

**A RESOLUTION AUTHORIZING THE ISSUANCE AND DELIVERY OF NOT TO EXCEED \$22,000,000 MULTIFAMILY HOUSING REVENUE NOTES, 2017 SERIES A AND B (LILAC LEDGE APARTMENTS), FOR THE PURPOSE OF MAKING A LOAN TO LILAC LEDGE APARTMENTS, LP, AN ILLINOIS LIMITED PARTNERSHIP, IN ORDER TO FINANCE A PORTION OF THE COSTS OF ACQUIRING, CONSTRUCTING, REBUILDING, IMPROVING AND EXTENDING A MULTIFAMILY HOUSING FACILITY TO BE LOCATED IN THE CITY OF WAUKEGAN, ILLINOIS; AUTHORIZING THE EXECUTION AND DELIVERY OF A BORROWER LOAN AGREEMENT, A FUNDING LOAN AGREEMENT, A TAX REGULATORY AGREEMENT, AND VARIOUS OTHER DOCUMENTS AND INSTRUMENTS IN CONNECTION WITH THE FOREGOING; AUTHORIZING THE TERMS AND ISSUANCE OF THE NOTES; REPEALING ALL RESOLUTIONS OR PORTIONS OF RESOLUTIONS IN CONFLICT WITH THE PROVISIONS OF THIS RESOLUTION; PROVIDING FOR AN EFFECTIVE DATE; AND CONCERNING RELATED MATTERS.**

**WHEREAS**, The County of Lake, Illinois (the “**County**”), acting as an “**Authority**,” as that term is defined in the Industrial Building Revenue Bond Act, as amended, 50 ILCS 445/1 *et seq.* (the “**Act**”), is empowered to build, rebuild, acquire by gift or purchase, improve or extend an “**industrial project**” (as defined in the Act) (including a commercial project) within the physical boundaries of the County; and

**WHEREAS**, under the Act, the County is empowered to issue its special, limited obligation revenue bonds or notes to finance in whole or part the construction, rebuilding, acquisition, improvement or extension of an industrial project and to issue revenue bonds or notes to refund in whole or in part revenue bonds or notes previously issued under the authority of the Act; and

**WHEREAS**, under the Act, the term “**industrial project**” includes a capital project, comprised of one or more buildings and other structures, improvements, machinery and equipment, whether or not on the same site or sites now existing or hereafter acquired, suitable for use by any commercial enterprise; and

**WHEREAS**, under the Act, revenue bonds or notes issued solely for the foregoing purposes may be issued without submitting any proposition to the electorate at a referendum; and;

**WHEREAS**, Lilac Ledge Apartments, LP, an Illinois limited partnership (the “**Borrower**”), has requested that the County issue revenue bonds or notes in an amount not to exceed \$22,000,000 (the “**Obligations**”) and loan the proceeds to the Borrower, of which Lilac Ledge GP, LLC is the general partner, to finance the acquisition, construction, rehabilitation, improvement and extension of an existing multifamily residential rental project known as Lilac Ledge Apartments located at 542 West Washington Street, Waukegan, Illinois 60085 (the “**Project**”), within the physical boundaries of the County; and

**WHEREAS**, the Borrower has represented to the County that it intends to employ approximately 50 individual contractors during the construction and rehabilitation period (with approximately 75% of materials used to be procured from Lake County suppliers and/or manufacturers) and 2 employees at the Project after the construction and rehabilitation period; and

**WHEREAS**, the issuance of the Governmental Notes to finance a portion of the costs of acquiring, constructing, rebuilding, improving and extending the Project will comply, based solely on the information provided by Borrower, on which it is reasonable for the County to rely, including an opinion of bond counsel to be provided to the County, with the requirements of the Act and will further the public purposes to be served by the issuance of bonds or notes under the Act; and

**WHEREAS**, pursuant to the Act, the County has determined, and finds that it is proper, necessary and desirable, in order to provide adequate, decent, safe, sanitary and affordable housing to those residing within the physical boundaries of the County, to issue its Multifamily Housing Revenue Note, 2017 Series A (Lilac Ledge Apartments) (the “**Series 2017A Note**”) and its Multifamily Housing Revenue Note, 2017 Series B (Lilac Ledge Apartments) (the “**Series 2017B Note**”) and, together with the Series 2017A Note, the “**Governmental Notes**”), to finance a portion of the costs of acquiring, constructing, rebuilding, improving and extending the Project; and

**WHEREAS**, it is estimated that the costs of acquiring, constructing, rebuilding, improving and extending the Project, including costs relating to the authorization, preparation and issuance of the Governmental Notes, will total not less than \$22,000,000; and

**WHEREAS**, pursuant to public notice published on November 23, 2016 in the *Lake County Sun*, a newspaper of general circulation in and available to the residents of the City of Waukegan, Illinois, the municipality within which the Project will be located, and of general circulation within the County, a public hearing was held by the County Board of the County on Thursday, December 15, 2016, beginning at 10:00 a.m. at the County Building, 18 N. County Street, Waukegan, Illinois 60085, at which all interested persons were given the opportunity to express their views, either orally or in writing, with respect to the issuance of the Governmental Notes and the financing of the Project; and

**WHEREAS**, proof of publication of the notice, including a description of the Project and the financing, has been submitted to the County; and

**WHEREAS**, drafts of the following documents are now before and have been reviewed by the members of the County Board:

1. Form of Borrower Loan Agreement (the “**Borrower Loan Agreement**”) between the County and the Borrower (attached as *Exhibit A* to this Note Resolution) pursuant to which the County will loan the proceeds of the Governmental Notes to the Borrower (the “Borrower Loan”) to finance the costs of acquiring, constructing, rebuilding, improving and extending the Project and the Borrower will agree to pay to the County sufficient amounts at the times necessary to pay debt service on the Governmental Notes when due;

2. Form of Funding Loan Agreement (the “**Funding Loan Agreement**”) between the County and Citibank, N.A., as funding lender (the “**Funding Lender**”) (attached as *Exhibit A* to this Note Resolution), pursuant to which the Governmental Notes will be issued in order to evidence a loan from the Funding Lender to the County the proceeds of which will be loaned by the County to the Borrower pursuant to the Borrower Loan Agreement to finance the costs of acquiring, constructing, rebuilding, improving and extending the Project;

3. Form of the Governmental Notes (attached to the Funding Loan Agreement as *Exhibit A*);

4. Form of Tax Regulatory Agreement (the “**Tax Regulatory Agreement**”) between the County and the Borrower imposing certain restrictions on the use and occupancy of the Project intended to ensure that the interest on the Governmental Notes will be excluded from the gross income of their owners for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the “**Code**”); and

**WHEREAS**, the County Board deems it necessary and desirable to authorize the issuance of the Governmental Notes to the Funding Lender and to authorize the execution and delivery of the Borrower Loan Agreement, the Funding Loan Agreement, the Governmental Notes, the Tax Regulatory Agreement, and any tax exemption certificates and agreements in order to provide for the issuance of and security for the Governmental Notes; and

**WHEREAS**, it is necessary for the County Board to authorize the execution and delivery of other certificates, documents, instruments and papers and the performance of acts necessary or convenient in connection with the issuance and delivery of the Governmental Notes and the implementation of this Note Resolution; and

**WHEREAS**, all agreements to be signed by the County will provide that the Governmental Notes do not evidence a debt of the County, will not constitute nor give rise to a general obligation of the County or be a charge against its general credit or taxing powers and that the Governmental Notes will be limited obligations of the County payable only from the revenues and receipts derived from the Borrower Loan Agreement and will be secured only by the pledge and assignment under the Funding Loan Agreement of such revenues and of the Borrower Notes (as defined in the Funding Loan Agreement) in the same principal amount as the aggregate principal amount of the Governmental Notes;

NOW, THEREFORE, BE IT RESOLVED by the County Board of The County of Lake, Illinois, as follows:

**Section 1. *Incorporation of Preambles.*** The preambles are incorporated into this Note Resolution by this reference and made a part of this Note Resolution.

**Section 2. *Findings and Determinations; Public Benefits.*** The County Board finds and determines: (a) based on the advice of its bond counsel, that the Project to be acquired, constructed, rebuilt, improved and extended with the proceeds of the Governmental Notes will be an “industrial project” under the Act; (b) that the acquisition, construction, rebuilding, improvement and extension of the Project will further the public purposes of the Act by providing temporary jobs during the construction and rehabilitation period and providing adequate, decent,

safe, sanitary and affordable housing to those residing within the County and thereby relieve conditions of unemployment and under-employment within the County, encourage the increase of commerce and industry and improve and promote the economic stability, development and welfare of the area within the County; (c) that the Borrower has properly submitted to the County its request for financial assistance in acquiring, constructing, rebuilding, improving and extending the Project; (d) based on representations of the Borrower, that the multifamily housing facilities to be financed with the proceeds of the Governmental Notes do not include any property used or to be used either for sectarian instruction or study or as a place for devotional activities or religious worship or in connection with any part of a program or a school or department of divinity for any religious denomination; and (e) that no member of the County Board, no officer of the County, and no managerial or supervisory employee of the County is now or was at any time on or after January 1, 2017, either an officer, director, employee or otherwise interested, either directly or indirectly, in his own name or in the name of any other person, association, trust or corporation in (1) the Borrower, or any parent or subsidiary corporation of any of the Borrower or any partnership which controls or is controlled by the Borrower, or (2) the loan evidenced by the Borrower Loan Agreement and the Borrower Notes, or (3) the Project or the contract or contracts for the acquisition, construction, rebuilding, improvement and extension of the Project.

**Section 3. *Authorization of Governmental Notes.*** In order to finance a portion of the costs of acquiring, constructing, rebuilding, improving and extending the Project, the County authorizes to be issued, sold and delivered in two series not more than \$22,000,000 aggregate principal amount of Multifamily Housing Revenue Notes, 2017 Series A and B (Lilac Ledge Apartments) of the County. The aggregate principal amount of the Governmental Notes (not to exceed the foregoing amount) shall be as provided in the Funding Loan Agreement as executed and delivered on behalf of the County. Any additional costs of the Project not paid from the proceeds of sale of the Governmental Notes will be paid by the Borrower.

**Section 4. *Terms of the Governmental Notes.*** The Governmental Notes shall be designated “Multifamily Housing Revenue Note, 2017 Series A (Lilac Ledge Apartments),” and “Multifamily Housing Revenue Note, 2017 Series B (Lilac Ledge Apartments),” respectively, and each shall be issuable as a fully-registered note, numbered R-1, payable to the registered owner of the Governmental Note. The Governmental Notes shall be dated the date of their issuance and delivery and shall bear interest from their date until payment of principal is made at a rate or rates not in excess of 8% per year as shall be specified in the Funding Loan Agreement as executed and delivered on behalf of the County. Interest shall be payable on the regular interest payment dates specified in the Funding Loan Agreement as executed and delivered on behalf of the County. Interest shall also be payable on each redemption date and at maturity.

The Governmental Notes shall mature on the dates in the amounts specified in the Funding Loan Agreement as executed and delivered on behalf of the County, subject to prior optional and mandatory redemption as provided in the Indenture.

Principal of, redemption premium, if any is provided for in the Funding Loan Agreement, and interest on the Governmental Notes shall be payable at the designated office of the Funding Lender or the Servicer (as defined in the Funding Loan Agreement) or their respective successors and assigns as provided in the Funding Loan Agreement.

The Governmental Notes shall be executed, shall have such redemption provisions, and shall be subject to such other terms and conditions as are set forth in the Funding Loan Agreement as executed and delivered on behalf of the County.

**Section 5. *Limited Obligations.***

(a) The Governmental Notes and the principal, interest and redemption premium (if any) on the Governmental Notes do not and shall never constitute a general obligation or an indebtedness of or a charge against the general credit or taxing powers of the County, but are limited obligations of the County payable only from revenues and other amounts derived from the Borrower Loan Agreement and secured only by the pledge and assignment to the Funding Lender under the Funding Loan Agreement of such revenues and of the Borrower Notes. Other revenues and assets of the County are not pledged or available to pay the Governmental Notes or the principal, interest and redemption premium (if any) on the Governmental Notes. No holder of any Governmental Notes shall have the right to compel any exercise of the taxing power of the County to pay principal of the Governmental Notes, premium, if any, or the interest on the Governmental Notes. As provided in Section 9 of the Act, the Governmental Notes will be issued under the Act and do not and shall never evidence an indebtedness of the County or a loan of credit of the County extended to the Borrower within the meaning of any constitutional or statutory provision. The Governmental Notes, if and when issued, shall be issued under, and in full compliance with, the Constitution and laws of the State and particularly under the provisions of the Act. The same shall be plainly stated on the face of each Note.

(b) No pledge, agreement, covenant, representation, obligation or undertaking by the County contained in this Note Resolution and no other pledge, agreement, covenant, representation, obligation or undertaking by the County contained in any other document executed by the County in connection with the Project or the Governmental Notes shall give rise to any pecuniary liability of the County or charge against its general credit, or shall obligate the County financially in any way, except out of payments to be made by the Borrower under the Borrower Loan Agreement other than payments to be made by the Borrower pursuant to the County's Unassigned Rights (as defined in the Funding Loan Agreement). No failure of the County to comply with any term, condition, covenant, obligation or agreement herein or therein shall subject the County to liability for any claim for damages, costs, or other financial or pecuniary charge except to the extent the same is paid by the Borrower; and no execution of any claim, demand, cause of action or judgment shall be levied upon or collected from the general credit, general funds or other property of the County. The same shall be plainly stated on the face of each Governmental Note.

**Section 6. *Issuance of the Governmental Notes; Delivery.*** Issuance of the Governmental Notes to the Funding Lender at a price equal to their aggregate principal amount and upon the other terms and conditions set forth in the Funding Loan Agreement is authorized. Each of the Chairman and Vice Chairman of the County Board are authorized and directed to

execute (and either may so execute) and each of the County Clerk and any Deputy County Clerk are authorized and directed to attest and seal (and either may so attest and seal) the Governmental Notes on behalf of the County and to deliver the Governmental Notes to the Funding Lender upon payment to the County by the Funding Lender of the purchase price for the Governmental Notes in accordance with the terms of the Funding Loan Agreement.

**Section 7. *Agreements.*** In order to provide for the loan of the proceeds of the Governmental Notes to the Borrower to finance the acquisition, construction, rebuilding, improving and extension of the Project and the payment by the Borrower of an amount sufficient to pay the principal of, premium, if any, and interest on the Governmental Notes, the Chairman and Vice Chairman are authorized and directed to execute (and either may so execute) and the County Clerk and any Deputy County Clerk are authorized and directed to attest and seal (and either may so attest and seal) and deliver, in the name and on behalf of the County, the Funding Loan Agreement and the Borrower Loan Agreement in substantially the forms submitted to the County Board, which are approved in all respects. The Funding Loan Agreement and the Borrower Loan Agreement as executed and delivered on behalf of the County may contain such insubstantial deviations from the forms of the Funding Loan Agreement and the Borrower Loan Agreement as submitted to the County Board as shall be approved by the officers executing the Funding Loan Agreement and the Borrower Loan Agreement. Their approval and the approval of the County Board of such insubstantial deviations shall be evidenced conclusively by their execution of the Agreement.

**Section 8. *Acceptance of Borrower Notes.*** In connection with the issuance of the Governmental Notes, the County accepts, as security for the Borrower Loan, the Borrower Notes.

**Section 9. *Form of the Governmental Notes.*** The form of the Governmental Notes as attached to the form of the Funding Loan Agreement submitted to the County Board is in all respects approved, subject to appropriate insertions and revisions in order to comply with the provisions of the Funding Loan Agreement as executed and delivered on behalf of the County and to reflect the final terms of the Governmental Notes.

**Section 10. *Financing Statements.*** To evidence the security interests created by the various documents contemplated in this Note Resolution, any one of the Chairman, the Vice Chairman, the County Clerk and any Deputy County Clerk are each authorized and directed to deliver on behalf of the County, as debtor, a financing statement in which the Funding Lender is the secured party covering the Funding Loan Agreement (except for unassigned rights), the Borrower Notes, and all other and further rights and interests pledged and assigned to the Funding Lender under the Funding Loan Agreement.

**Section 11. *Tax Regulatory Agreement.*** In order to provide for certain restrictions on the use and occupancy of the Project intended to ensure that interest on the Governmental Notes will be excluded from the gross income of their owners for federal income taxes under the Code, the Chairman and Vice Chairman are authorized and directed to execute and acknowledge (and either may so execute and acknowledge) and the County Clerk and each Deputy County Clerk are each authorized and directed to attest and seal (and either may so attest and seal) and deliver, in the name and on behalf of the County, the Tax Regulatory Agreement in

substantially the form submitted to the County Board, which is approved in all respects. The Tax Regulatory Agreement as executed and delivered on behalf of the County may contain such insubstantial deviations from the form of the Tax Regulatory Agreement as submitted to the County Board as shall be approved by the officers executing the Tax Regulatory Agreement. Their approval and the approval of the County Board of such insubstantial deviations shall be evidenced conclusively by their execution of the Tax Regulatory Agreement.

**Section 12. *Arbitrage; Tax Exemption Certificates and Agreements.*** The County recognizes that the purchasers and owners from time to time of the Governmental Notes (including the Funding Lender) will have accepted them on, and paid a price which reflects, the understanding that interest on the Governmental Notes is exempt from Federal income taxation under laws in force at the time the Governmental Notes shall have been delivered. In this connection, any one of the Chairman, the Vice Chairman, the County Clerk and other appropriate officials of the County are authorized and directed to execute such certificates and make such representations as shall be necessary to establish that the Governmental Notes are not “arbitrage bonds” within the meaning of Section 148 of the Code, and any lawful regulations promulgated or proposed under that Section. The substance of such certificates shall be based on certifications and representations of the Borrower.

The Chairman and Vice Chairman are authorized and directed to execute (and either may so execute) and the County Clerk and any Deputy County Clerk are authorized and directed to attest and seal (and either may so attest and seal) and deliver such other certificates and agreements as may be prepared by bond counsel for the Governmental Notes and as are necessary to establish that interest on the Governmental Notes is exempt from Federal income taxation.

The County covenants to and for the benefit of the owners of the Governmental Notes from time to time that, to the extent it has discretion with respect to or control over the matter, no use will be made of the proceeds of the issue and sale of the Governmental Notes or any other funds or accounts of the County which might be deemed to be available proceeds of the Governmental Notes pursuant to the provisions of Section 148 of the Code and the applicable regulations (proposed or promulgated) under which, if such use had been reasonably expected on the date of delivery of and payment for the Governmental Notes, the Governmental Notes would be classified as “arbitrage bonds” within the meaning of Section 148 of the Code. Pursuant to such covenant, the County will comply throughout the term of the issue of the Governmental Notes with the requirements of the Code and any applicable regulations promulgated under the Code. The County further covenants that it will neither take any action nor omit to take any action the taking or omission of which would render interest on the Governmental Notes subject to federal income taxation. Any certificate given under this section shall be considered a representation of the County under this Note Resolution.

**Section 13. *Arbitrage Rebate.*** The County recognizes that the provisions of Section 148 of the Code require a rebate of “excess arbitrage profits” to the United States of America in certain circumstances. The County covenants to make such rebate payments in accordance with the Code, if required, but only from moneys provided by the Borrower pursuant to the Borrower Loan Agreement.

**Section 14. *Registered Form.*** The County recognizes that Section 149 of the Code requires the Governmental Notes to be issued and to remain in fully registered form in order for the interest on them to be and remain exempt from federal income taxes. In this connection, the County agrees that it will not take any action to permit the Governmental Notes to be issued in, or converted into, bearer or coupon form.

**Section 15. *Approval of Governmental Notes.*** Pursuant to Section 147(f) of the Code, based on the minutes of the public hearing held by the County Board on December 15, 2016 and a copy of the publisher's affidavit evidencing publication of public notice of that public hearing, the County Board approves the Governmental Notes as the "applicable elected representative" of the County.

**Section 16. *General.*** The Chairman, the Vice Chairman, the County Clerk, any Deputy County Clerk, and the other officers and employees of the County are each authorized and directed, in the name and on behalf of the County, to execute any and all matters, and do any and all things deemed by them necessary or desirable in order to carry out the purposes of this Note Resolution (including the preambles), the acquisition, construction, rebuilding, improvement and extension of the Project by the Borrower, the issuance and delivery of the Governmental Notes, and the securing of the Governmental Notes under and pursuant to the Funding Loan Agreement.

**Section 17. *Additional Requirements for Issuance.*** No Governmental Notes shall be issued nor shall the officers of the County execute any of the documents authorized to be executed hereby unless and until (a) an opinion of bond counsel shall have been provided to the County that the Project, upon completion, will constitute an "industrial project," as defined in Section 2 of the Act, and that the County has the full power, right and authority to issue the Governmental Notes under the Act; (b) on or before September 30, 2017 (or such later date as shall be mutually approved by the County Board, by resolution or ordinance duly adopted, and the Borrower), the County and the Borrower, solely in their complete discretion, shall have agreed to mutually acceptable terms and conditions of any agreements, instruments, and proceedings relating to the Governmental Notes; and (c) the Borrower agrees to pay to the County, immediately upon presentation of a written demand or demands therefor, all legal and other consulting and administrative fees, costs, and expenses incurred or accrued in connection with the negotiation, preparation, consideration, and review of this Note Resolution and the performance by the County of its obligations under this Note Resolution, and all fees, costs, and expenses that the County may incur at the request of the Borrower or as a result of or arising out of this Note Resolution or in connection with the issuance of the Governmental Notes and the costs of the Project, and also a one-time payment to Lake County Partners, as designee of the County, in the amount of one percent (1%) of the aggregate principal amount of the Governmental Notes issued.

**Section 18. *Ratification of Proceedings.*** All proceedings, resolutions and actions of the County and the County's officers, employees and agents taken in connection with and in furtherance of the issuance and delivery of the Governmental Notes, the acquisition, construction, rebuilding, improvement and extension of the Project, the public hearing held on December 15, 2016, the notice of that public hearing, and the financing of the Project are ratified, confirmed and approved.

**Section 19. *Recording of Note Resolution.*** Immediately after its passage, this Note Resolution shall be recorded in a book kept by the County Clerk for the purpose.

**Section 20. *Severability.*** It is declared that all parts of this Note Resolution are severable and that if any section, paragraph, clause or provision of this Note Resolution shall, for any reason, be held to be invalid or unenforceable, the invalidity or unenforceability of any such section, paragraph, clause or provision shall not affect the remaining provisions of this Note Resolution; *provided, however,* that no holding of invalidity or unenforceability shall require the County to make any payments from revenues other than the proceeds derived from the sale of the Governmental Notes issued under the Funding Loan Agreement and the proceeds derived from the Borrower Loan Agreement (except such proceeds as may be derived from the County pursuant to its Unassigned Rights) or impose any personal liability on any director, member, elected or appointed officer, official, employee, attorney or agent of the County.

**Section 21. *Conflicting Ordinances, Etc.*** All ordinances, resolutions and regulations or parts thereof heretofore adopted or passed which are in conflict with any of the provisions of this Note Resolution are repealed, to the extent of such conflict.

**Section 22. *Effective Date.*** This Note Resolution shall become effective and shall be in full force immediately upon its adoption.

**PASSED** by the County Board of The County of Lake, Illinois this \_\_\_\_ day of January 2017.

VOTING AYE (list names):

VOTING NAY (list names):

ABSENT OR ABSTAIN (list names):

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Chairman of the County Board  
The County of Lake, Illinois

[SEAL]

ATTEST:

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County Clerk  
The County of Lake, Illinois

**EXHIBIT A**

[Attach Borrower Loan Agreement Here]

**EXHIBIT B**

[Attach Funding Loan Agreement Here]

**EXHIBIT C**

[Attach Tax Regulatory Agreement Here]

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