
ORDINANCE NUMBER 2012-010

AN ORDINANCE providing for the issuance of General Obligation Bonds, Series 2012A, of the Village of Vernon Hills, Lake County, Illinois, providing for the levy and collection of a direct annual tax for the payment of the principal of and interest on said bonds, and further securing said bonds with certain pledged incremental taxes.

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.

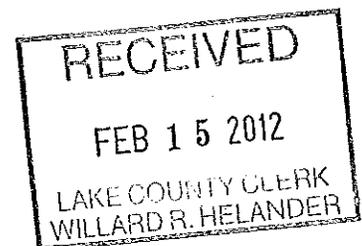


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LIST OF EXHIBITS

A—LEGAL DESCRIPTION

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AN ORDINANCE providing for the issuance of General Obligation Bonds, Series 2012A, of the Village of Vernon Hills, Lake County, Illinois, providing for the levy and collection of a direct annual tax for the payment of the principal of and interest on said bonds, and further securing said bonds with certain pledged incremental taxes.

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, and particularly as supplemented and amended by the Local Government Debt Reform Act, as amended, and the other Omnibus Bond Acts, as amended, and 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 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 President and Board of Trustees of the Village (the "*Corporate Authorities*") have heretofore determined that it is desirable and necessary that a portion of the Village be evaluated as a proposed redevelopment project area to determine whether said proposed redevelopment project might be redeveloped with Village assistance as provided in the Tax Increment Allocation Redevelopment Act, as amended (the "*TIF Act*").

C. To effectuate the redevelopment of said proposed redevelopment project area, the Corporate Authorities have heretofore caused the preparation of an eligibility study for and a redevelopment plan (the "*Plan*") and project (the "*Project*") for said proposed redevelopment project area, fixed the time and place for a public hearing on and convened a joint review board to consider the Plan and Project, held, heard all protests and objections at and finally adjourned a

public hearing on the 8th day of January, 2002, and adopted on the 21st day of May, 2002, ordinances approving the Plan and Project, designating said proposed redevelopment project area as the "NW & SW Corners of Route 45 & 21 Town Center Redevelopment Project Area" (as legally described on EXHIBIT A, the "*Redevelopment Project Area*"), adopting tax increment allocation financing for the Redevelopment Project Area and by ordinance adopted on the 21st day of May, 2002, established a special tax allocation fund therefor (the "*Special Tax Allocation Fund*"), all as provided in and pursuant to the TIF Act.

D. The Corporate Authorities further determined it to be advisable and necessary that the Village enter into that certain Redevelopment Agreement (the "*VHTC Redevelopment Agreement*") by and between the Village and VHTC, LLC, an Illinois limited liability company (the "*Developer*"), which agreement was executed on or about the 9th day of May, 2006 (the "*Original Redevelopment Agreement*").

E. The Original Redevelopment Agreement was approved by ordinance adopted by the Corporate Authorities on the 9th day of May, 2006, and contemplated the redevelopment by the Developer of a portion of the Redevelopment Project Area.

F. The Original Redevelopment Agreement provided that the Developer shall cause to be developed within a portion of the Redevelopment Project Area certain residential, parking, office and retail improvements, together with acquisition of real property or interests therein and infrastructure improvements, including but not limited to site preparation, demolition, site grading/earthwork, street, traffic, water, sewer and stormwater improvements (collectively, the "*VHTC Redevelopment Project*"), all as heretofore approved by the Corporate Authorities in the Plan.

G. The Original Redevelopment Agreement further provided for reimbursement by the Village to the Developer of certain costs of the VHTC Redevelopment Project constituting

eligible "redevelopment project costs" as defined in the TIF Act and as approved in the Plan and for the issuance of bonds, notes or other obligations of the Village as necessary to provide for such reimbursement.

H. On the 10th day of July, 2007, the Village and the Developer entered into that certain First Amendment to the Original Redevelopment Agreement in order to clarify and confirm certain provisions of the Original Redevelopment Agreement.

I. 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) (the "*Series 2007 Senior Lien Bonds*"). The Series 2007 Senior Lien Bonds were issued, in part, to pay or reimburse a portion of the costs of the VHTC Redevelopment Project, and the Village reimbursed Developer for a portion of Developer's land acquisition costs incurred incidental to the VHTC Redevelopment Project by paying to Developer the sum of \$3,002,000. The Series 2007 Senior Lien Bonds are secured, on a senior lien basis, by the "Limited Incremental Property Taxes" and the "Village Contribution," as hereinafter defined.

J. On the 8th day of January, 2009, the Village and the Developer entered into that certain Second Amendment to the Original Redevelopment Agreement, which amendment modified Articles Two and Five of the Original Redevelopment Agreement pertaining to the issuance by the Village to the Developer of certain limited revenue notes and the reimbursement by the Village of additional eligible redevelopment project costs incurred by Developer in connection with the VHTC Redevelopment Project.

K. In order to provide for the reimbursement of remaining costs incurred by the Developer for land acquisition incidental to the VHTC Redevelopment Project, on the 24th day

of January, 2008, the Village issued its not to exceed \$3,628,000 Taxable Subordinate Lien Tax Increment Revenue Note (Town Center Project), Series 2008 (the "*Series 2008 Note*"), bearing interest at a rate percent per annum equal to eight percent (8.00%) and coming due on May 9, 2011 (the "*2008 Final Maturity*").

L. In order to provide for the reimbursement of a portion of certain eligible redevelopment project costs incurred by the Developer for infrastructure improvements related to the VHTC Redevelopment Project, on the 16th day of December, 2008, the Village issued its not to exceed \$2,335,000 Taxable Subordinate Lien Tax Increment Revenue Note (Town Center Project), Series 2008 (the "*Series 2008A Note*" and, together with the Series 2008 Note, the "*2008 Notes*"), bearing interest at a rate percent per annum equal to eight percent (8.00%) and coming due on May 6, 2011 (the "*2008A Final Maturity*").

M. The 2008 Notes provided by their terms that failure to pay any amount of principal of or interest (including Deferred Interest, as therein defined) on the 2008 Notes due to insufficiency of the revenues pledged thereto, whether at stated maturity, Final Maturity or otherwise, was in no event to be deemed an event of default thereon and further provided that any amount of principal of or interest (including Deferred Interest) on such 2008 Notes remaining unpaid at Final Maturity be extinguished and thereafter not be deemed to be owing and unpaid.

N. On the 4th day of August, 2009, the Village and the Developer entered into that certain Third Amendment to the Original Redevelopment Agreement, which amendment, *inter alia*, modified Section 5.2.b of the Original Redevelopment Agreement, as theretofore most recently amended, to provide that the obligation of the Village to reimburse the Developer for its eligible redevelopment project costs as provided in said agreement would continue until on or before August 1, 2012 (said obligation being the hereinafter defined "*Claim*").

O. In order to provide for the reimbursement of the remaining portion of certain eligible redevelopment project costs incurred by the Developer for infrastructure improvements related to the VHTC Redevelopment Project, on the 29th day of March, 2010, the Village issued its not to exceed \$305,000 Taxable Subordinate Lien Tax Increment Revenue Note (Town Center Project), Series 2010 (the "*Series 2010 Note*"), bearing interest at a rate percent per annum equal to eight percent (8.00%) and coming due on August 1, 2012.

P. The Original Redevelopment Agreement (as most recently amended, the "*Redevelopment Agreement*") has not been further amended, modified or supplemented, and the Redevelopment Agreement is now in full force and effect.

Q. The Corporate Authorities have heretofore, and it hereby expressly is, determined that it is desirable and necessary that the Village now pay the Claim and refund the Series 2010 Note (together, the "*Purposes*") at an estimated cost of \$7,850,000.

R. There are insufficient funds on hand and legally available to pay the cost of the Purposes, and it is hereby determined that it is advisable and necessary that the Village issue its general obligation bonds in the aggregate amount of \$7,850,000 to pay the cost of the Purposes.

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.

Claim

Corporate Authorities

Developer

2008 Final Maturity

2008A Final Maturity

2008 Notes

Original Redevelopment Agreement

Plan

Prior Bond Ordinance

Project

Purposes

Redevelopment Agreement

Redevelopment Project Area

Series 2007 Senior Lien Bonds

Series 2008 Note

Series 2008A Note

Series 2010 Note

Special Tax Allocation Fund

TIF Act

Village

VHTC Redevelopment Agreement

VHTC Redevelopment Project

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

"Act" means the Illinois Municipal Code, as supplemented and amended, and, as to the TIF Portion of the Bonds, specifically including the TIF Act, 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.

"Additional Bonds" means any bonds issued in the future on a parity with and sharing ratably and equally in the Subordinated Limited Incremental Property Taxes with the Bonds.

"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, including, specifically, the Subordinated Limited Incremental Property Taxes, 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 any of the General Obligation Bonds, Series 2012A, 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.

"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 Bond Year.

"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).

"Incremental 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.

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

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

"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.

"Parity Bonds" means any obligations hereafter issued which are secured on a ratable and equal basis with the Bonds by the Subordinated Limited Incremental Property Taxes.

"Paying Agent for the Refunded Note" means the Village Treasurer, Illinois.

"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.

"Purchase Price" means the price to be paid for the Bonds, *to-wit*: \$7,965,433.50 (being the par amount of the Bonds, plus original issue premium in the amount of \$184,121, and net of an underwriter's discount of \$68,687.50), plus accrued interest to date of delivery, if any.

"Purchaser" means Stifel, Nicolaus & Company, Incorporated.

"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.

"Refunded Note" means the Series 2010 Note.

"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.

"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.

"Subordinated Limited Incremental Property Taxes" means any amount of Limited Incremental Property Taxes on deposit in and to the credit of the Subordinate Lien Account of the General Account of the Special Tax Allocation Fund.

"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.

"Total Initial Equalized Value" means the total initial equalized assessed value of the taxable real property in the Redevelopment Project Area as determined by the County Clerk of The County of Lake, Illinois, in accordance with Section 11-74.4-9 of the TIF Act.

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

"Village Contribution" means, for any Bond 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.

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 Purposes, 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 Purposes, there shall be issued and sold Bonds in the aggregate principal amount of \$7,850,000.

B. The Bonds shall each be designated "*General Obligation Bond, Series 2012A*" 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 December 30 of the years and shall bear interest at the rates percent per annum as follows:

YEAR	AMOUNT(\$)	RATE (%)
2016	300,000	2.00
2017	450,000	2.00
2018	600,000	2.00
2019	650,000	2.00
2020	675,000	2.00
2021	725,000	2.00
2022	750,000	2.00
2023	800,000	2.00
2024	900,000	2.00
2025	1,000,000	2.25
2026	1,000,000	2.25

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 June 30 and December 30 of each year, commencing on December 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 December 30, 2020, shall be subject to redemption prior to maturity at the option of the Village, from any available moneys, on December 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 are not subject to mandatory redemption prior to maturity.

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 2012A

See Reverse Side for
Additional Provisions.

Interest Maturity Dated
Rate: Date: December 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 June 30 and December 30 of each year, commencing December 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.

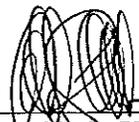
This Bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by the Bond Registrar.

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

[SEAL]



[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 2012A, 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 currently refunding a certain outstanding limited revenue note of the Village and to pay an outstanding claim against 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 (1) 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*") and (2) (a) the Subordinated Limited Incremental Property Taxes (as defined in the Bond Ordinance), if, as and when received, and (b) the amounts on deposit in and to the credit of the various funds and accounts of the special tax allocation fund heretofore created for the NW & SW Corners of Route 45 and 21 Town Center Redevelopment Project Area heretofore designated by the Village pursuant to the TIF Act (the "*Special Tax Allocation Fund*"). Under the Bond Ordinance, the Subordinated Limited Incremental Property Taxes and the Ad Valorem Taxes constitute, collectively, the "*Bond Moneys*." Additional Bonds sharing ratably and equally with the Bonds in the Subordinated Limited Incremental Property Taxes may be issued pursuant to the terms of the Bond Ordinance, provided, however, that no Additional Bonds shall be secured by the Ad Valorem Taxes but shall

share ratably and equally with the Bonds solely as to the pledge of the Subordinated Limited Incremental Property 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 allocation of the Subordinated Limited Incremental Property Taxes and for the collection of the Ad Valorem Property Taxes in an amount sufficient to pay the principal of and interest on the Bonds and for depositing the Subordinated Limited Incremental Property Taxes into the Special Tax Allocation Fund, 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. The Village hereby further pledges the Subordinated Limited

Incremental Property Taxes and the amounts on deposit in and to the credit of the various funds and accounts of the Special Tax Allocation Fund to secure the Bonds, together with the interest thereon.

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	135,900.00	for interest up to and including December 30, 2012
2012	162,000.00	for interest
2013	162,000.00	for interest
2014	162,000.00	for interest
2015	462,000.00	for interest and principal
2016	606,000.00	for interest and principal
2017	747,000.00	for interest and principal
2018	785,000.00	for interest and principal
2019	797,000.00	for interest and principal
2020	833,500.00	for interest and principal
2021	844,000.00	for interest and principal
2022	879,000.00	for interest and principal
2023	963,000.00	for interest and principal
2024	1,045,000.00	for interest and principal
2025	1,022,500.00	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.

In the event that funds from any other lawful source, including the Subordinated Limited Incremental Property Taxes, are made available for the purpose of paying any principal of or interest on the Bonds so as to enable the abatement of the taxes levied herein for the payment of same, the Corporate Authorities shall, by proper proceedings, direct the transfer of such funds to the Bond Fund and the abatement of the taxes by the amount to be so deposited. A certified copy or other notification of any such proceedings abating taxes may then be filed with the County Clerk in a timely manner to effect such abatement.

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 Appropriations; Special Tax Allocation Fund and Accounts and Specific Covenants Related Thereto. A. BOND FUND. There is hereby created the "Series 2012A Bonds Sinking Fund Account" (the "Bond Fund"), which shall be the fund for the payment of principal of and interest on the Bonds. Accrued interest received upon delivery of the Bonds shall be deposited into the Bond Fund and be applied to pay first interest coming due on the Bonds. In addition, 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 December 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 "2012A 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. PAYMENT OF SERIES 2010 NOTE AND OF CLAIM. The amount necessary from the proceeds of the Bonds, shall be used to provide for the refunding of the Series 2010 Note and the payment of the Claim and to that end shall be deposited with the Village Treasurer to be used solely for such purposes, such payment to be made within ninety (90) days after the delivery of the Bonds. Any amounts remaining from the proceeds of the Bonds after accomplishing the Purposes shall be set aside in the Bond Fund, applied to pay next interest on the Bonds, and taxes abated accordingly.

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.

E. 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 Bonds are secured by a pledge of all of the moneys on deposit in the hereinafter defined 2012A Subordinate Lien Bond 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 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." As provided in the Prior Bond Ordinance, 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. The Village Treasurer shall hold the General Account.

Not later than November 15 of each year 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 Bond 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 Bond 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 "2012A Subordinate Lien Bond Account," as follows:

(a) The Treasurer shall first credit to and deposit the Subordinated Limited Incremental Property Taxes into the 2012A Subordinate Lien Bond 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 Bonds as the same become, together with any fees in connection therewith.

(b) Whenever, there are funds in the 2012A Subordinate Lien Bond Account in excess of the Principal Requirement for the Bonds, 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 Bonds; 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 Bonds; 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 Bonds, any Parity Bonds, 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.

J. *Parity Bonds.* The Village reserves the absolute right to issue Parity Bonds without limit.

4. *Specific Covenants Related to Special Tax Allocation Fund.* The Village covenants and agrees with the registered owners of the Bonds that, so long as any of the Bonds remain outstanding and unpaid:

(a) The Village will pay and discharge, or cause to be paid and discharged, any and all lawful claims which, if unpaid, might become a lien or charge upon the Incremental Taxes or any part thereof, or upon any funds in the Special Tax Allocation Fund, or which might impair the security of the Bonds. 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.

(b) 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 and the Incremental Taxes and will timely file such records and reports with the State as may be required pursuant to the TIF Act.

The Village will cause to be prepared within a reasonable period after the close of each fiscal year of the Village so long as any of the Bonds are outstanding complete audited financial statements with respect to the preceding fiscal year showing the Incremental Taxes received, all disbursements from the funds and accounts created by this Ordinance and the financial condition of the Redevelopment Project Area, including the balances in all funds and accounts relating to the Redevelopment Project Area as of the end of such fiscal year. The Village will furnish a copy of such statements to the State and any other information the State shall require as, if and when required under the TIF Act.

(c). The Village will continue to deposit the Incremental Taxes into the Special Tax Allocation Fund. The Village covenants and agrees with the Purchaser and with the 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 collect the Incremental Taxes. The Village and its officers will comply with the TIF Act and with all present and future applicable laws in order to assure that such taxes may be collected as provided herein and deposited into the Special Tax Allocation Fund.

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 neither the Series 2010 Note nor the Claim was or is 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 2010 Note or the Claim was 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 2010 Prior Note or the Claim 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 2010 Prior Note or the Claim 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 2010 Note or the Claim, 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 2010 Prior Note and the Claim, except for money treated as proceeds because on deposit in the bond fund or debt service fund for the Series 2010 Prior Note or the Claim, 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 2012B [the "2012B 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 2012B 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 cease to have any lien on or right to receive or be paid from the Subordinated Limited Incremental Property Taxes and 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.

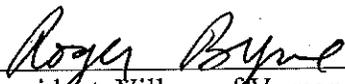
Section 22. Severability. If any section, paragraph, clause, or provision of this Ordinance shall be held invalid, the invalidity of such section, paragraph, clause, or provision shall not affect any of the other provisions of this Ordinance.

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: Schultz, Williams, Hebda, Koch, Marquardt
NAYS: None
ABSENT: Schwartz

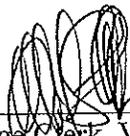
APPROVED: February 7, 2012



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.

* * * * *

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 2012A, 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, further securing said bonds with a pledge of certain incremental tax revenues.

Thereupon, Trustee Koch presented an ordinance entitled:

AN ORDINANCE providing for the issuance of General Obligation Bonds, Series 2012A, of the Village of Vernon Hills, Lake County, Illinois, providing for the levy and collection of a direct annual tax for the payment of the principal of and interest on said bonds, and further securing said bonds with certain pledged incremental taxes.

(the "*Bond Ordinance*").

Trustee Koch moved and Trustee Hebda 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 a certain outstanding limited revenue note and of paying certain outstanding claims against 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 pledges certain incremental taxes revenues thereto, 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: Schultz, Williams, Hebda, Koch, and Marquardt

and the following Trustees voted NAY: None

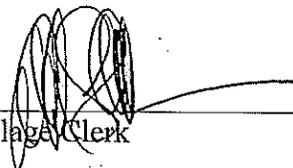
WHEREUPON, the President declared the motion carried and the ordinance adopted, and henceforth did approve and sign the same in open meeting, and did direct the Village Clerk to record the same in full in the records of the President and Board of Trustees of the Village of Vernon Hills, Lake County,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

* * * * *

Other business was duly transacted at said meeting.

* * * * *

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 2012-010, entitled:

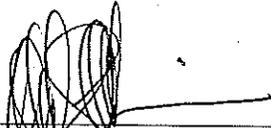
AN ORDINANCE providing for the issuance of General Obligation Bonds, Series 2012A, of the Village of Vernon Hills, Lake County, Illinois, providing for the levy and collection of a direct annual tax for the payment of the principal of and interest on said bonds, and further securing said bonds with certain pledged incremental taxes.

(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

[SEAL]



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 2012-010 of the Village entitled:

AN ORDINANCE providing for the issuance of General Obligation Bonds, Series 2012A, of the Village of Vernon Hills, Lake County, Illinois, providing for the levy and collection of a direct annual tax for the payment of the principal of and interest on said bonds, and further securing said bonds with certain pledged incremental taxes.

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



