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**OCTOBER 8, 2013**

**AGENDA ITEM \_\_\_\_\_**

**ORDINANCE NUMBER \_\_\_\_\_**

AN ORDINANCE authorizing and providing for the issuance of not to exceed \$30,000,000 General Obligation Road Bonds (Sales Tax Alternate Revenue Source), Series 2013, for the financing of certain road improvements, of The County of Lake, Illinois, prescribing all the details of said bonds and providing for the imposition of taxes to pay the same, and for the collection, segregation and distribution of certain sales taxes received by the County.

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EXHIBITS:

A—Bond Order Form

B—Continuing Disclosure Undertaking Form

**This Table of Contents is for convenience only and  
is not a part of the ordinance.**

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**PREAMBLES**

WHEREAS

A. The County of Lake, Illinois (the "*County*"), is a duly organized and existing county created under the provisions of the laws of the State of Illinois, and is now operating under the provisions of the Counties Code, as supplemented and amended (the "*Counties Code*").

B. The County Board of the County (the "*County Board*") has heretofore determined and does hereby determine that it is advisable, necessary and in the best interests of the County and its residents, in order to promote the public health, welfare, safety and convenience, to undertake the following:

To provide road improvements to public roads within the County, including, but not limited to, improvements to the intersection of Rollins Road (County Highway 31) with IL Route 83 as well as a grade separation of Rollins Road and the CN Railroad, and improvements to the intersection of Fairfield Road (County Highway 49) with IL Route 176, and a grade separation and widening of Washington Street (County Highway 45) with the CN Railroad west of Lake Street to Hainesville Road; which work may include, without limitation, costs of studies and administration, land acquisition and assembly, site improvement including demolition and remediation, rehabilitation, and public infrastructure improvements such as roadway improvements, grade separations, bridges, intersections, sidewalks, landscaping, traffic signals, curb and gutter, and the accommodation of utilities improvements and relocations

(the "*Project*").

C. The costs, expenses and contingencies related to the Project include legal, financial, accounting and engineering services related to the accomplishment of the Project and the issuance of bonds therefor; bond discount; capitalized bond interest; bond registrar, paying agent and other related banking fees; and printing and publication costs; and other miscellaneous costs (all being the "*Project Costs*").

D. Pursuant to the provisions of the Local Government Debt Reform Act of the State of Illinois, as amended (the "*Reform Act*"), alternate bonds (as defined in the Reform Act) may be issued pursuant to Applicable Law (as defined therein) for the Project; there exists a source of funds for the Project (to-wit, sales taxes received by the County for transportation and public safety purposes pursuant to the Regional Transportation Authority Act, as supplemented and amended from time to time by the General Assembly of the State of Illinois, or substitute taxes for such taxes which may be provided by the State in the future [the "*Sales Taxes*"]), other than enterprise revenues, received or available to be received by the County and available for any such purposes; and, accordingly, as provided in the Reform Act, the County is authorized to issue its alternate bonds payable from the Sales Taxes for the Project.

E. The County Board, on the 15th day of March 2011, adopted an Ordinance (the "*Authorizing Ordinance*"), authorizing the issuance of general obligation sales tax alternate bonds, being general obligation bonds payable from a revenue source as provided by the Reform Act (the "*Sales Tax Alternate Bonds*" or the "*Bonds*" as hereinafter more fully defined), in an amount not to exceed \$90,000,000 for the Project.

F. On the 22nd day of March 2011, the Authorizing Ordinance, which included therein a notice in the statutory form, was published in the *News-Sun*, and an affidavit evidencing the publication of the Authorizing Ordinance and said notice has heretofore been presented to the County Board and made a part of the permanent records of the County.

G. More than thirty (30) days have expired from the date of publication of the Authorizing Ordinance and said notice, and no petition with the requisite number of valid signatures thereon was filed with the County Clerk, requesting that the question of the issuance of the Sales Tax Alternate Bonds for the Project be submitted to referendum.

H. The County Board has been authorized to issue the Sales Tax Alternate Bonds to the amount of not to exceed \$90,000,000 in accordance with the provisions of the Reform Act and the Authorizing Ordinance.

I. Pursuant to and in accordance with the provisions of the Bond Issue Notification Act of the State of Illinois, as amended, the Chair of the County Board (the "*Chair*"), on the 15th day of March 2011, executed an order calling a public hearing (the "*Hearing*") for the 12th day of April 2011, concerning the intent of the County Board to sell not to exceed \$90,000,000 general obligation bonds for the Project.

J. Notice of the Hearing was given by (1) publication at least once not less than seven (7) nor more than thirty (30) days before the date of the Hearing in the *News-Sun*, the same being a newspaper of general circulation in the County and (2) posting at least 48 hours before the Hearing a copy of said notice at the principal office of the County Board and at the building in which the Hearing was held.

K. The Hearing was held on the 12th day of April 2011, and at the Hearing, the County Board 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.

L. The Hearing was finally adjourned on the 12th day of April 2011, and not less than seven (7) days have passed since the final adjournment of the Hearing.

M. Of the Sales Tax Alternate Bonds so authorized, the County has previously issued \$20,000,000, therefore \$70,000,000 of said authorization remains; and the County Board hereby

determines that it is necessary and advisable that there be issued at this time not to exceed \$30,000,000 of the remainder of said Bonds so authorized.

N. The Bonds to be issued will be payable from the Sales Taxes and the Property Taxes, both as defined.

O. The County has previously issued its Taxable General Obligation Bonds (Sales Tax Alternate Revenue Source), Series 2010A (the "*Series 2010A Bonds*") and its General Obligation Bonds (Sales Tax Alternate Revenue Source), Series 2011A (the "*Series 2011A Bonds*") and collectively, with the Series 2010A Bonds, the "*Outstanding Road Bonds*", which series are both payable from the Sales Taxes; and, in the bond ordinances adopted by the County Board providing for the issuance of the Outstanding Road Bonds, the County reserved the right to issue additional bonds without limit from time to time payable from the Sales Taxes, and further provided that any such additional bonds shall share ratably and equally in the Sales Taxes with the Outstanding Road Bonds.

P. The Bonds shall share ratably and equally in the Sales Taxes with the Outstanding Road Bonds.

Q. The County Board hereby determines that the Sales Taxes will provide in each year to final maturity of the Bonds an amount not less than 1.25 times debt service on the Bonds, as now proposed to be issued, and the Outstanding Road Bonds, such Outstanding Road Bonds being the only series of bonds of the County now outstanding which are payable from the Sales Taxes.

R. Such determination of the sufficiency of the Sales Taxes is supported by reference to the most recent audit of the County for the fiscal year ended November 30, 2012 (the "*Audit*"), which Audit is for a fiscal year ending not earlier than 18 months previous to the time of issuance of the Bonds herein authorized.

S. The Property Tax Extension Limitation Law of the State of Illinois, as amended (the “*Tax Limitation Law*”), imposes certain limitations on the “aggregate extension” of certain property taxes levied by the County, but provides that the definition of “aggregate extension” contained in Section 18-185 of the Tax Limitation Law does not include “extensions ... made for payments of principal and interest on bonds issued under Section 15 of the Local Government Debt Reform Act.”

T. The County Clerk of Lake County, Illinois (the “*County Clerk*”), is therefore authorized to extend and collect said direct annual *ad valorem* taxes so levied for the payment of the Bonds without limitation as to rate or amount.

U. The County Board has determined that it is desirable and in the best interests of the County that certain officers of the County be authorized to sell one or more series of bonds from time to time and accordingly, it is necessary that said officers be so authorized with certain and delegated limitations as hereinafter set forth.

NOW THEREFORE Be It Ordained by the County Board of The County of Lake, Illinois, as follows:

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

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

*Audit*

*Authorizing Ordinance*

*Chair*

*Counties Code*



*County*  
*County Board*  
*County Clerk*  
*Hearing*  
*Outstanding Road Bonds*  
*Project*  
*Project Costs*  
*Reform Act*  
*Sales Tax Alternate Bonds*  
*Sales Taxes*  
*Series 2010A Bonds*  
*Series 2011A Bonds*  
*Tax Limitation Law*

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

*“Additional Bonds”* means any alternate bonds issued in the future in accordance with the provisions of the Reform Act on a parity with and sharing ratably and equally in the Sales Taxes with the Bonds and the Outstanding Road Bonds.

*“Bond Counsel”* means Chapman and Cutler LLP.

*“Bond Fund”* means the 2013 Alternate Bond Fund established hereunder and further described in (Section 14 of) this Ordinance.

*“Bond Order”* means a Bond Order, to be executed by two of the Designated Officers, acting together, and setting forth certain details of the Bonds of each series as provided in (Section 12 of) this Ordinance and substantially in the form as attached as *Exhibit A*.

*“Bond Purchase Agreement”* is defined as each *“Official Notice of Sale”* and accompanying *“Official Bid Form”* as prepared by the Financial Advisor, upon acceptance by the County after receipt of bids at competitive offering.

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

“*Bond Registrar*” means The Bank of New York Mellon Trust Company, National Association, Chicago, Illinois, or successor thereto or designated hereunder, in its respective capacities as bond registrar and paying agent.

“*Bonds*” means the General Obligation Road Bonds (Sales Tax Alternate Revenue Source), Series 2013, authorized to be issued by this Ordinance (and referred to as both the Bonds and the Sales Tax Alternate Bonds in the preambles).

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

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

“*Continuing Disclosure Undertaking*” means the undertaking by the County for the benefit of the Purchaser as authorized in (Section 25 of) this Ordinance and substantially in the form as attached hereto as *Exhibit B*.

“*Depository*” means The Depository Trust Company, a New York limited trust company, its successors, or a successor depository qualified to clear securities under applicable state and federal laws.

“*Designated Officers*” means the officers of the County as follows: Chair of the Board (elective), Vice-Chair of the County Board (elective), Treasurer of the County (elective), County Administrator (appointive) and Director of Finance and Administrative Services (appointive); *provided, however*, that subject to the provisions of this Ordinance (Section 12), any act required of more than one of such officers shall be done by not less than one elected officer and one appointive officer; *and provided, further*, that (a) if an elective Designated Officer (i) is unwilling or unable to fulfill the duties of a Designated Officer; or (ii) after the apparent

Purchasers are identified as a result of the competitive public sale proceedings for the Bonds, holds a prohibited financial interest in any contract or work related to the Bonds, such Designated Officer shall no longer be a Designated Officer and the Chair of the County shall appoint another County Board member (elective) as a Designated Officer, and (b) if an appointive Designated Officer (i) is unwilling or unable to fulfill the duties of a Designated Officer; or (ii) after the apparent Purchasers are identified as a result of the competitive public sale proceedings for the Bonds, holds a prohibited financial interest in any contract or work related to the Bonds, such Designated Officer shall no longer be a Designated Officer and the County Controller (appointive) or such other appointive officer as the County Administrator shall appoint shall serve as a Designated Officer.

*“Financial Advisor”* means Speer Financial, Inc., Chicago, Illinois.

*“Fiscal Year”* means that twelve-calendar month period beginning on the first day of December of any calendar year and ending on the last day of November of the next succeeding calendar year.

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

*“Outstanding”* when used with reference to the Bonds, the Outstanding Road Bonds and Additional Bonds means such of those bonds which are outstanding and unpaid; *provided, however,* such term shall not include any of the Bonds, the Outstanding Road Bonds or Additional Bonds (a) which have matured and for which moneys are on deposit with proper paying agents or are otherwise sufficiently available to pay all principal thereof and interest thereon or (b) the provision for payment of which has been made by the County by the deposit in an irrevocable trust or escrow of (i) funds or (ii) direct, full faith and credit obligations of the United States of America, (iii) certificates of participation in a trust comprised solely of direct,

full faith and credit obligations of the United States of America or (iv) obligations for which the timely payment to maturity has been unconditionally guaranteed by the United States of America; the principal of and interest on which will be sufficient to pay at maturity or as called for redemption all the principal of and interest on such Bonds, the Outstanding Road Bonds or Additional Bonds.

*“Pledged Moneys”* means the Sales Taxes and the Property Taxes, as defined.

*“Property Taxes”* means the ad valorem taxes levied against all of the taxable property in the County without limitation as to rate or amount, pledged hereunder by the County as security for the Bonds.

*“Purchase Price”* means the price to be paid by the Purchasers of the Bonds, to-wit, not less than 98% of the par value of the Bonds plus accrued interest.

*“Purchasers”* means the purchasers of the Bonds as shall receive an award of sale at a public competitive sale as conducted by the Financial Advisor.

*“Record Date”* means the 15th day of the month in which any regular interest payment date occurs and 15 days preceding any interest payment date occasioned by the redemption of Bonds on other than the 30th day of a month.

*“Representations Letter”* means such agreement or agreements by and among the County, the Bond Registrar, and the Depository as shall be necessary to effectuate Book Entry Form for the Bonds, and includes the Blanket Letter of Representations previously executed by the County and delivered to the Depository.

*“Rule”* means Rule 15c2-12 as promulgated by the Securities and Exchange Commission.

*“Tax-exempt”* means, with respect to the Bonds, the status of interest paid and received thereon as excludable from gross income of the owners thereof for federal income tax purposes

and as not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Code, but as taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations.

“*Term Bonds*” means Bonds subject to mandatory redemption by operation of the Bond Fund and designated as Term Bonds in a Bond Order.

C. Certain further words and terms used in particular sections are defined below.

D. The table of contents, headings, and other paragraph or section designations in this Ordinance are for the convenience of the reader and are not to alter the meaning of this Ordinance.

*Section 2. Incorporation of Preambles.* The County Board hereby finds that the recitals contained in the preambles to this Ordinance are true and correct and does hereby incorporate them into this Ordinance by this reference.

*Section 3. Determination to Issue Bonds.* It is necessary and in the best interests of the County for the County to undertake the Project for the public health, safety, welfare and convenience, and to issue the Bonds to enable the County to pay the Project Costs. For the purpose of providing for the payment of Project Costs and to pay all related costs and expenses incidental thereto, there shall be issued and sold the Bonds in the aggregate principal amount of not to exceed \$30,000,000.

*Section 4. Bond Details.* For the purpose of providing for the payment of the Project Costs and to pay all related costs and expenses incidental thereto, there are hereby authorized to be issued and sold the Bonds, in one or more series, in the aggregate principal amount of not to exceed \$30,000,000. Each Bond shall be designated “*General Obligation Road Bond (Sales Tax Alternate Revenue Source), Series 2013,*” or such other name or series designation as may be provided in a Bond Order. The Bonds shall be in fully registered form and also in Book Entry

Form as defined and described below in the provisions of this Ordinance relating to Book Entry Form (Section 6). The Bonds shall be dated as of their date of delivery (the “*Dated Date*”); each Bond shall also bear its respective date of authentication; and the Bonds shall be numbered consecutively within series in such reasonable manner as the Bond Registrar shall determine. The Bonds shall become due and payable or subject to mandatory redemption (and, further, as subject to right of prior optional redemption) serially or as Term Bonds on November 30 of the years as designated in the Bond Order for same, but shall become due and payable not later than the year 2022, in the amounts for such years as shall be set forth in the applicable Bond Order; *provided, however,* that the maximum amount of interest on and principal of the Bonds due in any period from a given December 1 to the following November 30 shall not exceed \$7,000,000. The Bonds shall bear interest at the rate of not greater than five percent (5.0%) per annum. The Bonds shall be in denominations of \$5,000 or integral multiples thereof (but no single such bond shall represent principal maturing on more than one date). Each Bond shall bear interest from the later of its Dated Date or from the most recent interest payment date to which interest has been paid or duly provided for, semiannually in each year, commencing not earlier than May 30, 2014, and not later than November 30, 2014, as shall be set forth in the applicable Bond Order, and at the respective rates percent per annum provided, until the principal thereof shall be paid or duly provided for. Interest on each Bond shall be paid by check or draft of the Bond Registrar, payable upon presentation thereof in lawful money of the United States of America, to the person in whose name such Bond is registered at the close of business on the applicable Record Date, mailed to the address of such registered owner as it appears on such registration books or at such other address as is furnished in writing by such registered owner to the Bond Registrar, or as otherwise may be agreed with the Depository for so long as the Depository is the registered owner as of a given Record Date. The principal of or redemption price due on the Bonds shall be

payable in lawful money of the United States of America upon presentation thereof at the office so maintained for the purpose of the Bond Registrar in the City of Chicago, Illinois, or at successor Bond Registrar or locality.

*Section 5. Execution; Authentication.* The Bonds shall be executed on behalf of the County by the manual or duly authorized facsimile signature of its Chair and attested by the manual or duly authorized facsimile signature of its County Clerk, as they may determine, and shall have impressed or imprinted thereon the corporate seal or facsimile thereof of the County. 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 Bond Registrar as authenticating agent of the County and showing the date of authentication. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this Ordinance unless and until such certificate of authentication shall have been duly executed by the Bond Registrar by manual signature, and such certificate of authentication upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Ordinance. The certificate of authentication on any Bond shall be deemed to have been executed by it if signed by an authorized officer of the 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. Book Entry Provisions.* The Bonds shall be initially issued in the form of a separate single fully registered Bond for each of the maturities of the Bonds. Upon initial issuance, the ownership of each such Bond shall be registered in the Bond Register in the name of the Depository or a designee or nominee of the Depository (such depository or nominee being

the “*Book Entry Owner*”). Except as otherwise expressly provided, all of the outstanding Bonds from time to time shall be registered in the Bond Register in the name of the Book Entry Owner (and accordingly in Book Entry Form as such term is used in this Ordinance). Any County officer, as representative of the County, is hereby authorized, empowered and directed to execute and deliver or to utilize the standing provisions of the existing Representations Letter, substantially in the form common in the industry, or with such changes therein as the officer executing the Representations Letter on behalf of the County shall approve, his or her execution thereof to constitute conclusive evidence of his or her approval of such changes, as shall be necessary to effectuate Book Entry Form. Without limiting the generality of the authority given with respect to entering into such Representations Letter, it may contain provisions relating to (a) payment procedures, (b) transfers of the Bonds or of beneficial interests therein, (c) redemption notices and procedures unique to the Depository, (d) additional notices or communications, and (e) amendment from time to time to conform with changing customs and practices with respect to securities industry transfer and payment practices. With respect to Bonds of a series registered in the Bond Register in the name of the Book Entry Owner, neither the County nor the Bond Registrar shall have any responsibility or obligation to any broker-dealer, bank or other financial institution for which the Depository holds Bonds from time to time as securities depository (each such broker-dealer, bank or other financial institution being referred to herein as a “*Depository Participant*”) or to any person on behalf of whom such a Depository Participant holds an interest in the Bonds. Without limiting the meaning of the immediately preceding sentence, neither the County nor the Bond Registrar shall have any responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Book Entry Owner, or any Depository Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any Depository Participant or any other person, other than a registered owner of a Bond as shown in the Bond



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

*Section 7. Optional Redemption.* If so provided in the applicable Bond Order, any Bonds may be subject to redemption prior to maturity at the option of the County, in whole or in part on any date, at such times and at such optional redemption prices as shall be determined by the Designated Officers in such Bond Order. Such optional redemption prices shall be expressed

as a percentage of the principal amount of Bonds to be redeemed, *provided* that such percentage shall not exceed one hundred and three percent (103%) of the principal amount redeemed, plus accrued interest to the date of redemption. If less than all of the Outstanding Bonds of a series are to be optionally redeemed, the Bonds to be redeemed shall be from such maturities and in such principal amounts as shall be determined by the County. As provided in the applicable Bond Order, all or some portion or all of the Bonds may be made not subject to optional redemption.

*Section 8. Term Bonds; Mandatory Redemption and Covenants; Effect of Purchase or Optional Redemption of Term Bonds.* Those of the Bonds denominated Term Bonds shall be subject to mandatory redemption by operation of the Bond Fund at a price of par and accrued interest, without premium, on November 30 of the years and in the amounts set forth for same. The County covenants that it will redeem Term Bonds pursuant to the mandatory redemption requirement for such Term Bonds. Proper provision for mandatory redemption having been made, the County covenants that the Term Bonds so selected for redemption shall be payable as at maturity. If the County redeems pursuant to optional redemption as provided for the Bonds or purchases Term Bonds of any maturity and cancels the same from Bond Moneys as hereinafter described, then an amount equal to the principal amount of Term Bonds so redeemed or purchased shall be deducted from the mandatory redemption requirements provided for Term Bonds of such maturity, first, in the current year of such requirement, until the requirement for the current year has been fully met, and then in any order of such Term Bonds as due at maturity or subject to mandatory redemption in any year, as the County shall determine. If the County redeems pursuant to optional redemption or purchases Term Bonds of any maturity and cancels the same from moneys other than Bond Moneys, then an amount equal to the principal amount of Term Bonds so redeemed or purchased shall be deducted from the amount of such Term Bonds

as due at maturity or subject to mandatory redemption requirement in any year, as the County shall determine.

*Section 9. Redemption Procedures.* The Bonds subject to redemption shall be identified, notice given, and paid and redeemed pursuant to the procedures as follows.

*A. Notice to Registrar; Selection of Bonds.* For a mandatory redemption, unless otherwise notified by the County, the Bond Registrar will proceed on behalf of the County as its agent to provide for the mandatory redemption of such Term Bonds without further order or direction hereunder or otherwise. For an optional redemption, the County shall at least 45 days prior to a redemption date (unless a shorter time period shall be satisfactory to the Bond Registrar), notify the Bond Registrar of such redemption date and of the series, maturities and principal amounts of Bonds to be redeemed. For purposes of any redemption of less than all of the Bonds of a single series and maturity, the particular Bonds or portions of Bonds to be redeemed shall be selected by lot by the Bond Registrar for the Bonds of such maturity by such method of lottery as the Bond Registrar shall deem fair and appropriate; *provided*, that such lottery shall provide for the selection for redemption of Bonds or portions thereof so that any \$5,000 Bond or \$5,000 portion of a Bond shall be as likely to be called for redemption as any other such \$5,000 Bond or \$5,000 portion. The Bond Registrar shall make such selection upon the earlier of the irrevocable receipt or notice of deposit of funds sufficient to pay the redemption price of the Bonds to be redeemed or the time of the giving of official notice of redemption.

*B. Official Notice of Redemption.* The Bond Registrar shall promptly notify the County in writing of the Bonds or portions of Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed. Unless waived by the registered owner of Bonds to be redeemed, official

notice of any such redemption shall be given by the Bond Registrar on behalf of the County by mailing the redemption notice by first class U.S. mail not less than 30 days and not more than 60 days prior to the date fixed for redemption to each registered owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such registered owner to the Bond Registrar. All official notices of redemption shall include the name of the Bonds (including series) and at least the information as follows:

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

*C. Conditional Redemption.* Unless moneys sufficient to pay the redemption price of the Bonds to be redeemed shall have been received by the Bond Registrar prior to the giving of such notice of redemption, such notice may, at the option of the County, state that said redemption shall be conditional upon the receipt of such moneys by the

Bond Registrar on or prior to the date fixed for redemption. If such moneys are not received, such notice shall be of no force and effect, the County shall not redeem such Bonds, and the Bond Registrar shall give notice, in the same manner in which the notice of redemption was given, that such moneys were not so received and that such Bonds will not be redeemed.

*D. Bonds Shall Become Due.* Subject to the stated condition in the paragraph (C) immediately preceding, official notice of redemption having been given as described, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the County shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Bond Registrar at the redemption price. The procedure for the payment of interest due as part of the redemption price shall be as herein provided for payment of interest otherwise due.

*E. Insufficiency in Notice Not Affecting Other Bonds; Failure to Receive Notice; Waiver.* Neither the failure to mail such redemption notice, nor any defect in any notice so mailed, to any particular registered owner of a Bond, shall affect the sufficiency of such notice with respect to other registered owners. Notice having been properly given, failure of a registered owner of a Bond to receive such notice shall not be deemed to invalidate, limit or delay the effect of the notice or redemption action described in the notice. Such notice may be waived in writing by a registered owner of a Bond entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by registered owners shall be filed with the

Bond Registrar, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver. In lieu of the foregoing official notice, so long as the Bonds are held in Book Entry Form, notice may be given as provided in the Letter of Representations, and the giving of such notice shall constitute a waiver by the Depository and the Book Entry Owner, as registered owner, of the foregoing notice.

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

*G. Effect of Nonpayment upon Redemption.* If any Bond or portion of Bond called for redemption shall not be so paid upon surrender thereof for redemption, the principal shall, until paid or duly provided for, bear interest from the redemption date at the rate borne by the Bond or portion of Bond so called for redemption.

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

*I. Additional Notice.* The County agrees to provide such additional notice of redemption as it may deem advisable at such time as it determines to redeem Bonds, taking into account any requirements or guidance of the Securities and Exchange Commission, the Municipal Securities Rulemaking Board, the Government Accounting Standards Board, or any other federal or state agency having jurisdiction or authority in

such matters; *provided, however*, that such additional notice shall be (1) advisory in nature, (2) solely in the discretion of the County, (3) not be a condition precedent of a valid redemption or a part of the Bond contract, and (4) any failure or defect in such notice shall not delay or invalidate the redemption of Bonds for which proper official notice shall have been given. Reference is also made to the provisions of the Continuing Disclosure Undertaking of the County with respect to the Bonds, which may contain other provisions relating to notice of redemption of Bonds.

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

*Section 10. Registration of Bonds; Persons Treated as Owners.* The County shall cause books (the “*Bond Register*”) for the registration and for the transfer of the Bonds as provided in this Ordinance to be kept at the office designated for such purpose of the Bond Registrar, which is hereby constituted and appointed the registrar of the County for the Bonds. The County is authorized to prepare, and the Bond Registrar or such other agent as the County may designate shall keep custody of, multiple Bond blanks executed by the County for use in the transfer and exchange of Bonds. Subject to the provisions of this Ordinance relating to the Bonds in Book Entry Form, any Bond may be transferred or exchanged, but only in the manner, subject to the limitations, and upon payment of the charges as set forth in this Ordinance. Upon surrender for transfer or exchange of any Bond at the principal office of the Bond Registrar maintained for the purpose, duly endorsed by or accompanied by a written instrument or instruments of transfer or exchange in form satisfactory to the Bond Registrar and duly executed by the registered owner or an attorney for such owner duly authorized in writing, the County 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 series and tenor, of the same maturity, bearing the same interest rate, of authorized denominations, for a like aggregate principal amount. The Bond Registrar shall not be required to transfer or exchange any Bond during the period from the close of business on the Record Date for an interest payment to the opening of business on such interest payment date or during the period of 15 days preceding the giving of notice of redemption of the Bonds or to transfer or exchange any Bond all or a portion of which has been called for redemption. The execution by the County of any fully registered Bond shall constitute full and due authorization of such Bond, and the Bond Registrar shall thereby be authorized to authenticate, date and deliver such Bond; *provided, however,* the principal amount of Bonds of a given series and maturity authenticated by the Bond Registrar shall not at any one time exceed the authorized principal amount of Bonds for such series and maturity less the amount of such Bonds which have been paid. The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal of or interest on any Bond shall be made only to or upon the order of the registered owner thereof or his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid. No service charge shall be made to any registered owner of Bonds for any transfer or exchange of Bonds, but the County or the Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds.

*Section 11. Form of Bonds.* The Bonds shall be in substantially the form hereinafter set forth; *provided, however,* that if the text of the Bonds is to be printed in its entirety on the front side of the Bonds, then the second paragraph on the front side and the legend “See Reverse Side



for Additional Provisions” shall be omitted and the text of paragraphs set forth for the reverse side shall be inserted immediately after the first paragraph.



Chicago, Illinois, as paying agent and bond registrar (the “*Bond Registrar*”). Payment of interest shall be made to the Registered Owner hereof as shown on the registration books of the County maintained by the Bond Registrar at the close of business on the applicable Record Date (the “*Record Date*”). The Record Date shall be the 15th day of the month in which any regular interest payment date occurs and 15 days preceding any interest payment date occasioned by the redemption of Bonds on other than the 30th day of a month. Interest shall be paid by check or draft of the Bond Registrar, payable upon presentation in lawful money of the United States of America, mailed to the address of such Registered Owner as it appears on such registration books or at such other address furnished in writing by such Registered Owner to the Bond Registrar, or as otherwise agreed by the County and the Bond Registrar and a qualified securities clearing corporation as depository, or nominee, for so long as this Bond shall be in Book Entry Form as provided for same.

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

It is hereby certified and recited that all acts, conditions, and things required to be done precedent to and in the issuance of this Bond have been done and have happened and have been performed in regular and due form of law; that the indebtedness of the County, including the issue of Bonds of which this is one, does not exceed any limitation imposed by law; that provision has been made for the collection of the Sales Taxes, the levy and collection of the Property Taxes, and the segregation of all Pledged Moneys to pay the interest hereon as it falls due and also to pay and discharge the principal hereof at maturity; and that the County hereby covenants and agrees that it will properly account for said Pledged Moneys and will comply with all the covenants of and maintain the funds and accounts as provided by the Bond Ordinance.

FOR THE PROMPT PAYMENT OF THIS BOND, BOTH PRINCIPAL AND INTEREST AT MATURITY,  
THE FULL FAITH, CREDIT AND RESOURCES OF THE COUNTY ARE HEREBY IRREVOCABLY PLEDGED.

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 County of Lake, Illinois, by its County Board, has caused this Bond to be executed by the manual or duly authorized facsimile signature of its Chair and attested by the manual or duly authorized facsimile signature of its County 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.

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County Board Chair  
The County of Lake, Illinois

ATTEST:

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County Clerk, The County of Lake, Illinois

[SEAL]

Date of Authentication: \_\_\_\_\_, 2013

CERTIFICATE  
OF  
AUTHENTICATION

Bond Registrar and Paying Agent:

The Bank of New York Mellon Trust  
Company, National Association  
Chicago, Illinois

This Bond is one of the Bonds described in the within-mentioned Ordinance and is one of the General Obligation Road Bonds (Sales Tax Alternate Revenue Source), Series 2013, of The County of Lake, Illinois.

THE BANK OF NEW YORK MELLON TRUST COMPANY,  
NATIONAL ASSOCIATION,  
as Bond Registrar

By \_\_\_\_\_  
Authorized Officer

[FORM OF BOND - REVERSE SIDE]

This bond and the bonds of the series of which it forms a part ("*Bond*" and "*Bonds*" respectively) are of an authorized issue of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) and are of like series, dated date and tenor except as to maturity, rate of interest, and privilege of redemption and are issued pursuant to the Counties Code of the State of Illinois, as amended (the "*Counties Code*") and the Local Government Debt Reform Act of the State of Illinois, as amended (the "*Reform Act*").

The Bonds are payable from the Sales Taxes and the Property Taxes of the County.

The Bonds are issued pursuant to an authorizing ordinance adopted by the County Board on the 15th day of March 2011 and to a more complete ordinance passed by the County Board of the County (the "*County Board*") on the 8th day of October 2013 (as supplemented by the Bond Order executed in connection with the sale of the Bonds, the "*Bond Ordinance*"), to which reference is hereby expressly made for further definitions and terms and to all the provisions of

which the Registered Owner by the acceptance of this Bond assents. This Bond does not and will not constitute an indebtedness of the County within the meaning of any constitutional or statutory provision or limitation, unless the Property Taxes shall be extended pursuant to the general obligation, full faith and credit promise supporting the Bonds, in which case the amount of the Bonds then Outstanding shall be included in the computation of indebtedness of the County for purposes of all statutory provisions or limitations until such time as an audit of the County shall show that the Bonds shall have been paid from the Sales Taxes for a complete Fiscal Year.

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 Bond Ordinance.

This Bond is subject to optional and mandatory redemption upon the terms, notice, redemption prices, and other applicable provisions of the Bond Ordinance.

The County 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 County nor the Bond Registrar shall be affected by any notice to the contrary.

**ASSIGNMENT**

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

[Here insert identifying number such as TID, SSN, or other]

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(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 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 12. Sale of Bonds.* Any two of the Designated Officers (one of whom shall be elective), acting in concert, are hereby authorized to proceed, without any further official authorization or direction whatsoever from the Board, to sell and deliver any series of Bonds as herein provided. The Designated Officers shall be and are hereby authorized and directed to sell the Bonds of any series to the Purchasers at the Purchase Price, *provided, however*, that the following conditions shall be met:

- A. The Bonds shall be sold at public competitive sale.
- B. The Financial Advisor shall provide advice (in the form of a written certificate) that the terms of the Bonds are fair and reasonable in light of current

conditions in the market for tax-exempt obligations such as the Bonds for such Bonds as are to be Tax-exempt.

C. Such other conditions of sale as are set forth in this Ordinance shall be met. Nothing in this Section shall require the Designated Officers to sell the Bonds if in their judgment, aided by the Financial Advisor, the conditions in the bond markets shall have markedly deteriorated from the time of adoption hereof, but the Designated Officers shall have the authority to sell the Bonds in any event so long as the limitations set forth in this Ordinance shall have been met. It shall be a finding in the Bond Order that, to the best of the knowledge and belief of the Designated Officers executing same, no Designated Officer is, in any manner prohibited by law, financially interested, either directly, in his or her own name, or indirectly, in the name of any other person, association, trust or corporation, in the Bond Purchase Agreement with the Purchasers. Upon the sale of a series of the Bonds, the Designated Officers and any other officers or employees of the County as shall be appropriate shall be and are hereby authorized and directed to approve or execute, or both, such documents of sale of such Bonds as may be necessary, including, without limitation, a Bond Order, Preliminary Official Statement, Official Statement, Bond Purchase Agreement (as herein defined), closing documents; further, such certifications, tax returns, and documentation as may be advised by Bond Counsel as appropriate to establish and maintain the Tax-exempt status of the interest on the Bonds pursuant to the Code. The preparation by the Designated Officers, other staff of the County, and the Financial Advisor, and distribution of a Preliminary Official Statement relating to the Bonds is hereby in all respects authorized and approved, and the proposed use by the Purchasers of an Official Statement (in substantially the form of the Preliminary Official Statement but with appropriate variations to reflect the final terms of



the Bonds) is also hereby authorized and approved. Any one of the Designated Officers charged with sale of the Bonds shall execute the Bond Purchase Agreement, and his or her execution shall constitute full and complete approval of all necessary or appropriate completions and revisions as shall appear therein. Upon the sale of a series of the Bonds, the Designated Officers so acting shall prepare or cause to be prepared the Bond Order for same, which shall include the pertinent details of sale as provided herein, and such shall be entered into the records of the County and made available to the County Board at a regular public meeting thereof. *The authority to sell the Bonds pursuant to any Bond Order as herein provided shall expire on February 28, 2014.*

*Section 13. Treatment of Bonds as Debt.* The Bonds shall be payable from the Pledged Moneys and do not and shall not constitute an indebtedness of the County within the meaning of any constitutional or statutory limitation, unless the Property Taxes shall be extended pursuant to the general obligation, full faith and credit promise supporting the Bonds, in which case the amount of the Bonds then Outstanding shall be included in the computation of indebtedness of the County for purposes of all statutory provisions or limitations until such time as an audit of the County shall show that the Bonds have been paid from the Sales Taxes for a complete Fiscal Year, in accordance with the Reform Act.

*Section 14. 2013 Alternate Bond Fund.* Subject to the provisions in the text below (Section 16), there is hereby created a special fund of the County, which fund shall be held separate and apart from all other funds and accounts of the County and shall be known as the "General Obligation Road Bonds, Series 2013, Alternate Bond Fund" (the "*Bond Fund*"). The purpose of the Bond Fund is to provide a fund to receive and disburse the Sales Taxes for the Bonds and to receive and disburse Property Taxes for any (or all) of the Bonds. (Moneys on deposit in the Bond Fund from any source may be referred to as "*Bond Moneys*." ) There are

hereby created two accounts of Bond Fund, designated the Sales Taxes Account and the General Account. All Sales Taxes as required for the Bonds shall be deposited to the credit of the Sales Taxes Account, and all Property Taxes shall be deposited to the credit of the General Account. The Bond Fund and its respective accounts constitute a trust fund established for the purpose of carrying out the covenants, terms and conditions imposed upon the County by this Ordinance. The Sales Taxes are to be paid to the County Treasurer by the officers who collect or receive the Sales Taxes. The County Treasurer shall deposit the Sales Taxes to the Sales Taxes Account of the Bond Fund (at the times and in the amounts required by Section 19 hereof). Any Property Taxes received by the County shall promptly be deposited into the General Account of the Bond Fund. Property Taxes on deposit to the credit of the General Account of the Bond Fund shall be fully spent to pay the principal of and interest and premium, if any, prior to use of any moneys on deposit in the Sales Taxes Account of the Bond Fund. Bond Moneys on deposit in the Bond Fund shall be used as follows:

A. Bond Moneys shall be applied to the payment of interest when due and principal or redemption price when due at maturity or as redeemed pursuant to mandatory redemption from the Bond Fund, or

B. On or before 65 days preceding a mandatory redemption date, and provided notice is given to the Bond Registrar on or before said 65th day preceding a mandatory redemption date, Bond Moneys up to the amount of the redemption requirement on such mandatory redemption date plus interest due on Term Bonds on such date may be applied (1) to the purchase of Term Bonds of the maturity for which such mandatory redemption requirement was established at prices (including commissions and charges, if any) not exceeding par and accrued interest to such mandatory redemption date or (2) to the redemption of such Bonds, without premium, pursuant to optional redemption provisions

applicable thereto. Upon the purchase or redemption of Term Bonds of any maturity pursuant to this paragraph (B), an amount equal to the principal amount of such Bonds or applicable portion thereof so purchased or redeemed shall be deducted from the mandatory redemption requirement as provided for Term Bonds of such maturity, first, in the current year of such requirement, until the requirement for the current year has been fully met, and then in any order of payment on the Term Bonds as due at maturity or subject to mandatory redemption in any year as the County shall at such time determine.

Interest or principal coming due at any time when there are insufficient funds on hand from the aforesaid sources dedicated to the payment of the same shall be paid promptly when due from current funds on hand in advance of the collection of such moneys; and when such moneys shall have been collected, reimbursement shall be made to said funds in the amount so advanced. The County covenants and agrees with the purchasers and registered owners of the Bonds that so long as any of the Bonds remain outstanding, the County will take no action or fail to take any action which in any way would adversely affect the ability of the County to levy and collect the Property Taxes. The County and its officers will comply with all present and future applicable laws in order to assure that the Property Taxes, to the extent necessary, may be levied, extended and collected as provided herein and deposited into the Bond Fund.

*Section 15. Use of Bond Proceeds; Project Fund.* The proceeds derived from the sale of each series of the Bonds shall be used as follows:

A. Accrued interest, if any, received by the County upon the sale of the Bonds shall be remitted by the County Treasurer for deposit into the Sales Taxes Account of the Bond Fund for the Bonds and be used to pay first interest coming due on the Bonds of such series.

B. Subject to the provisions below (Section 16), the remaining funds shall be set aside in a separate fund hereby created and designated as the “General Obligation Road Bonds (Sales Tax Alternate Revenue Source), Series 2013, Project Fund” (the “*Project Fund*”). Moneys in said fund shall be withdrawn from time to time as needed for the payment of Project Costs; and, subject to the provisions below (Section 16), said moneys shall be disbursed by the County from time to time only upon submission to the County Treasurer of the following:

(1) If such disbursement is for payment to a supplier, materialman, or contractor for work done in connection with the Project, a certificate executed by the State or County officer, employee in charge, engineer or architect responsible for payment of the construction or acquisition of the pertinent work stating the amount of materials supplied or the nature of the work completed, that such materials have been properly accepted or such work properly approved, the amount due and payable thereon, and the estimated amount remaining to be paid in connection with the Project as applicable; and

(2) A duplicate copy of the order signed by an authorized officer of the County, who shall not be the same officer as set forth in clause (1), stating specifically the purpose for which the order is issued and indicating that the payment for which the order is issued has been approved by the County.

Funds on deposit in the Project Fund may be invested by the County Treasurer in any lawful manner. All investment earnings in the Project Fund shall also be applied to Project Costs. Within sixty (60) days after full depletion of the Project Fund, the County Treasurer shall certify to the County Board the fact of such depletion, and upon approval of such certification by the County Board, the Project Fund shall be closed.

*Section 16. Alternate Accounting and Disbursement Procedure.* In the alternative to the establishment of the Bond Fund or Project Fund named above, the Treasurer may allocate the moneys otherwise to be deposited into or earned in the Bond Fund or Project Fund to one or more other related funds or accounts of the County now in existence; *provided, however,* that such allocation shall not relieve such officer of the duties to invest and otherwise treat and account for such moneys as if the Bond Fund or the Project Fund had in fact been established. Further, the requirements set forth above for disbursements from the Project Fund are waived in favor of regular County procedures for disbursements of funds, so long as such procedures require a state or County officer or employee to find the work for which payment is sought properly done and that County Board approval of payment is required prior to disbursement.

*Section 17. Property Taxes; Tax Levy.* For the purpose of providing necessary funds to pay the principal of and interest on the Bonds, and as provided in Section 15 of the Reform Act, there is hereby levied upon all of the taxable property within the County, in the years for which any of the Bonds are Outstanding, a direct annual tax in amounts sufficient for that purpose, and there be and there hereby is levied upon all of the taxable property in the County the following direct annual taxes (the Property Taxes):

FOR THE YEAR	A TAX SUFFICIENT TO PRODUCE THE SUM OF:	
2013	\$7,000,000	for interest on and principal of the Bonds up to and including November 30, 2014
2014	\$7,000,000	for interest and principal
2015	\$7,000,000	for interest and principal
2016	\$7,000,000	for interest and principal
2017	\$7,000,000	for interest and principal
2018	\$7,000,000	for interest and principal
2019	\$7,000,000	for interest and principal
2020	\$7,000,000	for interest and principal
2021	\$7,000,000	for interest and principal

The Property Taxes will be reduced upon sale of the Bonds and determination of the actual aggregate amounts of principal of and interest on the Bonds due in each year. The County Clerk is hereby expressly authorized and directed to receive the Bond Order upon the sale of the Bonds of every series, and each Bond Order shall reflect the final Property Taxes to be levied for the Bonds of such series in such specific amounts and for such years as shall be necessary.

*Section 18. Filing with County Clerk.* After this Ordinance becomes effective, a certified copy hereof shall be filed with the County Clerk. The County Clerk shall in and for each of the years required ascertain the rate percent required to produce the aggregate Property Taxes hereinbefore provided to be levied in each of said years; and, subject only to proper abatement as provided, the County Clerk shall extend the same for collection on the tax books in connection with other taxes levied in said years in and by the County for general corporate purposes of the County; and the County Clerk, or other appropriate officer or designee, shall remit the Property Taxes for deposit to the credit of the General Account of the Bond Fund, and in said years the Property Taxes shall be levied and collected by and for and on behalf of the County in like manner as taxes for general corporate purposes of the County for said years are levied and collected, and in addition to and in excess of all other taxes. The Property Taxes are hereby irrevocably pledged to and shall be used only for the purpose of paying principal of and interest on the Bonds.

*Section 19. Sales Taxes to be Deposited; Abatement of Property Taxes.* For the purpose of providing Sales Taxes in each year sufficient to pay debt service of all Outstanding Bonds for such year, the County agrees and covenants to make provision therefor in the County's annual budget and appropriation ordinance to be duly adopted by the County Board, all in the manner, form, and time as provided by law. Prior to the deadline for the timely annual abatement of the Property Taxes for the Bonds, but in no event *earlier* than December 1st of the year in which

such Property Taxes are levied (*i.e.*, the year prior to extension and collection), the Treasurer shall cause to be deposited Sales Taxes into the proper account in an amount necessary to provide for the payment of interest and principal coming due on the Bonds otherwise payable from the proceeds of such tax levy. Upon (but in no event prior to) the deposit of such moneys, the County Board or the officers of the County acting with proper authority shall direct the abatement of such levy of Property Taxes for the Bonds to the extent of the moneys so deposited.

*Section 20. Sales Taxes; General Covenants.* The County covenants and agrees with the holders of the Bonds that, so long as any Bonds remain Outstanding:

A. The Sales Taxes are hereby pledged to the payment of the Bonds, ratably and equally with the Outstanding Road Bonds; and the County Board covenants and agrees to provide for, collect and apply the Sales Taxes to the payment of all of such bonds as are from time to time Outstanding Bonds and the provision of not less than an additional 0.25 times debt service thereon, all in accordance with Section 15 of the Reform Act.

B. The County will punctually pay or cause to be paid from the Sales Taxes Account of the Bond Fund the principal of, interest on and premium, if any, to become due in respect to the Bonds in strict conformity with the terms of the Bonds and this Ordinance, and it will faithfully observe and perform all of the conditions, covenants and requirements thereof.

C. The County will pay and discharge, or cause to be paid and discharged, from the Sales Taxes Account of the Bond Fund any and all lawful claims which, if unpaid, might become a lien or charge upon the Sales Taxes, or any part thereof, or upon any such funds in the hands of the Bond Registrar, or which might impair the security of the

Bonds. Nothing herein contained shall require the County to make any such payment so long as the County in good faith shall contest the validity of said claims.

D. The County will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the County, in which complete and correct entries shall be made of all transactions relating to the Sales Taxes and to the Sales Taxes Account of the Bond Fund and the Bond Fund.

E. The County will preserve and protect the security of the Bonds and the rights of the registered owners of the Bonds, and will warrant and defend their rights against all claims and demands of all persons. From and after the sale and delivery of any of the Bonds by the County, the Bonds shall be incontestable by the County.

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

G. The County will continue to deposit the Sales Taxes and, if necessary, the Property Taxes to the appropriate accounts of the Bond Fund. The County covenants and agrees with the purchasers of the Bonds and with the registered owners thereof that so long as any Bonds remain Outstanding, the County will take no action or fail to take any action which in any way would adversely affect the ability of the County to collect or deposit the Sales Taxes. The County and its officers will comply with all present and future applicable laws in order to assure that the Sales Taxes and the Property Taxes may be collected as provided herein and deposited into the Bond Fund.



H. Once issued, the Bonds shall be and forever remain until paid or defeased the general obligation of the County, for the payment of which its full faith and credit are pledged, and shall be payable, in addition to the Sales Taxes, from the levy of the Property Taxes as provided in the Act.

*Section 21. Additional Bonds.* The County reserves the right to issue Additional Bonds without limit from time to time payable from the Sales Taxes, and any such Additional Bonds shall share ratably and equally in the Sales Taxes with the Bonds and the Outstanding Road Bonds.

*Section 22. Bond Registrar Covenants.* If requested by the Bond Registrar, the Designated Officers are authorized to execute a mutually agreeable form of agreement between the County and the Bond Registrar with respect to the obligations and duties of the Bond Registrar hereunder. Subject to modification by the express terms of any such agreement, such duties shall include the following: (a) to act as bond registrar, authenticating agent, paying 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 County upon request, but otherwise to keep such list confidential to the extent permitted by law; (c) to give notice of redemption of Bonds as provided herein; (d) to cancel and/or destroy Bonds which have been paid at maturity or upon earlier redemption or submitted for exchange or transfer; (e) to furnish the County at least annually a certificate with respect to Bonds cancelled and/or destroyed and (f) to furnish the County at least annually an audit confirmation of Bonds paid, Outstanding Bonds and payments made with respect to interest on the Bonds. The County Clerk is hereby directed to file a certified copy of this Ordinance with the Bond Registrar. The County covenants with respect to the Bond Registrar, and the Bond Registrar further covenants and agrees as follows:

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

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

C. The County may remove the Bond Registrar at any time. In case at any time the Bond Registrar shall resign, shall be removed, shall become incapable of acting, or shall be adjudicated a bankrupt or insolvent, or if a receiver, liquidator, or conservator of the Bond Registrar or of the property thereof shall be appointed, or if any public officer shall take charge or control of the Bond Registrar or of the property or affairs thereof, the County covenants and agrees that it will thereupon appoint a successor Bond Registrar. The County shall give notice of any such appointment made by it to each registered owner of any Bond within twenty days after such appointment in the same manner, or as nearly the same as may be practicable, as for a redemption of Bonds. Any Bond Registrar appointed under the provisions of this Section shall be a bank, trust company, or national banking association maintaining trust offices in the City of

Chicago, Illinois, or in the City of New York, Borough of Manhattan, State of New York, New York, and having capital and surplus and undivided profits in excess of \$100,000,000

*Section 23. General Tax Covenants.* The County hereby affirms its present intention 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 includible in the gross income of the owners thereof for federal income tax purposes. The County acknowledges that, in the event of an examination by the Internal Revenue Service of the exemption from Federal income taxation for interest paid on the Bonds, under present rules, the County may be treated as the “taxpayer” in such examination and agrees that it will respond in a commercially reasonable manner to any inquiries from the Internal Revenue Service in connection with such an examination. In furtherance of the foregoing provisions, but without limiting their generality, the County agrees: (a) through its officers, to make such further specific covenants, representations as shall be truthful, and assurances as may be necessary or advisable; (b) to comply with all representations, covenants, and assurances contained in certificates or agreements as may be prepared by Bond Counsel; (c) to consult with Bond Counsel and to comply with such advice as may be given; (d) to file such forms, statements, and supporting documents as may be required and in a timely manner; and (e) if deemed necessary or advisable by its officers, to employ and pay fiscal agents, financial advisors, attorneys, and other persons to assist the County in such compliance.

*Section 24. Certain Specific Tax Covenants.* A. None of the Bonds shall be a “private activity bond” as defined in Section 141(a) of the Code; and the County certifies, represents, and covenants as follows:

(1) Not more than 5% of the net proceeds of the Bonds is to be used, directly or indirectly, in any Private Business Use. “*Private Business Use*” means any use of the Project by 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, 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.

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

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

(4) No user of the infrastructure of the County to be improved as part of the Project, other than the County or another governmental unit, will use the same on any

basis other than the same basis as the general public; and no person, other than the County or another governmental unit, will be a user of such infrastructure as a result of (i) ownership or (ii) actual or beneficial use pursuant to a lease, a management or incentive payment contract other than as expressly permitted by the Code, or (iii) any other arrangement.

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

(1) With respect to the Project, the County has heretofore incurred or within six months after delivery of the Bonds expects to incur substantial binding obligations to be paid for with money received from the sale of the Bonds, said binding obligations comprising binding contracts for the Project in not less than the amount of 5% of the proceeds of the Bonds.

(2) More than 85% of the proceeds of the Bonds are expected to be expended on or before three years from the date hereof for the purpose of paying the costs of the Project.

(3) All of the principal proceeds of the Bonds and investment earnings thereon are expected to be used, needed, and expended for the purpose of paying the costs of the Project, including expenses incidental thereto.

(4) Work on the Project is expected to proceed with due diligence to completion.

(5) Except for the Bond Fund, the County has not created or established and will not create or establish any sinking fund, reserve fund, or any other similar fund to provide for the payment of the Bonds. The Bond Fund has been established and will be funded in a manner primarily to achieve a proper matching of revenues and debt service

and will be depleted at least annually to an amount not in excess of 1/12th the particular annual debt service on the Bonds. Money deposited into the Bond Fund will be spent within a 13-month period beginning on the date of deposit, and investment earnings in the Bond Fund will be spent or withdrawn from the Bond Fund within a one-year period beginning on the date of receipt.

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

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

(8) Relating to applicable exceptions, any County officer charged with issuing the Bonds is hereby authorized to make such elections under the Code as such officer shall deem reasonable and in the best interests of the County.

(9) The officers of the County may establish, at such time and in such manner as they may deem necessary or appropriate hereunder, a “*General Obligation Road Bonds (Sales Tax Alternate Revenue Source), Series 2013, Rebate Fund*” or such officers may utilize a similar purpose fund or account of the County (either being the “*Rebate Fund*”) for the Bonds, and such officers shall further, not less frequently than annually, cause to be transferred or allocated to the Rebate Fund the amount determined to be the accrued liability under the Rebate Requirement or Penalty. Said officers shall cause to be paid to the United States Treasury, without further order or direction from the County Board,

from time to time as required, amounts sufficient to meet the Rebate Requirement or to pay the Penalty.

(10) Interest earnings in the Project Fund and the Bond Fund are hereby authorized to be transferred, without further order or direction from the County Board, from time to time as required, to the Rebate Fund for the purposes herein provided; and proceeds of the Bonds and other funds of the County are also hereby authorized to be used to meet the Rebate Requirement but only if necessary after application of investment earnings as aforesaid and only as appropriated by the County Board.

C. None of the proceeds of the Bonds will be used to pay, directly or indirectly, in whole or in part, for an expenditure that has been paid by the County prior to the date hereof except architectural or engineering costs incurred prior to commencement of any of the Project or expenditures for which an intent to reimburse has been properly declared under Treasury Regulations Section 1.103-18. This Ordinance is in itself a declaration of official intent under Treasury Regulations Section 1.103-18 as to all Project Costs paid after the date hereof and prior to issuance of the Bonds.

D. The County reserves the right to use or invest moneys in connection with the Bonds in any manner, or to make changes in the definition of the Project, or to use the County infrastructure acquired, constructed, or improved as part of the Project in any manner, notwithstanding the representations and covenants relating to the Tax-exempt status of the Bonds (Sections 23 and 24 herein), provided it shall first have received an opinion from Bond Counsel (or, in the event Bond Counsel is unable or unwilling to provide such opinion, then from an attorney or a firm of attorneys generally acceptable to purchasers of state and local governmental bonds) to the effect that use or investment of such moneys or the changes in or use of such

infrastructure as contemplated are proper under state law and will not result in loss or impairment of the Tax-exempt status of the Bonds.

*Section 25. Continuing Disclosure Undertaking.* The Chair of the County Board, the County Clerk or the Treasurer are hereby authorized, empowered and directed to execute and deliver the Continuing Disclosure Undertaking in substantially the same form as now before the County and attached hereto as *Exhibit B*, or with such changes therein as the individual executing the Continuing Disclosure Undertaking on behalf of the County shall approve. When the Continuing Disclosure Undertaking is executed and delivered on behalf of the County as herein provided, the Continuing Disclosure Undertaking will be binding on the County and the officers, employees and agents of the County, and the officers, employees and agents of the County are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Continuing Disclosure Undertaking as executed. Notwithstanding any other provision of this Ordinance, the sole remedies for failure to comply with the Continuing Disclosure Undertaking shall be the ability of the beneficial owner of any Bond to seek mandamus or specific performance by court order, to cause the County to comply with its obligations under the Continuing Disclosure Undertaking.

*Section 26. Municipal Bond Insurance.* In the event the payment of principal of and interest on the Bonds is insured pursuant to a municipal bond insurance policy (a "*Municipal Bond Insurance Policy*") issued by a bond insurer (a "*Bond Insurer*"), and as long as such Municipal Bond Insurance Policy shall be in full force and effect, the County and the Bond Registrar agree to comply with such usual and reasonable provisions regarding presentment and payment of the Bonds, subrogation of the rights of the Bondholders to the Bond Insurer when holding Bonds, amendment hereof, or other terms, as approved by the Chair of the County Board



or any of the Designated Officers on advice of counsel, his, her or their approval to constitute full and complete acceptance by the County of such terms and provisions under authority of this Section.

*Section 27. Defeasance.* Bonds which are no longer Outstanding Bonds as defined in this Ordinance shall cease to have any lien on or right to receive or be paid from the Sales Taxes or the Property Taxes, and shall no longer have the benefits of any covenant for the registered owners of Outstanding Bonds as set forth herein as such relates to lien and security for the Bonds in the Sales Taxes or the Property Taxes.

*Section 28. This Ordinance a Contract.* The provisions of this Ordinance shall constitute a contract between the County and the registered owners of the Bonds, and no changes, additions or alterations of any kind shall be made hereto, except as herein provided.

*Section 29. 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 30. Superseder.* All ordinances, resolutions or orders, or parts thereof, in conflict with the provisions of this ordinance are to the extent of such conflict hereby superseded.

Section 31. *Effective Date.* This Ordinance shall be effective immediately.

PASSED by the County Board on October 8, 2013.

WITNESS AND SIGNED: October 8, 2013.

\_\_\_\_\_  
Chair

AYES:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

NAYS:

\_\_\_\_\_

ABSENT:

\_\_\_\_\_

RECORDED in the County Records on October 8, 2013.

ATTEST:

\_\_\_\_\_  
County Clerk

[SEAL]

EXTRACT OF MINUTES of a regular public meeting of the County Board of The County of Lake, Illinois, held at the County Board Meeting Room in the County Building, located at 18 North County Street, Waukegan, Illinois, at \_\_\_\_\_ a.m., on the 8th day of October 2013.

The Chair called the meeting to order and directed the County Clerk to call the roll.

Upon roll call, the following answered present: \_\_\_\_\_, Chair, and Members \_\_\_\_\_

The following Members were allowed by a majority of the members of the County Board in accordance with and to the extent allowed by rules adopted by the County Board to attend the meeting by video or audio conference: \_\_\_\_\_

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

The following Members were absent and did not participate in the meeting in any manner or to any extent whatsoever: \_\_\_\_\_

Member \_\_\_\_\_ presented and the County Clerk read into the record of proceedings in full the following ordinance:

**OCTOBER 8, 2013**  
**AGENDA ITEM \_\_\_\_\_**

AN ORDINANCE authorizing and providing for the issuance of not to exceed \$30,000,000 General Obligation Road Bonds (Sales Tax Alternate Revenue Source), Series 2013, for the financing of certain road improvements, of The County of Lake, Illinois, prescribing all the details of said bonds and providing for the imposition of taxes to pay the same, and for the collection,

segregation and distribution of certain sales taxes received by the County.

Member \_\_\_\_\_ moved and Member \_\_\_\_\_ seconded the motion that said ordinance as presented and read by the County Clerk be adopted.

After a full and complete discussion thereof, including a public recital of the nature of the matter being considered and such other information as would inform the public of the business being conducted, the Chair directed that the roll be called for a vote upon the motion to adopt the ordinance as read.

Upon the roll being called, the following Members voted

AYE: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

NAY: \_\_\_\_\_

ABSENT: \_\_\_\_\_

Whereupon the Chair declared the motion carried and the ordinance adopted, and henceforth did sign the same and did direct the County Clerk to record the same in full in the records of the County Board of the County.

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

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

\_\_\_\_\_  
County Clerk

STATE OF ILLINOIS     )  
  ) SS  
COUNTY OF LAKE        )

**CERTIFICATION OF AGENDA, ORDINANCE AND MINUTES**

I, the undersigned, do hereby certify that I am the duly qualified and acting County Clerk of The County of Lake, Illinois (the “*County*”), and as such officer I am the keeper of the books, records, files, and journal of proceedings of the County and of the County Board (the “*County Board*”) thereof.

I do further certify that the foregoing constitutes a full, true and complete transcript of the minutes of the legally convened meeting (the “*Meeting*”) of the County Board held on the 8th day of October 2013 insofar as same relates to the adoption of an ordinance numbered \_\_\_\_\_ and entitled:

AN ORDINANCE authorizing and providing for the issuance of not to exceed \$30,000,000 General Obligation Road Bonds (Sales Tax Alternate Revenue Source), Series 2013, for the financing of certain road improvements, of The County of Lake, Illinois, prescribing all the details of said bonds and providing for the imposition of taxes to pay the same, and for the collection, segregation and distribution of certain sales taxes received by the County.

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

I do further certify that the deliberations of the County Board on the adoption of the Ordinance were taken openly; that the vote on the adoption of the Ordinance was taken openly; that the Meeting was held at a specified time and place convenient to the public; that notice of the Meeting was duly given to all of the news media requesting notice of the Meeting; that an agenda (the “*Agenda*”) for the Meeting was posted at the location where the Meeting was held and at the principal office of the County Board at least 48 hours in advance of the holding of the Meeting and, also, on or before 5:00 p.m. on the Thursday preceding the Meeting, and remained

continuously posted until after the adjournment of the Meeting; that the Agenda contained a separate specific item concerning the proposed adoption of the Ordinance; that a true, correct and complete copy of the Agenda is attached hereto; that the Meeting was called and held in strict accordance with the provisions of the Counties Code of the State of Illinois, as amended, and the Open Meetings Act of the State of Illinois, as amended; and that the County Board has complied with all of the applicable provisions of said Code and Act and its own procedural rules in the adoption of the Ordinance.

IN WITNESS WHEREOF, I have hereunto affixed my official signature and the seal of the County this 8th day of October 2013.

---

County Clerk  
The County of Lake, Illinois

[SEAL]

STATE OF ILLINOIS        )  
  ) SS  
COUNTY OF LAKE         )

**FILING CERTIFICATE**

I, the undersigned, do hereby certify that I am the duly qualified and acting County Clerk of The County of Lake, Illinois (the “*County*”), and as such officer I do hereby certify that on the \_\_\_\_ day of \_\_\_\_\_ 2013 there was filed in my office a duly certified copy of an ordinance, referred to as October 8, 2013, Agenda Item \_\_\_\_, and entitled:

**ORDINANCE NUMBER \_\_\_\_\_**

AN ORDINANCE authorizing and providing for the issuance of not to exceed \$30,000,000 General Obligation Road Bonds (Sales Tax Alternate Revenue Source), Series 2013, for the financing of certain road improvements, of The County of Lake, Illinois, prescribing all the details of said bonds and providing for the imposition of taxes to pay the same, and for the collection, segregation and distribution of certain sales taxes received by the County.

passed by the County Board of The County of Lake, Illinois, on the 8th day of October 2013, and signed by the Chair of said County Board, and that the same has been deposited in the official files and records of my office.

IN WITNESS WHEREOF I have hereunto affixed my official signature and the seal of the County this \_\_\_\_ day of \_\_\_\_\_ 2013.

\_\_\_\_\_  
County Clerk of  
The County of Lake, Illinois

[SEAL]