

ORDINANCE NO. 2020-01

ORDINANCE REPEALING ORDINANCE 2019-14, an "ORDINANCE APPROVING THE BORROWING OF \$250,000.00 FROM US BANCORP, a/k/a US BANK", and APPROVING THE BORROWING OF \$280,000.00 FROM GERMAN AMERICAN STATE BANK

WHEREAS, the Village of Pecatonica recently purchased real estate for lawful public proposes ("real estate") and paid for same out of the water fund; and

WHEREAS, corporate authorities of the Village of Pecatonica did determine that it was prudent to borrow funds from a financial institution in order to replenish the water fund so as to have sufficient liquid assets in that fund; and

WHEREAS, Section 5/8-1-3.1 of the Illinois Municipal Code (65 ILCS 5/8-1-3.1) permits municipalities to borrow money from financial institutions subject to statutory limitations; and

WHEREAS, the Village of Pecatonica previously entered into negotiations with US Bancorp, a/k/a US Bank, a financial institution, to lawfully borrow \$250,000.00 dollars, which sum was to be deposited in the Village's water fund; and

WHEREAS, in furtherance of said negotiations, the Village previously adopted Ordinance 2019-14, "Ordinance Approving the Borrowing of \$250,000.00 from US Bancorp, a/k/a US Bank", on July 23, 2019; and

WHEREAS, the Village of Pecatonica and US Bank were unable to reach a final agreement in furtherance of said loan; and

WHEREAS, the Village of Pecatonica has been in negotiations with German American State Bank, a financial institution, to lawfully borrow \$280,000.00 dollars, which sum will be deposited in the Village's water fund; and

WHEREAS, Section 5/8-1-3.1 of the Illinois Municipal Code requires such borrowing from financial institutions be approved by ordinance.

NOW, THEREFORE, be it ordained by the Village President and Board of Trustees of the Village of Pecatonica, Illinois:

Section 1. The above recitals are hereby incorporated as if set forth herein.

Section 2. That Ordinance 2019-14, "AN ORDINANCE APPROVING THE BORROWING OF \$250,000.00 DOLLARS FROM US BANCORP, A/K/A US BANK", adopted on July 23, 2019 is hereby repealed in its entirety.

Section 3. The corporate authorities of the Village of Pecatonica hereby approve in borrowing \$280,000.00 dollars from German American State Bank ("Loan"), subject to the following limitations:

(A) The term of the loan shall not exceed ten (10) years from the date of the borrowing;

(B) The amount borrowed shall not exceed \$280,000.00 dollars exclusive of interest;

(C) A promissory note substantially similar to "Exhibit A", attached hereto and incorporated herein by reference, or other similar debt instrument, but not a bond, shall be executed to evidence the indebtedness incurred by the borrowing;

(D) The loan shall be a lawful direct obligation of the municipality payable from general funds of the municipality and such other sources of payment as are otherwise lawfully available;

(E) The rate of interest shall not exceed the maximum rate provided for in Section 305/2 of the Bond Authorization Act (30 ILCS 305/2); and

(F) The extent of the lender's collateral interest in Village Property shall be limited to the rights and remedies permitted by applicable law.

Section 4. The Village President is hereby authorized to sign any and all promissory notes substantially similar to "Exhibit A", or other similar debt instruments, but not a bond, to evidence the indebtedness incurred by the borrowing.

Section 5. The Board of Trustees shall annually appropriate sufficient funds to pay off the balance of the principal and interest of the loan.

Section 6. This ordinance shall be in full force and effect from and after its passage, approval and publication in pamphlet form as provided by law.

PASSED by the Village Board of Trustees this _____ day of January, 2020.

APPROVED by the Village President this _____ day of January, 2020.

By: _____
WILLIAM SMULL, Village President
Village of Pecatonica, Illinois

ATTEST:

GWENN SHIRLEY, Village Clerk
Village of Pecatonica, Illinois

MOTION BY: _____

SECOND BY: _____

AYES: _____

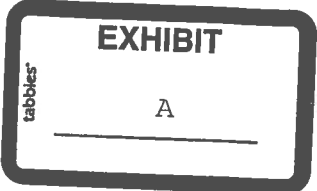
NAYS: _____

ABSENT/
ABSTAIN: _____



HLP1125

PROMISSORY NOTE



Principal \$280,000.00	Loan Date 01-21-2020	Maturity 01-21-2030	Loan No 154781	Call / Coll 8 / 280	Account V0173750	Officer JMS	Initials
References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing ***** has been omitted due to text length limitations.							

Borrower: VILLAGE OF PECATONICA
405 MAIN ST PO BOX 730
PECATONICA, IL 61063 0730

Lender: German American State Bank
German Valley Branch
100 Church Street
Post Office Box 89
German Valley, IL 61039

Principal Amount: \$280,000.00

Date of Note: January 21, 2020

PROMISE TO PAY. VILLAGE OF PECATONICA ("Borrower") promises to pay to German American State Bank ("Lender"), or order, in lawful money of the United States of America, the principal amount of Two Hundred Eighty Thousand & 00/100 Dollars (\$280,000.00), together with interest on the unpaid principal balance from January 21, 2020, calculated as described in the "INTEREST CALCULATION METHOD" paragraph using an interest rate of 3.750%, until paid in full. The interest rate may change under the terms and conditions of the "INTEREST AFTER DEFAULT" section.

PAYMENT. Borrower will pay this loan in 119 regular payments of \$2,808.86 each and one irregular last payment estimated at \$2,809.54. Borrower's first payment is due February 21, 2020, and all subsequent payments are due on the same day of each month after that. Borrower's final payment will be due on January 21, 2030, and will be for all principal and all accrued interest not yet paid. Payments include principal and interest. Unless otherwise agreed or required by applicable law, payments will be applied first to any unpaid collection costs; then to any late charges; then to any escrow or reserve account payments as required under any mortgage, deed of trust, or other security instrument or security agreement securing this Note; then to any accrued unpaid interest; and then to principal. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing. All payments must be made in U.S. dollars and must be received by Lender consistent with any written payment instructions provided by Lender. If a payment is made consistent with Lender's payment instructions but received after the close of any business day the Bank is open, Lender will credit Borrower's payment on the next business day.

INTEREST CALCULATION METHOD. Interest on this Note is computed on a 365/360 basis; that is, by applying the ratio of the interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. All interest payable under this Note is computed using this method.

PREPAYMENT; MINIMUM INTEREST CHARGE. In any event, even upon full prepayment of this Note, Borrower understands that Lender is entitled to a minimum interest charge of \$25.00. Other than Borrower's obligation to pay any minimum interest charge, Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments under the payment schedule. Rather, early payments will reduce the principal balance due and may result in Borrower's making fewer payments. Borrower agrees not to send Lender payments marked "paid in full", "without recourse", or similar language. If Borrower sends such a payment, Lender may accept it without losing any of Lender's rights under this Note, and Borrower will remain obligated to pay any further amount owed to Lender. All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to: German American State Bank, PO Box 89, 100 Church Street German Valley, IL 61039.

LATE CHARGE. If a payment is 10 days or more late, Borrower will be charged 5.000% of the unpaid portion of the regularly scheduled payment or \$25.00, whichever is greater.

INTEREST AFTER DEFAULT. Upon default, including failure to pay upon final maturity, the interest rate on this Note shall be increased to 18.000%. However, in no event will the interest rate exceed the maximum interest rate limitations under applicable law.

DEFAULT. Each of the following shall constitute an event of default ("Event of Default") under this Note:

Payment Default. Borrower fails to make any payment when due under this Note.

Other Defaults. Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Note or in any of the related documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

Default in Favor of Third Parties. Borrower or any Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's property or Borrower's ability to repay this Note or perform Borrower's obligations under this Note or any of the related documents.

False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf, or made by Guarantor, or any other guarantor, endorser, surety, or accommodation party, under this Note or the related documents in connection with the obtaining of the loan evidenced by this Note or any security document directly or indirectly securing repayment of this Note is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Death or Insolvency. The death of Borrower or the dissolution or termination of Borrower's existence as a going business, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Execution; Attachment. Any execution or attachment is levied against the Collateral, and such execution or attachment is not set aside, discharged or stayed within thirty (30) days after the same is levied.

Change in Zoning or Public Restriction. Any change in any zoning ordinance or regulation or any other public restriction is enacted, adopted or implemented, that limits or defines the uses which may be made of the Collateral such that the present or intended use of the Collateral, as specified in the related documents, would be in violation of such zoning ordinance or regulation or public restriction, as changed.

Default Under Other Lien Documents. A default occurs under any other mortgage, deed of trust or security agreement covering all or any portion of the Collateral.

Judgment. Unless adequately covered by insurance in the opinion of Lender, the entry of a final judgment for the payment of money involving more than ten thousand dollars (\$10,000.00) against Borrower and the failure by Borrower to discharge the same, or cause it to be discharged, or bonded off to Lender's satisfaction, within thirty (30) days from the date of the order, decree or process under which or pursuant to which such judgment was entered.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any Guarantor, or any other guarantor, endorser, surety, or accommodation party of any of the indebtedness or any Guarantor, or any other guarantor, endorser, surety, or accommodation party dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any guaranty of the indebtedness evidenced by this Note.

Adverse Change. A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of this Note is impaired.

Insecurity. Lender in good faith believes itself insecure.

Cure Provisions. If any default, other than a default in payment, is curable and if Borrower has not been given a notice of a breach of the same provision of this Note within the preceding twelve (12) months, it may be cured if Borrower, after Lender sends written notice to Borrower demanding cure of such default: (1) cures the default within thirty (30) days; or (2) if the cure requires more than thirty (30) days, immediately initiates steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter

PROMISSORY NOTE
(Continued)

Loan No: 154781

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continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

LENDER'S RIGHTS. Upon default, Lender may declare the entire unpaid principal balance under this Note and all accrued unpaid interest immediately due, and then Borrower will pay that amount.

ATTORNEYS' FEES; EXPENSES. Lender may hire or pay someone else to help collect this Note if Borrower does not pay. Borrower will pay Lender that amount. This includes, subject to any limits under applicable law, Lender's attorneys' fees and Lender's legal expenses, whether or not there is a lawsuit, including attorneys' fees, expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), and appeals. If not prohibited by applicable law, Borrower also will pay any court costs, in addition to all other sums provided by law.

JURY WAIVER. Lender and Borrower hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by either Lender or Borrower against the other.

GOVERNING LAW. This Note will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Illinois without regard to its conflicts of law provisions. This Note has been accepted by Lender in the State of Illinois.

CHOICE OF VENUE. If there is a lawsuit, Borrower agrees upon Lender's request to submit to the jurisdiction of the courts of Stephenson County, State of Illinois.

CONFESSION OF JUDGMENT. Borrower hereby irrevocably authorizes and empowers any attorney-at-law to appear in any court of record and to confess judgment against Borrower for the unpaid amount of this Note as evidenced by an affidavit signed by an officer of Lender setting forth the amount then due, attorneys' fees plus costs of suit, and to release all errors, and waive all rights of appeal. If a copy of this Note, verified by an affidavit, shall have been filed in the proceeding, it will not be necessary to file the original as a warrant of attorney. Borrower waives the right to any stay of execution and the benefit of all exemption laws now or hereafter in effect. No single exercise of the foregoing warrant and power to confess judgment will be deemed to exhaust the power, whether or not any such exercise shall be held by any court to be invalid, voidable, or void; but the power will continue undiminished and may be exercised from time to time as Lender may elect until all amounts owing on this Note have been paid in full. Borrower hereby waives and releases any and all claims or causes of action which Borrower might have against any attorney acting under the terms of authority which Borrower has granted herein arising out of or connected with the confession of judgment hereunder.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Borrower's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Borrower holds jointly with someone else and all accounts Borrower may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the debt against any and all such accounts, and, at Lender's option, to administratively freeze all such accounts to allow Lender to protect Lender's charge and setoff rights provided in this paragraph.

COLLATERAL. This loan is unsecured.

FINANCIAL STATEMENTS. Borrower agrees to provide Lender with such financial statements and other related information at such frequencies and in such detail as Lender may reasonably request.

SUCCESSOR INTERESTS. The terms of this Note shall be binding upon Borrower, and upon Borrower's heirs, personal representatives, successors and assigns, and shall inure to the benefit of Lender and its successors and assigns.

GENERAL PROVISIONS. If any part of this Note cannot be enforced, this fact will not affect the rest of the Note. Lender may delay or forgo enforcing any of its rights or remedies under this Note without losing them. Borrower and any other person who signs, guarantees or endorses this Note, to the extent allowed by law, waive presentment, demand for payment, and notice of dishonor. Upon any change in the terms of this Note, and unless otherwise expressly stated in writing, no party who signs this Note, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) this loan or release any party or guarantor or collateral; or impair, fail to realize upon or perfect Lender's security interest in the collateral; and take any other action deemed necessary by Lender without the consent of or notice to anyone. All such parties also agree that Lender may modify this loan without the consent of or notice to anyone other than the party with whom the modification is made. The obligations under this Note are joint and several.

PRIOR TO SIGNING THIS NOTE, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE. BORROWER AGREES TO THE TERMS OF THE NOTE.

BORROWER ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THIS PROMISSORY NOTE.

BORROWER:

VILLAGE OF PECATONICA

By: WILLIAM H SMULL JR, President of VILLAGE OF
PECATONICA

By: GWENN M SHIRLEY, Clerk of VILLAGE OF
PECATONICA



HLP0921

DISBURSEMENT REQUEST AND AUTHORIZATION

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$280,000.00	01-21-2020	01-21-2030	154781	8 / 280	V0173750	JMS	

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Any item above containing ***** has been omitted due to text length limitations.

Borrower: VILLAGE OF PECATONICA
405 MAIN ST PO BOX 730
PECATONICA, IL 61063-0730

Lender: German American State Bank
German Valley Branch
100 Church Street
Post Office Box 89
German Valley, IL 61039

LOAN TYPE. This is a Fixed Rate (3.750%) Nondisclosable Loan to a Government Entity for \$280,000.00 due on January 21, 2030.

PRIMARY PURPOSE OF LOAN. The primary purpose of this loan is for:

- Personal, Family, or Household Purposes or Personal Investment.
 Business.

SPECIFIC PURPOSE. The specific purpose of this loan is: PURCHASE 13 ACRES ON SOUTH SIDE OF VILLAGE FOR FUTURE NEEDS OR COMMERCIAL DEVELOPMENT.

DISBURSEMENT INSTRUCTIONS. Borrower understands that no loan proceeds will be disbursed until all of Lender's conditions for making the loan have been satisfied. Please disburse the loan proceeds of \$280,000.00 as follows:

Amount paid to Borrower directly:	\$280,000.00
\$280,000.00 Lender's Check #	
Note Principal:	\$280,000.00

FINANCIAL CONDITION. BY SIGNING THIS AUTHORIZATION, BORROWER REPRESENTS AND WARRANTS TO LENDER THAT THE INFORMATION PROVIDED ABOVE IS TRUE AND CORRECT AND THAT THERE HAS BEEN NO MATERIAL ADVERSE CHANGE IN BORROWER'S FINANCIAL CONDITION AS DISCLOSED IN BORROWER'S MOST RECENT FINANCIAL STATEMENT TO LENDER. THIS AUTHORIZATION IS DATED JANUARY 21, 2020.

BORROWER:

VILLAGE OF PECATONICA

By: WILLIAM H SMULL JR, President of VILLAGE OF PECATONICA

By: GWENN M SHIRLEY, Clerk of VILLAGE OF PECATONICA