofore determined it is advisable and in the best interests of the Village to enter into a Redevelopment Agreement (as most recently

amended, the “*Redevelopment Agreement*”) by and between the Village and VHTC, LLC, an Illinois limited liability company (the “*Developer*”), pertaining to the redevelopment of a portion of the Redevelopment Project Area (said portion being the “*Property*” as further described and defined in the Redevelopment Agreement); and

WHEREAS, the Village has heretofore adopted an ordinance approving the form of the Redevelopment Agreement, as provided in the TIF Act; and

WHEREAS, the terms and provisions of the Redevelopment Agreement are hereby incorporated herein by this reference; and

WHEREAS, pursuant to the Redevelopment Agreement the Developer has agreed to construct a commercial project on the Property, including the construction of sixty thousand square feet of retail commercial space and eighty condominium units to be located in a six-story building, including parking, and Developer has further agreed to construct public capital infrastructure improvements to be dedicated to the Village, all as provided for and specified in the Redevelopment Agreement (the “*VHTC Redevelopment Project*”); and

WHEREAS, on the 2nd day of October, 2007, the Corporate Authorities adopted an ordinance (as supplemented by a 2007A Bond Order and Notification of Sale, the “*Prior Bond Ordinance*”), which ordinance authorized the issuance of not to exceed \$13,000,000 Senior Lien Tax Increment Revenue Bonds (Town Center Project); and

WHEREAS, the Village has heretofore issued and there are now outstanding \$7,000,000 Senior Lien Tax Increment Revenue Bonds (Town Center Project), Series 2007 (the “*2007 Senior Lien Bonds*”); and

WHEREAS, the 2007 Senior Lien Bonds were issued, in part, to pay or reimburse a portion of the costs of the VHTC Redevelopment Project; and

WHEREAS, the 2007 Senior Lien Bonds are secured, on a senior lien basis, by the “Limited Incremental Property Taxes” and the “Village Contribution,” as hereinafter defined; and

WHEREAS, on the 24th day of January, 2008, the Village issued and there is now outstanding that certain Taxable Subordinate Lien Tax Increment Revenue Note (Town Center Project), Series 2008 (the “*2008 Prior Note*”); and

WHEREAS, the 2008 Prior Note was issued to pay or reimburse a portion of the costs of the VHTC Redevelopment Project, all as provided in and pursuant to the Redevelopment Agreement and that certain ordinance adopted by the Corporate Authorities on the 8th day of January, 2008, to authorize the 2008 Prior Note (the “*2008 Prior Note Ordinance*”); and

WHEREAS, pursuant to the Redevelopment Agreement the Village further agreed to issue an “Improvements Note” to pay or reimburse certain additional costs of the VHTC Redevelopment Project (said additional costs being the “*2010 Project*”); and

WHEREAS, as provided in the Redevelopment Agreement, the Corporate Authorities have heretofore and it hereby is determined that it is advisable, necessary and in the best interests of the Village, its residents and the taxing districts affected by the Redevelopment Plan and Project that the costs of the 2010 Project, together with all appurtenances, land or interests in land, professional, financial, engineering, legal, financial, banking, advisory and other related costs (said portion of the redevelopment project costs contemplated for the 2010 Project being, collectively, the “*2010 Project Costs*”), be paid or incurred; and

WHEREAS, on the 16th day of December, 2008, the Village issued and there is now outstanding that certain Taxable Subordinate Lien Tax Increment Revenue Note (Town Center Project), Series 2008A (the “*2008A Prior Note*” and, together with the 2008 Prior Note, the “*Prior Notes*”); and

WHEREAS, the 2008A Prior Note was issued to pay or reimburse a portion of the 2010 Project Costs, all as provided in and pursuant to the Redevelopment Agreement and that certain ordinance adopted by the Corporate Authorities on the 7th day of October, 2008, to authorize the 2008A Prior Note (the “2008A Prior Note Ordinance” and, together with the 2008 Prior Note Ordinance, the “Prior Note Ordinances”); and

WHEREAS, pursuant to the Redevelopment Agreement the Village has heretofore and it is hereby expressly agreed that the Village shall pay or reimburse Developer for only those 2010 Project Costs which constitute eligible “redevelopment project costs” under the TIF Act and which have heretofore been approved by the Corporate Authorities in the Redevelopment Plan; and

WHEREAS, all of the 2010 Project Costs are eligible redevelopment project costs under the TIF Act and have been approved by the Corporate Authorities in the Redevelopment Plan; and

WHEREAS, each of the Prior Notes is secured by the “Pledged Moneys,” as defined in the Prior Note Ordinance; and

WHEREAS, each of the Prior Notes is a “drawdown note,” so that as costs of the redevelopment project are paid or incurred the principal amount of each respective note is increased so as to reflect the increased obligation of the Village to pay or reimburse such costs; and

WHEREAS, at or about the time the outstanding principal amount of the 2008A Prior Note was increased to an aggregate amount of \$2,030,000, the Village approved the assignment of the 2008A Prior Note, and the 2008A Prior Note was assigned, by the registered owner thereof to a third party, leaving \$305,000 of the anticipated principal amount of the 2008A Prior Note not then drawndown; and

WHEREAS, without regard to such assignment the Village is nevertheless obligated under the 2008A Prior Note Ordinance and the Redevelopment Agreement to pay or reimburse an additional \$305,000 of 2010 Project Costs; and

WHEREAS, the Corporate Authorities have heretofore and it hereby expressly is determined that it is advisable and necessary that the 2008A Prior Note Ordinance be amended so as to limit the maximum principal amount of the 2008A Prior Note to \$2,030,000; and

WHEREAS, the Corporate Authorities have further and it is hereby expressly determined that it is necessary and desirable that the Village now issue an additional Improvements Note in the principal amount of not to exceed \$305,000 so as to assure the payment or reimbursement of the costs of the 2010 Project; and

WHEREAS, the Prior Note Ordinances expressly reserved unto the Village the right to issue one or more parity notes ratably and equally secured by the Pledged Moneys, provided the Village shall have first obtained the written consent of the registered owner of the Prior Notes if then outstanding (the "*Consent*"); and

WHEREAS, the Village has so obtained the Consent and is now authorized to issue the hereinafter defined Note; and

WHEREAS, the Corporate Authorities have heretofore, and it hereby expressly is, determined that it is advisable and necessary that the Note be issued on a taxable basis:

NOW, THEREFORE, Be It and It Hereby is Ordained by the President and Board of Trustees of the Village of Vernon Hills, Lake County, Illinois, as follows:

Section 1. Definitions. In addition to such other words and terms used and defined in this Ordinance, the following words and terms used in this Ordinance shall have the following meanings, unless, in either case, the context or use clearly indicates another or different meaning is intended:

A. The following words and terms are as defined in the preambles hereto.

Act

Consent

Corporate Authorities

Developer

Eligibility Study

Hearing

Plan

Prior Bond Ordinance

2008 Prior Note

2008A Prior Note

Prior Notes

2008 Prior Note Ordinance

2008A Prior Note Ordinances

Prior Note Ordinances

Project

2010 Project

2010 Project Costs

Property

Redevelopment Agreement

Redevelopment Project Area

2007 Senior Lien Bonds

TIF Act

VHTC

VHTC Redevelopment Agreement

VHTC Redevelopment Project

Village

B. The following words and terms are defined as set forth.

“Accounting” means the annual accounting required under Section 8 of this Ordinance.

“Bond Counsel” means Chapman and Cutler LLP.

“Business Day” means any day other than a Saturday, Sunday or day on which banks in the City of Chicago, Illinois, are required or authorized to close.

“Code” means the Internal Revenue Code of 1986, as amended.

“Current Debt Service Requirement” means, upon any Accounting, the sum of the amounts of Principal Requirements and Interest Requirements with respect to all Prior Bonds for the next succeeding Note Year.

“Current Interest” means interest when due.

“Deferred Accrued Interest” means accrued interest recorded by the Note Registrar as deferred and unpaid.

“Designated Officers” means the President, Clerk, Village Manager or Treasurer of the Village or designees or assigns.

“Final Maturity” is defined in Section 3 of this Ordinance.

“Government Securities” means bonds, notes, certificates of indebtedness, treasury bills or other securities constituting direct obligations of the United States of America and all securities or obligations, the prompt payment of principal and interest of which is guaranteed by a pledge of the full faith and credit of the United States of America.

“Incremental Property Taxes” means the ad valorem taxes, if any, arising from the tax levies upon taxable real property in the Redevelopment Project Area by any and all taxing districts or municipal corporations having the power to tax real property in the Redevelopment Project Area, which taxes are attributable to the increase in the then current equalized assessed valuation of each taxable lot, block, tract or parcel of real property in the Redevelopment Project Area over and above the total Initial Equalized Assessed Value of each such piece of property, all as determined by the County Clerk of The County of Lake, Illinois, in accord with Section 11-74.4-9 of the TIF Act.

“Independent” when used with respect to any specified person means such person who is in fact independent and is not connected with the Village as an officer, employee, underwriter, or person performing a similar function. Whenever it is herein provided that the opinion or report of any Independent person shall be furnished, such person shall be appointed by the Village, and such opinion or report shall state that the signer has read this definition and that the signer is Independent within the meaning hereof.

“Initial Equalized Assessed Value” means the equalized assessed value of taxable real property as last equalized or assessed by the Department of Revenue of the State of Illinois for State and County taxes for the year 2001, all as determined by the County Clerk of The County of Lake, Illinois, in accordance with the TIF Act.

“Interest Payment Date” means a Stated Maturity of interest on the Note.

“Interest Requirement” means for any Note Year the aggregate amount of *first*, Deferred Accrued Interest then due, and *next*, the Current Interest on the Note having a Stated Maturity during such Note Year.

“Limited Incremental Property Taxes” means the Net Incremental Property Taxes net of the Program Expense Requirement.

“Junior Lien Bonds” means a series of bonds which are “Junior Lien Bonds” under the Prior Bond Ordinance.

“Junior Lien Debt Service Reserve Requirement” means an amount equal to the aggregate of each “Debt Service Reserve Requirement” as defined in any bond order related to the issuance of a series of Junior Lien Bonds, if any, and as referred to in Section 9 of the Prior Bond Ordinance.

“Net Incremental Property Taxes” means the Incremental Property Taxes net of the School District Portion, if any.

“Note” means the not to exceed \$305,000 Taxable Subordinate Lien Tax Increment Revenue Note (Town Center Project), Series 2010, authorized under this Ordinance.

“Noteholder” means a registered owner of the Note.

“Note Register” means the book for the registration and transfer of the Note.

“Note Registrar” means the Village Treasurer, as paying agent and note registrar hereunder, and successors and assigns.

“Note Year” means that twelve-calendar month period beginning on December 30 of any calendar year and ending on December 29 of the next succeeding calendar year.

“*Ordinance*” means this ordinance as originally adopted and as the same may from time to time be amended or supplemented in accordance with the terms hereof.

“*Outstanding*” or “*outstanding*” means the Note while outstanding and unpaid; *provided, however*, such term shall not include any portion of the Note which (i) has matured and for which moneys are on deposit with the Paying Agent or an institution having trust capacity, or are otherwise properly available, sufficient to pay all principal and interest thereof, or (ii) the provision for payment of which has been made by the Village by the deposit in an irrevocable trust or escrow account of funds or Government Securities, the principal of and interest on which will be sufficient to pay at maturity or as called for redemption all of the principal of and interest and any applicable premium on such Note or a portion thereof.

“*Parity Notes*” means any obligations issued by the Village in the future on a parity with and sharing ratably and equally in the Pledged Moneys with the Note and the Prior Notes.

“*Paying Agent*” means the Village Treasurer, as paying agent and note registrar hereunder, or successors and assigns.

“*Pledged Moneys*” means, on a subordinate lien basis and ratably and equally with the Prior Notes, the Subordinated Limited Incremental Property Taxes on deposit in the 2008 Subordinate Lien Note Account and investment earnings thereon.

“*Principal Requirement*” means for any Note Year the aggregate principal amount of the Note having a Stated Maturity during such Note Year.

“*Prior Bonds*” means all Senior Lien Bonds and Junior Lien Bonds, if any, issued pursuant to the Prior Bond Ordinance and outstanding thereunder and includes, specifically, the 2007 Senior Lien Bonds.

“*Program Expense Requirement*” means, in any Note Year, an amount not to exceed \$100,000.

“*Program Expenses*” means, in any Note Year, all initial and ongoing costs and expenses of any Trustee, bond registrar, or paying agent, together with all initial and ongoing costs of the Village incurred for the management and administration of the Redevelopment Project Area.

“*Project Costs*” means the sum total of all reasonable or necessary costs incurred or estimated to be incurred which are incidental to the Redevelopment Plan and the Redevelopment Project, and which are payable under the TIF Act from Incremental Property Taxes.

“*2010 Project Costs*” means the portion of the 2008A Project to be paid or reimbursed by the Village by the issuance of the Note as provided herein.

“Qualified Investments” means any investment permitted for the Village under Illinois law.

“Record Date” means, for any Interest Payment Date, the 15th day (whether or not a Business Day) of the calendar month in which such Interest Payment Date occurs, or for any redemption on other than an Interest Payment Date, the 15th day (whether or not a Business Day) next preceding the date of redemption.

“School District Portion” means that portion of the Incremental Property Taxes, if any, due and owing to certain affected taxing districts pursuant to Section 11-74.4-3(q)(7.5) of the TIF Act.”

“Senior Lien Debt Service Reserve Requirement” means an amount equal to the aggregate of each “Debt Service Reserve Requirement” as defined in any bond order related to the issuance of a series of Senior Lien Bonds and as referred to in Section 9 of the Prior Bond Ordinance.

“Special Tax Allocation Fund” means the NW & SW Corners of Route 45 and 21 Town Center Redevelopment Project Area Special Tax Allocation Fund, Area Number 4, which is the special tax allocation fund for the Redevelopment Project Area established pursuant to Section 11-74.4-8 of the TIF Act and created by Ordinance Number 2002-32, adopted on May 21, 2002, as continued and further described by this Ordinance.

“Stated Maturity” when used with respect to the Note or any interest thereon means the date specified in the Note as the fixed date on which the principal of the Note or such interest is due and payable, whether by maturity, mandatory redemption, or otherwise.

“2008 Subordinate Lien Note Account” means the account of that name heretofore created and hereinafter expressly continued in the General Account of the Special Tax Allocation Fund and held by the Village Treasurer as hereinafter provided.

“Subordinated Limited Incremental Property Taxes” means any amount of Limited Incremental Property Taxes on deposit in and to the credit of the 2008 Subordinate Lien Note Account.

“Tax-exempt” means, with respect to the Note, the status of interest paid and received thereon as excludable from the gross income of the Noteholders under the Code for federal income tax purposes, except to the extent that such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations.

“Taxable” means, with respect to the Note, the status of interest on the Note as not Tax-exempt.

“Tax Year” means the year for which an ad valorem tax levy is made by any and all taxing districts or municipal corporations having the power to tax real property in the Redevelopment Project Area. The 2010 Tax Year shall be that year during which ad valorem

taxes levied for the year 2010 (collectible in the year 2011) are extended and collected, and so on.

“*Trustee*” means The Bank of New York Trust Company, N.A., Chicago, Illinois, as trustee, bond registrar and paying agent under the Prior Bond Ordinance, and successors and assigns.

“*Village*” means the Village of Vernon Hills, Lake County, Illinois, and its successors and assigns.

“*Village Contribution*” means, for any Note Year for which no ad valorem tax levied by the Village is extended for collection, an amount which is equal to ten percent of the Incremental Property Taxes derived from the taxes levied upon taxable real property in the Redevelopment Project Area by any and all taxing districts or municipal corporations having the power to tax real property in the Redevelopment Project Area, other than the Village, and deposited to the Special Tax Allocation Fund in that year, as hereinafter provided, which amount shall be paid by the Village from lawfully available general corporate funds.

Section 2. Findings. The Corporate Authorities hereby find that the Redevelopment Plan and Project have been approved, the Redevelopment Project Area has been designated, tax increment allocation financing has been adopted, the Special Tax Allocation Fund has been established, the form of Redevelopment Agreement has been approved, the Redevelopment Agreement has been executed by the Village and the Note has been authorized, all in accordance with the provisions of the Act, and that it is necessary and in the best interests of the Village that the Village cause the construction, acquisition and installation of the 2008 Redevelopment Project and issue and deliver the Note to enable the Village to pay or reimburse the 2010 Project Costs.

Section 3. Note Details. There shall be borrowed for and on behalf of the Village the sum of not to exceed \$305,000 for the purposes aforesaid; a drawdown note of the Village shall be issued in said amount and shall be designated “Taxable Subordinate Lien Tax Increment Revenue Note (Town Center Project), Series 2010.” The Note shall be deemed issued and be dated the date of delivery thereof (any such date being the “*Dated Date*”). The “Outstanding Principal Amount” is that amount, not to exceed \$305,000, as provided above, shown as

advanced in even multiples of \$1,000 from time to time and received by the Village for value, as is noted on the Note in the form of Advances for Value thereon, less payments of principal thereon. The Note shall also bear the date of authentication, shall be in fully registered form, shall bear interest at a rate percent per annum which is equal to eight percent (8.0%) (computed on the basis of a 360-day year of twelve 30-day months), which interest shall be payable in annual installments on December 30 of each year (such dates being "*Interest Payment Dates*") until paid, commencing on the first December 30 which occurs following the Dated Date and on which there are any funds available in and on deposit in the 2008 Subordinate Lien Note Account, and be a term note subject to mandatory redemption prior to maturity as hereinafter provided, with a final installment of principal and interest coming due on August 1, 2012 (being the "*Final Maturity*"). It is hereby expressly found and determined that Final Maturity is not later than (i) the date which is twenty (20) years after the Dated Date or (ii) December 31 of the year in which payment is to be made to the Village Treasurer of Incremental Property Taxes with respect to the twenty-third calendar year after the year in which the ordinance designating the Redevelopment Project Area was adopted, *to-wit*: December 31, 2026.

The Note shall bear interest from the later of its Dated 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 Note is paid or duly provided for. Interest when due ("*Current Interest*") shall be paid as hereinafter provided from the 2008 Subordinate Lien Note Account of the General Account of the Special Tax Allocation Fund, and if funds on deposit therein and to the credit thereof are insufficient for such purpose, such failure to pay shall not in and of itself constitute an event of default, but such interest shall thereupon be recorded by the Note Registrar as Deferred Accrued Interest ("*Deferred Accrued Interest*"). Deferred Accrued Interest shall itself bear interest at the Authorized Rate until paid or duly provided for. The order of payment of

interest on the Note until Stated Maturity shall be first, Deferred Accrued Interest (including interest, if any thereon, as hereinabove provided), second, Current Interest, and third, mandatory redemption of principal as hereinafter set forth. By acceptance of the Note, each Noteholder accepts that there may be Deferred Accrued Interest on the Note, that is, that Current Interest may not have been paid, without any special notation having been made upon the Note itself. Deferred Accrued Interest (including interest thereon) shall be payable, prior to Final Maturity, only upon Interest Payment Dates to the Noteholder otherwise entitled to Current Interest on the Interest Payment Date that such Deferred Accrued Interest (including interest thereon) is paid.

Failure to pay when due any installment of Current Interest or any amount of Deferred Accrued Interest (including interest thereon) or Outstanding Principal Amount due to insufficiency of the Pledged Moneys, whether at Stated Maturity, Final Maturity or otherwise, shall in no event be deemed to be an event of default on the Note. It is hereby expressly provided that in the event that there is an insufficiency of Pledged Moneys to pay any amount of Deferred Accrued Interest (including interest thereon), Current Interest or Outstanding Principal Amount at Final Maturity, any such amount of Deferred Accrued Interest (including interest thereon), Current Interest or Outstanding Principal Amount shall be extinguished and shall not be deemed to be owing and unpaid, it being the express intent of the Village that the Note and all obligations arising thereunder shall be fully released upon Final Maturity.

Interest on the Note shall be paid by check or draft of the Village, payable upon presentation thereof in lawful money of the United States of America, to the persons in whose name the Note is registered at the close of business on the Record Date. Interest on the Note may also be payable by wire transfer to any registered owner of the Note (as of the applicable Record Date) holding an aggregate principal amount of \$500,000 or more when such owner shall have registered such wire transfer payment by written instructions satisfactory to the Note

Registrar at least 15 days prior to the applicable Record Date. The principal of the Note shall be payable in lawful money of the United States of America upon presentation thereof at the principal office maintained for the purpose by the Note Registrar, or at successor Note Registrar and locality. If an Interest Payment Date is not a Business Day at the place of payment, then payment may be made at that place on the next Business Day, and no interest shall accrue during the intervening period.

The Note shall have impressed or imprinted thereon the corporate seal or facsimile thereof of the Village and shall be signed by the manual or duly authorized facsimile signatures of the President and Village Clerk of the Village, as they shall determine, and in case any officer whose signature shall appear on the Note shall cease to be such officer before the delivery thereof, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery.

In the event that the Note shall be signed by the duly authorized facsimile signatures of the President and Village Clerk, the Note shall also have thereon a manually signed certificate of authentication substantially in the form hereinafter set forth in EXHIBIT B, duly executed by an authorized signatory of the Note Registrar as authenticating agent of the Village (but it shall not be necessary that the same signatory sign the certificate of authentication of each Note that may be outstanding hereunder at any one time) and showing the date of authentication, and the Note shall not 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 Note Registrar by manual signature. Such certificate of authentication upon the Note shall be conclusive evidence that the Note has been authenticated and delivered under this Ordinance. Upon authentication, the Note Registrar is hereby expressly authorized to deliver any Note issued under this Ordinance to or upon the order of the holder of such Note.

Section 4. Mandatory Redemption; Prepayment.

(a) *Mandatory Redemption.* The Note shall be issued as a term note and shall be subject to mandatory redemption, by operation of the 2008 Subordinate Lien Note Account, at a price of par plus accrued interest without premium, on any Interest Payment Date and upon the terms as follows: Whenever as of any Accounting there is on deposit in the 2008 Subordinate Lien Note Account an amount in excess of the amount required to pay the Interest Requirement (all Deferred Accrued Interest and all Current Interest) on the Note for the Note Year commencing the subsequent December 30, the Note Registrar shall make provision for the mandatory redemption of the Note to the fullest extent practicable from such excess, in amounts not less than \$1,000 of Outstanding Principal Amount. The Note shall be mandatorily redeemed in the amount of not less than \$1,000 as aforesaid.

The Village covenants that it will cause the Note Registrar to redeem the Note pursuant to the mandatory redemption required for the Note. Proper provision for mandatory redemption having been made, the Village covenants that the Outstanding Principal Amount hereof to be redeemed shall be payable as at Stated Maturity.

(b) *Optional Redemption.* The Note shall also be subject to redemption at the option of the Village, in whole or in part, on any date, from any lawfully available monies, at a redemption price of par plus accrued interest to the redemption date.

(c) *Procedures for Redemption.* The Village shall, at least 45 days prior to any optional redemption date (unless a shorter time shall be satisfactory to the Noteholder), notify the Note Registrar of such redemption date and of the principal amount of the Note to be optionally redeemed.

Unless waived by the Noteholder, notice of any mandatory or optional redemption shall be given by the Note Registrar by mailing the redemption notice by registered or certified mail

not less than 30 days and not more than 60 days prior to the date fixed for redemption to the Noteholder at the address shown on the Note Register.

All notices of redemption shall include at least the information as follows:

- (1) the redemption date;
- (2) the redemption price;
- (3) if less than all of the Note is to be redeemed, the principal amount of the Note to be redeemed;
- (4) a statement that on the redemption date the redemption price will become due and payable upon the Note or portion thereof called for redemption and that interest thereon shall cease to accrue from and after said date; and
- (5) the place where the Note is to be surrendered for payment of the redemption price, which place of payment shall be the principal office maintained for the purpose by the Note Registrar.

Prior to any redemption date, the Village shall determine and the Note Registrar shall confirm that Pledged Moneys are on hand and available for such purpose in an amount sufficient to pay such redemption price in full.

Notice of redemption having been given as aforesaid, the Note or portion of the Note 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 Village shall default in the payment of the redemption price) such Note or portion of the Note shall cease to bear interest.

Neither the failure to mail such redemption notice nor any defect in any notice so mailed to any particular Noteholder shall affect the sufficiency of such notice with respect to any other registered owners. Notice having been properly given, failure of a registered Noteholder to receive such notice shall not be deemed to invalidate, limit or delay the effect of the notice or the

redemption action described in the notice. Such notice may be waived in writing by a registered owner of the Note, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice shall be filed with the Note Registrar, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Upon surrender of the Note for redemption in accordance with said notice, the Note shall be paid by the Note Registrar at the redemption price. 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 the Note, there shall be prepared for the Noteholder a new Note of the same maturity in the amount of the unpaid principal.

If the Note has been called for redemption and shall not be so paid upon surrender thereof for redemption, the principal shall, until paid, bear interest from the redemption date.

Section 5. Registration of Note; Persons Treated as Owners. The Village shall cause the Note Register to be kept at the principal office maintained for the purpose by the Note Registrar, which is hereby constituted and appointed the note registrar of the Village. The Village is authorized to prepare, and the Note Registrar shall keep custody of, multiple Note blanks executed by the Village for use in the transfer and exchange of the Note.

Upon surrender for transfer of the Note, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Note Registrar and duly executed by, the Noteholder or his attorney duly authorized in writing, the Village shall execute and the Note Registrar shall authenticate, date and deliver in the name of the transferee or transferees a new fully registered Note of the same maturity for a like aggregate principal amount. The execution by the Village of any fully registered Note shall constitute full and due authorization of such Note and the Note Registrar shall thereby be authorized to authenticate, date and deliver such Note.

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

No registered owner shall be charged a service charge for any transfer or exchange of the Note, but the Village may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of the Note exchanged in the case of the issuance of a new Note for the outstanding portion of the Note surrendered for redemption.

Section 6. Form of Note. The Note shall be in substantially the form attached hereto as EXHIBIT B.

Section 7. Security for the Note. For the prompt payment of principal of and interest on the Note when due, the Village hereby pledges, ratably and equally with the Prior Notes, the Pledged Moneys. The Note, together with the interest and premium, if any, thereon is a limited, subordinate lien obligation of the Village, payable solely and only from the collection of the Pledged Moneys and the amounts on deposit in and pledged to the 2008 Subordinate Lien Note Account as provided herein. NO NOTEHOLDER SHALL HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY TAXING POWER OF THE VILLAGE FOR PAYMENT OF PRINCIPAL THEREOF OR INTEREST OR PREMIUM, IF ANY, THEREON. THE NOTE DOES NOT CONSTITUTE AN INDEBTEDNESS OF THE VILLAGE OR A LOAN OF CREDIT THEREOF WITHIN THE MEANING OF ANY STATUTORY OR CONSTITUTIONAL LIMITATION. FAILURE TO PAY WHEN DUE ANY INSTALLMENT OF CURRENT INTEREST OR ANY AMOUNT OF DEFERRED ACCRUED INTEREST (INCLUDING INTEREST THEREON) OR OUTSTANDING PRINCIPAL AMOUNT DUE TO INSUFFICIENCY OF THE PLEDGED MONEYS, WHETHER AT STATED

MATURITY, FINAL MATURITY OR OTHERWISE, SHALL IN NO EVENT BE DEEMED TO BE AN EVENT OF DEFAULT ON THE NOTE.

Section 8. Special Tax Allocation Fund. There is hereby continued the heretofore created special fund of the Village, which fund shall be held separate and apart from all other funds and accounts of the Village and shall be known as the “2002 NW & SW Corners of Route 45 & 21 Town Center Redevelopment Project Area Special Tax Allocation Fund.” The Special Tax Allocation Fund is a trust fund established for the purpose of carrying out the covenants, terms and conditions imposed upon the Village by the Prior Bond Ordinance and this Ordinance. The moneys on deposit in the Special Tax Allocation Fund shall be used solely and only as permitted under the TIF Act and for the purpose of carrying out the terms and conditions of the Prior Bond Ordinance and this Ordinance, and the Note is secured, ratably and equally with the Prior Note, by a pledge of all of the moneys on deposit in the 2008 Subordinate Lien Note Account of the General Account of the Special Tax Allocation Fund, in the priority of lien and as otherwise hereinafter provided. Such pledge is irrevocable until the obligations of the Village are discharged under this Ordinance.

The Incremental Property Taxes are to be paid to the Village Treasurer by the officers who collect or receive the Incremental Property Taxes. Upon the final distribution by the County Collector to the Village Treasurer in any Tax Year of the Incremental Property Taxes, the Village Treasurer shall promptly determine and confirm (which confirmation may be telephonic but shall thereafter be promptly made in writing) to the Trustee (1) the amount, if any, of the Village Contribution required under Section 11-74.4-8 of the TIF Act for that Tax Year (which Village Contribution shall, for all purposes of the Prior Bond Ordinance and this Ordinance, be deemed to be “Incremental Property Taxes”), (2) the amount, if any, of the Incremental Property Taxes (which shall include the Village Contribution) which comprises the

School District Portion for that Tax Year, and (3) the amount of Incremental Property Taxes (which shall include the Village Contribution) which is equal to the Net Incremental Property Taxes. The Village Treasurer (i) shall then transfer the School District Portion as provided in any written agreement relating thereto and (ii) shall immediately remit the Net Incremental Property Taxes to the Trustee for deposit into the Special Tax Allocation Fund.

The Net Incremental Property Taxes shall be deposited by the Trustee as hereinafter provided to the separate accounts hereby created within the Special Tax Allocation Fund to be known as the "Program Expenses Account," the "Senior Lien Principal and Interest Account," the "Senior Lien Reserve Account," the "Junior Lien Principal and Interest Account," the "Extraordinary Mandatory Redemption Account," and the "General Account." The Village Treasurer shall hold the General Account, and the Trustee shall hold the Program Expenses Account, the Senior Lien Principal and Interest Account, the Senior Lien Reserve Account and, if created for a Series of Junior Lien Bonds, the Junior Lien Principal and Interest Account and the Junior Lien Reserve Account, and the Extraordinary Mandatory Redemption Account.

Commencing November 15, 2010, and not later than November 15 of each year thereafter the Trustee shall conduct an annual accounting (each, an "*Accounting*") to determine the Current Debt Service Requirement for the 2007 Senior Lien Bonds for the Note Year commencing on the next succeeding December 30. The Trustee is hereby expressly authorized to rely upon each written confirmation by the Village of the Village Contribution and the School District Portion in conducting each such Accounting.

As Net Incremental Property Taxes are deposited into the Special Tax Allocation Fund, they shall be credited on or before the first day of each month without any further official action or direction in the following accounts in the order in which hereinafter mentioned, as follows:

A. *The Program Expenses Account.* The Trustee shall first credit to and shall immediately deposit the Net Incremental Property Taxes into the

Program Expenses Account. The Trustee shall credit Net Incremental Property Taxes to the Program Expenses Account in an amount sufficient to pay Program Expenses for the current and next succeeding Note Year, *provided* that the Trustee may reasonably rely upon such information, calculations, or estimates of such Program Expenses as necessary to determine the proper amount of such deposit into the Program Expenses Account. Whenever the Trustee has credited to and deposited into the Program Expenses Account an amount equal to the Program Expense Requirement, the Trustee shall immediately transfer the balance of the Net Incremental Property Taxes, said balance being the Limited Incremental Property Taxes, for credit to and deposit into the following account.

B. *The Senior Lien Principal and Interest Account.* The Trustee shall next credit to and deposit the Limited Incremental Property Taxes into the Senior Lien Principal and Interest Account. Immediately following each Accounting, the Trustee shall determine the amount of Limited Incremental Property Taxes necessary to pay such Current Debt Service Requirement and shall credit such amount of Limited Incremental Property Taxes to the Senior Lien Principal and Interest Account. If upon such deposit and credit there are funds in the Senior Lien Principal and Interest Account in excess of the amount necessary to pay such Current Debt Service Requirement, the Trustee shall first transfer such excess funds to the Senior Lien Reserve Account as described below.

Except as hereinafter provided, moneys to the credit of the Senior Lien Principal and Interest Account shall be used solely and only for the purpose of paying principal of and redemption premium, if any, and interest on the outstanding Senior Lien Bonds as the same become due upon Stated Maturity or mandatory redemption.

C. *The Senior Lien Reserve Account.* The Trustee shall next credit the balance of the Limited Incremental Property Taxes to the Senior Lien Reserve Account until the balance to the credit of said Account shall equal the Senior Lien Debt Service Reserve Requirement, and thereafter no such payments shall be made into the Senior Lien Reserve Account except that whenever any money is paid out of the Senior Lien Reserve Account, such credits shall be resumed and continued until such time as the balance to the credit of the Senior Lien Reserve Account shall equal the Debt Service Reserve Requirement.

Amounts on deposit to the credit of the Senior Lien Reserve Account shall be transferred by the Trustee and shall be used solely and only to pay principal of and applicable premium or interest on outstanding Senior Lien Bonds and shall be transferred to the Senior Lien Principal and Interest Account at any time when there are insufficient funds available in the Senior Lien Principal and Interest Account to pay the same upon Stated Maturity or mandatory redemption.

Amounts on deposit to the credit of the Senior Lien Reserve Account are hereby authorized to be used to pay principal of and interest on outstanding Senior Lien

Bonds maturing on the last Stated Maturity thereof, and may be transferred by the Trustee to the Senior Lien Principal and Interest Account without further direction of the Corporate Authorities and be used to pay such principal and interest on such date.

The procurement and deposit of a Reserve Fund Insurance Policy or a Credit Facility (each as defined in the Prior Bond Ordinance) with the Trustee shall be treated as a proper deposit in lieu of cash to the credit of the Senior Lien Debt Service Reserve and Redemption Account to the stated amount of such policy then in force and available to draw upon. The Trustee may require a certificate signed by a Designated Officer and an opinion of Independent counsel as to the suitability of a given policy or facility for deposit hereunder.

Limited Incremental Property Taxes to the credit of the Senior Lien Reserve Account in excess of the Debt Service Requirement shall be transferred by the Trustee for credit to and deposit into the following account.

D. *The Extraordinary Mandatory Redemption Account.* The Trustee shall next determine the amount of Limited Incremental Property Taxes equal to .30 times the Senior Lien Current Debt Service Requirement and, after crediting the required amounts to the respective accounts hereinabove provided for, shall credit that amount of the Limited Incremental Property Taxes to the Extraordinary Mandatory Redemption Account. The Trustee is hereby expressly authorized and directed (1) first, if necessary at any time, to transfer any amount of the Limited Incremental Property Taxes held and on deposit in and to the credit of the Extraordinary Mandatory Redemption Account to remedy any deficiencies in the Senior Lien Principal and Interest Account or the Senior Lien Reserve Account and (2) next, on and after the first optional redemption date for the outstanding Senior Lien Bonds, to provide for the extraordinary mandatory redemption of the Bonds as hereinabove provided. The balance of the Limited Incremental Property Taxes shall be deposited to the following account.

E. *The Junior Lien Bond and Interest Account.* Whenever there are any Junior Lien Bonds outstanding, the Trustee shall next credit to and shall immediately transfer for deposit into the Junior Lien Bond and Interest Account any portion of the balance of the Limited Incremental Property Taxes pledged under a Junior Lien Bond Ordinance to a Series of Junior Lien Bonds. Incidental to each Accounting the Trustee shall determine the amount necessary to pay the Current Debt Service Requirement, if any, for Junior Lien Bonds and to determine the amount, if any, on deposit in and to the credit of the Junior Lien Bond and Interest Account. If upon any Accounting and such application of funds, there are Limited Incremental Property Taxes on deposit in the Junior Lien Bond and Interest Account in excess of the amount necessary or pledged to pay such Current Debt Service Requirement, such Limited Incremental Property Taxes shall first be transferred by the Trustee to the Junior Lien Debt Service Reserve and Redemption Account as described below.

Except as hereinafter provided, moneys to the credit of the Junior Lien Bond and Interest Account shall be used solely and only for the purpose of paying principal of and premium, if any, and interest on the Junior Lien Bonds as the same become due upon maturity or mandatory redemption.

F. *The Junior Lien Debt Service Reserve and Redemption Account.* Whenever there are any Junior Lien Bonds outstanding, the Trustee shall credit to and shall immediately transfer for deposit into the Junior Lien Debt Service Reserve and Redemption Account any portion of the balance of the Limited Incremental Property Taxes in the Special Tax Allocation Fund pledged under a Junior Lien Bond Ordinance to a Series of Junior Lien Bonds. The Trustee shall credit Limited Incremental Property Taxes to the Junior Lien Debt Service Reserve and Redemption Account until the amount to the credit of the Junior Lien Debt Service Reserve and Redemption Account aggregates the Junior Lien Debt Service Reserve Requirement, if any. Thereafter no such payments shall be made by the Trustee into the Junior Lien Debt Service Reserve and Redemption Account except that when any money is paid out of said account payments shall be resumed and continued until such account has been restored to an aggregate amount equal to the Junior Lien Debt Service Reserve Requirement. Monies on deposit in the Junior Lien Debt Service Reserve and Redemption Account may be used to redeem Junior Lien Bonds and shall be transferred to the Junior Lien Bond and Interest Account as may be necessary from time to time to prevent or to remedy a default in the payment of principal of or interest or premium, if any, on the Junior Lien Bonds. Amounts on deposit in the Junior Lien Debt Service Reserve and Redemption Account may be designated to pay principal of any specified Junior Lien Bonds under a related Bond Order.

Wherever the Trustee has credited to and deposited into the Junior Lien Bond and Interest Account and the Junior Lien Debt Service Reserve and Redemption Account and transferred to the Treasurer for deposit in the Program Expenses Account all amounts required to be deposited therein, the Trustee shall remit remaining funds to the credit of the Special Tax Allocation Fund to the Treasurer for credit to the following Account:

G. *The General Account.* Any Limited Incremental Property Taxes remaining in the Special Tax Allocation Fund after crediting the required amounts to the respective accounts hereinabove provided for, said amount being the "Subordinated Limited Incremental Property Taxes," shall be transferred to and credited by the Village Treasurer to the General Account. Limited Incremental Property Taxes on deposit in and to the credit of the General Account shall be transferred:

(i) first, if necessary, to remedy any deficiencies in the Senior Lien Principal and Interest Account, the Senior Lien Reserve Account, the Junior Lien Principal and Interest Account (if created), or the Junior Lien Reserve Account (if created);

(ii) second, to a separate and segregated account hereby created and to be known as the “2008 Subordinate Lien Note Account,” as follows:

(a) The Treasurer shall first credit to and deposit the Subordinated Limited Incremental Property Taxes into the 2008 Subordinate Lien Note Account and, except as hereinafter provided, such moneys shall be used solely and only for the purpose of paying principal of and interest on the Prior Notes and the Note as the same become due at Stated Maturity, together with any fees in connection therewith.

(b) Whenever, there are funds in the 2008 Subordinate Lien Note Account in excess of the Principal Requirement for the Prior Notes and the Note and the Interest Requirement for the Prior Notes and the Note, such funds shall be used by the Village for one or more of the following purposes, in the following order of priority:

1. for the purpose of paying any Project Costs, including but not limited to the payment of debt service on obligations issued subordinate to the Prior Bonds, any bonds issued on a parity with the Prior Bonds, or any Parity Notes; or

2. for the purpose of redeeming Outstanding Prior Bonds; or

3. for the purpose of purchasing Outstanding Prior Bonds at a price not in excess of par and accrued interest and applicable redemption premium to the date of purchase; and

(iii) thereafter, shall be used by the Village for one or more of the following purposes, without any order of priority among them:

1. for the purpose of refunding, advance refunding or pre-paying any Outstanding Prior Bonds or Parity Notes; or

2. for the purpose of establishing such additional reserves as may be deemed necessary by the Corporate Authorities; or

3. for the purpose of reimbursing the Village for any advances from its general corporate funds made in connection with the Prior Bonds, any Additional Bonds, the Note, any Parity Notes, the Plan, the Project (or any portion thereof) or the Redevelopment Project Area; or

4. for the purpose of distributing funds to the taxing districts or municipal corporation having power to tax real property located in the Redevelopment Project Area, in accordance with the TIF Act; or

5. for any other purpose set forth under the Plan or the Project as may be authorized under the TIF Act.

H. *Investments.* The moneys on deposit in the Senior Lien Principal and Interest Account, the Senior Lien Reserve Account, the Junior Lien Principal and Interest Account (if created), and the Junior Lien Reserve Account (if created) may be invested from time to time in Qualified Investments. Any such investments may be sold from time to time by the Trustee without further direction from the Village as moneys may be needed for the purposes for which the Special Tax Allocation Fund or such accounts have been created. The moneys on deposit in the General Account shall be invested in any lawful investment for Village funds. In addition, the Village Treasurer shall sell such investments when necessary to remedy any deficiency in the Special Tax Allocation Fund or such accounts created therein. Any earnings or losses on such investments in the Senior Lien Reserve Account shall be attributed first, to the Senior Lien Reserve Account so long as the credit balance in said account is less than the Debt Service Reserve Requirement and next be transferred to the Special Tax Allocation Fund. Any earnings or losses on such investments in the Junior Lien Reserve Account shall be attributed first, to the Junior Lien Reserve Account so long as the credit balance in said account is less than the Debt Service Reserve Requirement and next be transferred to the Special Tax Allocation Fund. All other investment earnings shall be attributed to the account for which the investment was made.

Incidental to each Accounting the Trustee shall estimate the value of all investments held in the Senior Lien Reserve Account at the fair market value thereof. If, pursuant to such valuation, the amount in the Account exceeds the Debt Service Reserve Requirement, the Trustee shall transfer such excess into the Special Tax Allocation Fund.

The Trustee shall at all times maintain accurate records of deposits into the Special Tax Allocation Fund and each Account thereof and the sources of such deposits.

I. *Application of Excess in Certain Accounts.* As of any Accounting and at such other times as the Trustee may determine, the amount of money on deposit to the credit of any Account in excess of the requirements as hereinabove stated, respectively, shall be credited to the Special Tax Allocation Fund.

Section 9. General Covenants. The Village covenants and agrees with the holders of the Note that, so long as the Note remains outstanding and unpaid:

(a) The Village will punctually pay or cause to be paid from the 2008 Subordinate Lien Note Account the principal of and interest on the Note in strict conformity with the terms of the Note, the Redevelopment Agreement and this

Ordinance, and it will faithfully observe and perform all of the conditions, covenants and requirements thereof.

(b) The Village will pay and discharge, or cause to be paid and discharged, from the Special Tax Allocation Fund any and all lawful claims which, if unpaid, might become a lien or charge upon the Pledged Moneys, or any part thereof, or which might impair the security of the Note. Nothing herein contained shall require the Village to make any such payment so long as the Village in good faith shall contest the validity of said claims.

(c) The Village will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Village, in which complete and correct entries shall be made of all transactions relating to the Redevelopment Project Area, the Redevelopment Plan, the Project, the VHTC Redevelopment Project, the 2010 Project, the 2010 Project Costs and the Pledged Moneys. Such books of record and accounts shall at all times during business hours be subject to the inspection of the respective holders of not less than ten per cent (10%) of the principal amount of the respective Note then outstanding, or their representatives authorized in writing.

The Village will prepare or cause the preparation of complete financial statements with respect to the preceding fiscal year showing the Pledged Moneys received, all disbursements from the funds and accounts created by this Ordinance and the financial condition of the Project, including the balances in all funds and accounts relating to the Note and the VHTC Redevelopment Project, the 2010 Project and the 2010 Project Costs as of the end of such fiscal year, which statements shall be accompanied by a certificate or opinion in writing of an Independent certified public accountant. The Village will furnish a copy of such statements to any registered owner of ten percent (10%) or more in aggregate principal amount of the Note then outstanding, upon written request of such owner.

(d) The Village will preserve and protect the security of the Note and the rights of the Noteholders.

(e) The Village will continue to implement the Project and the 2010 Project Costs with all practicable dispatch in accord with its stated objectives and purposes in conformity with the Redevelopment Plan and the TIF Act and will timely convene the joint review board for the Redevelopment Project Area and timely make available and file such information and reports as shall be required by the TIF Act while the Note or any portion thereof remains outstanding.

(f) The Village will adopt, make, execute and deliver any and all such further ordinances, resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention of, or to facilitate the performance of, this Ordinance, and for the better assuring and confirming unto the Noteholders of the Note of the rights and benefits provided in this Ordinance.

(g) So long as any portion of the Note remains outstanding, the Village will take no action, nor will the Village omit to take any action, which act or omission will in any way adversely affect the ability of the Village to collect the Incremental Property Taxes or to allocate the Limited Incremental Property Taxes and the Subordinate Limited Incremental Property Taxes, and the Village and its officers will comply with all present and future applicable laws in order to assure that the Pledged Moneys will be collected, allocated and deposited in the funds and accounts as herein provided.

Section 10. Delivery of the Note. As soon as may be after this Ordinance becomes effective, the Note shall be executed by the Designated Officers and be delivered to the Developer. The Designated Officers as shall be appropriate are hereby authorized to proceed, without any further official authorization or action by the Corporate Authorities, to approve or execute, or both, such documents as shall be necessary to effectuate the issuance and delivery of the Note, with such insertions, deletions, additions, modifications or changes as they shall reasonably determine to be desirable, necessary and in the best interests of the Village, their approval or execution thereof to constitute ratification by the Corporate Authorities of any such insertion, deletion, addition, modification or change with no further official action, authorization or determination of the Corporate Authorities. The agreement with the Developer to purchase the Note is hereby ratified, approved and confirmed, it being hereby expressly found that no person holding any office of the Village either by election or appointment is in any manner financially interested, either directly in his own name or indirectly in the name of any other person, association, trust or corporation, in said agreement with the Developer for the purchase of the Note.

Any Designated Officer and such other officers of the Village as may be necessary are hereby further authorized to execute such documents, including, specifically, such closing documents and certifications as shall be required by Bond Counsel to render their opinion relating to the validity of the Note and the treatment of interest thereon for federal income taxation purposes.

Section 11. Note Proceeds. The performance by the Developer of its obligations pursuant to the Redevelopment Agreement shall be deemed to be consideration for the issuance of the Note. To that end the Designated Officers are hereby expressly directed to authorize the drawdown of the principal amount of the Note as herein authorized and as provided and pursuant to the conditions set forth in the Redevelopment Agreement, not to exceed the aggregate principal amount of \$305,000, upon delivery from time to time by the Developer to the Village of such evidence of performance as such Designated Officers shall reasonably require, without further official action or direction by the Corporate Authorities. All proceeds of the Note shall be deemed fully expended upon the relevant drawdown of the principal amount thereof.

Section 12. Parity Notes. No Parity Notes shall be issued unless the Village shall have obtained the prior written consent of the registered owners of all of the Prior Note and the Note then outstanding.

Section 13. Payment and Discharge; Refunding. The Note may be discharged, payment provided for, and the Village's liability terminated as follows:

(a) *Discharge of Indebtedness.* If (i) the Village shall pay or cause to be paid to the Noteholders the principal and interest to become due thereon at the times and in the manner stipulated therein and herein, (ii) all fees and expenses of the Note Registrar shall have been paid, and (iii) the Village shall keep, perform and observe all and singular the covenants and promises in such Note and in this Ordinance expressed as to be kept, performed and observed by it or on its part, then these presents and the rights hereby granted shall cease, determine and be void. If the Village shall pay or cause to be paid to the Noteholders the principal, premium, if any, and interest to become due thereon at the times and in the manner stipulated therein and herein, the Note shall cease to be entitled to any lien, benefit or security under this Ordinance, and all covenants, agreements and obligations of the Village to the Noteholders shall thereupon cease, terminate and become void and discharged and satisfied.

(b) *Provision for Payment.* Whenever sufficient cash and/or Government Securities shall have been deposited with an institution having fiduciary powers in an irrevocable escrow (whether upon or prior to the maturity or the redemption date of the Note) the Note shall be deemed to be paid within the meaning of this Ordinance and no longer outstanding under this Ordinance; provided, however, that if the Note is to be redeemed prior to the maturity thereof, notice of such redemption shall have been duly

given as provided in this Ordinance or provision shall have been made for the giving thereof. Government Securities shall be considered sufficient only if said investments are not redeemable prior to maturity at the option of the issuer and mature and bear interest in such amounts and at such times as will assure sufficient cash to pay currently maturing interest and to pay principal when due on the Note.

(c) *Termination of Village's Liability.* Upon the discharge of indebtedness under paragraph (a) hereof, or upon the deposit of sufficient cash and Government Securities (such sufficiency being determined as provided in paragraph (b) hereof) for the retirement of the Note, all liability of the Village in respect of the Note shall cease, determine and be completely discharged and the Noteholders shall thereafter be entitled only to payment out of the cash and the proceeds of the Government Securities deposited as aforesaid for their payment.

Section 14. This Ordinance a Contract. The provisions of this Ordinance shall constitute a contract between the Village and the Noteholders, and no changes, additions or alterations of any kind shall be made hereto, except as herein provided.

Section 15. Partial Invalidity. If any section, paragraph, clause or provision of this Ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this Ordinance.

Section 16. List of Noteholders. The Note Registrar shall maintain a list of the names and addresses of the Noteholders and upon any transfer shall add the name and address of the new Noteholder and eliminate the name and address of the transferor Noteholder.

Section 17. Supplemental Ordinances. With the consent of the registered owners of not less than 66% in aggregate principal amount of the Note at the time outstanding, the Village, by the Corporate Authorities may pass an ordinance or ordinances supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Ordinance or of any supplemental ordinance; provided that no such modification or amendment shall extend the maturity or reduce the interest rate on or otherwise alter or impair the obligation of the Village to pay the principal, interest or redemption premium, if any, at the time and place and at the rate and in the currency provided therein of any portion of

the Note without the express consent of the Noteholders, or permit the creation of a preference or priority of any portion of the Note over any other portion of the Note, or reduce the percentage of principal amount of the Note required for the affirmative vote or written consent to an amendment or modification, or deprive the Noteholders (except as aforesaid) of the right to payment of the Note from the revenues pledged thereto without the consent of the registered owners of all of the Note (as the case may be) then outstanding.

Section 18. Rights and Duties of Note Registrar. If requested by the Note Registrar, any Designated Officer is authorized to execute the Note Registrar's standard form of agreement between the Village and the Note Registrar with respect to the obligations and duties of the Note Registrar hereunder. In addition to the terms of such agreement or agreements and subject to modification thereby, the Note Registrar by acceptance of duties hereunder agrees:

- (a) to act as note registrar, paying agent, authenticating agent, and transfer agent as respectively provided herein;
- (b) to maintain a list of Noteholders as set forth herein and to furnish such list to the Village upon request, but otherwise to keep such list confidential to the extent permitted by law;
- (c) to cancel and/or destroy any Note which has been paid at maturity or upon redemption or submitted for exchange or transfer;
- (d) to furnish the Village at least annually a certificate with respect to portions of the Note cancelled and/or destroyed; and
- (e) to furnish the Village at least annually an audit confirmation of amount of the Note paid, outstanding and payments made with respect to interest on the Note.

The Village Clerk of the Village is hereby directed to file a certified copy of this Ordinance with the Note Registrar.

Section 19. Prior Inconsistent Proceedings. All ordinances, resolutions or orders, or parts thereof, including, specifically, the 2008A Prior Note Ordinance, in conflict with the provisions of this Ordinance, are to the extent of such conflict hereby repealed. The 2008A Prior Note Ordinance is hereby expressly amended so as to provide that the maximum aggregate principal amount of the 2008A Prior Note shall not exceed \$2,030,000, being the amount of principal theretofore drawdown on the 2008A Prior Note at the time it was assigned to a third party.

Section 20. Immunity of Officers, Employees and Members of Village. No recourse shall be had for the payment of the principal of or premium or interest on the Note or for any claim based thereon or upon any obligation, covenant or agreement in this Ordinance contained against any past, present or future officer, director, member, employee or agent of the Village, or of any successor public corporation, as such, either directly or through the Village or any successor public corporation, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officers, directors, members, employees or agents as such is hereby expressly waived and released as a condition of and consideration for the passage of this Ordinance and the issuance of the Note.

Section 21. *Publication.* This Ordinance shall be published within ten (10) days of its passage in pamphlet form, by authority of the Corporate Authorities, but shall be immediately in full force and effect upon its adoption and approval.

Passed on March 2, 2010.

AYES: 5-Marquardt, Schultz, Schwartz, Hebda, Koch

NAYS: 0-None

ABSENT: 1-Williams

Approved: March 2, 2010.



President, Village of Vernon Hills,
Lake County, Illinois

Recorded in the Village Records on March 2, 2010.

Published in pamphlet form on March ³~~2~~, 2010.

Attest:



Village Clerk, Village of Vernon Hills
Lake County, Illinois
[SEAL]

Section 21. Publication. This Ordinance shall be published within ten (10) days of its passage in pamphlet form, by authority of the Corporate Authorities, but shall be immediately in full force and effect upon its adoption and approval.

Passed on March 2, 2010.

AYES: 5-Marquardt, Schultz, Schwartz, Hebda, Koch

NAYS: 0-None

ABSENT: 1-Williams

Approved: March 2, 2010.

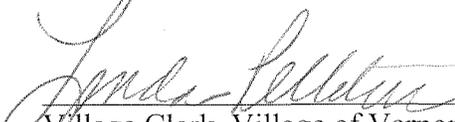


President, Village of Vernon Hills,
Lake County, Illinois

Recorded in the Village Records on March 2, 2010.

Published in pamphlet form on March 3, 2010.

Attest:



Village Clerk, Village of Vernon Hills
Lake County, Illinois
[SEAL]

EXHIBIT A

**LEGAL DESCRIPTION OF NW & SW CORNERS OF ROUTE 45 AND 21 TOWN CENTER
REDEVELOPMENT PROJECT AREA**

ALL THAT PART OF THE SOUTH HALF OF THE OF THE NORTHWEST QUARTER AND THE NORTH HALF OF THE SOUTHWEST QUARTER AND THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER AND THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 15, TOWNSHIP 43 NORTH, RANGE 11 EAST OF THE THIRD PRINCIPAL MERIDIAN BOUNDED AND DESCRIBED AS FOLLOWS;

BEGINNING AT THE SOUTHERLY MOST CORNER OF LOT 237 IN "THE CORPORATE WOODS SUBDIVISION", A SUBDIVISION OF PART OF THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 15, TOWNSHIP 43 NORTH, RANGE 11 EAST OF THE THIRD PRINCIPAL MERIDIAN

THENCE NORTHEASTERLY ALONG THE SOUTHEASTERLY LINE OF SAID LOT 237 IN "THE CORPORATE WOODS SUBDIVISION" TO A SOUTH LINE OF SAID LOT 237;

THENCE EAST ALONG SAID SOUTH LINE OF SAID LOT 237 TO THE EAST LINE THEREOF, SAID EAST LINE OF LOT 237 BEING ALSO THE EAST LINE OF "THE CORPORATE WOODS SUBDIVISION";

THENCE NORTH ALONG SAID EAST LINE OF "THE CORPORATE WOODS SUBDIVISION" TO THE SOUTH LINE OF GEORGETOWN SQUARE CONDOMINIUM SUBDIVISION, A SUBDIVISION IN THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER AND THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 15 AND IN THE SOUTH HALF OF SECTION 10, ALL IN TOWNSHIP 43 NORTH, RANGE 11 EAST OF THE THIRD PRINCIPAL MERIDIAN;

THENCE EAST ALONG SAID SOUTH LINE OF GEORGETOWN SQUARE CONDOMINIUM SUBDIVISION AND ALONG THE EASTERLY EXTENSION THEREOF TO THE EAST LINE OF MILWAUKEE AVENUE (STATE ROUTE 21);

THENCE SOUTH ALONG SAID EAST LINE OF MILWAUKEE AVENUE TO THE NORTH LINE OF THE SOUTH 452.00 FEET OF THE NORTHEAST QUARTER OF AFORESAID SECTION 15, TOWNSHIP 43 NORTH, RANGE 11 EAST OF THE THIRD PRINCIPAL MERIDIAN;

THENCE WEST ALONG SAID NORTH LINE OF THE SOUTH 452.00 FEET OF THE NORTHEAST QUARTER OF SECTION 15 TO THE WEST LINE OF AFORESAID MILWAUKEE AVENUE (STATE ROUTE 21);

THENCE SOUTH ALONG SAID WEST LINE OF MILWAUKEE AVENUE (STATE ROUTE 21) TO THE THREAD (FILUM AQUÆ) OF INDIAN CREEK;

THENCE WESTERLY ALONG SAID THREAD (FILUM AQUÆ) OF INDIAN CREEK TO THE EAST LINE OF SARA'S GLEN SUBDIVISION, A SUBDIVISION IN THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 15, TOWNSHIP 43 NORTH, RANGE 11 EAST OF THE THIRD PRINCIPAL MERIDIAN;

THENCE NORTH ALONG SAID EAST LINE OF SARA'S GLEN SUBDIVISION TO THE SOUTH LINE OF U. S. ROUTE 45 (FORMERLY PORT CLINTON ROAD);

THENCE NORTHWESTERLY ALONG SAID SOUTH LINE OF U. S. ROUTE 45 (FORMERLY PORT CLINTON ROAD) TO THE WEST LINE OF SAID SARA'S GLEN SUBDIVISION;

THENCE SOUTH ALONG SAID WEST LINE OF SARA'S GLEN SUBDIVISION TO THE NORTH LINE OF LOT 8 IN THE COUNTY CLERK'S PLAT OF UNSUBDIVIDED LANDS IN THE SOUTH HALF OF SECTION 15 AND THE NORTH HALF OF THE NORTHWEST QUARTER OF SECTION 22, TOWNSHIP 43 NORTH, RANGE 11 EAST OF THE THIRD PRINCIPAL MERIDIAN ACCORDING TO THE PLAT THEREOF RECORDED OCTOBER 18, 1950 AS DOCUMENT 711879 IN BOOK 32 OF PLATS ON PAGES 38, 39, 40 AND 41 IN LAKE COUNTY, ILLINOIS;

THENCE WEST ALONG SAID NORTH LINE OF LOT 8 IN THE COUNTY CLERK'S PLAT OF UNSUBDIVIDED LANDS TO THE THREAD (FILUM AQUÆ) OF INDIAN CREEK;

THENCE NORTHERLY ALONG SAID THREAD (FILUM AQUÆ) OF INDIAN CREEK TO THE WEST LINE OF LOT 3 IN AFOREMENTIONED COUNTY CLERK'S PLAT OF UNSUBDIVIDED LANDS IN THE SOUTH HALF OF SECTION 15 AND THE NORTH HALF OF THE NORTHWEST QUARTER OF SECTION 22, TOWNSHIP 43 NORTH, RANGE 11 EAST OF THE THIRD PRINCIPAL MERIDIAN;

THENCE NORTH ALONG SAID WEST LINE OF LOT 3 IN THE COUNTY CLERK'S PLAT OF UNSUBDIVIDED LANDS TO THE POINT OF INTERSECTION OF SAID WEST LINE OF LOT 3 WITH A LINE 14.98 FEET SOUTH OF AND PARALLEL WITH THE NORTH LINE OF LOT 5 IN AFORESAID COUNTY CLERK'S PLAT OF UNSUBDIVIDED LANDS;

THENCE WEST ALONG SAID LINE 14.98 FEET SOUTH OF AND PARALLEL WITH THE NORTH LINE OF LOT 5 IN THE COUNTY CLERK'S PLAT OF UNSUBDIVIDED LANDS, A DISTANCE OF 154.84 FEET, MORE OR LESS, TO A POINT;

THENCE NORTH ALONG A LINE PARALLEL WITH THE EAST LINE OF LOT 4 IN AFORESAID COUNTY CLERK'S PLAT OF UNSUBDIVIDED LANDS, A DISTANCE OF 290.57 FEET, MORE OR LESS, TO THE NORTH LINE OF SAID LOT 4 IN COUNTY CLERK'S PLAT OF UNSUBDIVIDED LANDS, SAID NORTH LINE OF LOT 4 BEING ALSO THE SOUTH LINE OF THE HERETOFORE VACATED PART OF PORT CLINTON ROAD;

THENCE WEST ALONG SAID SOUTH LINE OF THE HERETOFORE VACATED PART OF PORT CLINTON ROAD TO THE THREAD (FILUM AQUÆ) OF INDIAN CREEK;

THENCE WESTERLY AND NORTHWESTERLY ALONG SAID THREAD (FILUM AQUÆ) OF INDIAN CREEK TO THE EAST LINE OF THE TRACT OF LAND DESCRIBED BY DOCUMENT NO. 3782719, SAID LINE BEING DEFINED FOR THE PURPOSES OF THIS DESCRIPTION AS A LINE PARALLEL WITH THE WEST LINE OF THE NORTHWEST QUARTER OF SECTION 15, TOWNSHIP 43 NORTH, RANGE 11 EAST OF THE THIRD PRINCIPAL MERIDIAN WHICH HAS A NORTHERLY TERMINUS 434.64 FEET SOUTHEASTERLY OF SAID WEST LINE OF THE NORTHWEST QUARTER OF SECTION 15, AS MEASURED ALONG THE CENTER LINE OF U. S. ROUTE 45;

THENCE NORTH ALONG SAID EAST LINE OF THE TRACT OF LAND DESCRIBED BY DOCUMENT NO. 3782719 AND ALONG THE NORTHERLY EXTENSION THEREOF TO THE NORTH LINE OF U. S. ROUTE 45;

THENCE SOUTHEASTERLY ALONG SAID NORTH LINE OF U. S. ROUTE 45 TO THE POINT OF BEGINNING;

TOGETHER WITH A TRACT OF LAND DESCRIBED BY DOCUMENT NO. 1141157 AND THAT PART OF MILWAUKEE AVENUE ADJACENT THERETO, SAID TRACT BEING DEFINED AS FOLLOWS:

THAT PART OF THE WEST HALF OF THE SOUTHEAST QUARTER OF SECTION 15, TOWNSHIP 43 NORTH, RANGE 11 EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS:

COMMENCING AT AN IRON BAR DRIVEN IN THE CENTER OF THE CHICAGO AND MILWAUKEE ROAD NORTH 2 ½ DEGREES EAST 162.5 FEET FROM A STONE AT THE INTERSECTION OF THE CENTER LINES OF SAID CHICAGO AND MILWAUKEE ROAD, AND PORT CLINTON AND HALF DAY ROAD;

THENCE NORTH 2 ½ DEGREES EAST ALONG CENTER OF SAID CHICAGO AND MILWAUKEE ROAD 82 ½ FEET;

THENCE NORTH 80 ½ DEGREES EAST 132 FEET;

THENCE SOUTH 2 ½ DEGREES WEST PARALLEL WITH SAID CHICAGO AND MILWAUKEE ROAD 82 ½ FEET;

THENCE SOUTH 80 ½ DEGREES WEST 132 FEET TO THE PLACE OF BEGINNING, ALL AS SHOWN BY PLAT OF SURVEY ATTACHED TO WARRANTY DEED FROM AUGUST HUFFMAN AND MARY HUFFMAN, HIS WIFE TO STANLEY T. FOOT, DATED MARCH 21, 1888 AND RECORDED MARCH 28, 1888, AS DOCUMENT 37364, IN BOOK 84 OF DEEDS, PAGE 570, ON LAKE COUNTY, ILLINOIS.

ALL IN LAKE COUNTY ILLINOIS.

EXHIBIT B
FORM OF NOTE

STATE OF ILLINOIS
COUNTY OF LAKE
VILLAGE OF VERNON HILLS

TAXABLE SUBORDINATE LIEN TAX INCREMENT REVENUE NOTE
(TOWN CENTER PROJECT), SERIES 2010

SOLE NOTE:
REGISTERED
NO. ONE

MAXIMUM AMOUNT:
REGISTERED
\$305,000

KNOW ALL PERSONS BY THESE PRESENTS that the VILLAGE OF VERNON HILLS, LAKE COUNTY, ILLINOIS (the "*Village*"), a municipality and body corporate and politic duly organized under the laws of the State of Illinois, for value received hereby acknowledges itself to owe and promises to pay (subject to mandatory and optional redemption as hereinafter provided) to the Registered Owner hereof, or registered assigns, the Outstanding Principal Amount of this Note, as hereinafter described, and interest on such Outstanding Principal Amount at a rate percent per annum which is equal to eight percent (8.0%) (computed on the basis of a 360-day year of twelve 30-day months) in annual installments of principal and interest on December 30 of each year (each December 30 being an "*Interest Payment Date*") until paid, commencing on the first December 30 following the Dated Date on which funds are available and on deposit in the hereinafter defined 2008 Subordinate Lien Note Account, with a final installment of principal and interest coming due on August , 2012 (being the "*Final Maturity*"). The "Outstanding Principal Amount" is that amount, not to exceed the Face Amount of this Note as set forth above, shown as advanced in even multiples of \$1,000 from time to time and received by the Village for value, as is noted on this Note in the form of Advances for Value hereon, less payments of principal hereon. The Dated Date hereof shall be March __, 2010.

Interest when due ("*Current Interest*") shall be paid from the later of the Dated 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 Note is paid or duly provided for, as provided from the hereinafter defined 2008 Subordinate Lien Note Account of the General Account of the hereinafter defined Special Tax Allocation Fund, and if funds on deposit therein and to the credit thereof are insufficient for such purpose, such failure to pay shall not in and of itself constitute an event of default, but such interest shall thereupon be recorded by the Note Registrar as Deferred Accrued Interest ("*Deferred Accrued Interest*"). Deferred Accrued Interest which is owing and unpaid shall itself bear interest at the Interest Rate. The order of payment of interest on this Note shall be *first*, Deferred Accrued Interest (including interest thereon), *second*, Current Interest, and *next*, mandatory redemption of the Outstanding Principal Amount, as adjusted and shown as advanced in the form of Advances for Value hereon. Failure to pay when due any installment of Current Interest or any amount of Outstanding Principal Amount due to insufficiency of the hereinafter defined Pledged Moneys, whether at a regular Interest Payment Date, at Stated Maturity, Final Maturity or otherwise, shall in no event be deemed to be an event of default hereon. The Registered Owner of this Note, by acceptance hereof, hereby expressly agrees and acknowledges that there may be Deferred Accrued Interest (including interest thereon) hereon, that is, that Current Interest may not have been paid, without any special notation having been made upon this Note.

The principal of this Note shall be payable by check or draft in lawful money of the United States of America upon presentation at the principal office maintained for the purpose by the Village Treasurer, as paying agent and note registrar (the "*Note Registrar*"). Interest on this Note shall be paid to the Registered Owner hereof as shown on the Register at the close of business on the Record Date. Interest hereon shall be paid by check or draft of the Note

Registrar, payable upon presentation thereof in lawful money of the United States of America, mailed to the address of such Registered Owner as it appears on the Register or at such other address furnished to the Note Registrar in writing or as directed by such Registered Owner, all as provided in the hereinafter defined Ordinance.

This Note is issued pursuant to Division 74.4 of Article 11 of the Illinois Municipal Code (the "*TIF Act*"), and all laws amendatory thereof and supplemental thereto, and specifically as supplemented by the Local Government Debt Reform Act, as amended, and the other Omnibus Bond Acts, as amended and as supplemented, and, where necessary, superseded, by the home rule powers of the Village under Section 6 of Article VII of the 1970 Constitution of Illinois (collectively, the "*Act*"), and the principal of and interest, and premium, if any, hereon are payable solely, on a ratable and equal basis with each of that certain Taxable Subordinate Lien Tax Increment Revenue Note (Town Center Project), Series 2008, and that certain Taxable Subordinate Lien Tax Increment Revenue Note (Town Center Project), Series 2008A, heretofore issued and now outstanding (together, the "*Prior Notes*"), from (i) a portion of the ad valorem taxes, if any, arising from the taxes levied upon taxable real property in the NW & SW Corners of Route 45 and 21 Town Center Redevelopment Project Area heretofore designated by the Village in accord with the provisions of the Act (the "*Redevelopment Project Area*") by any and all taxing districts or municipal corporations having the power to tax real property in the Redevelopment Project Area, which taxes are attributable to the increase in the then current equalized assessed valuation of each taxable lot, block, tract or parcel of real property in the Redevelopment Project Area over and above the initial equalized assessed value of each such piece of property, all as determined by the County Clerk of The County of Lake, Illinois, in accordance with the provisions of the TIF Act (the "*Incremental Property Taxes*") (said portion of the Incremental Property Taxes being the "*Subordinated Limited Incremental Property*

Taxes”), and on deposit in and pledged to the 2008 Subordinate Lien Note Account of the NW & SW Corners of Route 45 and 21 Town Center Redevelopment Project Area Special Tax Allocation Fund (the “*Special Tax Allocation Fund*”) heretofore established by the Village in connection with the designation of the Redevelopment Project Area and (ii) the investment earnings thereon (the Subordinated Limited Incremental Property Taxes and the investment earnings thereon being, collectively, the “*Pledged Moneys*” under the hereinafter defined Ordinance). This Note is being issued for the purposes of paying or reimbursing a portion of certain costs of a redevelopment project in the Redevelopment Project Area, all as more fully described in proceedings adopted by the President and Board of Trustees of the Village (the “*Corporate Authorities*”) pursuant to the Act and in an ordinance authorizing the issuance of this Note adopted by the Corporate Authorities on the 2nd day of March, 2010, and authorizing the issuance hereof (the “*Ordinance*”) and in that certain Redevelopment Agreement dated as of May 6, 2006, by and between the Village and VHTC, LLC, an Illinois limited liability company, and relating to the Redevelopment Project Area (as most recently amended, the “*Redevelopment Agreement*”), to all the provisions of which the holder by the acceptance of this Note assents. Under the Act, the Ordinance and the Redevelopment Agreement, the Incremental Property Taxes shall be deposited in the Special Tax Allocation Fund. Except as otherwise provided in the Redevelopment Agreement, the Subordinate Limited Incremental Property Taxes, if any, on deposit in the 2008 Subordinate Lien Note Account of the Special Tax Allocation Fund shall be used first and are pledged for paying the principal of and interest on the Prior Note and this Note and then in making any further required payments to any funds and accounts as provided by the terms of the Ordinance. Parity Notes may be issued as in the Ordinance provided. Terms used but not defined herein shall have the same meaning as provided in the Ordinance and the Redevelopment Agreement.

This Note is a subordinate lien term note and is subject to mandatory redemption by operation of the 2008 Subordinate Lien Note Account of the General Account of the Special Tax Allocation Fund at a price of par plus accrued interest without premium, on any date, whenever an annual Accounting shall demonstrate that there is on deposit in the 2008 Subordinate Lien Note Account an amount in excess of the amount required to pay all Deferred Accrued Interest and to pay Current Interest due and payable during the Note Year commencing on the December 30 next succeeding such Accounting. The Note Registrar shall make provision for the mandatory redemption of this Note to the fullest extent practicable from such excess.

The Village covenants that it will cause the Note Registrar to redeem this Note pursuant to the mandatory redemption required for this Note. Proper provision for mandatory redemption having been made, the Village covenants that the Outstanding Principal Amount hereof to be redeemed shall be payable as at Stated Maturity.

This Note is also subject to redemption prior to maturity, at the option of the Village, in whole or in part, from any available funds, on any date, at the redemption price of par plus accrued interest to the date fixed for redemption, and as further provided in the Ordinance.

Upon surrender hereof at the principal office maintained for the purpose by the Note Registrar, accompanied by a written instrument or instruments of transfer in form satisfactory to the Note Registrar and duly executed by the Registered Owner or an attorney for such owner duly authorized in writing, the Note Registrar shall register this Note in the name of the new Registered Owner on the registration grid provided herein, and shall also enter the name and address of the new registered owner in the Note Registrar.

The person in whose name this Note is registered on the Note Register shall be deemed and regarded as the absolute owner hereof for all purposes, and payment of the principal of or interest hereon shall be made only to or upon the order of the Registered Owner hereof or the

owner's legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon this Note to the extent of the sum or sums so paid.

This Note, together with the interest thereon, is a limited obligation of the Village, payable solely from the Pledged Moneys and the amounts on deposit in and pledged to the 2008 Subordinate Lien Note Account as provided in the Ordinance and the Redevelopment Agreement. For the prompt payment of this Note, both principal and interest, as aforesaid, at maturity, the Pledged Moneys are hereby irrevocably pledged. THIS NOTE DOES NOT CONSTITUTE AN INDEBTEDNESS OF THE VILLAGE WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION. NO HOLDER OF THIS NOTE SHALL HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY TAXING POWER OF THE VILLAGE FOR PAYMENT OF PRINCIPAL HEREOF OR INTEREST HEREON. FAILURE TO PAY WHEN DUE ANY INSTALLMENT OF CURRENT INTEREST OR ANY AMOUNT OF DEFERRED ACCRUED INTEREST (INCLUDING INTEREST THEREON) OR OUTSTANDING PRINCIPAL AMOUNT DUE TO INSUFFICIENCY OF THE PLEDGED MONEYS, WHETHER AT STATED MATURITY, FINAL MATURITY OR OTHERWISE, SHALL IN NO EVENT BE DEEMED TO BE AN EVENT OF DEFAULT ON THIS NOTE.

The Village hereby expressly finds and determines that as to the Limited Incremental Property Taxes, the Final Maturity of this Note does not exceed the earliest of (i) the date which is twenty (20) years from the Dated Date; or (ii) the date which is December 31 of the year following the twenty-third (23rd) year from the date of designation by the Corporate Authorities of the Redevelopment Project Area.

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 Note did exist, have happened, been done and performed in regular and due form and time as required by law, and the Village hereby covenants and agrees that it has made provision for the segregation of the Pledged Moneys and

that it will properly account for said taxes and will comply with all the covenants of and maintain the funds and accounts as provided by the Ordinance and the Redevelopment Agreement.

This Note shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by the Note Registrar.

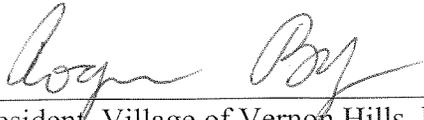
The tables and forms following the signatures on this Note and entitled Advances for Value and Registered Owner Notation are an integral part of this Note as if in each case fully set forth at this place and are incorporated herein by this reference.

INTEREST ON THIS NOTE IS NOT EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES. NOTEHOLDERS SHOULD CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE INCLUSION OF INTEREST ON THIS NOTE IN GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES.

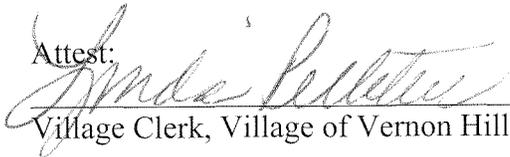
IN WITNESS WHEREOF the Village has caused this Note to be signed by the manual or duly authorized facsimile signatures of its President and by its Village Clerk and its corporate seal or a facsimile thereof to be hereunto affixed, all as of the ____ day of March, 2010.

VILLAGE OF VERNON HILLS, LAKE COUNTY,
ILLINOIS

[SEAL]

By 
President, Village of Vernon Hills, Lake
County, Illinois

Attest:


Village Clerk, Village of Vernon Hills, Lake County, Illinois

Date of Authentication: _____, 2010

CERTIFICATE
OF
AUTHENTICATION

Note Registrar and Paying Agent:
Village Treasurer, Village of Vernon
Hills, Lake County, Illinois

This Note is the Note described in the within mentioned Ordinance and is the Taxable Subordinate Lien Tax Increment Revenue Note (Town Center Project), Series 2010, of the Village of Vernon Hills, Lake County, Illinois.

Village Treasurer, as Note Registrar

By 

EXTRACT OF MINUTES of a regular public meeting of the President and Board of Trustees of the Village of Vernon Hills, Lake County, Illinois, held at the Village Hall, Vernon Hills, Illinois, in said Village at 7:25 o'clock p.m. on the 2nd day of March, 2010.

The meeting was called to order by the President and upon the roll being called, Roger L. Byrne, the President, and the following Trustees answered physically present at said location: Hebda, Koch, Marquardt, Schultz, Schwartz;

The following Trustees were allowed by a majority of the Trustees in accordance with and to the extent allowed by rules adopted by the President and Board of Trustees to attend the meeting by video or audio conference: None

No Trustee was not permitted to attend the meeting by video or audio conference.

The following Trustees were absent and did not participate in the meeting in any manner or to any extent whatsoever: Williams.

Trustee Koch presented and the Village Attorney explained in full an Ordinance that was laid before the President and Board of Trustees in words and figures and made available to any other person in attendance who requested one as follows:

Trustee Koch moved the adoption of said ordinance, and Trustee Schultz seconded the motion. After a full and complete discussion thereof including a public recital of the nature of the matter being considered and such other information as would inform the public of the nature of the business being conducted, the President directed the Village Clerk to call the roll for a vote upon the motion to adopt said ordinance.

Upon the roll being called the following Trustees voted:

AYE: 5-Marquardt, Schultz, Schwartz, Hebda, Koch

and the following voted:

NAY: 0-None

The President then declared the motion carried and said ordinance adopted, approved the same in open meeting and directed the Village Clerk to record the same in full in the records of the President and Board of Trustees of the Village of Vernon Hills, Lake County, Illinois, which was done.

Other business not pertinent to the adoption of said ordinance was duly transacted at the meeting.

Upon motion being duly made, seconded and carried, the meeting was adjourned.


Village Clerk

STATE OF ILLINOIS)
) SS
COUNTY OF LAKE)

**CERTIFICATION OF ORDINANCE, MINUTES
AND PUBLICATION IN PAMPHLET FORM**

I, the undersigned, do hereby certify that I am the duly qualified and acting Village Clerk of the Village of Vernon Hills, Lake County, Illinois (the "*Village*"), and that as such official I am the keeper of the records and files of the President and Board of Trustees of the Village (the "*Corporate Authorities*").

I do further certify that the foregoing is a full, true and complete transcript of that portion of the minutes of the meeting of the Corporate Authorities held on the 2nd day of March, 2010, insofar as same relates to the adoption of an ordinance entitled:

AN ORDINANCE of the Village of Vernon Hills, Lake County, Illinois, providing for the issuance of a not to exceed \$305,000 Taxable Subordinate Lien Tax Increment Revenue Note (Town Center Project), Series 2010, and pledging certain incremental property tax revenues to the payment thereof.

(the "*Ordinance*"), a true, correct and complete copy of which Ordinance as adopted at said meeting appears in the foregoing transcript of the minutes of said meeting.

I do further certify that the deliberations of the Corporate Authorities on the adoption of the Ordinance were conducted openly, that the vote on the adoption of said ordinance was taken openly; that said meeting was held at a specified time and place convenient to the public; that notice of said meeting was duly given to all of the news media requesting such notice; that an agenda for said meeting (the "*Agenda*") was posted at the location where said meeting was held and at the principal office of the Corporate Authorities on a day which was not a Saturday, Sunday or legal holiday for Illinois municipalities and not less than 48 hours in advance of holding said meeting; that the Agenda described or made specific reference to the Ordinance; that a true, correct and complete copy of the agenda as so posted is attached hereto; that said meeting was called and held in strict compliance with the provisions of the Open Meetings Act of the State of Illinois, as amended, and that the Corporate Authorities have complied with all of the provisions of said Act and the Illinois Municipal Code, as amended, and with all of the procedural rules of the Corporate Authorities.

I do further certify that the Ordinance was published by authority of the Corporate Authorities in pamphlet form at 3:00 p.m. on the 3rd day of March, 2010, and the Ordinance as so published was on said date readily available for public inspection and distribution, in sufficient number to meet the needs of the general public, at my office as Village Clerk located in the Village.

IN WITNESS WHEREOF, I have hereunto affixed my official signature and the seal of the Village, this 2nd day of March, 2010.


Village Clerk

[SEAL] **Village Clerk to Attach Agenda**

STATE OF ILLINOIS)
) SS
COUNTY OF LAKE)

VIDEO/AUDIO ATTENDANCE CERTIFICATE

I, the undersigned, do hereby certify that I am the duly qualified and acting Village Clerk of the Village of Vernon Hills, Lake County, Illinois (the “*Village*”), and as such official I do further certify as follows:

1. That at the meeting of the President and Board of Trustees of the Village (the “*Corporate Authorities*”) on the 2nd day of March, 2010 (the “*Meeting*”), no one attended the Meeting by video or audio conference.

2. That said member(s) of the Corporate Authorities was/were prevented from physically attending the Meeting because of the reason(s) as follows:

MEMBER	REASON ¹
--------	---------------------

3. That said member(s) of the Corporate Authorities notified me before the Meeting that he/she/they wished to attend the Meeting by video or audio conference.

4. That attached hereto as *Exhibit 1* is a true, correct and complete copy of the rules adopted by the Corporate Authorities for allowing a member of the Corporate Authorities to attend a meeting of the Corporate Authorities by video or audio conference.

5. That the Meeting was duly called, noticed and held in strict compliance with all of the provisions of the Open Meetings Act of the State of Illinois, as amended, and the ordinances, resolutions, rules, regulations and proceedings of the Corporate Authorities.

¹ Section 7 of the Open Meetings Act of the State of Illinois, as amended, provides the following three reasons a person may be prevented from physically attending a meeting: (i) personal illness or disability; (ii) employment purposes or the business of the public body; or (iii) a family or other emergency.

IN WITNESS WHEREOF, I hereunto affix my official signature and the official corporate seal of the Corporate Authorities, this 2nd day of March, 2010.


Village Clerk

[SEAL]