

ORDINANCE NUMBER 2012-011

AN ORDINANCE providing for the issuance of General Obligation Bonds, Series 2012B, of the Village of Vernon Hills, Lake County, Illinois, authorizing the execution of an escrow agreement and providing for the levy and collection of a direct annual tax for the payment of the principal of and interest on said bonds.

Adopted by the President and Board of Trustees on the 7th day of February, 2012.

Published in Pamphlet Form by Authority of the President and Board of Trustees on the 7th day of February, 2012.

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PREAMBLES

WHEREAS

A. The Village of Vernon Hills, Lake County, Illinois (the "*Village*") is a duly organized and existing municipality incorporated and existing under the Illinois Municipal Code, as amended (the "*Municipal Code*"), and particularly as supplemented and amended by the Local Government Debt Reform Act, as amended (the "*Reform Act*"), and the other Omnibus Bond Acts, as amended, has a population in excess of 25,000, and pursuant to the provisions of the 1970 Constitution of the State of Illinois and particularly Article VII, Section 6(a) thereof, is a home rule unit ("*Home Rule Unit*") and as such may exercise any power or perform any function pertaining to its government and affairs, including, but not limited to, the power to tax and to incur debt.

B. The Village has heretofore issued and there are now outstanding certain General Obligation Bonds (Alternate Revenue Source), Series 2006 (the "*Series 2006 Bonds*"), the Series 2006 Bonds being more particularly described as follows:

SERIES 2006 BONDS

Original Principal Amount: \$2,050,000

Dated: December 1, 2006

Originally Due Serially: March 30 of the years 2008 through 2026, inclusive

Outstanding Bonds and Bonds to be Refunded Due or Subject to Mandatory Redemption

March 30 as follows:

YEAR	AMOUNT OUTSTANDING (\$)	AMOUNT TO BE REFUNDED (\$)	RATE (%)
2012	85,000	0	3.750
2013	90,000	0	3.750
2014	95,000	0	3.750
2015	95,000	95,000	3.750
2016	100,000	100,000	3.875
2017	105,000	105,000	3.875
2018	110,000	110,000	3.875
2019	115,000	115,000	3.875
2020	120,000	120,000	3.875
2021	125,000	125,000	3.900
2022	135,000	135,000	3.900
2023	140,000	140,000	4.000
2024	145,000	145,000	4.000
2025	150,000	150,000	4.050
2026	160,000	160,000	4.050

The Series 2006 Bonds are subject to redemption at the option of the Village, on any date on or after March 30, 2014, at the redemption price of par plus accrued interest to the date fixed for redemption.

C. The President and Board of Trustees of the Village (the "*Corporate Authorities*") have heretofore and it hereby is determined that it is advisable and necessary and in the best interests of the Village and its residents that some or all (being the "*Refunded Bonds*") of the Series 2006 Bonds be refunded in advance of maturity (the "*Refunding*") in order to achieve a debt service savings and to restructure the indebtedness evidenced by the Series 2006 Bonds.

D. The Series 2006 Bonds are alternate revenue bonds as set forth in Section 15 of the Reform Act, and are secured, ratably and equally with certain heretofore issued and now outstanding General Obligation Bonds (Alternate Revenue Source), Series 2007 by collections of those taxes imposed by the State of Illinois pursuant to the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailer's Occupation Tax Act, each as supplemented and amended from time to time, or substitute taxes therefor as provided by the State of Illinois in the future.

E. The Village pursuant to its powers as a Home Rule Unit, is authorized to issue general obligation bonds to refund or advance refund alternate bonds without meeting any of the conditions set forth in said Section 15 of the Reform Act.

F. The Corporate Authorities have determined that pursuant to the powers of the Village as a Home Rule Unit, the Village is now authorized to issue the hereinafter defined Bonds in the amount of \$1,625,000 in accordance with the provisions of the hereinafter defined Act.

G. The Corporate Authorities hereby determine that it is necessary and desirable that there be issued at this time the Bonds as necessary to refund the Series 2006 Bonds.

H. The cost to the Village of the Refunding is the sum of \$1,625,000 plus any estimated available amount of interest earnings on said sum prior to its expenditure.

I. There are insufficient funds on hand and available to pay the costs of the Refunding, and it is necessary for that purpose that a sum to pay such costs be borrowed at this time, and in evidence of such indebtedness, general obligation bonds of the Village be issued in the principal amount of \$1,625,000, and that such indebtedness be incurred in accordance with the hereinafter defined Act, and without submitting the question of incurring such indebtedness to the electors of the Village for their approval, all as authorized in the hereinafter defined Act:

NOW THEREFORE Be It Ordained by the President and Board of Trustees of the Village of Vernon Hills, Lake County, Illinois, in the exercise of its home rule powers, as follows:

Section 1. Definitions. Words and terms used in this Ordinance shall have the meanings given them, unless the context or use clearly indicates another or different meaning is intended. Words and terms defined in the singular may be used in the plural and vice-versa. Reference to any gender shall be deemed to include the other and also inanimate persons such as corporations, where applicable.

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

Corporate Authorities

Home Rule Unit

Municipal Code

Reform Act

Refunded Bonds

Refunding

Series 2006 Bonds

Village

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

"Act" means the Illinois Municipal Code, as supplemented and amended, and also the home rule powers of the Village under Section 6 of Article VII of the Illinois Constitution of 1970; and in the event of conflict between the provisions of the code and home rule powers, the home rule powers shall be deemed to supersede the provisions of the code.

"Ad Valorem Property Taxes" means the real property taxes levied to pay the Bonds as described and levied in (Section 11 of) this Ordinance.

"Bond Counsel" means Chapman and Cutler LLP, Chicago, Illinois.

"Bond Fund" means the Bond Fund established and defined in (Section 15 of) this Ordinance.

"Bond Moneys" means the Ad Valorem Property Taxes and any other moneys deposited into the Bond Fund, and investment income held in the Bond Fund.

"Bond Purchase Agreement" means the contract for the sale of the Bonds by and between the Village and the Purchaser.

"Bond Register" means the books of the Village kept by the Bond Registrar to evidence the registration and transfer of the Bonds.

"Bond Registrar" means The Bank of New York Mellon Trust Company N.A., a national banking association, having trust offices located in the City of Chicago, Illinois, or its successors, in its capacity as bond registrar and paying agent under this Ordinance, or a substituted bond registrar and paying agent as hereinafter provided.

"Bond Year" means any given annual period from December 31 to the following December 30.

"Bonds" means the General Obligation Bonds, Series 2012B, authorized to be issued by this Ordinance.

"Book Entry Form" means the form of the Bonds as fully registered and available in physical form only to the Depository.

"Business Day" means any day other than a day on which banks in New York, New York, Chicago, Illinois, or the locality in which the Bond Registrar maintains an office designated for the purpose, are required or authorized to close.

"Code" means the Internal Revenue Code of 1986, as amended.

"Continuing Disclosure Undertaking" means the undertaking by the Village for the benefit of the Purchaser as authorized in (Section 14 of) this Ordinance.

"County" means The County of Lake, Illinois.

"County Clerk" means the County Clerk of the County.

"Depository" means The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York, its successors, or a successor depository qualified to clear securities under applicable state and federal laws.

"Designated Officers" means the President, Village Administrator and Finance Director, acting in concert.

"Government Securities" means direct full faith and credit obligations of the United States of America (including, bills, notes, bonds and obligations of the State and Local Government Series).

"Ordinance" means this Ordinance, numbered as set forth on the title page, and passed by the Corporate Authorities on the 7th day of February, 2012.

"Purchase Price" means the price to be paid for the Bonds, *to-wit*: \$1,637,242.72 (being the par amount of the Bonds, plus original issue premium in the amount of \$27,617.25, and net of an underwriter's discount of \$15,374.53), plus accrued interest to date of delivery, if any.

"Purchaser" means Robert W. Baird & Co., Inc.

"Record Date" means 15th day of the month in which any regularly scheduled interest payment date occurs and, in the event of a payment occasioned by redemption on other than a regularly scheduled interest payment date, means the 15th day next preceding such interest payment date.

"Stated Maturity" means, with respect to any Bond or any interest thereon, the fixed date on which the principal of such Bond or the interest thereon is due and payable, whether by maturity or otherwise.

"Tax-exempt" means, with respect to the Bonds, the status of interest paid and received thereon as excludable from gross income of the owners thereof for federal income tax purposes and as not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Code, but as taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations.

"Term Bonds" means Bonds subject to mandatory redemption by operation of the Bond Fund and designated as term bonds herein.

C. Definitions also appear in the above preambles or in specific sections, as appearing below. The table of contents preceding and the headings in this Ordinance are for the convenience of the reader and are not a part of this Ordinance.

Section 2. Incorporation of Preambles. The Corporate Authorities hereby find that all of the recitals contained in the preambles to this Ordinance are true, correct and complete and do incorporate them into this Ordinance by this reference.

Section 3. Determination To Issue Bonds. It is necessary and in the best interests of the Village to provide for the Refunding, to pay all necessary or advisable related costs, and to borrow money and issue the Bonds for the purpose of paying a part of such costs. It is hereby found and determined that such borrowing of money is for a proper public purpose or purposes and is in the public interest, and is authorized pursuant to the Act; and these findings and determinations shall be deemed conclusive.

Section 4. Bond Details. A. For the purpose of providing for the Refunding, there shall be issued and sold Bonds in the aggregate principal amount of \$1,625,000.

B. The Bonds shall each be designated "*General Obligation Bond, Series 2012B*" and shall be dated the date of issuance (the "*Dated Date*"); and each Bond shall also bear the date of authentication thereof. The Bonds shall be fully registered and in Book Entry Form, shall be in denominations of \$5,000 or integral multiples thereof (but no single Bond shall represent principal maturing on more than one date), and shall be numbered consecutively in such fashion as shall be determined by the Bond Registrar. The Bonds shall become due and payable serially or as Term Bonds (subject to right of prior redemption) on March 30 of the years and shall bear interest at the rates percent per annum as follows:

YEAR	AMOUNT(\$)	RATE (%)
2013	15,000	2.00
2014	15,000	2.00
2015	115,000	2.00
2016	115,000	2.00
2017	120,000	2.00
2018	125,000	2.00
2019	125,000	2.00
****	****	****
2022	400,000	2.00
****	****	****
2024	290,000	2.20
****	****	****
2026	305,000	2.40

C. Each Bond shall bear interest from the later of its Dated Date as herein provided or from the most recent interest payment date to which interest has been paid or duly provided for, until the principal amount of such Bond is paid or duly provided for, such interest (computed upon the basis of a 360-day year of twelve 30-day months) being payable on March 30 and September 30 of each year, commencing on September 30, 2012. Interest on each Bond shall be paid by check or draft of the Bond Registrar, payable upon presentation thereof in lawful money

of the United States of America, to the person in whose name such Bond is registered at the close of business on the applicable Record Date and mailed to the registered owner of the Bond as shown in the Bond Registrar or at such other address furnished in writing by such Registered Owner, or as otherwise may be agreed with the Depository for so long as the Depository or its nominee is the registered owner as of a given Record Date. The principal of the Bonds shall be payable in lawful money of the United States of America upon presentation thereof at the office of the Bond Registrar maintained for the purpose or at successor Bond Register or locality.

Section 5. Registration of Bonds; Persons Treated as Owners. The Village shall cause the Bond Register to be kept at the office of the Bond Registrar maintained for such purpose, which is hereby constituted and appointed the registrar of the Village for the Bonds. The Village shall prepare, and the Bond Registrar or such other agent as the Village may designate shall keep custody of, multiple Bond blanks executed by the Village for use in the transfer and exchange of Bonds. Subject to the provisions of this Ordinance relating to the Bonds in Book Entry Form, any Bond may be transferred or exchanged, but only in the manner, subject to the limitations, and upon payment of the charges as set forth in this Ordinance. Upon surrender for transfer or exchange of any Bond at the office of the Bond Registrar maintained for the purpose, duly endorsed by or accompanied by a written instrument or instruments of transfer or exchange in form satisfactory to the Bond Registrar and duly executed by the registered owner or an attorney for such owner duly authorized in writing, the Village shall execute and the Bond Registrar shall authenticate, date and deliver in the name of the transferee or transferees or, in the case of an exchange, the registered owner, a new fully registered Bond or Bonds of like tenor, of the same maturity, bearing the same interest rate, of authorized denominations, for a like aggregate principal amount. The Bond Registrar shall not be required to transfer or exchange any Bond during the period from the close of business on the Record Date for an interest payment to the

opening of business on such interest payment date or during the period of 15 days preceding the giving of notice of redemption of Bonds or to transfer or exchange any Bond all or any portion of which has been called for redemption. The execution by the Village of any fully registered Bond shall constitute full and due authorization of such Bond, and the Bond Registrar shall thereby be authorized to authenticate, date and deliver such Bond; *provided, however*, the principal amount of Bonds of each maturity authenticated by the Bond Registrar shall not at any one time exceed the authorized principal amount of Bonds for such maturity less the amount of such Bonds which have been paid. The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal of or interest on any Bond shall be made only to or upon the order of the registered owner thereof or his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid. No service charge shall be made to any registered owner of Bonds for any transfer or exchange of Bonds, but the Village or the Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds.

Section 6. Book Entry Provisions. The Bonds shall be initially issued in the form of a separate single fully registered Bond for each Series and maturity bearing the same interest rate. Upon initial issuance, the ownership of each such Bond shall be registered in the Bond Register in the name of the Depository or a designee or nominee of the Depository (such depository or nominee being the "*Book Entry Owner*"). Except as otherwise expressly provided, all of the outstanding Bonds from time to time shall be registered in the Bond Register in the name of the Book Entry Owner (and accordingly in Book Entry Form as such term is used in this Ordinance). Any Village officer, as representative of the Village, is hereby authorized, empowered, and directed to execute and deliver or utilize a previously executed and delivered Letter of

Representations or Blanket Letter of Representations (either being the "*Letter of Representations*") substantially in the form common in the industry, or with such changes therein as the officer executing the Letter of Representations on behalf of the Village shall approve, his or her execution thereof to constitute conclusive evidence of approval of such changes, as shall be necessary to effectuate Book Entry Form. Without limiting the generality of the authority given with respect to entering into such Letter of Representations, it may contain provisions relating to (a) payment procedures, (b) transfers of the Bonds or of beneficial interests therein, (c) redemption notices and procedures unique to the Depository, (d) additional notices or communications, and (e) amendment from time to time to conform with changing customs and practices with respect to securities industry transfer and payment practices. With respect to Bonds registered in the Bond Register in the name of the Book Entry Owner, none of the Village, any Village officer, or the Bond Registrar shall have any responsibility or obligation to any broker-dealer, bank, or other financial institution for which the Depository holds Bonds from time to time as securities depository (each such broker-dealer, bank, or other financial institution being referred to herein as a "*Depository Participant*") or to any person on behalf of whom such a Depository Participant holds an interest in the Bonds. Without limiting the meaning of the immediately preceding sentence, the Village, any Village officer, and the Bond Registrar shall have no responsibility or obligation with respect to (a) the accuracy of the records of the Depository, the Book Entry Owner, or any Depository Participant with respect to any ownership interest in the Bonds, (b) the delivery to any Depository Participant or any other person, other than a registered owner of a Bond as shown in the Bond Register or as otherwise expressly provided in the Letter of Representations, of any notice with respect to the Bonds, including any notice of redemption, or (c) the payment to any Depository Participant or any other person, other than a registered owner of a Bond as shown in the Bond Register, of any amount with respect to

principal of or interest on the Bonds. No person other than a registered owner of a Bond as shown in the Bond Register shall receive a Bond certificate with respect to any Bond. In the event that (a) the Village determines that the Depository is incapable of discharging its responsibilities described herein and in the Letter of Representations, (b) the agreement among the Village, the Bond Registrar, and the Depository evidenced by the Letter of Representations shall be terminated for any reason, or (c) the Village determines that it is in the best interests of the Village or of the beneficial owners of the Bonds either that they be able to obtain certificated Bonds or that another depository is preferable, the Village shall notify the Depository and the Depository shall notify the Depository Participants of the availability of Bond certificates, and the Bonds (of a given Series if applicable) shall no longer be restricted to being registered in the Bond Register in the name of the Book Entry Owner. Alternatively, at such time, the Village may determine that the Bonds of such Series shall be registered in the name of and deposited with a successor depository operating a system accommodating Book Entry Form, as may be acceptable to the Village, or such depository's agent or designee, but if the Village does not select such alternate book entry system, then the Bonds of such Series shall be registered in whatever name or names registered owners of Bonds transferring or exchanging Bonds shall designate, in accordance with the provisions of this Ordinance.

Section 7. Execution; Authentication. The Bonds shall be executed on behalf of the Village by the manual or duly authorized facsimile signature of its President and attested by the manual or duly authorized facsimile signature of its Village Clerk, as they may determine, and shall be impressed or imprinted with the corporate seal or facsimile seal of the Village. In case any such officer whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery. All Bonds shall have

thereon a certificate of authentication, substantially in the form provided, duly executed by the Bond Registrar as authenticating agent of the Village and showing the date of authentication. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this Ordinance unless and until such certificate of authentication shall have been duly executed by the Bond Registrar by manual signature, and such certificate of authentication upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Ordinance.

Section 8. Redemption.

A. Optional Redemption. The Bonds coming due on and after March 30, 2020, shall be subject to redemption prior to maturity at the option of the Village, from any available moneys, on March 30, 2019, and any date thereafter, in whole or in part, and if in part in such principal amounts and from such maturities as the Village shall determine and within any maturity by lot, at a redemption price of par plus accrued interest to the date fixed for redemption.

B. Term Bonds; Mandatory Redemption and Covenants; Effect of Purchase of Term Bonds. The Bonds coming due on March 30 of the years 2022, 2024 and 2026, inclusive, are Term Bonds and are subject to mandatory redemption (as Term Bonds) by operation of the Bond Fund at a price of not to exceed par and accrued interest, without premium, on March 30 of the years and in the amounts as follows:

FOR THE TERM BONDS DUE MARCH 30, 2022:

YEAR	REDEMPTION AMOUNT (\$)
2020	130,000
2021	130,000

with \$140,000 remaining to be paid at maturity in 2022.

FOR THE TERM BONDS DUE MARCH 30, 2024:

YEAR	REDEMPTION AMOUNT (\$)
2023	145,000

with \$145,000 remaining to be paid at maturity in 2024.

FOR THE TERM BONDS DUE MARCH 30, 2026:

YEAR	REDEMPTION AMOUNT (\$)
2025	150,000

with \$155,000 remaining to be paid at maturity in 2026.

The Village covenants that it will redeem Term Bonds pursuant to the mandatory redemption requirement for such Term Bonds. Proper provision for mandatory redemption having been made, the Village covenants that the Term Bonds so selected for redemption shall be payable as at maturity, and taxes shall be levied and collected as provided herein accordingly. If the Village purchases Term Bonds of any maturity and cancels the same from Bond Moneys as hereinafter described, then an amount equal to the principal amount of Term Bonds so purchased shall be deducted from the mandatory redemption requirements provided for Term Bonds of such maturity, first, in the current year of such requirement, until the requirement for the current year has been fully met, and then in any order of such Term Bonds as due at maturity or subject to mandatory redemption in any year, as the Village shall determine. If the Village purchases Term

Bonds of any maturity and cancels the same from moneys other than Bond Moneys, then an amount equal to the principal amount of Term Bonds so purchased shall be deducted from the amount of such Term Bonds as due at maturity or subject to mandatory redemption requirement in any year, as the Village shall determine.

C. *Redemption Procedures.* Bonds subject to redemption shall be identified, notice given, and paid and redeemed pursuant to the procedures as follows.

(1) *Redemption Notice.* For a mandatory redemption, unless otherwise notified by the Village, the Bond Registrar will proceed on behalf of the Village as its agent to provide for the mandatory redemption of such Term Bonds without further order or direction hereunder or otherwise. For an optional redemption, the Village shall, at least 45 days prior to any optional redemption date (unless a shorter time shall be satisfactory to the Bondholder), notify the Bond Registrar of such redemption date and of the principal amount of the Bond to be optionally redeemed.

(2) *Selection of Bonds within a Maturity.* For purposes of any redemption of less than all of the Bonds of a Series of a single maturity, the particular Bonds or portions of Bonds of that Series to be redeemed shall be selected by lot by the Bond Registrar for the Bonds of that Series of such maturity by such method of lottery as the Bond Registrar shall deem fair and appropriate; *provided*, that such lottery shall provide for the selection for redemption of Bonds or portions thereof so that any \$5,000 Bond or \$5,000 portion of a Bond shall be as likely to be called for redemption as any other such \$5,000 Bond or \$5,000 portion. The Bond Registrar shall make such selection (1) upon or prior to the time of the giving of official notice of redemption, or (2) in the event of a refunding or defeasance, upon advice from the Village that certain Bonds have been refunded or defeased and are no longer Outstanding as defined.

(3) *Official Notice of Redemption.* The Bond Registrar shall promptly notify the Village in writing of the Bonds or portions of Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed. Unless waived by the registered owner of Bonds to be redeemed, official notice of any such redemption shall be given by the Bond Registrar on behalf of the Village by mailing the redemption notice by first class U.S. mail not less than 30 days and not more than 60 days prior to the date fixed for redemption to each registered owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such registered owner to the Bond Registrar. All official notices of redemption shall include the name of the Bonds and at least the information as follows:

- (a) the redemption date;
- (b) the redemption price;
- (c) if less than all of the outstanding Bonds of a particular maturity are to be redeemed, the identification (and, in the case of partial redemption of Bonds within such maturity, the respective principal amounts) of the Bonds to be redeemed;
- (d) a statement that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption and that interest thereon shall cease to accrue from and after said date; and
- (e) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the office designated for that purpose of the Bond Registrar.

(4) *Conditional Redemption.* Unless moneys sufficient to pay the redemption price of the Bonds to be redeemed shall have been received by the Bond Registrar prior to the giving of such notice of redemption, such notice may, at the option of the Village, state that said redemption shall be conditional upon the receipt of such moneys by the Bond Registrar on or prior to the date fixed for redemption. If such moneys are not received, such notice shall be of no force and effect, the Village shall not redeem such Bonds, and the Bond Registrar shall give notice, in the same manner in which the notice of redemption was given, that such moneys were not so received and that such Bonds will not be redeemed.

(5) *Bonds Shall Become Due.* Official notice of redemption having been given as described, the Bonds or portions of Bonds so to be redeemed shall, subject to the stated condition in paragraph (4) immediately preceding, 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 Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Bond Registrar at the redemption price. The procedure for the payment of interest due as part of the redemption price shall be as herein provided for payment of interest otherwise due.

(6) *Insufficiency in Notice Not Affecting Other Bonds; Failure to Receive Notice; Waiver.* Neither the failure to mail such redemption notice, nor any defect in any notice so mailed, to any particular registered owner of a Bond, shall affect the sufficiency of such notice with respect to other registered owners. Notice having been properly given, failure of a registered owner of a Bond to receive such notice shall not be deemed to invalidate, limit or delay the effect of the notice or redemption action described in the

notice. Such notice may be waived in writing by a registered owner of a Bond entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by registered owners shall be filed with the Bond Registrar, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver. In lieu of the foregoing official notice, so long as the Bonds are held in Book Entry Form, notice may be given as provided in the Letter of Representations, and the giving of such notice shall constitute a waiver by the Depository and the Book Entry Owner, as registered owner, of the foregoing notice. After giving proper notification of redemption to the Bond Registrar, as applicable, the Village shall not be liable for any failure to give or defect in such notice.

(7) *New Bond in Amount Not Redeemed.* Upon surrender for any partial redemption of any Bond, there shall be prepared for the registered owner a new Bond or Bonds of like tenor, of authorized denominations, of the Series and the same maturity, and bearing the same rate of interest in the amount of the unpaid principal.

(8) *Effect of Nonpayment upon Redemption.* If any Bond or portion of Bond called for redemption shall not be so paid upon surrender thereof for redemption, the principal shall become due and payable on demand, as aforesaid, but, until paid or duly provided for, shall continue to bear interest from the redemption date at the rate borne by the Bond or portion of Bond so called for redemption.

(9) *Bonds to Be Cancelled; Payment to Identify Bonds.* All Bonds which have been redeemed shall be cancelled and destroyed by the Bond Registrar and shall not be reissued. Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number

identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

(10) *Additional Notice.* The Village agrees to provide such additional notice of redemption as it may deem advisable at such time as it determines to redeem Bonds, taking into account any requirements or guidance of the Securities and Exchange Commission, the Municipal Securities Rulemaking Board, the Governmental Accounting Standards Board, or any other federal or state agency having jurisdiction or authority in such matters; *provided, however,* that such additional notice shall be (1) advisory in nature, (2) solely in the discretion of the Village (unless a separate agreement shall be made), (3) not be a condition precedent of a valid redemption or a part of the Bond contract, and (4) any failure or defect in such notice shall not delay or invalidate the redemption of Bonds for which proper official notice shall have been given. Reference is also made to the provisions of the Continuing Disclosure Undertaking of the Village with respect to the Bonds, which may contain other provisions relating to notice of redemption of Bonds.

(11) *Bond Registrar to Advise Village.* As part of its duties hereunder, the Bond Registrar shall prepare and forward to the Village a statement as to notices given with respect to each redemption together with copies of the notices as mailed.

Section 9. Form of Bonds. The Bonds shall be in substantially the form hereinafter set forth; *provided, however,* that if the text of the Bonds is to be printed in its entirety on the front side of the Bonds, then the second paragraph on the front side and the legend "See Reverse Side for Additional Provisions" shall be omitted and the text of paragraphs set forth for the reverse side shall be inserted immediately after the first paragraph.

[FORM OF BONDS - FRONT SIDE]

REGISTERED
No. _____

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF ILLINOIS
COUNTY OF LAKE
VILLAGE OF VERNON HILLS
GENERAL OBLIGATION BOND,
SERIES 2012B

See Reverse Side for
Additional Provisions.

Interest Maturity Dated
Rate: Date: March 30, _____ Date: February 28, 2012 CUSIP: _____

Registered Owner: CEDE & CO.

Principal Amount:

KNOW ALL PERSONS BY THESE PRESENTS that the Village of Vernon Hills, Lake County, Illinois, a municipality, home rule unit, and political subdivision of the State of Illinois (the "*Village*"), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns as hereinafter provided, on the Maturity Date identified above (but subject to right of prior redemption), the Principal Amount identified above and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on such Principal Amount from the later of the Dated Date of this Bond identified above or from the most recent interest payment date to which interest has been paid or duly provided for, at the Interest Rate per annum identified above, such interest to be payable on September 30 and March 30 of each year, commencing September 30, 2012, until said Principal Amount is paid or duly provided for. The principal of this Bond is payable in lawful money of the United States of America upon presentation hereof at the office maintained for that purpose at The Bank of New York Mellon Trust Company N.A., located in the City of Chicago, Illinois, as paying agent and

bond registrar (the "*Bond Registrar*"). Payment of interest shall be made to the Registered Owner hereof as shown on the registration books of the Village maintained by the Bond Registrar at the close of business on the applicable Record Date. The Record Date shall be the 15th day of the month preceding any interest payment date. Interest shall be paid by check or draft of the Bond Registrar, payable upon presentation in lawful money of the United States of America, mailed to the address of such Registered Owner as it appears on such registration books, or at such other address furnished in writing by such Registered Owner to the Bond Registrar, or as otherwise agreed by the Village and the Bond Registrar for so long as this Bond is held by a qualified securities clearing corporation as depository, or nominee, in Book Entry Form as provided for same.

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

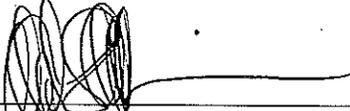
This Bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by the Bond Registrar.

IN WITNESS WHEREOF the Village of Vernon Hills, Lake County, Illinois, by its President and Board of Trustees, has caused this Bond to be executed by the manual or duly authorized facsimile signature of its President and attested by the manual or duly authorized facsimile signature of its Village Clerk and its corporate seal or a facsimile thereof to be impressed or reproduced hereon, all as appearing hereon and as of the Dated Date identified above.



President, Village of Vernon Hills
Lake County, Illinois

ATTEST:



Village Clerk, Village of Vernon Hills
Lake County, Illinois



[FORM OF AUTHENTICATION]

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within-mentioned Ordinance and is one of the General Obligation Bonds, Series 2012B, having a Dated Date of February 28, 2012, of the Village of Vernon Hills, Lake County, Illinois.

THE BANK OF NEW YORK MELLON
TRUST COMPANY N.A.
Chicago, Illinois
as Bond Registrar

Date of Authentication: _____, _____

By _____
Authorized Officer

[FORM OF BONDS - REVERSE SIDE]

This bond and each bond of the series of which it forms a part (the "*Bonds*") are issued pursuant to Division 6 of Article VII of the 1970 Constitution of the State of Illinois, as supplemented by Division 74.4 of Article 11 of the Illinois Municipal Code, as supplemented and amended, and particularly as supplemented by the Local Government Debt Reform Act of the State of Illinois, as supplemented and amended (collectively, the "*Act*"). The Bonds are being issued to pay the costs of refunding certain outstanding bonds of the Village, all as more fully described in proceedings adopted by the President and Board of Trustees of the Village (the "*Corporate Authorities*") and in an ordinance authorizing the issuance of the Bonds adopted by the Corporate Authorities on the 7th day of February, 2012 (the "*Bond Ordinance*"), which has been duly approved by the President, and published, in all respects as by law required, to all the provisions of which the holder by acceptance of this Bond assents. The principal of and premium, if any, and interest on the Bonds are payable from unlimited ad valorem taxes levied on all of the taxable property in the Village sufficient to pay when due all principal of and interest on the Bonds (the "*Ad Valorem Property Taxes*"). Under the Bond Ordinance, the Ad Valorem Taxes constitute the "*Bond Moneys*." No additional bonds shall be secured by the Ad Valorem Taxes. For the prompt payment of this Bond, both principal and interest as aforesaid, at Stated Maturity or as called for redemption, the Bond Moneys including the full faith and credit of the Village, are hereby irrevocably pledged.

It is hereby certified and recited that all conditions, acts and things required by the Constitution and Laws of the State of Illinois to exist or to be done precedent to and in the issuance of this Bond, have existed and have been properly done, happened and been performed in regular and due form and time as required by law; that the indebtedness of the Village, represented by the Bonds, and including all other indebtedness of the Village, howsoever evidenced or incurred, does not exceed any constitutional or statutory or other lawful limitation;

and that provision has been made for the collection of the Ad Valorem Property Taxes in an amount sufficient to pay the principal of and interest on the Bonds, and further, that the Village will properly account for the Bond Moneys and will comply with all of the covenants and maintain the funds and accounts as provided by the Bond Ordinance.

This Bond is subject to provisions relating to redemption and notice thereof, and other terms of redemption; provisions relating to registration, transfer, and exchange; and such other terms and provisions relating to security and payment as are set forth in the Ordinance; to which reference is hereby expressly made, and to all the terms of which the registered owner hereof is hereby notified and shall be subject.

The Village and the Bond Registrar may deem and treat the Registered Owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes, and neither the Village nor the Bond Registrar shall be affected by any notice to the contrary.

THIS BOND IS A "QUALIFIED TAX-EXEMPT OBLIGATION" UNDER SECTION 265(B)(3) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED.

[FORM OF ASSIGNMENT]

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

Here insert Social Security Number,
Employer Identification Number or
other Identifying Number

(Name and Address of Assignee)

the within Bond and does hereby irrevocably constitute and appoint

as attorney to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

Signature guaranteed: _____

NOTICE: The signature to this transfer and assignment must correspond with the name of the Registered Owner as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

Section 10. Security for the Bonds. The Bonds are a general obligation of the Village, for which the full faith and credit of the Village are irrevocably pledged, and are payable from the levy of the Ad Valorem Property Taxes on all of the taxable property in the Village, without limitation as to rate or amount.

Section 11. Tax Levy; Abatements. For the purpose of providing funds required to pay the interest on the Bonds promptly when and as the same falls due, and to pay and discharge the principal thereof at maturity, there is hereby levied upon all of the taxable property within the Village, in the years for which any of the Bonds are outstanding, a direct annual tax sufficient for that purpose; and *there is hereby levied upon all of the taxable property within the Village, in the years for which any of the Bonds are outstanding, a direct annual tax (the "AD VALOREM PROPERTY TAXES") as follows:*

FOR THE YEAR A TAX SUFFICIENT TO PRODUCE THE DOLLAR (\$) SUM OF:

2011	52,348.89	for interest and principal up to and including March 30, 2013
2012	49,000.00	for interest and principal
2013	148,700.00	for interest and principal
2014	146,400.00	for interest and principal
2015	149,100.00	for interest and principal
2016	151,700.00	for interest and principal
2017	149,200.00	for interest and principal
2018	151,700.00	for interest and principal
2019	149,100.00	for interest and principal
2020	156,500.00	for interest and principal
2021	158,700.00	for interest and principal
2022	155,510.00	for interest and principal
2023	157,320.00	for interest and principal
2024	158,720.00	for interest and principal

Ad Valorem Property Taxes and other moneys on deposit in the Bond Fund from time to time ("*Bond Moneys*" as herein defined) shall be applied to pay principal of and interest on the Bonds. Interest on or principal of the Bonds coming due at any time when there are insufficient Bond Moneys to pay the same shall be paid promptly when due from current funds on hand in advance of the deposit of the Ad Valorem Property Taxes; and when the Ad Valorem Property Taxes shall have been collected, reimbursement shall be made to said funds in the amount so advanced. The Village covenants and agrees with the purchasers and registered owners of the Bonds that so long as any of the Bonds remain outstanding the Village will take no action or fail to take any action which in any way would adversely affect the ability of the Village to levy and collect the Ad Valorem Property Taxes. The Village and its officers will comply with all present and future applicable laws in order to assure that the Ad Valorem Property Taxes may lawfully be levied, extended, and collected as provided herein.

Section 12. Filing with County Clerk. Promptly, after this Ordinance becomes effective and upon execution of the first Bond Order, a copy hereof, certified by the Village Clerk, shall be filed with the County Clerk. Under authority of this Ordinance, the County Clerk shall in and for

each of the years as set forth in hereinabove ascertain the rate percent required to produce the aggregate Ad Valorem Property Taxes levied in each of such years; and the County Clerk shall extend the same for collection on the tax books in connection with other taxes levied in such years in and by the Village for general corporate purposes of the Village; and in each of those years such annual tax shall be levied and collected by and for and on behalf of the Village in like manner as taxes for general corporate purposes for such years are levied and collected, without limit as to rate or amount, and in addition to and in excess of all other taxes.

Section 13. Sale of Bonds; Official Statement. The Bonds shall be executed as in this Ordinance provided as soon after the passage hereof as may be, shall be deposited with the Village Treasurer, and shall be delivered to the Purchaser upon the payment of the Purchase Price. The contract for the sale of the Bonds to the Purchaser as presented to the Corporate Authorities at this meeting (the "*Purchase Contract*") is hereby in all respects ratified, approved and confirmed, it being hereby declared 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 such contract.

The Preliminary Final Official Statement of the Village, relating to the Bonds and heretofore presented to the Corporate Authorities, is hereby ratified and approved. The Final Official Statement of the Village, dated within seven days of the date of sale of the Bonds, relating to the Bonds (the "*Final Official Statement*"), presented to the Corporate Authorities at this meeting is hereby approved, and the Purchaser is hereby authorized on behalf of the Village to distribute copies of the Final Official Statement to the ultimate purchasers of the Bonds. The Designated Officers are hereby further expressly authorized to take any action as may be required on the part of the Village to consummate the transactions contemplated by the Purchase Contract,

this Ordinance, said Preliminary Official Statement, said final Official Statement, and the Bonds, including, specifically, the execution of a tax certificate as prepared by Bond Counsel, and customary closing documents, their execution thereof to constitute ratification of the terms and provisions thereof by the Corporate Authorities without any further official action or direction thereby.

Section 14. Continuing Disclosure Undertaking. The President or any of the Designated Officers of the Village is hereby authorized, empowered, and directed to execute and deliver the Continuing Disclosure Undertaking in substantially the same form as provided by Bond Counsel and approved by the Village Attorney, or with such changes therein as the officer executing the Continuing Disclosure Undertaking on behalf of the Village shall approve, his or her execution thereof to constitute conclusive evidence of his or her approval of such changes. When the Continuing Disclosure Undertaking is executed and delivered on behalf of the Village as herein provided, the Continuing Disclosure Undertaking will be binding on the Village and the officers, employees, and agents of the Village, and the officers, employees, and agents of the Village are hereby authorized, empowered, and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Continuing Disclosure Undertaking as executed. Notwithstanding any other provision of this Ordinance, the sole remedies for failure to comply with the Continuing Disclosure Undertaking shall be the ability of the beneficial owner of any Bond to seek mandamus or specific performance by court order, to cause the Village to comply with its obligations under the Continuing Disclosure Undertaking.

Section 15. Creation of Funds and Appropriation. A. BOND FUND. There is hereby created the "Series 2012B Bonds Sinking Fund Account" (the "Bond Fund"), which shall be the fund for the payment of principal of and interest on the Bonds. If so provided by the Designated

Officers, at the time of delivery of the Bonds, the Treasurer shall advance (the "*Temporary Advance*") from funds of the Village on hand and lawfully available for the purpose and not derived from any borrowing, the amount, if any, of the interest on and principal of the Bonds as due September 30, 2012. Any Temporary Advance shall be repaid to the fund from which the advance shall have been made from the 2011 tax levy for the Bonds when received and available for such purpose.

The Ad Valorem Property Taxes shall either be deposited into the Bond Fund and used solely and only for paying the principal of and interest on the Bonds or be used to reimburse a fund or account from which advances to the Bond Fund may have been made to pay principal of or interest on the Bonds prior to receipt of Ad Valorem Property Taxes. Interest income or investment profit earned in the Bond Fund shall be retained in the Bond Fund for payment of the principal of or interest on the Bonds on the interest payment date next after such interest or profit is received or, to the extent lawful and as determined by the Corporate Authorities, transferred to such other fund as may be determined. The Village hereby pledges, as equal and ratable security for the Bonds, all present and future proceeds of the Ad Valorem Property Taxes for the sole benefit of the registered owners of the Bonds, subject to the reserved right of the Corporate Authorities to transfer certain interest income or investment profit earned in the Bond Fund to other funds of the Village, as described in the preceding sentence.

B. EXPENSE FUND. The amount necessary from the proceeds of the Bonds shall be used to pay expenses of issuance of the Bonds and shall be disbursed directly upon the delivery of the Bonds or shall be deposited into a separate fund, hereby created, designated the "*2012B Expense Fund*" to be held by the Village and used to pay expenses of issuing the Bonds. Disbursements shall be made by the Treasurer from time to time from such fund as necessary with no further official action of the Corporate Authorities, and any funds remaining on deposit

in and to the credit of the Expense Fund on the date which is six months after delivery of the Bonds shall be transferred to the Bond Fund and used to pay interest next coming due on the Bonds.

C. REFUNDING OF THE SERIES 2006 BONDS. Accrued interest on the Bonds, if any, and the sum of principal proceeds of the Bonds as is necessary, together with such money in the debt service funds for the Series 2006 Bonds as is allocable to the refunded portion of the Series 2006 Bonds, and as may be advisable for the purpose, shall be used to provide for the Refunding. The payment of such expenses as may be designated, pursuant to the provisions of an Escrow Agreement with the Escrow Agent, all in accordance with the provisions of an Escrow Agreement, in the form as provided by Bond Counsel and approved by the Designated Officers, made a part hereof by this reference, and hereby approved; the officers appearing signatory to such Escrow Agreement are hereby authorized and directed to execute same, their execution to constitute conclusive proof of action in accordance with this Ordinance, and approval of all completions or revisions necessary or appropriate to effect the Refunding.

D. ALTERNATE FUNDS. Alternatively to the creation of the Bond Fund or the Expense Fund, the Treasurer may allocate Bond Moneys or the proceeds of the Bonds for expenses to one or more related funds of the Village already in existence and in accordance with good accounting practice; *provided, however*, that this shall not relieve the Village or the Treasurer of the duty to account and invest for the Bond Moneys and the proceeds of the Bonds as herein provided, as if such funds had in fact been created.

Section 16. General Tax Covenants. The Village hereby covenants that it will not take any action, omit to take any action or permit the taking or omission of any action within its control (including, without limitation, making or permitting any use of the proceeds of the Bonds) if taking, permitting, or omitting to take such action would cause any of the Bonds to be

an arbitrage bond or a private activity bond within the meaning of the Code, would otherwise cause the interest on the Bonds to be included in the gross income of the recipients thereof for federal income tax purposes. The Village acknowledges that, in the event of an examination by the Internal Revenue Service of the exemption from Federal income taxation for interest paid on the Bonds, under present rules, the Village may be treated as a "taxpayer" in such examination and agrees that it will respond in a commercially reasonable manner to any inquiries from the Internal Revenue Service in connection with such an examination. In furtherance of the foregoing provisions, but without limiting their generality, the Village agrees: (a) through its officers, to make such further specific covenants, representations as shall be truthful, and assurances as may be necessary or advisable; (b) to comply with all representations, covenants, and assurances contained in certificates or agreements as may be prepared by Bond Counsel; (c) to consult with such Bond Counsel and to comply with such advice as may be given; (d) to file such forms, statements, and supporting documents as may be required and in a timely manner; and (e) if deemed necessary or advisable by its officers, to employ and pay fiscal agents, financial advisors, attorneys, and other persons to assist the Village in such compliance.

Section 17. Certain Specific Tax Covenants.

A. None of the Bonds shall be and the Series 2006 Bonds were not and is not a "private activity bond" as defined in Section 141(a) of the Code; and the Village certifies, represents, and covenants as follows:

(1) Not more than 5% of the net proceeds and investment earnings of the Bonds is to be used, and not more than 5% of the net proceeds of the Series 2006 Bonds were used directly or indirectly, in any activity carried on by any person other than a state or local governmental unit.

(2) Not more than 5% of the amounts necessary to pay the principal of and interest on the Bonds will be derived, directly or indirectly, from payments with respect to any private business use by any person other than a state or local governmental unit. Not more than 5% of the amounts necessary to pay the principal of and interest on the Series 2006 Bonds has been or will be derived, directly or indirectly, from payments with respect to any private business use by any person other than a state or local governmental unit.

(3) None of the proceeds of the Bonds is to be used and none of the proceeds of the Series 2006 Bonds was used directly or indirectly, to make or finance loans to persons other than a state or local governmental unit.

(4) Except as may be permitted by reference to the text above at paragraph A (1) of this Section, no user of the real or personal property of the Village acquired, constructed, or improved with the proceeds of the Series 2006 Bonds, other than the Village or another governmental unit, will use the same on any basis other than the same basis as the general public; and except as noted, no person, other than the Village or another governmental unit, will be a user of such property as a result of (i) ownership or (ii) actual or beneficial use pursuant to a lease, a management or incentive payment contract other than as expressly permitted by the Code, or (iii) any other arrangement.

B. The Bonds shall not be "arbitrage bonds" under Section 148 of the Code; and the Village certifies, represents, and covenants as follows:

(1) All proceeds of the Series 2006 Bonds, except for money treated as proceeds because on deposit in the bond fund or debt service fund for the Series 2006 Bonds, have been spent.

(2) Except for the Bond Fund, the Village has not created or established and will not create or establish any sinking fund reserve fund or any other similar fund to provide for the payment of the Bonds. The Bond Fund has been established and will be funded in a manner primarily to achieve a proper matching of revenues and debt service and will be depleted at least annually to an amount not in excess of 1/12th the particular annual debt service on the Bonds. Money deposited into the Bond Fund will be spent within a 13-month period beginning on the date of deposit, and investment earnings in the Bond Fund will be spent or withdrawn from the Bond Fund within a one-year period beginning on the date of receipt.

(3) Amounts of money related to the Bonds required to be invested at a yield not materially higher than the yield on the Bonds, as determined pursuant to such tax certifications or agreements as the Village officers may make in connection with the issuance of the Bonds, shall be so invested; and appropriate Village officers are hereby authorized to make such investments.

(4) Unless an applicable exception to Section 148(f) of the Code, relating to the rebate of "excess arbitrage profits" to the United States Treasury (the "*Rebate Requirement*") is available to the Village, the Village will meet the Rebate Requirement.

(5) Relating to applicable exceptions, any Village officer charged with issuing the Bonds is hereby authorized to make such elections under the Code as such officer shall deem reasonable and in the best interests of the Village. If such election may result in a "penalty in lieu of rebate" as provided in the Code, and such penalty is incurred (the "*Penalty*"), then the Village shall pay such Penalty.

C. None of the proceeds of the Bonds will be used to pay, directly or indirectly, in whole or in part, for an expenditure that has been paid by the Village prior to the date hereof or

expenditures for which an intent to reimburse itself was properly declared under Treasury Regulations Section 1.150-2. This Ordinance is in itself a declaration of official intent under Treasury Regulations Section 1.150-2 as to all costs paid from Bond proceeds after the date hereof and prior to issuance of the Bonds.

D. The Village reserves the right to use or invest moneys in connection with the Bonds in any manner, notwithstanding the representations and covenants relating to the Tax-exempt status of the Bonds, provided it shall first have received an opinion from Bond Counsel (or, in the event Bond Counsel is unable or unwilling to provide such opinion, then with another firm having a nationally recognized expertise in matters relating to Tax-exempt obligations) to the effect that use or investment of such moneys or the changes in or use of such infrastructure as contemplated will not result in loss or impairment of the Tax-exempt status for the Bonds.

E. The Village hereby designates each of the Bonds as a "qualified tax-exempt obligation" for the purposes and within the meaning of Section 265(b)(3) of the Code. In support of such designation, the Village hereby certifies that (i) none of the Bonds will be at any time a "private activity bond" (as defined in Section 141 of the Code), (ii) as of the date hereof in calendar year 2012, other than the Bonds, no tax-exempt obligations of any kind have been issued (A) by or on behalf of the Village, (B) by other issuers, any of the proceeds of which have been or will be used to make any loans to the Village or (c) any portion of which has been allocated to the Village for purposes of Section 265(b) of the Code and (iii) not more than \$10,000,000 of obligations of any kind (including the Bonds) issued (A) by or on behalf of the Village (B) by other issuers any of the proceeds of which have been or will be used to make any loans to the Village or (C) any portion of which has been allocated to the Village for purposes of Section 265(b) of the Code during calendar year 2012 will be designated for purposes of Section 265(b)(3) of the Code.

The Village is not subject to Control by any entity, and there are no entities subject to Control by the Village.

On the date hereof, the Village does not reasonably anticipate that for calendar year 2012 it will issue, have another entity issue on behalf of the Village, borrow the proceeds of or have allocated to the Village for purposes of Section 265(b) of the Code more than \$10,000,000 Section 265 Tax-Exempt Obligations (including the Bonds and the General Obligation Bonds, Series 2012A [the "2012A Bonds"] of the Village, which are to be issued at the same time as the Bonds). "Section 265 Tax-Exempt Obligations" are obligations the interest on which is excludable from gross income of the owners thereof under Section 103 of the Code, *except for* private activity bonds other than qualified 501(c)(3) bonds, both as defined in Section 141 of the Code. The Village will not, in calendar year 2012 issue, permit the issuance on behalf of it or by any entity subject to Control by the Village (which may hereafter come into existence), borrow the proceeds of or have allocated to it for purposes of Section 265(b) of the Code Section 265 Tax-Exempt Obligations (including the Bonds and the 2012A Bonds) that exceed the aggregate amount of \$10,000,000 during calendar year 2012 unless it first obtains an opinion of Bond Counsel to the effect that such issuance, borrowing or allocation will not adversely affect the treatment of the Bonds as "qualified tax-exempt obligations" for the purpose and within the meaning of Section 265(b)(3) of the Code.

The Bonds have not been sold in conjunction with any other obligation.

Section 18. Municipal Bond Insurance. In the event the payment of principal of and interest on a Series of the Bonds is insured pursuant to a municipal bond insurance policy (a "*Municipal Bond Insurance Policy*") issued by a bond insurer (a "*Bond Insurer*"), and as long as such Municipal Bond Insurance Policy shall be in full force and effect, the Village and the Bond Registrar agree to comply with such usual and reasonable provisions regarding presentment

and payment of such Bonds, subrogation of the rights of the Bondholders to the Bond Insurer when holding such Bonds, amendment hereof, or other terms, as approved by any of the Village officers on advice of counsel, his or her approval to constitute full and complete acceptance by the Village of such terms and provisions under authority of this Section.

Section 19. Rights and Duties of Bond Registrar. If requested by the Bond Registrar, any officer of the Village is authorized to execute standard form of agreements between the Village and the Bond Registrar with respect to the obligations and duties of the Bond Registrar under this Ordinance. In addition to the terms of such agreements and subject to modification thereby, the Bond Registrar by acceptance of duties under this Ordinance agree (a) to act as bond registrar, paying agent, authenticating agent, and transfer agent as provided herein; (b) to maintain a list of Bondholders as set forth herein and to furnish such list to the Village upon request, but otherwise to keep such list confidential to the extent permitted by law; (c) to cancel and/or destroy Bonds which have been paid at maturity or submitted for exchange or transfer; (d) to furnish the Village at least annually a certificate with respect to Bonds cancelled and/or destroyed; and (e) to furnish the Village at least annually an audit confirmation of Bonds paid, Bonds outstanding and payments made with respect to interest on the Bonds. The Village covenants with respect to the Bond Registrar, and the Bond Registrar further covenants and agrees as follows:

(A) The Village shall at all times retain a Bond Registrar with respect to the Bonds; it will maintain at the designated office(s) of such Bond Registrar a place or places where Bonds may be presented for payment, registration, transfer or exchange; and it will require that the Bond Registrar properly maintain the Bond Register and perform the other duties and obligations imposed upon it by this Ordinance in a manner consistent with the standards, customs and practices of the municipal securities industry.

(B) The Bond Registrar shall signify its acceptance of the duties and obligations imposed upon it by this Ordinance by executing the certificate of authentication on any Bond, and by such execution the Bond Registrar shall be deemed to have certified to the Village that it has all requisite power to accept and has accepted such duties and obligations not only with respect to the Bond so authenticated but with respect to all the Bonds. Any Bond Registrar shall be the agent of the Village and shall not be liable in connection with the performance of its duties except for its own negligence or willful wrongdoing. Any Bond Registrar shall, however, be responsible for any representation in its certificate of authentication on Bonds.

(C) The Village may remove the Bond Registrar at any time. In case at any time the Bond Registrar shall resign, shall be removed, shall become incapable of acting, or shall be adjudicated a bankrupt or insolvent, or if a receiver, liquidator, or conservator of the Bond Registrar or of the property thereof shall be appointed, or if any public officer shall take charge or control of the Bond Registrar or of the property or affairs thereof, the Village covenants and agrees that it will thereupon appoint a successor Bond Registrar. The Village shall give notice of any such appointment made by it to each registered owner of any Bond within twenty days after such appointment in any reasonable manner as the Village shall select. Any Bond Registrar appointed under the provisions of this Section shall be a bank, trust company, or national banking association maintaining a corporate trust office in Illinois or New York, and having capital and surplus and undivided profits in excess of \$100,000,000. The Village Clerk of the Village is hereby directed to file a certified copy of this Ordinance with the Bond Registrar.

Section 20. Defeasance. Any Bond or Bonds which (a) are paid and cancelled, (b) which have matured and for which sufficient sums have been deposited with the Bond

Registrar to pay all principal and interest due thereon, or (c) for which sufficient funds and Defeasance Obligations have been deposited with the Bond Registrar or similar institution to pay, taking into account investment earnings on such obligations, all principal of and interest on such Bond or Bonds when due at maturity, pursuant to an irrevocable escrow or trust agreement, shall no longer have the benefits of any covenant for the registered owners of outstanding Bonds as set forth herein as such relates to lien and security of the outstanding Bonds. All covenants relative to the Tax-exempt status of the Bonds; and payment, registration, transfer, and exchange; are expressly continued for all Bonds whether outstanding Bonds or not. For purposes of this Section, "*Defeasance Obligations*" means (a) direct and general full faith and credit obligations of the United States Treasury ("*Directs*"), (b) certificates of participation or trust receipts in trusts comprised wholly of Directs or (c) other obligations unconditionally guaranteed as to timely payment by the United States Treasury.

Section 21. Publication of Ordinance. A full, true, and complete copy of this Ordinance shall be published within ten days after passage in pamphlet form by authority of the Corporate Authorities.

Section 22. Severability. 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 23. *Superseder and Effective Date.* All ordinances, resolutions, and orders, or parts thereof, in conflict with this Ordinance, are to the extent of such conflict hereby superseded; and this Ordinance shall be in full force and effect immediately upon its passage, approval and publication.

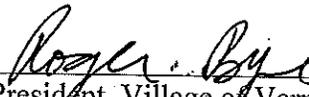
ADOPTED: this 7th day of February, 2012

AYES: Williams, Hebda, Koch, Marquardt, Schultz

NAYS: None

ABSENT: Schwartz

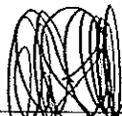
APPROVED: February 7, 2012



President, Village of Vernon Hills
Lake County, Illinois

Published in pamphlet form by authority of the President and Board of Trustees on February 7, 2012.

ATTEST:



Village Clerk, Village of Vernon Hills
Lake County, Illinois

EXTRACT OF MINUTES of the regular public meeting of the President and Board of Trustees of the Village of Vernon Hills, Lake County, Illinois, held at the Village Hall, located at 290 Evergreen Drive, in said Village, at 7:00 p.m., on the 7th day of February, 2012.

The President called the meeting to order and directed the Village Clerk to call the roll.

Upon the roll being called, the President, being physically present at such place and time, and the following Trustees, being physically present at such place and time, answered present:

Hebda, Koch, Marquardt, Schultz, and Williams

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 denied permission 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: Schwartz

* * * * *

There being a quorum present, various business of the President and Board of Trustees was conducted.

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The President and Board of Trustees then discussed a proposed bond refunding and capital improvements for the Village and considered an ordinance providing for the issuance of one or more series of General Obligation Bonds, Series 2012B, of the Village, providing for the

levy and collection of a direct annual tax for the payment of the principal of and interest on said bonds and authorizing the execution of an escrow agreement in connection therewith.

Thereupon, Trustee Schultz presented an ordinance entitled:

AN ORDINANCE providing for the issuance of General Obligation Bonds, Series 2012B, of the Village of Vernon Hills, Lake County, Illinois, authorizing the execution of an escrow agreement and providing for the levy and collection of a direct annual tax for the payment of the principal of and interest on said bonds.

(the "*Bond Ordinance*").

Trustee Schultz moved and Trustee Koch seconded the motion that the Bond Ordinance as presented be adopted.

A President and Board of Trustees discussion of the matter followed. During the discussion, Finance Director Nakrin gave a public recital of the nature of the matter, which included a reading of the title of the ordinance and statements (1) that the ordinance provided for the issuance of one or more series of general obligation bonds for the purpose of paying the costs of refunding certain outstanding bonds of the Village, (2) that the bonds are issuable without referendum pursuant to the home rule powers of the Village, (3) that the ordinance further provides for the levy of taxes to pay the bonds, and (4) that the ordinance provides many details for the bonds, including tax-exempt status covenants, provisions for terms and form of the bonds, and appropriations.

The President directed that the roll be called for a vote upon the motion to adopt the ordinance.

Upon the roll being called, the following Trustees voted AYE: Williams, Hebda, Koch, Marquardt, and Schultz

and the following Trustees voted NAY: None

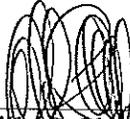
WHEREUPON, the President declared the motion carried and the ordinance adopted, and henceforth did approve and sign the same in open meeting, and did direct the Village Clerk to record the same in full in the records of the President and Board of Trustees of the Village of Vernon Hills, Lake County, Illinois.

* * * * *

Other business was duly transacted at said meeting.

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Upon motion duly made and carried, the meeting adjourned.



Village Clerk

STATE OF ILLINOIS)
) SS
COUNTY OF LAKE)

CERTIFICATION OF AGENDA, MINUTES AND ORDINANCE

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 am the keeper of the official journal of proceedings, books, records, minutes, and files of the Village and of the President and Board of Trustees (the "*Corporate Authorities*") of the Village.

I do further certify that the foregoing extract of minutes is a full, true, and complete transcript of that portion of the minutes of the meeting (the "*Meeting*") of the Corporate Authorities held on the 7th day of February, 2012, insofar as the same relates to the adoption of an ordinance, numbered 2012-011, entitled:

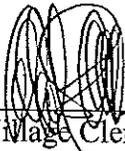
AN ORDINANCE providing for the issuance of General Obligation Bonds, Series 2012B, of the Village of Vernon Hills, Lake County, Illinois, authorizing the execution of an escrow agreement and providing for the levy and collection of a direct annual tax for the payment of the principal of and interest on said bonds.

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

I do further certify that the deliberations of the Corporate Authorities on the adoption of the Ordinance were taken openly; that the vote on the adoption of the Ordinance was taken openly; that the Meeting was held at a specified time and place convenient to the public; that notice of the Meeting was duly given to all newspapers, radio or television stations, and other news media requesting such notice; that an agenda (the "*Agenda*") for the Meeting was posted at the location where the Meeting was held and at the principal office of the Corporate Authorities (both such locations being at Village Hall) at least 48 hours in advance of the Meeting and also not later than 5:00 p.m. on Friday, February 3, 2012; that said Agenda contained a separate

specific item relating to the consideration of the Ordinance and *that a true, correct, and complete copy of said Agenda as so posted is attached to this certificate*; that the Meeting was called and held in strict compliance with the provisions of the Open Meetings Act of the State of Illinois, as amended; and the Illinois Municipal Code, as amended, except as said Act and said Code may be validly superseded by the home rule powers of the Village; and that the Corporate Authorities have complied with all of the provisions of such Act and Code and with all of the procedural rules of the Corporate Authorities in the adoption of the Ordinance.

IN WITNESS WHEREOF I hereunto affix my official signature and the seal of the Village this 7th day of February, 2012.



Village Clerk



STATE OF ILLINOIS)
) SS
COUNTY OF LAKE)

CERTIFICATE OF 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 as such official I am the keeper of the official journal of proceedings, books, records, minutes, and files of the Village and of the President and Board of Trustees (the "*Corporate Authorities*") of the Village.

I do further certify that on the 7th day of February, 2012, there was published in pamphlet form, by authority of the President and Board of Trustees, a true, correct, and complete copy of Ordinance Number 2012-011, of the Village entitled:

AN ORDINANCE providing for the issuance of General Obligation Bonds, Series 2012B, of the Village of Vernon Hills, Lake County, Illinois, authorizing the execution of an escrow agreement and providing for the levy and collection of a direct annual tax for the payment of the principal of and interest on said bonds.

and providing for the issuance of said bonds, and that the ordinance as so published was on that date readily available for public inspection and distribution, in sufficient number so as to meet the needs of the general public, at my office as Village Clerk located in the Village.

IN WITNESS WHEREOF I have affixed hereto my official signature and the seal of the Village this 10th day of February, 2012.





Village Clerk

STATE OF ILLINOIS)
) SS
COUNTY OF LAKE)

CERTIFICATE OF FILING

I do hereby certify that I am the duly qualified and acting County Clerk of The County of Lake, Illinois, and as such officer I do hereby certify that on the 15th day of February, 2012, there was filed in my office a properly certified copy of Ordinance Number 2012-011, duly adopted by the President and Board of Trustees of the Village of Vernon Hills, Lake County, Illinois, on the 7th day of February, 2012, and entitled:

AN ORDINANCE providing for the issuance of General Obligation Bonds, Series 2012B, of the Village of Vernon Hills, Lake County, Illinois, authorizing the execution of an escrow agreement and providing for the levy and collection of a direct annual tax for the payment of the principal of and interest on said bonds.

and approved by the President of said Village, and that the same has been deposited in, and all as appears from, the official files and records of my office.

IN WITNESS WHEREOF I have hereunto affixed my official signature and the seal of The County of Lake, Illinois, this 15th day of February, 2012.

Willard R Helander
County Clerk of The County
of Lake, Illinois

[SEAL]