

**ORDINANCE NO. 2018-03**

**AN ORDINANCE APPROVING DEVELOPER NOTE FOR PECATONICA PAVILION,  
L.L.C.**

WHEREAS, Pecatonica Pavilion, L.L.C. ("Developer"), is the Developer for the Sumner Road & Grove Street Redevelopment Area ("Development Area") which is a Developer fully funded development to be reimbursed by TIF Funds from the Special Tax Allocation Fund ("STAF"); and

WHEREAS, the STAF will be wholly funded by incremental taxes generated by the private improvements made by the Developer in the Development Area to the extent incremental taxes are generated by said private improvements; and

WHEREAS, to assist the Developer in its efforts to obtain financing to make said private improvements in the Development Area and, thereby, to meet its obligations to the Village of Pecatonica pursuant to the Redevelopment Agreement as authorized by Ordinance 2010-01 and the amendment thereto as authorized by Ordinance 2018-02, the Board of Trustees deems it in the best interests of the Village of Pecatonica to approve a Developer Note, a true and accurate copy of which is attached hereto as Exhibit "A" and incorporated herein by reference.

NOW, BE IT ORDAINED, by the Village President and Board of Trustees of the Village of Pecatonica, Illinois.

Section 1. The above recitals are incorporated into this ordinance as if set forth herein.

Section 2. That upon the adoption and approval of Ordinance 2018-02, "An Ordinance to Adopt Amended Redevelopment Agreement between the Village of Pecatonica and Pecatonica Pavilion, L.L.C.", the Village President shall then be authorized to execute the Developer Note attached hereto as Exhibit "A".

Section 3. This ordinance shall be in full force and effect after its passage, approval and publication in pamphlet form as provided by law.

PASSED this \_\_\_\_ day of \_\_\_\_\_, 2018 by the President and Board of Trustees.

APPROVED by the Village President this \_\_\_\_ day of \_\_\_\_\_. 2018.

By: \_\_\_\_\_  
WILLIAM SMULL, Village President  
Village of Pecatonica, Illinois

ATTEST:

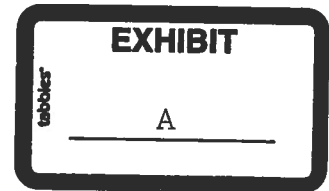
\_\_\_\_\_  
GWENN, SHIRLEY, Village Clerk  
Village of Pecatonica, Illinois

AYES: \_\_\_\_\_

NAYS: \_\_\_\_\_

ABSENT/  
ABSTAIN: \_\_\_\_\_

DEVELOPER NOTE



REGISTERED            AMOUNT  
NO. R-1            \$7,200,000.00

UNITED STATES OF AMERICA  
STATE OF ILLINOIS  
COUNTY OF WINNEBAGO  
VILLAGE OF PECATONICA  
TAXABLE ALLOCATION REVENUE NOTE

Registered Owner:    PECATONICA PAVILLION, LLC

Interest Rate:            5.25% and which interest shall compound annually

Issuance Date: \_\_\_\_\_, 2017

Maturity Date: \_\_\_\_\_, 2032

KNOW ALL PERSONS BY THESE PRESENTS, that the Village of Pecatonica, Winnebago County, Illinois (the "Village"), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns as hereinafter provided, on or before the Maturity Date identified above, but solely from the sources hereinafter identified, the principal amount of this Note from time to time advanced by the Registered Owner to pay certain eligible costs of the Project (as hereinafter defined) in accordance with Ordinance No. 2010-1 entitled "An Ordinance Authorizing the Village President to Execute Redevelopment Agreement for Sumner Road/Grove Street Development Project" adopted by the Village Board of the Village on January 19, 2010 (the "Ordinance") and that certain Redevelopment Agreement dated January 25, 2010 (the "Redevelopment Agreement") between the Village and Pecatonica Pavilion, LLC (the "Owner") up to the principal amount of \$7,200,000.00 and to pay the Registered Owner or registered assigns interest on that amount at the Interest Rate per year specified above, computed on the basis of a 360-day year of twelve 30-day months. Interest on accrued but unpaid interest on this Note shall begin to accrue as of the Issuance Date at the Interest Rate per year specified above and compound on December 31 and June 30th of each year until paid. Principal of and interest on this Note are payable annually of each year, from Incremental Taxes (as such term is defined in the Redevelopment Agreement) on deposit in the Special Tax Allocation Fund, and more specifically the Pecatonica Pavilion LLC Assisted Living facility Sub-Account, but only to the extent Incremental Taxes exist, established pursuant to the Ordinance. Payments on this Note shall be applied first to accrued but unpaid interest and thereafter to principal. This is a taxable note and interest on this note is NOT exempt from income taxes.

The principal of and interest on this Note are payable in lawful money of the United States of America, and shall be made to the Registered Owner hereof as shown on the registration books of the Village maintained by the Chief Financial Officer of the Village, as registrar and paying

agent (the "Registrar"), at the close of business on the fifteenth day of the month immediately prior to the applicable payment, maturity or redemption date, and shall be paid by check or draft of the Registrar, payable 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 Registrar; provided, that the final installment of principal and accrued but unpaid interest will be payable solely upon presentation of this Note at the principal office of the Registrar in Pecatonica, Illinois or as otherwise directed by the Village.

This Note is issued by the Village in fully registered form in the aggregate principal amount of advances made from time to time by Owner up to \$7,200,000.00 for the purpose of paying or reimbursing the costs of certain eligible redevelopment project costs incurred by the Owner in connection with the redevelopment of the Project (as defined in the Redevelopment Agreement), in the Pecatonica Pavilion LLC Redevelopment Project Area (the "Project Area") in the Village, all in accordance with the Constitution and the laws of the State of Illinois, and particularly the Tax Increment Allocation Redevelopment Act (65 ILCS 5/11-74.4-1 et seq.) (the "TIF Act"), and the Debt Reform Act (30 ILCS 350/1 et seq.) and the Ordinance, in all respects as by law required. No amount due under this Note shall be paid by the Village until such time as the Owner has provided evidence, to the reasonable satisfaction of the Village that Owner has expended on TIF eligible reimbursement costs in an amount equal or greater to the amounts due under this Note. Any amounts owed by the Village under the terms of this Note are also contingent upon Owner comply with any and all provisions of the Redevelopment Agreement as well as any and all applicable Federal, State and local laws, ordinances and regulations.

The Village has assigned and pledged certain rights, title and interest of the Village in and to certain incremental ad valorem tax revenues from the Project Area which the Village is entitled to receive pursuant to the TIF Act, in order to pay the principal of and interest of the Note.

THE NOTE IS NOT A GENERAL OBLIGATIONS OF THE VILLAGE. THE NOTE SHALL NOT BE DEEMED TO CONSTITUTE AN INDEBTEDNESS AND A LOAN AGAINST THE GENERAL TAXING POWERS AND A CREDIT OF THE VILLAGE, WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION. THE REGISTERED OWNER(S) OF THE NOTE SHALL NOT HAVE THE RIGHT TO COMPEL ANY EXERCISE OF THE TAXING POWER OF THE VILLAGE, THE STATE OF ILLINOIS OR ANY POLITICAL SUBDIVISION THEREOF TO PAY THE PRINCIPAL OF OR INTEREST ON THE NOTE.

The principal of this Note is subject to prepayment in the discretion of the Village.

This Note is transferable by the Registered Owner hereof in person or by its attorney duly authorized in writing at the principal office of the Registrar in Pecatonica, Illinois and upon surrender and cancellation of this Note. Upon such transfer, a new Note of authorized denomination of the same maturity and for the same aggregate principal amount will be issued to the transferee in exchange herefor. Such transfer shall be in accordance with the form at the end of this Note. Prior to any transfer of this Note, any transferee shall acknowledge in writing that they have fully read and understand the terms and conditions of the Redevelopment Agreement

and are further are aware of, understand, and agree to the limited revenues that are pledge for payment on the Note.

The Village and the 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 for all other purposes and neither the Village nor the Registrar shall be affected by any notice to the contrary, unless transferred in accordance with the provisions hereof.

It is hereby certified and recited that all conditions, acts and things required by law to exist, to happen, or to be done or performed precedent to and in the issuance of this Note did exist, have happened, have been done and have been performed in regular and due form and time as required by law; that the issuance of this Note, together with all other obligations of the Village, does not exceed or violate any constitutional or statutory limitation applicable to the Village.

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

IN WITNESS WHEREOF, the Village of Pecatonica, Winnebago County, Illinois, by its Village Board, has caused its official seal to be imprinted by facsimile hereon or hereunto affixed, and has caused this Note to be signed by the duly authorized manual or facsimile signature of the Village President as of \_\_\_\_\_, 2018.

\_\_\_\_\_  
William Smull, Village President

(SEAL)  
Attest:

\_\_\_\_\_  
Gwenn, Shirley, Village Clerk

CERTIFICATE  
OF  
AUTHENTICATION

Registrar and Paying Agent:  
Chief Financial Officer of the  
Village of Pecatonica,  
Winnebago County, Illinois

\_\_\_\_\_  
Chief Financial Officer

Date: \_\_\_\_\_

(ASSIGNMENT)

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto the within Note and does hereby irrevocably constitute and appoint attorney to transfer the said Note on the books kept for registration thereof with full power of substitution in the premises.

Dated: \_\_\_\_\_  
Registered Owner

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

Consented to as of: \_\_\_\_\_

By the Village of Pecatonica, Illinois

By: \_\_\_\_\_

Title: \_\_\_\_\_