
ORDINANCE NUMBER 2013-0-17

AN ORDINANCE providing for the issuance of \$47,895 Taxable General Obligation Limited Tax Bonds, Series 2013A, and not to exceed \$270,000 General Obligation Limited Tax Bonds, Series 2013B, of the Village of Willow Springs, Cook County, Illinois, and providing for the levy and collection of a direct annual tax for the payment of the principal of and interest on said bonds.

Adopted by the President and Board of Trustees on the 21st day of November, 2013.

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WHEREAS

A. The Village of Willow Springs, Cook County, Illinois (the "*Village*"), is a municipality and unit of local government operating under the constitution and laws of the State of Illinois, including the Illinois Municipal Code, as amended (the "*Act*").

B. On February 23, 2012, the Village authorized Taxable General Obligation Bonds (Alternate Revenue Source), Series 2012A (the "*Prior Bonds*").

C. It is necessary and desirable that the Village refund the interest due on December 15, 2013, and June 15, 2014, and related expenses with respect to the Prior Bonds (the "*Refunding*"); and

D. The Prior Bonds are outstanding and unpaid and are binding and subsisting legal obligations of the Village.

E. The President and Board of Trustees of the Village (the "*Corporate Authorities*") find that the Village does not have sufficient funds on hand for the Refunding and that the cost thereof, including legal, financial and other expenses, will be not more than \$47,895, and that it is necessary and for the best interests of the Village that it borrow a sum \$47,895 and issue bonds of the Village to evidence the borrowing.

F. In addition, it is necessary and desirable that the Village finance certain capital improvements in and for the Village (the "*Project*") and it is necessary at this time to borrow a sum not to exceed \$270,000 to pay the cost thereof.

G. The Corporate Authorities find that the Village does not have sufficient funds on hand for the Project and that the cost thereof, including legal, financial and other expenses, will be not more than \$270,000, and that it is necessary and for the best interests of the Village that it borrow a sum not to exceed \$270,000 and issue bonds of the Village to evidence the borrowing.

H. The Corporate Authorities have determined that it is in the best interests of the Village to issue bonds in the amount of \$47,895 for the Refunding and bonds to an amount not to exceed \$270,000 for the Project, and to therefore issue in the aggregate bonds to an amount not to exceed \$317,895.

I. Pursuant to and in accordance with the provisions of the Bond Issue Notification Act of the State of Illinois, as amended, the President, on the 12th day of January, 2012, executed an Order calling a public hearing (the "*Hearing*") for the 26th day of January, 2012, concerning the intent of the Corporate Authorities to sell not to exceed \$800,000 general obligation limited tax bonds; and

J. Notice of the Hearing was given (i) by publication at least once not less than seven (7) nor more than thirty (30) days before the date of the Hearing in the *Des Plaines Valley News*, the same being a newspaper of general circulation in the Village, and (ii) by posting at least 48 hours before the Hearing a copy of said notice at the principal office of the Corporate Authorities; and

K. The Hearing was held on the 26th day of January, 2012, and at the Hearing, the Corporate Authorities explained the reasons for the proposed bond issue and permitted persons desiring to be heard an opportunity to present written or oral testimony within reasonable time limits; and

L. The Hearing was finally adjourned on the 26th day of January, 2012, and not less than seven (7) days have passed since the final adjournment of the Hearing.

M. Prior to the date hereof, the Village issued general obligation limited tax bonds in the amount of \$398,630 to finance certain capital improvements pursuant to such authorization, and the Village is now therefore authorized to issue not to exceed \$401,370 of general obligation limited tax bonds.

N. The Corporate Authorities do hereby find and determine that upon the issuance of bonds of the Village to an aggregate amount not to exceed \$297,895, all in accordance with the provisions of the Section 8-5-16 of the Illinois Municipal Code, as amended (the "*Municipal Code*"), the aggregate outstanding bonds of the Village issued pursuant to said Section, including the bonds herein authorized, will not exceed one-half of one per cent of the assessed value of all of the taxable property located within the Village, and accordingly, the Corporate Authorities are authorized to issue such bonds without submitting the question of such issuance to the electors of the Village; and

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

NOW THEREFORE Be It Ordained by the President and Board of Trustees of the Village of Willow Springs, Cook County, Illinois, as follows:

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

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

Act

Corporate Authorities

Debt Reform Act

Hearing

Municipal Code

Prior Bonds

Project

Refunding

Village

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

“Bond” or *“Bonds”* means the Series 2013A Bonds and the Series 2013B Bonds (each, as hereinafter defined).

“Bond Counsel” means Chapman and Cutler LLP, Chicago, Illinois.

“Bond Notification” means a Notification of Sale of the Bonds, which shall include the pertinent details of sale as provided herein.

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

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

“County Clerk” means the County Clerk of The County of Cook, Illinois.

“Designated Representatives” means the Village Treasurer and Village Manager.

“Ordinance” means this Ordinance, numbered as set forth on the title page hereof, and passed by the Corporate Authorities on the 21st day of November, 2013.

“Record Date” means the 15th day preceding any interest payment date.

“Series 2013A Bond Fund” means the Series 2013A Bond Fund established and defined in (Section 14 of) this Ordinance.

“Series 2013B Bond Fund” means the Series 2013B Bond Fund established and defined in (Section 14 of) this Ordinance.

“Series 2013A Bond Moneys” means the Series 2013A Pledged Taxes and any other moneys deposited into the Series 2013A Bond Fund and investment income earned in the Series 2013A Bond Fund.

“Series 2013B Bond Moneys” means the Series 2013B Pledged Taxes and any other moneys deposited into the Series 2013B Bond Fund and investment income earned in the Series 2013B Bond Fund.

“Series 2013A Bond Registrar” means Lisle Township, Lisle, Illinois, as bond registrar and paying agent for the Series 2013A Bonds, or successors or assigns.

“Series 2013B Bond Registrar” means the bond registrar and paying agent for the Series 2013B Bonds, or successors or assigns, as set forth in the Bond Notification.

“Series 2013A Bonds” means the \$47,895 Taxable General Obligation Limited Tax Bonds, Series 2013A, authorized to be issued by this Ordinance.

“Series 2013B Bonds” means the not to exceed \$270,000 General Obligation Limited Tax Bonds, Series 2013B, authorized to be issued by this Ordinance.

“Series 2013A Pledged Taxes” means the taxes levied on the taxable property within the Village to pay principal of and interest on the Series 2013A Bonds as made in (Section 11 of) this Ordinance.

“Series 2013B Pledged Taxes” means the taxes levied on the taxable property within the Village to pay principal of and interest on the Series 2013B Bonds as made in (Section 11 of) this Ordinance.

“Series 2013A Purchase Price” means the purchase price for the Series 2013A Bonds, to-wit, par plus accrued interest, if any, to the date of delivery.

“Series 2013B Purchase Price” means the purchase price for the Series 2013B Bonds, to-wit, par plus accrued interest, if any, to the date of delivery, as set forth in the Bond Notification.

“Series 2013A Purchaser” means Lisle Township, Lisle, Illinois of the Series 2013A Bonds.

“Series 2013B Purchaser” means the purchaser of the Series 2013B Bonds, as set forth in the Bond Notification.

“Tax-exempt” means, with respect to the Series 2013B Bonds, the status of interest paid and received thereon as excludable from gross income of the owners thereof under the Code 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.

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 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 undertake the Refunding and to provide for the Project, to pay all related costs and expenses incidental thereto, and to borrow money and issue the Bonds for such purposes. It is hereby found and determined that such borrowing of money is necessary for the welfare of the government and affairs of the Village, 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.

A. For the purpose of providing for the Refunding, there shall therefore be issued and sold the Series 2013A Bonds in the aggregate principal amount of \$47,895. The Series 2013A Bonds shall each be designated "*Taxable General Obligation Limited Tax Bond, Series 2013A,*" become due and payable (without option of prior redemption) on October 15, 2014, and bear interest at a rate of 3.25% per annum. The Series 2013A Bonds shall be dated the date of issuance (the "*Dated Date*"), shall bear the date of authentication, shall be in fully registered form, shall be in denominations of \$5.00 each or authorized integral multiples thereof and shall be numbered 1 and upward.

For the purpose of financing the Project, there shall be issued and sold the Series 2013B Bonds to an aggregate principal amount not to exceed \$270,000. The Series 2013B Bonds, if issued, shall each be designated "*General Obligation Limited Tax Bond, Series 2013B,*" shall be dated such date (not prior to December 1, 2013, and not later than December 30, 2013) as set forth in the Bond Notification (as hereinafter defined), and shall also bear the date of authentication, shall be in fully registered form, shall be in denominations of \$5.00 each or authorized integral multiples thereof, and shall be numbered 1 and upward. The Series 2013B Bonds shall become due and payable (without option of prior redemption) on December 1, 2014, in an amount (not exceeding \$270,000) and bearing interest at a rate per annum (not exceeding 6.00% per annum) as set forth in the Bond Notification

B. Each Bond shall bear interest from its Dated Date as herein provided 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 at maturity. Interest on each Bond shall be paid by check or draft of the respective 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 Register or at such other address furnished in writing by such Registered Owner. 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 respective Bond Registrar maintained for the purpose or at any successor Bond Registrar or locality.

Section 5. Execution; Authentication. The Bonds shall be executed on behalf of the Village by the manual or facsimile signature of its President and attested by the manual or facsimile signature of its Village Clerk, as they may determine, and shall have impressed or imprinted thereon the corporate seal or facsimile thereof 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 hereinafter set forth, duly executed by the respective 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 respective 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. The certificate of authentication on any Bond shall be deemed to have been executed by it if signed by an authorized officer of the respective Bond Registrar, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds issued hereunder.

Section 6. Term Bonds, Mandatory Redemption and Covenants. The Bonds are not subject to mandatory redemption prior to maturity.

Section 7. Optional Redemption. The Bonds are not subject to optional redemption prior to maturity.

Section 8. Registration and Exchange or Transfer of Bonds; Persons Treated as Owners. The Village shall cause the Bond Register to be kept at the respective office of the Bond Registrar maintained for the purpose, or at a successor Bond Registrar or locality which is hereby constituted and appointed the registrar of the Village for the Bonds. The Village is authorized to prepare, and the respective 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.

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 respective 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 said Bond Registrar and duly executed by the registered owner or an attorney for such owner duly authorized in writing, the Village shall execute and said 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 series, of the same maturity, bearing the same interest rate, of authorized denominations, for a like aggregate principal amount.

Neither Bond Registrar shall 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.

The execution by the Village of any fully registered Bond shall constitute full and due authorization of such Bond, and the respective Bond Registrar shall thereby be authorized to authenticate, date and deliver such Bond; *provided, however*, that the principal amount of Bonds authenticated by the respective Bond Registrar shall not at any one time exceed the authorized principal amount of Bonds 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 for any transfer or exchange of Bonds, but the Village or said 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 9. Form of Bond. 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 BOND - FRONT SIDE]

REGISTERED
NO. 1

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF ILLINOIS
COUNTY OF COOK
VILLAGE OF WILLOW SPRINGS

[TAXABLE] GENERAL OBLIGATION LIMITED TAX BOND, SERIES 2013[A][B]

See Reverse Side for
Additional Provisions.

Interest
Rate: _____%

Maturity
Date: _____, 2014

Dated
Date: December 5, 2013

Registered Owner:

Principal Amount:

KNOW ALL PERSONS BY THESE PRESENTS that the Village of Willow Springs, Cook County, 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 (without 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 Dated Date of this Bond identified above at the Interest Rate per annum identified above, such interest to be payable on [October 15][December 1], 2014, 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 and surrender hereof at the office maintained for the purpose by _____, _____, _____, as bond registrar and paying agent (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 15th day preceding the interest payment date and shall be paid by check or draft of the Bond Registrar, payable upon presentation in lawful money of the United States of America, mailed to the address of such Registered Owner as it appears on such registration books or at such other address furnished in writing by such Registered Owner to the Bond Registrar.

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.

It is hereby certified and recited that all conditions, acts and things required by law to exist or to be done precedent to and in the issuance of this Bond, 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 limitation imposed by law; and that provision has been made for the collection of a direct annual tax to pay the interest hereon as the same falls due and also to pay and discharge the principal hereof at maturity. Although this Bond constitutes a general obligation of the Village and no limit exists on the rate of said direct annual tax, the amount of said tax is limited by the provisions of the Property Tax Extension Limitation Law of the State of Illinois, as amended (the "*Law*"). The Law provides that the annual amount of the taxes to be extended to pay the issue of Bonds of which this Bond is one and all other limited bonds (as defined in the Local Government Debt Reform Act of the State of Illinois, as amended) hereafter issued by the Village shall not exceed the debt service extension base (as defined in the Law) of the Village (the "*Base*"). The Village is authorized to issue from time to time additional limited bonds payable from the Base, as permitted by law, and to determine the lien priority of payments to be made from the Base to pay the Village's limited bonds.

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 Willow Springs, Cook 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.

ATTEST:



Adena Baskovich

Village Clerk, Village of Willow Springs,
Cook County, Illinois

[Signature]
President, Village of Willow Springs,
Cook County, Illinois

[SEAL]

Date of Authentication: _____, 20__

CERTIFICATE
OF
AUTHENTICATION

Bond Registrar and Paying Agent:

_____,
_____, Illinois

This Bond is one of the Bonds described in the within-mentioned Ordinance and is one of the [Taxable] General Obligation Limited Tax Bonds, Series 2013[A][B], having a Dated Date of December 5, 2013, of the Village of Willow Springs, Cook County, Illinois.

_____,
as Bond Registrar

By _____

[FORM OF BOND - REVERSE SIDE]

This bond is one of a series of bonds (the "*Bonds*") in the aggregate principal amount of \$_____ issued by the Village for the purpose of paying the costs of the [Refunding] [Project], and of paying expenses incidental thereto, all as described and defined in the ordinance authorizing the Bonds (the "*Ordinance*"), pursuant to and in all respects in compliance with the applicable provisions of the Illinois Municipal Code, as supplemented and amended, and the Local Government Debt Reform Act of the State of Illinois, as amended (such code and powers, collectively, being the "*Act*"), and with the Ordinance, which has been duly passed by the President and Board of Trustees of the Village, approved by the President, and published, in all respects as by law required.

This 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 the Ordinance. Upon surrender for transfer or exchange of this Bond at the office maintained for the purpose by the Bond Registrar in _____, _____, 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.

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.

[THE VILLAGE HAS DESIGNATED THIS BOND AS A "QUALIFIED TAX-EXEMPT OBLIGATION" PURSUANT TO SECTION 265(b)(3) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED.]

ASSIGNMENT

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

(Name and Address of Assignee)

the within Bond and does hereby irrevocably constitute and appoint _____

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. Notwithstanding any other provision of this Ordinance, the annual amount of the taxes to be extended by the County Clerk to pay the Bonds and all other limited bonds (as defined in the Debt Reform Act) hereafter issued by the Village shall not exceed the debt service extension base (as defined in the Law) of the Village. The Corporate Authorities hereby find and expressly determine that the Series 2013A Pledged Taxes and the Series 2013B Pledged Taxes do not exceed the Base in any year. No limit, however,

exists on the rate of the direct annual tax levied herein, and the Bonds shall constitute a general obligation of the Village.

The Village is authorized to issue from time to time additional limited bonds payable from the Base, as permitted by law, and to determine the lien priority of payments to be made from the Base to pay the Village's limited bonds.

Section 11. Sale of Bonds. The Designated Representatives are hereby authorized to proceed not later than the 30th day of December, 2013, without any further authorization or direction from the Corporate Authorities, to sell and deliver the Series 2013A Bonds upon the terms as prescribed in this Ordinance. The Series 2013A 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 the Series 2013A Bonds shall be delivered to the Series 2013A Purchaser upon the payment of the Series 2013A Purchase Price. The contract for the sale of the Series 2013A Bonds to the Series 2013A Purchasers, as evidenced by an Official Notice of Sale and an executed Official Bid Form, as presented to the Corporate Authorities at this meeting (the "*Series 2013A Purchase Contract*"), is hereby in all respects ratified, approved and confirmed it being hereby found and determined that the Series 2013A Bonds have been sold at such price and bear interest at such rate that neither the interest cost yield nor the net interest rate received upon such sale exceeds the maximum applicable interest rate authorized by law and that the Series 2013A Purchase Contract is in the best interests of the Village and 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 Series 2013A Purchase Contract.

The Designated Representatives are hereby authorized to proceed not later than the 30th day of December, 2013, without any further authorization or direction from the Corporate

Authorities, to sell and deliver the Series 2013B Bonds upon the terms as prescribed in this Ordinance. The Series 2013B Bonds hereby authorized shall be executed as in this Ordinance provided as soon after the delivery of the Bond Notification as may be, and thereupon be deposited with the Village Treasurer, and, after authentication thereof by the Series 2013B Bond Registrar, be by said Village Treasurer delivered to the purchaser thereof (the "*Series 2013B Purchaser*"), upon receipt of the purchase price therefor, the same being not less than the par amount of the Series 2013B Bonds plus accrued interest, if any, to date of delivery.

Upon the sale of the Series 2013B Bonds, the Designated Representatives shall prepare a Notification of Sale of the Bonds, which shall include the pertinent details of sale as provided herein (the "*Bond Notification*"). In the Bond Notification, the Designated Representatives shall find and determine that the Series 2013B Bonds have been sold at such price and bear interest at such rate that neither the true interest cost (yield) nor the net interest rate received upon the sale of the Bonds exceed the maximum rate otherwise authorized by applicable law. The Bond Notification shall be entered into the records of the Village and made available to the Corporate Authorities at the next regular meeting thereof; but such action shall be for information purposes only, and the Corporate Authorities shall have no right or authority at such time to approve or reject such sale as evidenced in the Bond Notification.

Upon the sale of the Series 2013B Bonds, as evidenced by the execution and delivery of the Bond Notification by the Designated Representatives, the President, Village Clerk and Village Treasurer of the Corporate Authorities and any other officers of the Village, as shall be appropriate, shall be and are hereby authorized and directed to approve or execute, or both, such documents of sale of the Series 2013B Bonds as may be necessary, including, without limitation, the contract for the sale of the Series 2013B Bonds between the Village and the Purchaser (the "*Series 2013B Purchase Contract*"). Prior to the execution and delivery of the Series 2013B

Purchase Contract, the Designated Representatives shall find and determine that no person holding any office of the Village either by election or appointment, is in any manner financially interested directly in his own name or indirectly in the name of any other person, association, trust or corporation, in the Purchase Contract.

The use by each Purchaser of any Preliminary Term Sheet and any final Term Sheet relating to the Bonds (the "*Term Sheet*") is hereby ratified, approved and authorized; the execution and delivery of the Term Sheet is hereby authorized; and the Corporate Authorities are hereby authorized to take any action as may be required on the part of the Village to consummate the transactions contemplated by the Purchase Contracts, this Ordinance, said Preliminary Term Sheet, the Term Sheet and the Bonds.

Section 12. Tax Levy. 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 for that purpose as follows:

FOR THE SERIES 2013A BONDS

FOR THE YEAR	A TAX TO PRODUCE THE DOLLAR (\$) SUM OF:
2013	\$ 49,235.39 for interest and principal up to and including October 15, 2014

(the "*Series 2013A Pledged Taxes*") and

FOR THE SERIES 2013B BONDS

FOR THE YEAR	A TAX TO PRODUCE THE DOLLAR (\$) SUM OF:
2013	\$263,222.28 for interest and principal up to and including December 1, 2014

(the "*Series 2013B Pledged Taxes*" and, together with the Series 2013A Pledged Taxes, the "*Pledged Taxes*").

To the extent that the taxes levied above exceed the amount necessary to pay debt service on the Series 2013B Bonds as set forth in the Bond Notification, the Corporate Authorities are hereby authorized to direct the abatement of such taxes to the extent of the excess of such levy over the amount necessary to pay debt service on the Series 2013B Bonds in the following bond year. Proper notice of such abatement shall be filed with the County Clerk in a timely manner to effect such abatement.

The Series 2013A Pledged Taxes and other moneys (excepting proceeds of the Series 2013A Bonds) on deposit (collectively, the "*Series 2013A Bond Moneys*") in the Series 2013A Bond Fund shall be applied to the payment of interest when due and principal when due at maturity from the Series 2013A Bond Fund.

The Series 2013B Pledged Taxes and other moneys (excepting proceeds of the Series 2013B Bonds) on deposit (collectively, the "*Series 2013B Bond Moneys*") in the Series 2013B Bond Fund shall be applied to the payment of interest when due and principal when due at maturity from the Series 2013B Bond Fund.

Interest or principal coming due at any time when there are insufficient funds on hand from the Pledged Taxes to pay the same shall be paid promptly when due from current lawfully available funds on hand in advance of the collection of the Pledged Taxes herein levied; and when the Pledged 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 foregoing tax levy. The Village and its officers will comply with all present and future applicable laws in order to assure that the Pledged Taxes may be levied, extended and collected as provided herein and deposited into the Series 2013A Bond Fund and/or the Series 2013B Bond Fund, as applicable.

Whenever other funds from any lawful source 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 deposit of such funds into the Series 2013A Bond Fund and/or the Series 2013B Bond Fund, as applicable, and further shall direct the abatement of the taxes by the amount 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 13. Filing with County Clerk. Promptly, as soon as this Ordinance becomes effective, a copy hereof, certified by the Village Clerk of the Village, shall be filed with the County Clerk; and the County Clerk shall in and for each of the years required ascertain the rate percent required to produce the aggregate taxes herein provided to be levied; and the County Clerk shall (to the extent said taxes have not been abated as provided herein) extend the same for collection on the tax books in connection with other taxes levied in said years in and by the Village for general corporate purposes of the Village; and in said years such annual taxes shall be levied and collected by and for and on behalf of the Village in like manner as taxes for general corporate purposes for said years are levied and collected, and in addition to and in excess of all other taxes.

Section 14. Creation of Funds and Appropriations.

A. There is hereby created the “*Taxable General Obligation Limited Tax Bonds, Series 2013A Bond Fund*” (the “*Series 2013A Bond Fund*”) and the “*General Obligation Limited Tax Bonds, Series 2013B, Bond Fund*” (the “*Series 2013B Bond Fund*”). The Series 2013A Bond Fund shall be the fund for the payment of principal of and interest on the Series 2013A Bonds, and the Series 2013B Bond Fund shall be the fund for the payment of the principal and interest on the Series 2013B Bonds. Accrued interest and premium, if any, received upon delivery of the Series 2013A Bonds shall be deposited into the Series 2013A Bond Fund and be applied to pay first interest coming due on the Series 2013A Bonds, and accrued interest and premium, if any, received upon delivery of the Series 2013B Bonds shall be deposited into the Series 2013B Bond Fund and be applied to pay first interest coming due on the Series 2013B Bonds.

1. *Series 2013A Bonds.* The Series 2013A Pledged Taxes shall either be deposited into the Series 2013A Bond Fund and used solely and only for paying the principal of and interest on the Series 2013A Bonds or be used to reimburse a fund or account from which advances to the Series 2013A Bond Fund may have been made to pay principal of or interest on the Series 2013A Bonds prior to receipt of Series 2013A Pledged Taxes. Interest income or investment profit earned in the Series 2013A Bond Fund shall be retained in the Series 2013A Bond Fund for payment of the principal of or interest on the Series 2013A 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 Series 2013A Bonds, all present and future proceeds of the Series 2013A Pledged Taxes for the sole benefit of the registered owner of the Series 2013A Bonds, subject to the reserved right of the Corporate Authorities to

transfer certain interest income or investment profit earned in the Series 2013A Bond Fund to other funds of the Village, as described in the preceding sentence.

The amount necessary of the proceeds of the Series 2013A Bonds shall be deposited into a separate fund, hereby created, designated the "Series 2013A Expense Fund" (the "*Series 2013A Expense Fund*") to be used to pay expenses of issuance of Series 2013A Bonds. Disbursements from such fund shall be made from time to time by the Village Treasurer as needed to pay costs of issuance of the Series 2013A Bonds. Any excess in said fund shall be deposited into the Series 2013A Bond Fund.

The balance of the principal proceeds shall thereupon be used to pay the interest due on December 15, 2013, and June 15, 2014, on the Prior Bonds, and to that end shall be held irrevocably by the paying agent for the Prior Bonds in the bond fund for same, and disbursements shall be made only for the aforesaid purposes.

Interest on or principal of the Series 2013A Bonds coming due at any time when there are insufficient funds on hand from the Series 2013A Pledged Taxes to pay the same shall be paid promptly when due from current funds on hand in advance of the collection of the Series 2013A Pledged Taxes; and when the Series 2013A Pledged 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 Series 2013A 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 foregoing Series 2013A tax levy. The Village and its officers will comply with all present and future applicable laws in order to assure that the Series 2013A Pledged Taxes may be levied, extended and collected as provided in this Ordinance and deposited into the Series 2013A Bond Fund. Whenever moneys from any other lawful source are made available for the purpose of

paying any principal of or interest on the Series 2013A Bonds so as to enable the abatement of the Series 2013A Pledged Taxes, the Corporate Authorities shall, by proper proceedings, direct the deposit of such moneys into the Series 2013A Bond Fund and further direct the abatement of such taxes by the amount so deposited. The Village covenants and agrees that it will not direct the abatement of taxes until moneys have been deposited into the Series 2013A Bond Fund in the amount of such abatement. 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.

2. *Series 2013B Bonds.* The Series 2013B Pledged Taxes shall either be deposited into the Series 2013B Bond Fund and used solely and only for paying the principal of and interest on the Series 2013B Bonds or be used to reimburse a fund or account from which advances to the Series 2013B Bond Fund may have been made to pay principal of or interest on the Series 2013B Bonds prior to receipt of Series 2013B Pledged Taxes. Interest income or investment profit earned in the Series 2013B Bond Fund shall be retained in the Series 2013B Bond Fund for payment of the principal of or interest on the Series 2013B 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 Series 2013B Bonds, all present and future proceeds of the Series 2013B Pledged Taxes for the sole benefit of the registered owner of the Series 2013B Bonds, subject to the reserved right of the Corporate Authorities to transfer certain interest income or investment profit earned in the Series 2013B Bond Fund to other funds of the Village, as described in the preceding sentence.

The amount necessary of the proceeds of the Series 2013B Bonds shall be deposited into a separate fund, hereby created, designated the "Series 2013B Expense Fund" (the

"Series 2013B Expense Fund") to be used to pay expenses of issuance of Series 2013B Bonds. Disbursements from such fund shall be made from time to time by the Village Treasurer as need to pay costs of issuance of the Series 2013B Bonds. Any excess in said fund shall be deposited into the Project Fund after six months from the date of issuance of the Series 2013B Bonds.

The balance of the principal proceeds of the Series 2013B Bonds shall be used to pay costs of the Project and to that end shall be deposited into a separate and segregated account of the Village, hereby created, and to be known as the *"Project Fund"* (the *"Project Fund"*). Monies on deposit in and to the credit of the Project Fund shall be disbursed from time to time as needed by the Village Treasurer, without further official action or direction of the Corporate Authorities, in accordance with normal Village procedures for disbursements of corporate funds for capital projects. Upon the completion of the Project, as certified by the Village Treasurer, remaining funds, if any, on deposit in and to the credit of the Project Fund shall be transferred by the Village Treasurer, without further official action of or direction by the Corporate Authorities, to the Series 2013B Bond Fund. Monies on deposit in and to the credit of the Project Fund may be invested by the Village Treasurer in any investments lawful under Illinois law for Village funds, without further official action of or direction by the Corporate Authorities.

Without further official action of or direction by the Corporate Authorities, if necessary to ensure the timely payment of principal of and interest on the Series 2013B Bonds, monies on deposit in the Project Fund may be transferred by the Village Treasurer at any time to the Series 2013B Bond Fund in anticipation of the collection of Series 2013B Pledged Taxes. Any amount so transferred shall be promptly repaid upon the collection of Series 2013B Pledged Taxes. Alternatively, the Village Treasurer may allocate proceeds of the Series 2013B Bonds to one or more related project accounts or funds of the Village already in existence; *provided,*

however, that this shall not relieve the Village and such officer of the duty to account for the proceeds as if the Project Fund were created as herein provided.

The Village, by its Corporate Authorities, reserves the right, as it may become necessary from time to time, to change the purposes of expenditure of the Project Fund, to change priorities, to revise cost allocations between expenditures and to substitute projects, in order to meet current needs of the Village; subject, however, to the tax covenants of the Village relating to the Tax-exempt status of the Series 2013B Bonds.

Interest on or principal of the Series 2013B Bonds coming due at any time when there are insufficient funds on hand from the Series 2013B Pledged Taxes to pay the same shall be paid promptly when due from current funds on hand in advance of the collection of the Series 2013B Pledged Taxes; and when the Series 2013B Pledged 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 Series 2013B 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 foregoing Series 2013B tax levy. The Village and its officers will comply with all present and future applicable laws in order to assure that the Series 2013B Pledged Taxes may be levied, extended and collected as provided in this Ordinance and deposited into the Series 2013B Bond Fund. Whenever moneys from any other lawful source are made available for the purpose of paying any principal of or interest on the Series 2013B Bonds so as to enable the abatement of the Series 2013B Pledged Taxes, the Corporate Authorities shall, by proper proceedings, direct the deposit of such moneys into the Series 2013B Bond Fund and further direct the abatement of such taxes by the amount so deposited. The Village covenants and agrees that it will not direct the abatement of taxes until moneys have been deposited into the Series 2013B Bond Fund in the

amount of such abatement. 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 15. Non-Arbitrage and Tax-Exemption. This section applies only to the Series 2013B Bonds and references in this Section to the "Bonds" are deemed to be references to the Series 2013B Bonds only. The Series 2013A Bonds are not being issued on a basis which is tax-exempt under the Code, and the Series 2013A Purchaser, by acceptance of the Series 2013A Bonds, acknowledges this fact and the interest rate on the Series 2013A Bonds has been established as a taxable interest rate.

One purpose of this Section is to set forth various facts regarding the Bonds and to establish the expectations of the Corporate Authorities and the Village as to future events regarding the Bonds and the use of Bond proceeds. The certifications, covenants and representations contained herein and at the time of the Closing are made on behalf of the Village for the benefit of the owners from time to time of the Bonds. In addition to providing the certifications, covenants and representations contained herein, 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, or 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 (the "IRS") 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 IRS in connection with such an examination. The Corporate Authorities and the Village certify, covenant and represent as follows:

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

"Affiliated Person" means any Person that (a) at any time during the six months prior to the execution and delivery of the Bonds, (i) has more than five percent of the voting power of the governing body of the Village in the aggregate vested in its directors, officers, owners, and employees or, (ii) has more than five percent of the voting power of its governing body in the aggregate vested in directors, officers, board members or employees of the Village or (b) during the one-year period beginning six months prior to the execution and delivery of the Bonds, (i) the composition of the governing body of which is modified or established to reflect (directly or indirectly) representation of the interests of the Village (or there is an agreement, understanding, or arrangement relating to such a modification or establishment during that one-year period) or (ii) the composition of the governing body of the Village is modified or established to reflect (directly or indirectly) representation of the interests of such Person (or there is an agreement, understanding, or arrangement relating to such a modification or establishment during that one-year period).

"Bond Counsel" means Chapman and Cutler LLP or any other nationally recognized firm of attorneys experienced in the field of municipal bonds whose opinions are generally accepted by purchasers of municipal bonds.

"Capital Expenditures" means costs of a type that would be properly chargeable to a capital account under the Code (or would be so chargeable with a proper election) under federal income tax principles if the Village were treated as a corporation subject to federal income taxation, taking into account the definition of Placed-in-Service set forth herein.

"Closing" means the first date on which the Village is receiving the purchase price for the Bonds.

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

"Commingled Fund" means any fund or account containing both Gross Proceeds and an amount in excess of \$25,000 that are not Gross Proceeds if the amounts in the fund or account are invested and accounted for, collectively, without regard to the source of funds deposited in the fund or account. An open-ended regulated investment company under Section 851 of the Code is not a Commingled Fund.

“Control” means the possession, directly or indirectly through others, of either of the following discretionary and non-ministerial rights or powers over another entity:

(a) to approve and to remove without cause a controlling portion of the governing body of a Controlled Entity; or

(b) to require the use of funds or assets of a Controlled Entity for any purpose.

“Controlled Entity” means any entity or one of a group of entities that is subject to Control by a Controlling Entity or group of Controlling Entities.

“Controlled Group” means a group of entities directly or indirectly subject to Control by the same entity or group of entities, including the entity that has Control of the other entities.

“Controlling Entity” means any entity or one of a group of entities directly or indirectly having Control of any entities or group of entities.

“Costs of Issuance” means the costs of issuing the Bonds, including underwriters’ discount and legal fees.

“De minimis Amount of Original Issue Discount or Premium” means with respect to an obligation (a) any original issue discount or premium that does not exceed two percent of the stated redemption price at maturity of the Bonds plus (b) any original issue premium that is attributable exclusively to reasonable underwriter’s compensation.

“External Commingled Fund” means a Commingled Fund in which the Village and all members of the same Controlled Group as the Village own, in the aggregate, not more than ten percent of the beneficial interests.

“GIC” means (a) any investment that has specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate and (b) any agreement to supply investments on two or more future dates (e.g., a forward supply contract).

“Gross Proceeds” means amounts in the Series 2013B Bond Fund and the Project Fund.

“Net Sale Proceeds” means amounts actually or constructively received from the sale of the Bonds reduced by any such amounts that are deposited in a reasonably required reserve or replacement fund for the Bonds.

“Person” means any entity with standing to be sued or to sue, including any natural person, corporation, body politic, governmental unit, agency, authority, partnership, trust, estate, association, company, or group of any of the above.

"Placed-in-Service" means the date on which, based on all facts and circumstances (a) a facility has reached a degree of completion that would permit its operation at substantially its design level and (b) the facility is, in fact, in operation at such level.

"Private Business Use" means any use of the Project by any Person other than a state or local government unit, including as a result of (i) ownership, (ii) actual or beneficial use pursuant to a lease or a management, service, incentive payment, research or output contract or (iii) any other similar arrangement, agreement or understanding, whether written or oral, except for use of the Project on the same basis as the general public. Private Business Use includes any formal or informal arrangement with any person other than a state or local governmental unit that conveys special legal entitlements to any portion of the Project that is available for use by the general public or that conveys to any person other than a state or local governmental unit any special economic benefit with respect to any portion of the Project that is not available for use by the general public.

"Qualified Administrative Costs of Investments" means (a) reasonable, direct administrative costs (other than carrying costs) such as separately stated brokerage or selling commissions but not legal and accounting fees, recordkeeping, custody and similar costs; or (b) all reasonable administrative costs, direct or indirect, incurred by a publicly offered regulated investment company or an External Commingled Fund.

"Qualified Tax Exempt Obligations" means (a) any obligation described in Section 103(a) of the Code, the interest on which is excludable from gross income of the owner thereof for federal income tax purposes and is not an item of tax preference for purposes of the alternative minimum tax imposed by Section 55 of the Code; (b) an interest in a regulated investment company to the extent that at least ninety-five percent of the income to the holder of the interest is interest which is excludable from gross income under Section 103 of the Code of any owner thereof for federal income tax purposes and is not an item of tax preference for purposes of the alternative minimum tax imposed by Section 55 of the Code; and (c) certificates of indebtedness issued by the United States Treasury pursuant to the Demand Deposit State and Local Government Series program described in 31 C.F.R. pt. 344.

"Rebate Fund" means the fund, if any, identified and defined in paragraph 4.2 herein.

"Rebate Provisions" means the rebate requirements contained in Section 148(f) of the Code and in the Regulations.

"Regulations" means United States Treasury Regulations dealing with the tax-exempt bond provisions of the Code.

"Reimbursed Expenditures" means expenditures of the Village paid prior to Closing to which Sale Proceeds or investment earnings thereon are or will be allocated.

“*Sale Proceeds*” means amounts actually or constructively received from the sale of the Bonds, including (a) amounts used to pay underwriters’ discount or compensation and accrued interest, other than accrued interest for a period not greater than one year before Closing but only if it is to be paid within one year after Closing and (b) amounts derived from the sale of any right that is part of the terms of a Bond or is otherwise associated with a Bond (e.g., a redemption right).

“*Yield*” means that discount rate which when used in computing the present value of all payments of principal and interest paid and to be paid on an obligation (using semiannual compounding on the basis of a 360-day year) produces an amount equal to the obligation’s purchase price (or in the case of the Bonds, the issue price as established in paragraph 5.1 hereof), including accrued interest.

“*Yield Reduction Payment*” means a rebate payment or any other amount paid to the United States in the same manner as rebate amounts are required to be paid or at such other time or in such manner as the Internal Revenue Service may prescribe that will be treated as a reduction in Yield of an investment under the Regulations.

2.1. *Purpose of the Bonds.* The Bonds are being issued to finance the Project in a prudent manner consistent with the revenue needs of the Village. A breakdown of the sources and uses of funds is set forth in the preceding Section of this Ordinance. Except for any accrued interest on the Bonds used to pay first interest due on the Bonds, no proceeds of the Bonds will be used more than 30 days after the date of issue of the Bonds for the purpose of paying any principal or interest on any issue of bonds, notes, certificates or warrants or on any installment contract or other obligation of the Village or for the purpose of replacing any funds of the Village used for such purpose.

2.2. *The Project – Binding Commitment and Timing.* The Village has incurred or will, within six months of the Closing, incur a substantial binding obligation (not subject to contingencies within the control of the Village or any member of the same Controlled Group as the Village) to a third party to expend at least five percent of the Net Sale Proceeds on the Project. It is expected that the work of acquiring and constructing the Project and the expenditure of amounts deposited into the Project Fund will continue to proceed with due diligence through December 5, 2016, at which time it is anticipated that all Sale Proceeds and investment earnings thereon will have been spent.

2.3. *Reimbursement.* None of the Sale Proceeds or investment earnings thereon will be used for Reimbursed Expenditures.

2.4. *Working Capital.* All Sale Proceeds and investment earnings thereon will be used, directly or indirectly, to finance Capital Expenditures other than the following:

- (a) an amount not to exceed five percent of the Sale Proceeds for working capital expenditures directly related to Capital Expenditures financed by the Bonds;

(b) payments of interest on the Bonds for a period commencing at Closing and ending on the later of the date three years after Closing or one year after the date on which the Project is Placed-in-Service;

(c) Costs of Issuance and Qualified Administrative Costs of Investments;

(d) payments of rebate or Yield Reduction Payments made to the United States under the Regulations;

(e) principal of or interest on the Bonds paid from unexpected excess Sale Proceeds and investment earnings thereon; and

(f) investment earnings that are commingled with substantial other revenues and are expected to be allocated to expenditures within six months.

2.5. *Consequences of Contrary Expenditure.* The Village acknowledges that if Sale Proceeds and investment earnings thereon are spent for non-Capital Expenditures other than as permitted by paragraph 2.4 hereof, a like amount of then available funds of the Village will be treated as unspent Sale Proceeds.

2.6. *Payments to Village or Related Persons.* The Village acknowledges that if Sale Proceeds or investment earnings thereon are transferred to or paid to the Village or any member of the same Controlled Group as the Village, those amounts will not be treated as having been spent for federal income tax purposes. However, Sale Proceeds or investment earnings thereon will be allocated to expenditures for federal income tax purposes if the Village uses such amounts to reimburse itself for amounts paid to persons other than the Village or any member of the same Controlled Group as the Village, *provided* that the original expenditures were paid on or after Closing or are permitted under paragraph 2.3 of this Section, and *provided* that the original expenditures were not otherwise paid out of Sale Proceeds or investment earnings thereon or the proceeds of any other borrowing. In addition, investment earnings may be allocated to expenditures to the extent provided in paragraph 2.4(f) of this Section. Any Sale Proceeds or investment earnings thereon that are transferred to or paid to the Village or any member of the same Controlled Group as the Village will remain Sale Proceeds or investment earnings thereon, and thus Gross Proceeds, until such amounts are allocated to expenditures for federal income tax purposes. If the Village does not allocate any such amounts to expenditures for the Project or other expenditures permitted under this Ordinance, any such amounts will be allocated for federal income tax purposes to the next expenditures, not otherwise paid out of Sale Proceeds or investment earnings thereon or the proceeds of any other borrowing, for interest on the Bonds prior to the later of the date three years after Closing or one year after the date on which the Project is Placed-in-Service. The Village will consistently follow this accounting method for federal income tax purposes.

2.7. *Investment of Bond Proceeds.* Not more than 50% of the Sale Proceeds and investment earnings thereon are or will be invested in investments (other than Qualified

Tax Exempt Obligations) having a Yield that is substantially guaranteed for four years or more. No portion of the Bonds is being issued solely for the purpose of investing a portion of Sale Proceeds or investment earnings thereon at a Yield higher than the Yield on the Bonds.

It is expected that the Sale Proceeds deposited into the Project Fund, including investment earnings on the Project Fund, will be spent to pay costs of the Project and interest on the Bonds not later than the date set forth in paragraph 2.2 hereof, the investment earnings on the Series 2013B Bond Fund will be spent to pay interest on the Bonds, or to the extent permitted by law, investment earnings on amounts in the Project Fund and the Series 2013B Bond Fund will be commingled with substantial revenues from the governmental operations of the Village, and the earnings are reasonably expected to be spent for governmental purposes within six months of the date earned. Interest earnings on the Project Fund and the Series 2013B Bond Fund have not been earmarked or restricted by the Corporate Authorities for a designated purpose.

2.8. *No Grants.* None of the Sale Proceeds or investment earnings thereon will be used to make grants to any person.

2.9. *Hedges.* Neither the Village nor any member of the same Controlled Group as the Village has entered into or expects to enter into any hedge (*e.g.*, an interest rate swap, interest rate cap, futures contract, forward contract or an option) with respect to the Bonds. The Village acknowledges that any such hedge could affect, among other things, the calculation of Bond Yield under the Regulations. The Internal Revenue Service could recalculate Bond Yield if the failure to account for the hedge fails to clearly reflect the economic substance of the transaction.

The Village also acknowledges that if it acquires a hedging contract with an investment element (including *e.g.*, an off-market swap agreement, or any cap agreement for which all or a portion of the premium is paid at, or before the effective date of the cap agreement), then a portion of such hedging contract may be treated as an investment of Gross Proceeds of the Bonds, and be subject to the fair market purchase price rules, rebate and yield restriction. The Village agrees not to use proceeds of the Bonds to pay for any such hedging contract in whole or in part. The Village also agrees that it will not give any assurances to any Bond holder or any other credit or liquidity enhancer with respect to the Bonds that any such hedging contract will be entered into or maintained. The Village recognizes that if a portion of a hedging contract is determined to be an investment of gross proceeds, such portion may not be fairly priced even if the hedging contract as a whole is fairly priced.

2.10. *Internal Revenue Service Audits.* The Village represents that the Internal Revenue Service has not contacted the Village regarding any obligations issued by or on behalf of the Village. To the best of the knowledge of the Village, no such obligations of the Village are currently under examination by the Internal Revenue Service.

3.1. *Use of Proceeds.* (a) The use of the Sale Proceeds and investment earnings thereon and the funds held under this Ordinance at the time of Closing are described in the preceding Section of this Ordinance. No Sale Proceeds will be used to pre-pay for goods or services to be received over a period of years prior to the date such goods or services are to be received. No Sale Proceeds or any investment earnings thereon will be used to pay for or otherwise acquire goods or services from the Village, any member of the same Controlled Group as the Village, or an Affiliated Person.

(b) Only the funds and accounts described in said Section will be funded at Closing. There are no other funds or accounts created under this Ordinance, other than the Rebate Fund if it is created as provided in paragraph 4.2 hereof.

(c) Principal of and interest on the Bonds will be paid from the Series 2013B Bond Fund.

(d) Any Costs of Issuance incurred in connection with the issuance of the Bonds to be paid by the Village will be paid at the time of Closing.

(e) The costs of the Project will be paid from the Project Fund and no other moneys (except for investment earnings on amounts in the Project Fund) are expected to be deposited therein.

3.2. *Purpose of Series 2013B Bond Fund.* The Series 2013B Bond Fund will be used primarily to achieve a proper matching of revenues and earnings with principal and interest payments on the Bonds in each bond year. It is expected that the Series 2013B Bond Fund will be depleted at least once a year, except for a reasonable carry over amount not to exceed the greater of (a) the earnings on the investment of moneys in the Series 2013B Bond Fund for the immediately preceding bond year or (b) 1/12th of the principal and interest payments on the Bonds for the immediately preceding bond year.

3.3. *No Other Gross Proceeds.* (a) Except for the Series 2013B Bond Fund and the Project Fund, and except for investment earnings that have been commingled as described in paragraph 2.6 and any credit enhancement or liquidity device related to the Bonds, after the issuance of the Bonds, neither the Village nor any member of the same Controlled Group as the Village has or will have any property, including cash, securities or any other property held as a passive vehicle for the production of income or for investment purposes, that constitutes:

(i) Sale Proceeds;

(ii) amounts in any fund or account with respect to the Bonds (other than the Rebate Fund);

(iii) amounts that have a sufficiently direct nexus to the Bonds or to the governmental purpose of the Bonds to conclude that the amounts would have been used for that governmental purpose if the Bonds were not used or to be used

for that governmental purpose (the mere availability or preliminary earmarking of such amounts for a governmental purpose, however, does not itself establish such a sufficient nexus);

(iv) amounts in a debt service fund, redemption fund, reserve fund, replacement fund or any similar fund to the extent reasonably expected to be used directly or indirectly to pay principal of or interest on the Bonds or any amounts for which there is provided, directly or indirectly, a reasonable assurance that the amount will be available to pay principal of or interest on the Bonds or any obligations under any credit enhancement or liquidity device with respect to the Bonds, even if the Village encounters financial difficulties;

(v) any amounts held pursuant to any agreement (such as an agreement to maintain certain levels of types of assets) made for the benefit of the Bondholders or any credit enhancement provider, including any liquidity device or negative pledge (*e.g.*, any amount pledged to pay principal of or interest on an issue held under an agreement to maintain the amount at a particular level for the direct or indirect benefit of holders of the Bonds or a guarantor of the Bonds); or

(vi) amounts actually or constructively received from the investment and reinvestment of the amounts described in (i) or (ii) above.

(b) No compensating balance, liquidity account, negative pledge of property held for investment purposes required to be maintained at least at a particular level or similar arrangement exists with respect to, in any way, the Bonds or any credit enhancement or liquidity device related to the Bonds.

(c) The term of the Bonds is not longer than is reasonably necessary for the governmental purposes of the Bonds. The average reasonably expected economic life of the Project is at least 5 years. The weighted average maturity of the Bonds does not exceed 2 years and does not exceed 120 percent of the average reasonably expected economic life of the Project. The maturity schedule of the Bonds (the "*Principal Payment Schedule*") is based on an analysis of revenues expected to be available to pay debt service on the Bonds. The Principal Payment Schedule is not more rapid (*i.e.*, having a lower average maturity) because a more rapid schedule would place an undue burden on tax rates and cause such rates to be increased beyond prudent levels, and would be inconsistent with the governmental purpose of the Bonds as set forth in paragraph 2.1 hereof.

4.1. Compliance with Rebate Provisions. The Village covenants to take such actions and make, or cause to be made, all calculations, transfers and payments that may be necessary to comply with the Rebate Provisions applicable to the Bonds. The Village will make, or cause to be made, rebate payments with respect to the Bonds in accordance with law.

4.2. *Rebate Fund.* The Village is hereby authorized to create and establish a special fund to be known as the Rebate Fund (the "*Rebate Fund*"), which, if created, shall be continuously held, invested, expended and accounted for in accordance with this Ordinance. Moneys in the Rebate Fund shall not be considered moneys held for the benefit of the owners of the Bonds. Except as provided in the Regulations, moneys in the Rebate Fund (including earnings and deposits therein) shall be held in trust for payment to the United States as required by the Rebate Provisions and by the Regulations and as contemplated under the provisions of this Ordinance.

4.3. *Records.* The Village agrees to keep and retain or cause to be kept and retained for the period described in paragraph 7.9 adequate records with respect to the investment of all Gross Proceeds and amounts in the Rebate Fund. Such records shall include: (a) purchase price; (b) purchase date; (c) type of investment; (d) accrued interest paid; (e) interest rate; (f) principal amount; (g) maturity date; (h) interest payment date; (i) date of liquidation; and (j) receipt upon liquidation.

If any investment becomes Gross Proceeds on a date other than the date such investment is purchased, the records required to be kept shall include the fair market value of such investment on the date it becomes Gross Proceeds. If any investment is retained after the date the last Bond is retired, the records required to be kept shall include the fair market value of such investment on the date the last Bond is retired. Amounts or investments will be segregated whenever necessary to maintain these records.

4.4. *Fair Market Value; Certificates of Deposit and Investment Agreements.* The Village will continuously invest all amounts on deposit in the Rebate Fund, together with the amounts, if any, to be transferred to the Rebate Fund, in any investment permitted under this Ordinance. In making investments of Gross Proceeds or of amounts in the Rebate Fund the Village shall take into account prudent investment standards and the date on which such moneys may be needed. Except as provided in the next sentence, all amounts that constitute Gross Proceeds and all amounts in the Rebate Fund shall be invested at all times to the greatest extent practicable, and no amounts may be held as cash or be invested in zero yield investments other than obligations of the United States purchased directly from the United States. In the event moneys cannot be invested, other than as provided in this sentence due to the denomination, price or availability of investments, the amounts shall be invested in an interest bearing deposit of a bank with a yield not less than that paid to the general public or held uninvested to the minimum extent necessary.

Gross Proceeds and any amounts in the Rebate Fund that are invested in certificates of deposit or in GICs shall be invested only in accordance with the following provisions:

- (a) Investments in certificates of deposit of banks or savings and loan associations that have a fixed interest rate, fixed payment schedules and substantial penalties for early withdrawal shall be made only if either (i) the Yield

on the certificate of deposit (A) is not less than the Yield on reasonably comparable direct obligations of the United States and (B) is not less than the highest Yield that is published or posted by the provider to be currently available from the provider on reasonably comparable certificates of deposit offered to the public or (ii) the investment is an investment in a GIC and qualifies under paragraph (b) below.

(b) Investments in GICs shall be made only if

(i) the bid specifications are in writing, include all material terms of the bid and are timely forwarded to potential providers (a term is material if it may directly or indirectly affect the yield on the GIC);

(ii) the terms of the bid specifications are commercially reasonable (a term is commercially reasonable if there is a legitimate business purpose for the term other than to reduce the yield on the GIC);

(iii) all bidders for the GIC have equal opportunity to bid so that, for example, no bidder is given the opportunity to review other bids (a last look) before bidding;

(iv) any agent used to conduct the bidding for the GIC does not bid to provide the GIC;

(v) at least three of the providers solicited for bids for the GIC are reasonably competitive providers of investments of the type purchased (*i.e.*, providers that have established industry reputations as competitive providers of the type of investments being purchased);

(vi) at least three of the entities that submit a bid do not have a financial interest in the Bonds;

(vii) at least one of the entities that provided a bid is a reasonably competitive provider that does not have a financial interest in the Bonds;

(viii) the bid specifications include a statement notifying potential providers that submission of a bid is a representation that the potential provider did not consult with any other provider about its bid, that the bid was determined without regard to any other formal or informal agreement that the potential provider has with the Village or any other person (whether or not in connection with the Bonds) and that the bid is not being submitted solely as a courtesy to the Village or any other person for purposes of satisfying the federal income tax requirements relating to the bidding for the GIC;

(ix) the determination of the terms of the GIC takes into account the reasonably expected deposit and drawdown schedule for the amounts to be invested;

(x) the highest-yielding GIC for which a qualifying bid is made (determined net of broker's fees) is in fact purchased; and

(xi) the obligor on the GIC certifies the administrative costs that it is paying or expects to pay to third parties in connection with the GIC.

(c) If a GIC is purchased, the Village will retain the following records with its bond documents until three years after the Bonds are redeemed in their entirety:

(i) a copy of the GIC;

(ii) the receipt or other record of the amount actually paid for the GIC, including a record of any administrative costs paid, and the certification under subparagraph (b)(xi) of this paragraph;

(iii) for each bid that is submitted, the name of the person and entity submitting the bid, the time and date of the bid, and the bid results; and

(iv) the bid solicitation form and, if the terms of the GIC deviated from the bid solicitation form or a submitted bid is modified, a brief statement explaining the deviation and stating the purpose for the deviation.

Moneys to be rebated to the United States shall be invested to mature on or prior to the anticipated rebate payment date. All investments made with Gross Proceeds or amounts in the Rebate Fund shall be bought and sold at fair market value. The fair market value of an investment is the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction. Except for investments specifically described in this Section and United States Treasury obligations that are purchased directly from the United States Treasury, only investments that are traded on an established securities market, within the meaning of regulations promulgated under Section 1273 of the Code, will be purchased with Gross Proceeds. In general, an "established securities market" includes: (i) property that is listed on a national securities exchange, an interdealer quotation system or certain foreign exchanges; (ii) property that is traded on a Commodities Futures Trading Commission designated board of trade or an interbank market; (iii) property that appears on a quotation medium; and (iv) property for which price quotations are readily available from dealers and brokers. A debt instrument is not treated as traded on an established market solely because it is convertible into property which is so traded.

An investment of Gross Proceeds in an External Commingled Fund shall be made only to the extent that such investment is made without an intent to reduce the amount to be rebated to the United States Government or to create a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the rebate or Yield restriction requirements not been relevant to the Village. An investment of Gross Proceeds shall be made in a Commingled Fund other than an External Commingled Fund only if the investments made by such Commingled Fund satisfy the provisions of this paragraph.

A single investment, or multiple investments awarded to a provider based on a single bid may not be used for funds subject to different rules relating to rebate or yield restriction.

The foregoing provisions of this paragraph satisfy various safe harbors set forth in the Regulations relating to the valuation of certain types of investments. The safe harbor provisions of this paragraph are contained herein for the protection of the Village, who has covenanted not to take any action to adversely affect the tax-exempt status of the interest on the Bonds. The Village will contact Bond Counsel if it does not wish to comply with the provisions of this paragraph and forego the protection provided by the safe harbors provided herein.

4.5. *Arbitrage Elections.* The President, Village Clerk, Village Treasurer and Village Administrator, or any of them acting together, of the Village are hereby authorized to execute one or more elections regarding certain matters with respect to arbitrage.

4.6. *Small Issuer Exception.* The Village is a governmental unit that has the power to impose a tax or to cause another entity to impose a tax of general applicability that, when collected, may be used for the governmental purposes of the Village. The power to impose such tax is not contingent on approval by another governmental unit; a tax of general applicability is one that is not limited to a small number of persons. The Village is not subject to Control by any other governmental unit or political subdivision. None of the Bonds is or will be a "private activity bond" (as defined in Section 141 of the Code). Ninety-five percent or more of the Sale Proceeds and investment earnings thereon will be used for local governmental bonds, qualified tax credit bonds or direct pay activities of the Village. None of the Village, any entity that issues tax-exempt bonds, qualified tax credit bonds or direct pay bonds on behalf of the Village or any entity subject to Control by the Village will issue, during the calendar year 2013, any tax-exempt bonds (other than the Bonds and current refunding bonds to the extent of the aggregate face amount of the tax-exempt bonds currently refunded thereby), qualified tax credit bonds or direct pay bonds in an aggregate face amount in excess of the *maximum aggregate face amount* (as hereinafter defined). As used herein, (a) "tax-exempt bonds" means obligations of any kind, the interest on which is excludable from gross income of the holders or owners thereof for federal income tax purposes pursuant to Section 103 of the Code but not including (i) "private activity bonds" (as defined in Section 141 of the Code) or (ii) obligations issued to refund another obligation if it is issued not more than

90 days before the redemption of the refunded obligation to the extent the amount of the refunding obligation does not exceed the outstanding amount of the refunded obligation, (b) "*aggregate face amount*" means, if an issue has more than a De minimis Amount of Original Issue Discount or Premium, the issue price of the issue and otherwise means the principal amount of the issue, (c) "*maximum aggregate face amount*" means \$5,000,000, (d) "*qualified tax credit bonds*" means any qualified tax credit bond (as defined in Section 54A(d) of the Code) or any "build America bond" that is not a qualified bond under Section 6431 of the Code and (e) "*direct pay bonds*" means any bond treated as a qualified bond as defined in Section 6431 of the Code. As of the date hereof, no tax-exempt bonds, qualified tax credit bonds, direct pay bonds or other obligations subject to arbitrage restrictions (other than the Bonds) have been issued by the Village, any entity that issues bonds on behalf of the Village or any entity subject to Control by the Village during the calendar year 2013. The Village does not reasonably expect that it, any entity that issues tax-exempt bonds on behalf of the Village or any entity subject to Control by the Village (including but not limited to the Village) will issue any tax-exempt bonds, qualified tax credit bonds, direct pay bonds or other obligations subject to arbitrage restrictions within calendar year 2013. Therefore, subject to compliance with all the terms and provisions hereof, the Village is excepted from the required rebate of arbitrage profits on the Bonds under Section 148(f)(4)(D) of the Code and from the terms and provisions of this Ordinance that need only be complied with if the Village is subject to the arbitrage rebate requirement.

5.1. Issue Price. For purposes of determining the Yield on the Bonds, the purchase price of the Bonds is equal to the price at which the Village sold the Bonds to the Purchaser.

5.2. Yield Limits. Except as provided in paragraph (a) or (b), all Gross Proceeds shall be invested at market prices and at a Yield (after taking into account any Yield Reduction Payments) not in excess of the Yield on the Bonds plus, if only amounts in the Project Fund are subject to this yield limitation, 1/8th of one percent.

The following may be invested without Yield restriction:

(a)(i) amounts on deposit in the Series 2013B Bond Fund (except for capitalized interest) that have not been on deposit under the Ordinance for more than 13 months, so long as the Series 2013B Bond Fund continues to qualify as a bona fide debt service fund as described in paragraph 3.2 hereof;

(ii) amounts on deposit in the Project Fund that are reasonably expected to pay for the costs of the Project, costs of issuance of the Bonds, or interest on the Bonds during the three year period beginning on the date of issue of the Bonds prior to three years after Closing;

(iii) amounts in the Series 2013B Bond Fund to be used to pay capitalized interest on the Bonds prior to the earlier of three years after Closing or the payment of all capitalized interest;

(b)(i) An amount not to exceed the lesser of \$100,000 or five percent of the Sale Proceeds;

(ii) amounts invested in Qualified Tax Exempt Obligations (to the extent permitted by law and this Ordinance);

(iii) amounts in the Rebate Fund;

(iv) all amounts other than Sale Proceeds for the first 30 days after they become Gross Proceeds; and

(v) all amounts derived from the investment of Sale Proceeds or investment earnings thereon for a period of one year from the date received.

5.3. Continuing Nature of Yield Limits. Except as provided in paragraph 7.10 hereof, once moneys are subject to the Yield limits of paragraph 5.2 hereof, such moneys remain Yield restricted until they cease to be Gross Proceeds.

5.4. Federal Guarantees. Except for investments meeting the requirements of paragraph 5.2(a) hereof, investments of Gross Proceeds shall not be made in (a) investments constituting obligations of or guaranteed, directly or indirectly, by the United States (except obligations of the United States Treasury, or investments in obligations issued pursuant to Section 21B(d)(3) of the Federal Home Loan Bank, as amended (*e.g.*, Refcorp Strips)); or (b) federally insured deposits or accounts (as defined in Section 149(b)(4)(B) of the Code). Except as otherwise permitted in the immediately prior sentence and in the Regulations, no portion of the payment of principal or interest on the Bonds or any credit enhancement or liquidity device relating to the foregoing is or will be guaranteed, directly or indirectly (in whole or in part), by the United States (or any agency or instrumentality thereof), including a lease, incentive payment, research or output contract or any similar arrangement, agreement or understanding with the United States or any agency or instrumentality thereof. No portion of the Gross Proceeds has been or will be used to make loans the payment of principal or interest with respect to which is or will be guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof). Neither this paragraph nor paragraph 5.5 hereof applies to any guarantee by the Federal Housing Administration, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Government National Mortgage Association, the Student Loan Marketing Association or the Bonneville Power Administration pursuant to the Northwest Power Act (16 U.S.C. 839d) as in effect on the date of enactment of the Tax Reform Act of 1984.

5.5. Investments After the Expiration of Temporary Periods, Etc. After the expiration of the temporary period set forth in paragraph 5.2(a)(ii) hereof, amounts in the Project Fund may not be invested in (i) federally insured deposits or accounts (as defined in Section 149(b)(4)(B) of the Code) or (ii) investments constituting obligations of or guaranteed, directly or indirectly, by the United States (except obligations of the United States Treasury or investments in obligations issued pursuant to Section 21B(d)(3) of the

Federal Home Loan Bank Act, as amended (*e.g.*, Refcorp Strips). Any other amounts that are subject to the yield limitation in paragraph 5.2 hereof because paragraph 5.2(a) hereof is not applicable and amounts not subject to yield restriction only because they are described in paragraph 5.2(b) hereof, are also subject to the limitation set forth in the preceding sentence.

6.1. Payment and Use Tests. (a) No more than five percent of the Sale Proceeds plus investment earnings thereon will be used, directly or indirectly, in whole or in part, in any Private Business Use. The Village acknowledges that, for purposes of the preceding sentence, Gross Proceeds used to pay costs of issuance and other common costs (such as capitalized interest and fees paid for a qualified guarantee or qualified hedge) or invested in a reserve or replacement fund must be ratably allocated among all the purposes for which Gross Proceeds are being used.

(b) The payment of more than five percent of the principal of or the interest on the Bonds will not be, directly or indirectly (i) secured by any interest in (A) property used or to be used in any Private Business Use or (B) payments in respect of such property or (ii) on a present value basis, derived from payments (whether or not to the Village or a member of the same Controlled Group as the Village) in respect of property, or borrowed money, used or to be used in any Private Business Use.

(c) No more than the lesser of five percent of the sum of the Sale Proceeds and investment earnings thereon or \$5,000,000 will be used, directly or indirectly, to make or finance loans to any persons. The Village acknowledges that, for purposes of the preceding sentence, Gross Proceeds used to pay costs of issuance and other common costs (such as capitalized interest and fees paid for a qualified guarantee or qualified hedge) or invested in a reserve or replacement fund must be ratably allocated among all the purposes for which Gross Proceeds are being used.

(d) No user of the Project other than a state or local governmental unit will use more than five percent of the Project, in the aggregate, on any basis other than the same basis as the general public.

6.2. I.R.S. Form 8038-G. The information contained in the Information Return for Tax-Exempt Governmental Obligations, Form 8038-G, is true and complete. The Village will file Form 8038-G (and all other required information reporting forms) in a timely manner.

6.3. Bank Qualification. (a) 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 anytime a "private activity bond" (as defined in Section 141 of the Code), (ii) as of the date hereof in calendar year 2013, other than the Bonds, no tax-exempt obligations of any kind have been issued (x) by or on behalf of the Village, (y) by other issuers any of the proceeds of which have been or will be used to make any loans to the Village or (z) 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 (x) by or on behalf of the Village, (y) by other issuers any of the proceeds of which have been or will be used to make any loans to the Village or (z) any portion of which has been allocated to the Village for purposes of Section 265(b) of the Code during calendar year 2013 will be designated for purposes of Section 265(b)(3) of the Code.

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

(c) On the date hereof, the Village does not reasonably anticipate that for calendar year 2013 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). "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 2013 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) that exceed the aggregate amount of \$10,000,000 during calendar year 2013 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.

(d) The Bonds have not been sold in conjunction with any obligation other than the Series 2013A Bonds.

7.1. Termination; Interest of Village in Rebate Fund. The terms and provisions set forth in this Section shall terminate at the later of (a) 75 days after the Bonds have been fully paid and retired or (b) the date on which all amounts remaining on deposit in the Rebate Fund, if any, shall have been paid to or upon the order of the United States and any other payments required to satisfy the Rebate Provisions of the Code have been made to the United States. Notwithstanding the foregoing, the provisions of paragraphs 4.3, 4.4(c) and 7.9 hereof shall not terminate until the third anniversary of the date the Bonds are fully paid and retired.

7.2. Separate Issue. Since a date that is 15 days prior to the date of sale of the Bonds by the Village to the Purchaser, neither the Village nor any member of the same Controlled Group as the Village has sold or delivered any tax-exempt obligations other than the Bonds that are reasonably expected to be paid out of substantially the same source of funds as the Bonds. Neither the Village nor any member of the same Controlled Group as the Village will sell or deliver within 15 days after the date of sale of

the Bonds any tax-exempt obligations other than the Bonds that are reasonably expected to be paid out of substantially the same source of funds as the Bonds.

7.3. No Sale of the Project. (a) Other than as provided in the next sentence, neither the Project nor any portion thereof has been, is expected to be, or will be sold or otherwise disposed of, in whole or in part, prior to the earlier of (i) the last date of the reasonably expected economic life to the Village of the property (determined on the date of issuance of the Bonds) or (ii) the last maturity date of the Bonds. The Village may dispose of personal property in the ordinary course of an established government program prior to the earlier of (i) the last date of the reasonably expected economic life to the Village of the property (determined on the date of issuance of the Bonds) or (ii) the last maturity of the Bonds, provided: (A) the weighted average maturity of the Bonds financing the personal property is not greater than 120 percent of the reasonably expected actual use of that property for governmental purposes; (B) the Village reasonably expects on the issue date that the fair market value of that property on the date of disposition will be not greater than 25 percent of its cost; (C) the property is no longer suitable for its governmental purposes on the date of disposition; and (D) the Village deposits amounts received from the disposition in a commingled fund with substantial tax or other governmental revenues and the Village reasonably expects to spend the amounts on governmental programs within six months from the date of the commingling.

(b) The Village acknowledges that if Bond-financed property is sold or otherwise disposed of in a manner contrary to (a) above, such sale or disposition may constitute a "deliberate action" within the meaning of the Regulations that may require remedial actions to prevent the Bonds from becoming private activity bonds. The Village shall promptly contact Bond Counsel if a sale or other disposition of bond-financed property is considered by the Village.

7.4. Purchase of Bonds by Village. The Village will not purchase any of the Bonds except to cancel such Bonds.

7.5. Final Maturity. The period between the date of Closing and the final maturity date of the Bonds is not more than 10-1/2 years.

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

7.7. First Amendment. The Village acknowledges and agrees that it will not use, or allow the Project to be used, in a manner which is prohibited by the Establishment of Religion Clause of the First Amendment to the Constitution of the United States of America or by any comparable provisions of the Constitution of the State of Illinois.

7.8. *Future Events.* The Village acknowledges that any changes in facts or expectations from those set forth herein may result in different Yield restrictions or rebate requirements from those set forth herein. The Village shall promptly contact Bond Counsel if such changes do occur.

7.9. *Records Retention.* The Village agrees to keep and retain or cause to be kept and retained sufficient records to support the continued exclusion of the interest paid on the Bonds from federal income taxation, to demonstrate compliance with the covenants in this Ordinance and to show that all tax returns related to the Bonds submitted or required to be submitted to the Internal Revenue Service are correct and timely filed. Such records shall include, but are not limited to, basic records relating to the Bond transaction (including this Ordinance and the Bond Counsel opinion); documentation evidencing the expenditure of Bond proceeds; documentation evidencing the use of Bond-financed property by public and private entities (*i.e.*, copies of leases, management contracts and research agreements); documentation evidencing all sources of payment or security for the Bonds; and documentation pertaining to any investment of Bond proceeds (including the information required under paragraphs 4.3 and 4.4 hereof and in particular information related to the purchase and sale of securities, SLGs subscriptions, yield calculations for each class of investments, actual investment income received from the investment of proceeds, guaranteed investment contracts and documentation of any bidding procedure related thereto and any fees paid for the acquisition or management of investments and any rebate calculations). Such records shall be kept for as long as the Bonds are outstanding, plus three (3) years after the later of the final payment date of the Bonds or the final payment date of any obligations or series of obligations issued to refund directly or indirectly all or any portion of the Bonds.

7.10. *Permitted Changes; Opinion of Bond Counsel.* The Yield restrictions contained in paragraph 5.2 hereof or any other restriction or covenant contained herein need not be observed or may be changed if such nonobservance or change will not result in the loss of any exemption for the purpose of federal income taxation to which interest on the Bonds is otherwise entitled and the Village receives an opinion of Bond Counsel to such effect. Unless the Village otherwise directs, such opinion shall be in such form and contain such disclosures and disclaimers as may be required so that such opinion will not be treated as a covered opinion or a state or local bond opinion for purposes of Treasury Department regulations governing practice before the Internal Revenue Service (Circular 230) 31 C.F.R. pt. 10.

7.11. *Successors and Assigns.* The terms, provisions, covenants and conditions of this Section shall bind and inure to the benefit of the respective successors and assigns of the Corporate Authorities and the Village.

7.12. *Expectations.* The Corporate Authorities have reviewed the facts, estimates and circumstances in existence on the date of issuance of the Bonds. Such facts, estimates and circumstances, together with the expectations of the Village as to future events, are set forth in summary form in this Section. Such facts and estimates are true and are not incomplete in any material respect. On the basis of the facts and estimates

contained herein, the Village has adopted the expectations contained herein. On the basis of such facts, estimates, circumstances and expectations, it is not expected that Sale Proceeds, investment earnings thereon or any other moneys or property will be used in a manner that will cause the Bonds to be arbitrage bonds within the meaning of the Rebate Provisions and the Regulations. Such expectations are reasonable and there are no other facts, estimates and circumstances that would materially change such expectations.

The Village also agrees and covenants with the purchasers and holders of the Bonds from time to time outstanding that, to the extent possible under Illinois law, it will comply with whatever federal tax law is adopted in the future which applies to the Bonds and affects the tax-exempt status of the Bonds.

The Corporate Authorities hereby authorize the officials of the Village responsible for issuing the Bonds, the same being the President, Village Clerk, Village Treasurer and Village Administrator, or any of them acting together, to make such further covenants and certifications as may be necessary to assure that the use thereof will not cause the Bonds to be arbitrage bonds and to assure that the interest on the Bonds will be exempt from federal income taxation. In connection therewith, the Village and the Corporate Authorities further agree: (a) through their officers, to make such further specific covenants, representations as shall be truthful, and assurances as may be necessary or advisable; (b) to consult with counsel approving the Bonds and to comply with such advice as may be given; (c) to pay to the United States, as necessary, such sums of money representing required rebates of excess arbitrage profits relating to the Bonds; (d) to file such forms, statements, and supporting documents as may be required and in a timely manner; and (e) if deemed necessary or advisable by their officers, to employ and pay fiscal agents, financial advisors, attorneys, and other persons to assist the Village in such compliance.

Section 16. Registered Form. The Village recognizes that Section 149 of the Code requires the Series 2013B Bonds to be issued and to remain in fully registered form in order to be

and remain Tax-exempt. In this connection, the Village agrees that it will not take any action to permit the Series 2013B Bonds to be issued in, or converted into, bearer or coupon form.

Section 17. Opinion of Counsel Exception. The Village reserves the right to use or invest moneys in connection with the Bonds in any manner, notwithstanding the tax-related covenants set forth in Section 15 herein, provided it shall first have received an opinion from Bond Counsel or an attorney or a firm of attorneys of nationally recognized standing as bond counsel to the effect that use or investment of such moneys as contemplated is valid and proper under applicable law and this Ordinance and, further, will not adversely affect the Tax-exempt status for the Series 2013B Bonds.

Section 18. Duties of Bond Registrar. If requested by the Bond Registrar, any officer of the Village is authorized to execute standard forms of agreements between the Village and the Bond Registrar with respect to the obligations and duties of the Bond Registrar hereunder which may include the following:

- (a) to act as bond registrar, 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.

Section 19. Record-Keeping Policy and Post-Issuance Compliance Matters. It is necessary and in the best interest of the Village to maintain sufficient records to demonstrate compliance with its covenants and expectations to ensure the appropriate federal tax status for

the Series 2013B Bonds and other debt obligations of the Village, the interest on which is excludable from "gross income" for federal income tax purposes or which enable the Village or the holder to receive federal tax benefits, including, but not limited to, qualified tax credit bonds and other specified tax credit bonds (including the Series 2013B Bonds, the "*Tax Advantaged Obligations*"). Further, it is necessary and in the best interest of the Village that (i) the Corporate Authorities adopt policies with respect to record-keeping and post issuance compliance with the Village's covenants related to its Tax Advantaged Obligations and (ii) the Compliance Officer (as hereinafter defined) at least annually review the Village's Contracts (as hereinafter defined) to determine whether the Tax Advantaged Obligations comply with the federal tax requirements applicable to each issue of the Tax Advantaged Obligations. The Corporate Authorities and the Village hereby adopt the following Record-Keeping Policy and, in doing so, amend any similar Record-Keeping Policy or Policies heretofore adopted:

(a) *Compliance Officer is Responsible for Records.* The Village Clerk of the Village (the "*Compliance Officer*") is hereby designated as the keeper of all records of the Village with respect to each issue of the Tax Advantaged Obligations, and such officer shall report to the Corporate Authorities at least annually that he/she has all of the required records in his/her possession, or is taking appropriate action to obtain or recover such records.

(b) *Closing Transcripts.* For each issue of Tax Advantaged Obligations, the Compliance Officer shall receive, and shall keep and maintain, a true, correct and complete counterpart of each and every document and agreement delivered in connection with the issuance of the Tax Advantaged Obligations, including without limitation (i) the proceedings of the Village authorizing the Tax Advantaged Obligations, (ii) any offering document with respect to the offer and sale of the Tax Advantaged Obligations, (iii) any legal opinions with respect to the Tax Advantaged Obligations delivered by any lawyers, and (iv) all written representations of any person delivered in connection with the issuance and initial sale of the Tax Advantaged Obligations.

(c) *Arbitrage Rebate Liability.* The Compliance Officer shall review the agreements of the Village with respect to each issue of Tax Advantaged Obligations and shall prepare a report for the Corporate Authorities stating whether or not the Village has any rebate liability to the United States Treasury, and setting forth any applicable exemptions that each issue of Tax Advantaged Obligations may have from rebate

liability. Such report shall be updated annually and delivered to the Corporate Authorities.

(d) *Recommended Records.* The Compliance Officer shall review the records related to each issue of Tax Advantaged Obligations and shall determine what requirements the Village must meet in order to maintain the tax-exemption of interest paid on its Tax Advantaged Obligations, its entitlement to direct payments by the United States Treasury of the applicable percentages of each interest payment due and owing on its Tax Advantaged Obligations, and applicable tax credits or other tax benefits arising from its Tax Advantaged Obligations. The Compliance Officer shall then prepare a list of the contracts, requisitions, invoices, receipts and other information that may be needed in order to establish that the interest paid on the Tax Advantaged Obligations is entitled to be excluded from "gross income" for federal income tax purposes, that the Village is entitled to receive from the United States Treasury direct payments of the applicable percentages of interest payments coming due and owing on its Tax Advantaged Obligations, and the entitlement of holders of any Tax Advantaged Obligations to any tax credits or other tax benefits, respectively. Notwithstanding any other policy of the Village, such retained records shall be kept for as long as the Tax Advantaged Obligations relating to such records (and any obligations issued to refund the Tax Advantaged Obligations) are outstanding, plus three years, and shall at least include:

(i) complete copies of the transcripts delivered when any issue of Tax Advantaged Obligations is initially issued and sold;

(ii) copies of account statements showing the disbursements of all Tax Advantaged Obligation proceeds for their intended purposes, and records showing the assets and other property financed by such disbursements;

(iii) copies of account statements showing all investment activity of any and all accounts in which the proceeds of any issue of Tax Advantaged Obligations has been held or in which funds to be used for the payment of principal of or interest on any Tax Advantaged Obligations has been held, or which has provided security to the holders or credit enhancers of any Tax Advantaged Obligations;

(iv) copies of all bid requests and bid responses used in the acquisition of any special investments used for the proceeds of any issue of Tax Advantaged Obligations, including any swaps, swaptions, or other financial derivatives entered into in order to establish that such instruments were purchased at *fair market value*;

(v) copies of any subscriptions to the United States Treasury for the purchase of State and Local Government Series (SLGS) obligations;

(vi) any calculations of liability for *arbitrage rebate* that is or may become due with respect to any issue of Tax Advantaged Obligations, and any

calculations prepared to show that no arbitrage rebate is due, together, if applicable, with account statements or cancelled checks showing the payment of any rebate amounts to the United States Treasury together with any applicable IRS Form 8038-T; and

(vii) copies of all contracts and agreements of the Village, including any leases (the "*Contracts*"), with respect to the use of any property owned by the Village and acquired, constructed or otherwise financed or refinanced with the proceeds of the Tax Advantaged Obligations effective at any time when such Tax Advantaged Obligations are, will or have been outstanding. Copies of contracts covering no more than 50 days of use and contracts related to Village employees need not be retained.

(e) *IRS Examinations or Inquiries.* In the event the IRS commences an examination of any issue of Tax Advantaged Obligations or requests a response to a compliance check, questionnaire or other inquiry, the Compliance Officer shall inform the Corporate Authorities of such event, and is authorized to respond to inquiries of the IRS, and to hire outside, independent professional counsel to assist in the response to the examination or inquiry.

(f) *Annual Review.* The Compliance Officer shall conduct an annual review of the Contracts and other records to determine for each issue of Tax Advantaged Obligations then outstanding whether each such issue complies with the federal tax requirements applicable to such issue, including restrictions on private business use, private payments and private loans. The Compliance Officer is expressly authorized, without further official action of the Corporate Authorities, to hire outside, independent professional counsel to assist in such review. To the extent that any violations or potential violations of federal tax requirements are discovered incidental to such review, the Compliance Officer may make recommendations or take such actions as the Compliance Officer shall reasonably deem necessary to assure the timely correction of such violations or potential violations through remedial actions described in the United States Treasury Regulations, or the Tax Exempt Series 2013B Bonds Voluntary Closing Agreement Program described in Treasury Notice 2008-31 or similar program instituted by the IRS.

(g) *Training.* The Compliance Officer shall undertake to maintain reasonable levels of knowledge concerning the rules related to tax-exempt bonds (and build America bonds and tax credit bonds to the extent the Village has outstanding build America bonds or tax-credit bonds) so that such officer may fulfill the duties described in this Section. The Compliance Officer may consult with counsel, attend conferences and presentations of trade groups, read materials posted on various web sites, including the web site of the Tax Exempt Bond function of the IRS, and use other means to maintain such knowledge. Recognizing that the Compliance Officer may not be fully knowledgeable in this area, the Compliance Officer may consult with outside counsel, consultants and experts to assist him or her in exercising his duties hereunder. The Compliance Officer will endeavor to make sure that the Village's staff is aware of the need for continuing compliance. The

Compliance Officer will provide copies of this Ordinance and the Tax Exemption Certificate and Agreement or other applicable tax documents for each series of Tax Advantaged Obligations then currently outstanding (the "*Tax Agreements*") to staff members who may be responsible for taking actions described in such documents. The Compliance Officer should assist in the education of any new Compliance Officer and the transition of the duties under these procedures. The Compliance Officer will review this Ordinance and each of the Tax Agreements periodically to determine if there are portions that need further explanation and, if so, will attempt to obtain such explanation from counsel or from other experts, consultants or staff.

(h) *Amendment and Waiver.* The procedures described in this Section are only for the benefit of the Village. No other person (including an owner of a Tax Advantaged Obligation) may rely on the procedures included in this Section. The Village may amend this Section and any provision of this Section may be waived, without the consent of the holders of any Tax Advantaged Obligations and as authorized by passage of an ordinance by the Corporate Authorities. Additional procedures may be required for Tax Advantaged Obligations the proceeds of which are used for purposes other than capital governmentally owned projects or refundings of such, including tax increment financing bonds, bonds financing output facilities, bonds financing working capital, or private activity bonds. The Village also recognizes that these procedures may need to be revised in the event the Village enters into any derivative products with respect to its Tax Advantaged Obligations.

Section 20. 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 21. 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 22. *Superseder and Effective Date.* All ordinances, resolutions and orders, or parts thereof, in conflict herewith, 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.

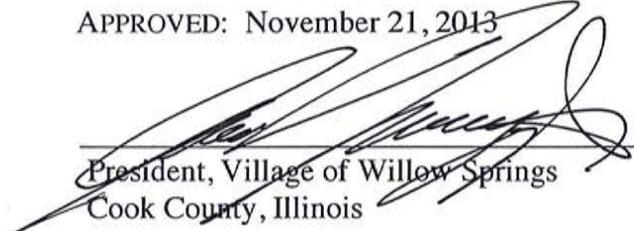
AYES: Trustees: Bartik, Imbarrato, Kaptur,
Maloney, Stanphill & Strazzante

NAYS: NONE

ABSENT: NONE

ADOPTED: November 21, 2013

APPROVED: November 21, 2013



President, Village of Willow Springs
Cook County, Illinois

Recorded In Village Records: November 21, 2013.

Published in pamphlet form by authority of the President and Board of Trustees on November 21, 2013.

ATTEST:

Adena Baskovich
Village Clerk, Village of Willow Springs
Cook County, Illinois