

EXTRACT OF MINUTES of a regular public meeting of the President and Board of Trustees of the Village of Pecatonica, Winnebago County, Illinois, held at the Village Hall, 405 Main Street, in said Village, at 6:30 o'clock P.M., on the 19th day of January, 2021.

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The meeting was called to order by the President, and upon the roll being called, Bill Smull, the President, and the following Trustees were physically present at said location:

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

The following Trustees attended the meeting by video or audio conference: \_\_\_\_\_

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

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Access to the meeting was provided to members of the public to contemporaneously hear all discussion, testimony and roll call votes via the following means: via a publicly available Zoom link.

The President announced that a proposal had been received from German-American State Bank, Winnebago, Illinois, for the purchase of \$3,500,000 alternate revenue bonds (being general obligation bonds for which real property taxes, unlimited as to rate or amount, may be levied, but which are expected to be paid from certain sales taxes) to be issued by the Village for the purpose of paying the costs of infrastructure improvements within the Village, including but not limited to street repair and related improvements, and that the President and Board of Trustees would

consider the adoption of an ordinance providing for the issue of said bonds and the levy of a direct annual tax sufficient to pay the principal and interest thereon. The President also summarized the pertinent terms of said proposal and said bonds, including the length of maturity, rates of interest, purchase price and tax levy for said bonds.

Whereupon the Village Clerk presented, \_\_\_\_\_ explained, and there was read by title an ordinance as follows, a copy of which was provided to each Trustee prior to said meeting and to everyone in attendance at said meeting who requested a copy:

AN ORDINANCE authorizing and providing for the issue of \$3,500,000 General Obligation Bonds (Alternate Revenue Source), of the Village of Pecatonica, Winnebago County, Illinois, for the purpose of paying the costs of infrastructure improvements within the Village, including but not limited to street repair and related improvements and for the payment of the expenses incident thereto, providing for the collection, segregation and application of certain sales tax receipts to pay said bonds, providing for the levy of a direct annual tax sufficient to pay the principal and interest on said bonds, and authorizing the sale of said bonds to the purchaser thereof.

such ordinance being in words and figures as follows:

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

AN ORDINANCE authorizing and providing for the issue of \$3,500,000 General Obligation Bonds (Alternate Revenue Source), of the Village of Pecatonica, Winnebago County, Illinois, for the purpose of paying the costs of infrastructure improvements within the Village, including but not limited to street repair and related improvements and for the payment of the expenses incident thereto, providing for the collection, segregation and application of certain sales tax receipts to pay said bonds, providing for the levy of a direct annual tax sufficient to pay the principal and interest on said bonds, and authorizing the sale of said bonds to the purchaser thereof.

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Adopted by the President and Board of Trustees of said Village on the 19th day of January, 2021.

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

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

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\* \* \*

WHEREAS, the Village of Pecatonica, Winnebago County, Illinois (the “*Village*”), is a duly organized and existing municipality and unit of local government of the State of Illinois, and is operating under and pursuant to the provisions of the Illinois Municipal Code, and all laws amendatory thereof and supplementary thereto; and

WHEREAS, the President and Board of Trustees of the Village (the “*Board*”) has determined that it is advisable, necessary and in the best interests of the Village to borrow money to pay the costs of infrastructure improvements within the Village, including but not limited to street repair and related improvements (the “*Project*”), in accordance with the preliminary plans and the estimate of cost on file in the office of the Village Clerk of the Village (the “*Village Clerk*”); and

WHEREAS, the Project constitutes a lawful corporate purpose within the meaning of the Local Government Debt Reform Act of the State of Illinois, as amended (the “*Debt Reform Act*”); and

WHEREAS, the estimated cost of the Project, including legal, financial, bond discount, printing and publication costs and other expenses is not less than \$3,500,000, and there are insufficient funds on hand and lawfully available to pay the costs of the Project; and

WHEREAS, the Board has determined that in order to pay the costs of the Project, it is necessary and in the best interests of the Village to borrow the sum of \$3,500,000 and issue bonds of the Village therefor; and

WHEREAS, pursuant to the provisions of Section 15 of the Debt Reform Act, whenever there exists a revenue source, the Village is authorized to issue “alternate bonds,” being general obligation bonds payable from such revenue source; and

WHEREAS, the Board on the 18th day of August, 2020, adopted Ordinance Number 2020-35 (the “*Authorizing Ordinance*”), authorizing the issuance of certain alternate bonds, being general obligation bonds payable from revenue sources as provided by the Debt Reform Act (the “*Alternate Bonds*”), in an amount not to exceed \$3,500,000 for the Project; and

WHEREAS, on the 25th day of August, 2020, the Authorizing Ordinance, which included therein a notice in the statutory form, was published in the *Rockford Register Star*, the same being a newspaper of general circulation in the Village, and an affidavit evidencing the publication of the Authorizing Ordinance and said notice has heretofore been presented to the Board and made a part of the permanent records of the Village; and

WHEREAS, no petition has ever been filed with the Village Clerk, requesting that the question of the issuance of the Alternate Bonds be submitted to referendum; and

WHEREAS, the Alternate Bonds to be issued will be payable (i) from all collections distributed to the Village from those taxes imposed by the State of Illinois pursuant to the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act and the Retailer’s Occupation Tax Act, each as supplemented and amended from time to time, or substitute taxes therefor as provided in the future (the “*Pledged Revenues*”), and (ii) to the extent the Pledged Revenues are insufficient to pay the Alternate Bonds, from ad valorem property taxes upon all taxable property in the Village without limitation as to rate or amount (the “*Pledged Taxes*”); and

WHEREAS, the Board has heretofore determined and does hereby determine that the Pledged Revenues will be sufficient to provide or pay in each year to final maturity of the proposed Alternate Bonds an amount not less than 1.25 times debt service of the Alternate Bonds; and

WHEREAS, such determination of the sufficiency of the Pledged Revenues is supported by the most recent audit of the Village for the fiscal year ending April 30, 2020 (the “*Audit*”), which Audit has been presented to the Board and is now on file with the Village Clerk; and

WHEREAS, pursuant to and in accordance with the provisions of the Bond Issue Notification Act of the State of Illinois, as amended, the President of the Village (the “*President*”), on the 19th day of August, 2020, executed an Order calling a public hearing (the “*Hearing*”) for the 15th day of September, 2020, concerning the intent of the Board to sell not to exceed \$3,500,000 General Obligation Bonds (Alternate Revenue Source) for the Project; and

WHEREAS, notice of the Hearing was given by (i) publication at least once not less than seven (7) nor more than thirty (30) days before the date of the Hearing in the *Rockford Register Star*, the same being a newspaper of general circulation in the Village and (ii) posting at least 72 hours before the Hearing a copy of said notice at the principal office of the Board, which notice was continuously available for public review during the entire 72-hour period preceding the Hearing; and

WHEREAS, the Hearing was held on the 15th day of September, 2020, and at the Hearing, the 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; and

WHEREAS, the Hearing was finally adjourned on the 15th day of September, 2020, and not less than seven (7) days have passed since the final adjournment of the Hearing; and

WHEREAS, the Board has been authorized to issue the Alternate Bonds to the amount of \$3,500,000 in accordance with the provisions of the Debt Reform Act and the Authorizing

Ordinance; \$-0- of such bonds have heretofore been issued by the Village; and the Board hereby determines that it is necessary and advisable that there be issued \$3,500,000 of the authorized amount at this time; and

WHEREAS, 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 Village, 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 [Debt Reform Act]”; and

WHEREAS, the County Clerk of The County of Winnebago, Illinois (the “*County Clerk*”), is therefore authorized to extend and collect said direct annual *ad valorem* tax so levied for the payment of the Alternate Bonds without limitation as to rate or amount:

NOW THEREFORE Be It Ordained by the President and Board of Trustees of the Village of Pecatonica, Winnebago County, Illinois, as follows:

*Section 1. Definitions.* The words and terms used in this Ordinance shall have the meanings set forth and defined for them herein unless the context or use clearly indicates another or different meaning is intended, including the words and terms as follows:

“*Additional Bonds*” means any alternate bonds issued in the future in accordance with the provisions of the Debt Reform Act on a parity with and sharing ratably and equally in the Pledged Revenues with the Bonds.

“*Alternate Bonds*” means the Bonds and any Additional Bonds.

“*Bond*” or “*Bonds*” means one or more, as applicable, of the \$3,500,000 General Obligation Bonds (Alternate Revenue Source), authorized to be issued by this Ordinance, as further described herein.

“*Bond Fund*” means the 2021 Alternate Bond Fund maintained hereunder and further described in Section 12 of this Ordinance.



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

“*Bond Registrar*” means German-American State Bank, Winnebago, Illinois, or a successor designated as bond registrar hereunder.

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

“*Dated Date*” means March 1, 2021, for the Series 2021A Bonds and June 1, 2021, for the Series 2021B Bonds.

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

“*Outstanding*” when used with reference to the 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 or Additional Bonds (i) 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 (ii) the provision for payment of which has been made by the Village by the deposit in an irrevocable trust or escrow of funds or direct, full faith and credit obligations of 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 or Additional Bonds.

“*Paying Agent*” means German-American State Bank, Winnebago, Illinois, or a successor designated as paying agent hereunder.

“*Pledged Moneys*” means the Pledged Revenues and the Pledged Taxes, as all of such terms are defined herein.

“*Pledged Revenues*” means collections distributed to the Village from those taxes imposed by the State of Illinois pursuant to the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act and the Retailer’s Occupation Tax Act, each as supplemented and amended from time to time, or substitute taxes therefor as provided in the future.

“*Pledged Taxes*” means the ad valorem property taxes upon all taxable property in the Village without limitation as to rate or amount, pledged hereunder by the Village as security for the Bonds.

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

“*Treasurer*” means the Treasurer of the Village.

*Section 2. Incorporation of Preambles.* The 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 interest of the Village for the Village to undertake the Project and to issue the Bonds to enable the Village to pay the costs thereof.

*Section 4. Bond Details.* There be borrowed by, for and on behalf of the Village an aggregate amount of \$3,500,000 for the purposes aforesaid, and that bonds of the Village shall be issued in two series of such amounts and designated as follows: \$1,900,000 General Obligation Bonds (Alternate Revenue Source), Series 2021A (the "*Series 2021A Bonds*"), and \$1,600,000 General Obligation Bonds (Alternate Revenue Source), Series 2021B (the "*Series 2021B Bonds*" and together with the Series 2021A Bonds, the "*Bonds*"). The Series 2021A Bonds shall be dated March 1, 2021, and the Series 2021B Bonds shall be dated June 1, 2021. The Bonds shall also bear the date of authentication thereof. The Bonds shall be in fully registered form, shall be in denominations of \$100 each and authorized integral multiples thereof (but no single Bond shall represent principal maturing on more than one date), shall be numbered in such reasonable fashion as may be selected by the Bond Registrar, and shall become due and payable (subject to prior redemption as hereinafter provided) on December 1 of the years, in the amounts and bearing interest at the rates per annum as follows:

### SERIES 2021A BONDS

YEAR	AMOUNT (\$)	RATE (%)
2022	47,500	0.900
2023	47,900	1.000
2024	48,400	1.100
2025	48,900	1.200
2026	49,500	1.300
2027	50,200	1.400
2028	50,900	1.500
2029	51,600	1.600
2030	52,500	1.750
2031	53,400	1.900
2032	54,400	2.000
2033	55,500	2.100
2034	56,600	2.200
2035	57,900	2.300
2036	59,200	2.400
2037	60,600	2.500
2038	62,100	2.600
2039	63,800	2.700
2040	65,500	2.800
2041	67,300	2.850
2042	69,200	2.900
2043	71,200	2.950
2044	73,400	3.050
2045	75,600	3.100
2046	77,900	3.150
2047	80,400	3.200
2048	83,000	3.250
2049	85,700	3.300
2050	88,500	3.350
2051	91,400	3.400

**SERIES 2021B BONDS**

YEAR	AMOUNT (\$)	RATE (%)
2021	20,300	0.800
2022	39,500	0.900
2023	39,800	1.000
2024	40,200	1.100
2025	40,700	1.200
2026	41,200	1.300
2027	41,700	1.400
2028	42,300	1.500
2029	42,900	1.600
2030	43,600	1.750
2031	44,400	1.900
2032	45,200	2.000
2033	46,100	2.100
2034	47,100	2.200
2035	48,100	2.300
2036	49,200	2.400
2037	50,400	2.500
2038	51,700	2.600
2039	53,000	2.700
2040	54,500	2.800
2041	56,000	2.850
2042	57,600	2.900
2043	59,200	2.950
2044	61,000	3.050
2045	62,900	3.100
2046	64,800	3.150
2047	66,800	3.200
2048	69,000	3.250
2049	71,200	3.300
2050	73,600	3.350
2051	76,000	3.400

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, until the principal amount of such Bond is paid or duly provided for, such interest (computed upon the basis of a 360-day year of twelve 30-day months) being payable on June 1 and December 1 of each year, commencing December 1, 2021. Interest on each Bond shall be paid by check or draft of the Paying Agent, payable upon presentation 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 15th day of the month

next preceding any interest payment date. The principal of the Bonds shall be payable upon presentation in lawful money of the United States of America at the principal office of the Paying Agent.

*Section 5. Redemption. Optional Redemption.* The Bonds due on and after December 1, 2031, shall be subject to redemption prior to maturity at the option of the Village from any available funds, as a whole or in part, and if in part in integral multiples of \$100 in any order of their maturity as determined by the Village (less than all of the Bonds of a single maturity to be selected by the Bond Registrar), on December 1, 2030, and on any date thereafter, at the redemption price of par plus accrued interest to the redemption date.

The Bonds shall be redeemed only in the principal amount of \$100 and integral multiples thereof. The Village shall, at least forty-five (45) days prior to any optional 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 principal amount and maturity or maturities of Bonds to be redeemed. For purposes of any redemption of less than all of the outstanding Bonds of a single maturity, the particular Bonds or portions of Bonds to be redeemed shall be selected by lot by the Bond Registrar from 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 \$100 Bond or \$100 portion of a Bond shall be as likely to be called for redemption as any other such \$100 Bond or \$100 portion. The Bond Registrar shall make such selection upon the earlier of the irrevocable deposit of funds with an escrow agent sufficient to pay the redemption price of the Bonds to be redeemed or the time of the giving of official notice of redemption.

The Bond Registrar shall promptly notify the Village 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.

*Section 6. Redemption Procedure.* Unless waived by any holder of Bonds to be redeemed, notice of the call for any such redemption shall be given by the Bond Registrar on behalf of the Village by mailing the redemption notice by first class mail at least thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption to the 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 notices of redemption shall state:

- (1) the redemption date;
- (2) the redemption price;
- (3) if less than all outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption, 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;
- (5) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal office of the Bond Registrar; and
- (6) such other information then required by custom, practice or industry standard.

Unless moneys sufficient to pay the redemption price of the Bonds to be redeemed at the option of the Village shall have been received by the Paying Agent prior to the giving of such notice of redemption, such notice may, at the option of the Village, state that said redemption shall be conditional upon the receipt of such moneys by the Paying Agent 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

Village shall not redeem such Bonds, and the Bond Registrar shall give notice, in the same manner in which the notice of redemption shall have been given, that such moneys were not so received and that such Bonds will not be redeemed. Otherwise, prior to any redemption date, the Village shall deposit with the Paying Agent an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on that date.

Subject to the provisions for a conditional redemption described above, notice of redemption having been given as aforesaid, 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 Village 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 Paying Agent at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the registered holder a new Bond or Bonds of the same maturity in the amount of the unpaid principal.

If any Bond or portion of a Bond called for redemption shall not be so paid upon surrender thereof for redemption, the principal shall, until paid, bear interest from the redemption date at the rate borne by the Bond or portion of Bond so called for redemption. All Bonds which have been redeemed shall be cancelled and destroyed by the Bond Registrar and shall not be reissued.

*Section 7. Execution; Authentication.* The Bonds shall be executed on behalf of the Village with the manual or facsimile signature of the President and attested with the manual or facsimile signature of the Village Clerk, as they may determine, and shall have impressed or imprinted thereon the corporate seal or facsimile thereof of the Village. In case any 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 Village and showing the date of authentication. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this Ordinance unless and until such certificate of authentication shall have been duly executed by the 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 8. Registration of Bonds; Persons Treated as Owners .* The Village shall cause books for the registration and for the transfer of the Bonds as provided in this Ordinance to be kept at the principal office of the Bond Registrar, which is hereby constituted and appointed the registrar of the Village for this issue. The Village is authorized to prepare, and the Bond Registrar shall keep custody of, multiple Bond blanks executed by the Village for use in the transfer and exchange of Bonds.

Upon surrender for transfer of any Bond at the principal office of the Bond Registrar, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Bond Registrar and duly executed by the registered owner or his or her attorney duly authorized in writing, the Village shall execute and the Bond Registrar shall authenticate, date and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of the same maturity of authorized denominations, for a like aggregate principal amount. Any fully



registered Bond or Bonds may be exchanged at said office of the Bond Registrar for a like aggregate principal amount of Bond or Bonds of the same maturity of other authorized denominations. The execution by the Village 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 outstanding Bonds of each maturity authenticated by the Bond Registrar shall not exceed the authorized principal amount of Bonds for such maturity less previous retirements.

The Bond Registrar shall not be required to transfer or exchange any Bond during the period beginning at the close of business on the 15th day of the month next preceding the interest payment date on the Bonds and ending at the opening of business on such interest payment date, nor to transfer or exchange any Bond after notice calling such Bond for redemption has been mailed, nor during a period of fifteen (15) days next preceding mailing of a notice of redemption of any Bonds.

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 or her legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

No service charge shall be made for any transfer or exchange of Bonds, but the Village or 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, except in the case of the issuance of a Bond or Bonds for the unredeemed portion of a Bond surrendered for redemption.

*Section 9. Form of Bonds.* The Bonds shall be in substantially the following form; *provided, however,* that if the text of the Bond is to be printed in its entirety on the front side of the Bond, then paragraph [2] and the legend, “See Reverse Side for Additional Provisions”, shall be omitted and paragraphs [6] through [12] shall be inserted immediately after paragraph [1]:

[Form of Bond - Front Side]

REGISTERED  
NO. \_\_\_\_\_

REGISTERED  
\$ \_\_\_\_\_

**UNITED STATES OF AMERICA  
STATE OF ILLINOIS  
COUNTY OF WINNEBAGO  
VILLAGE OF PECATONICA  
GENERAL OBLIGATION BOND  
(ALTERNATE REVENUE SOURCE)  
SERIES 2021[A][B]**

See Reverse Side for  
Additional Provisions

Interest  
Rate: \_\_\_\_\_%

Maturity  
Date: December 1, 20\_\_

Dated  
Date: [March][June] 1, 2021

Registered Owner: GERMAN-AMERICAN STATE BANK, WINNEBAGO, ILLINOIS

Principal Amount:

[1] KNOW ALL PERSONS BY THESE PRESENTS that the Village of Pecatonica, Winnebago County, Illinois, a municipality and political subdivision of the State of Illinois (the “Village”), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns as hereinafter provided, on the Maturity Date identified above, the Principal Amount identified above, and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on such Principal Amount from the later of the Dated Date of this Bond identified above or from the most recent interest payment date to which interest has been paid or duly provided for, at the Interest Rate per annum identified above, such interest to be payable on June 1 and December 1 of each year, commencing December 1, 2021, until the Principal Amount is paid or duly provided for, except as the provisions hereinafter set forth with respect to redemption prior to maturity may be and become applicable hereto. The Principal Amount of this Bond is payable in lawful money of the United States of America upon presentation and surrender hereof at the principal office of German-American State Bank, Winnebago, Illinois, as bond registrar and paying agent (the “Bond Registrar”). Payment of the

installments of interest shall be made to the Registered Owner hereof as shown on the registration books of the Village maintained by the Bond Registrar at the close of business on the 15th day of the month next preceding each interest payment date and shall be paid by check or draft of the Bond Registrar, payable upon presentation in lawful money of the United States of America, mailed to the address of such Registered Owner as it appears on such registration books or at such other address furnished in writing by such Registered Owner to the Bond Registrar.

[2] 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.

[3] 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 Village, 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 Pledged Revenues, the levy and collection of the Pledged 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 Village 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 Ordinance. For the prompt payment of this Bond, both principal and interest at maturity, the full faith, credit and resources of the Village are hereby irrevocably pledged.

[4] 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.

[5] IN WITNESS WHEREOF the Village of Pecatonica, Winnebago County, Illinois, by its President and Board of Trustees, has caused this Bond to be executed with the manual or duly authorized facsimile signature of its President and attested by the manual or duly authorized facsimile signature of its Village Clerk and its corporate seal or a facsimile thereof to be impressed or reproduced hereon, all as appearing hereon and as of the Dated Date identified above.

SPECIMEN

\_\_\_\_\_  
President, Village of Pecatonica  
Winnebago County, Illinois

ATTEST:

SPECIMEN

\_\_\_\_\_  
Village Clerk, Village of Pecatonica  
Winnebago County, Illinois

[SEAL]

Date of Authentication: \_\_\_\_\_, 2021

CERTIFICATE  
OF  
AUTHENTICATION

Bond Registrar and Paying Agent:  
German-American State Bank,  
Winnebago, Illinois

This Bond is one of the Bonds described in the within mentioned ordinance and is one of the General Obligation Bonds (Alternate Revenue Source), Series 2021[A][B], of the Village of Pecatonica, Winnebago County, Illinois.

GERMAN-AMERICAN STATE BANK,  
as Bond Registrar

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

[Form of Bond - Reverse Side]

**VILLAGE OF PECATONICA, WINNEBAGO COUNTY, ILLINOIS  
GENERAL OBLIGATION BOND  
(ALTERNATE REVENUE SOURCE)  
SERIES 2021[A][B]**

[6] This bond and the bonds of the series of which it forms a part (“*Bond*” and “*Bonds*” respectively) are of an authorized issue of \$[1,900,000][1,600,000] General Obligation Bonds (Alternate Revenue Source), Series 2021[A][B], of like dated date and tenor except as to maturity, rate of interest, and privilege of redemption and are issued pursuant to applicable provisions of the Illinois Municipal Code, as amended, and the Local Government Debt Reform Act of the State of Illinois, as amended (the “*Reform Act*”). The Bonds are issued for the purpose of paying the costs of infrastructure improvements within the Village, including but not limited to street repair and related improvements.

[7] The Bonds are payable from (i) all collections distributed to the Village from those taxes imposed by the State of Illinois pursuant to the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act and the Retailer’s Occupation Tax Act, each as supplemented and amended from time to time, or substitute taxes therefor as provided in the future (the “*Pledged Revenues*”), and (ii) the ad valorem taxes levied against all of the taxable property in the Village without limitation as to rate or amount, pledged hereunder by the Village as security for the Bonds (the “*Pledged Taxes*,” and together with the Pledged Revenues, the “*Pledged Moneys*”).

[8] The Bonds are issued pursuant to an authorizing ordinance adopted by the President and Board of Trustees of the Village (the “*Board*”) on the 18th day of August, 2020, and a more complete bond ordinance adopted by the Board on the 19th day of January, 2021 (the “*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 Village within the meaning of any

constitutional or statutory provision or limitation, unless the Pledged 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 Village for purposes of all statutory provisions or limitations until such time as an audit of the Village shall show that the Bonds shall have been paid from the Pledged Revenues for a complete Fiscal Year.

[9] The Village reserves the right to issue Additional Bonds without limit from time to time payable from the Pledged Revenues, and any such Additional Bonds shall share ratably and equally in the Pledged Revenues with the Bonds; *provided, however*, that no Additional Bonds shall be issued except in accordance with the provisions of the Reform Act.

[10] The Bonds are subject to optional redemption as set forth in the Ordinance. Notice of any such redemption shall be given by the Bond Registrar on behalf of the Village as set forth in the Ordinance.

[11] This Bond may be transferred or exchanged, but only in the manner, subject to the limitations, and upon payment of the charges as set forth in the Ordinance.

[12] The Village, the Paying Agent 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 none of the Village, the Paying Agent and the Bond Registrar shall be affected by any notice to the contrary.

**ASSIGNMENT**

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

\_\_\_\_\_

(Name and Address of Assignee)

the within Bond and does hereby irrevocably constitute and appoint \_\_\_\_\_

\_\_\_\_\_

as attorney to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guaranteed: \_\_\_\_\_

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

*Section 10. Sale of the Bonds.* The Bonds hereby authorized shall be executed as in this Ordinance provided as soon after the passage hereof as may be, and thereupon be deposited with the Treasurer, and be by the Treasurer delivered to German-American State Bank, Winnebago, Illinois, the purchaser thereof (the "*Purchaser*"), upon receipt of the purchase price therefor, the same being \$1,900,000.00 for the Series 2021A Bonds and \$1,600,000.00 for the Series 2021B Bonds; the contract for the sale of the Bonds heretofore entered into (the "*Purchase Contract*") is in all respects ratified, approved and confirmed, it being hereby found and determined that the Bonds have been sold at such price and bear interest at such rates that neither the true interest cost (yield) nor the net interest rate received upon such sale exceed the maximum rate otherwise authorized by Illinois law and that the Purchase Contract is in the best interests of the Village and that no person holding any office of the Village, either by election or appointment, is in any manner financially interested directly in his or her own name or indirectly in the name of any other person, association, trust or corporation, in the Purchase Contract.

The use by the Purchaser of any Preliminary Term Sheet and any final Term Sheet relating to the Bonds and before the Board at the time of the adoption hereof is hereby ratified, approved and authorized; the execution and delivery of said final Term Sheet is hereby authorized; and the officers of the Board are hereby authorized to take any action as may be required on the part of the Village to consummate the transactions contemplated by the Purchase Contract, this Ordinance, said Preliminary Term Sheet, said final Term Sheet and the Bonds.



*Section 11. 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 Village within the meaning of any constitutional or statutory limitation, unless the Pledged Taxes shall be extended pursuant to the general obligation, full faith and credit promise supporting the Bonds, as set forth in Section 14 hereof, in which case the amount of the Bonds then Outstanding shall be included in the computation of indebtedness of the Village for purposes of all statutory provisions or limitations until such time as an audit of the Village shall show that the Bonds have been paid from the Pledged Revenues for a complete Fiscal Year, in accordance with the Debt Reform Act.

*Section 12. Series 2021 Alternate Bond Fund.* There is hereby created a special fund of the Village, which fund shall be held separate and apart from all other funds and accounts of the Village and shall be known as the “2021 Alternate Bond Fund” (the “Bond Fund”). The purpose of the Bond Fund is to provide a fund to receive and disburse the Pledged Moneys for any of the Bonds. All payments with respect to the Bonds shall be made directly from the Bond Fund. There are hereby created two accounts of the Bond Fund, designated the Pledged Revenues Account and the Pledged Taxes Account. All Pledged Revenues to be applied to the payment of the Bonds shall be deposited to the credit of the Pledged Revenues Account and all Pledged Taxes shall be deposited to the credit of the Pledged Taxes 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 Village by this Ordinance.

Any Pledged Taxes received by the Village shall promptly be deposited into the Pledged Taxes Account of the Bond Fund. Pledged Taxes on deposit to the credit of the Pledged Taxes Account shall be fully spent to pay the principal of and interest on the Bonds for which such taxes were levied and collected prior to use of any moneys on deposit in the Pledged Revenues Account of the Bond Fund.

There shall be credited to the Pledged Revenues Account of the Bond Fund and held, in cash and investments, on or before the first day of each month by the financial officer of the Village, without any further official action or direction, the Pledged Revenues. Each monthly deposit shall be a fractional amount of the interest becoming due on the next succeeding interest payment date on all Bonds and also a fractional amount of the principal becoming due on the next succeeding maturity date of all of the Bonds until there shall have been accumulated and held, in cash and investments, in the Pledged Revenues Account on or before the month preceding such maturity date of interest or maturity date of principal, an amount sufficient to pay such principal or interest, or both.

In computing the fractional amount to be set aside each month in the Pledged Revenues Account, the fraction shall be so computed that a sufficient amount will be set aside in said Account and will be available for the prompt payment of such principal of and interest on all Bonds and shall be not less than one-sixth of the interest becoming due on the succeeding interest payment date and not less than one-twelfth of the principal becoming due on the next succeeding principal payment date on all Bonds outstanding until there is sufficient money in said Account to pay such principal or interest, or both.

Credits to the Pledged Revenues Account need not be made at such time as there shall be a sufficient sum, held in cash and investments, in said Account to meet principal and interest requirements in said Account on the next two (2) succeeding debt service payment dates on the Bonds outstanding.

*Section 13. Use of Bond Proceeds.* The proceeds derived from the sale of the Bonds shall be used as follows:

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

B. The Village shall then allocate from the Bond proceeds, along with any premium received by the Village upon the sale of the Bonds, the sum necessary for expenses incurred in the issuance of the Bonds, which expenses shall be paid upon the issuance of the Bonds.

C. The remaining funds shall be set aside in a separate fund hereby created and designated as the "Project Fund (2021)" (the "*Project Fund*"), which the Village shall maintain as a separate and segregated account. Monies in said fund shall be withdrawn from time to time as needed for the payment of costs of the Project; and said monies shall be disbursed by the Village from time to time only upon submission to the 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 engineer or architect or Village officer in charge of the construction or acquisition of the pertinent project stating the amount of materials supplied or the nature of the work completed, that such materials have been properly accepted or such work approved by him, the amount due and payable thereon, and the amount remaining to be paid in connection with the project as applicable; and

(2) A duplicate copy of the order signed by an officer of the Village, 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 Village.

Funds on deposit in the Project Fund may be invested by the Treasurer in any lawful manner. All investment earnings in the Project Fund shall first be reserved and transferred to such other account as and to the extent necessary to pay any “excess arbitrage profits” or “penalty in lieu of rebate” under Section 148 of the Code to maintain the Tax-Exempt status of the Bonds, and the remainder shall be retained in the Project Fund and appropriate account for costs of the Project.

Within sixty (60) days after full depletion of any account of the Project Fund, or if the Project has been completed and accepted, the Treasurer shall certify to the Board the fact of such depletion or the engineer or architect or Village officer in responsible charge of the pertinent project shall certify to the Board the fact that the work has been completed and accepted, and upon approval of such certification by the Board, funds (if any) remaining in the Project Fund shall be credited by the Treasurer to the Bond Fund and the Project Fund shall be closed.

*Section 14. Pledged Taxes; Tax Levy.* For the purpose of providing necessary funds to pay the principal of and interest on the Bonds at maturity, and as provided in Section 15 of the Debt Reform Act, there is hereby levied upon all of the taxable property within the Village, in the years for which any of the Bonds are Outstanding, a direct annual tax in amounts sufficient for that purpose, and there be and there hereby is levied upon all of the taxable property in the Village the following direct annual taxes, the Pledged Taxes:

**FOR THE SERIES 2021A BONDS**

FOR THE YEAR	A TAX SUFFICIENT TO PRODUCE THE SUM OF:	
2021	\$94,564.00	for principal and interest up to and including December 1, 2022
2022	\$94,536.50	for principal and interest
2023	\$94,557.50	for principal and interest
2024	\$94,525.10	for principal and interest
2025	\$94,538.30	for principal and interest
2026	\$94,594.80	for principal and interest
2027	\$94,592.00	for principal and interest
2028	\$94,528.50	for principal and interest
2029	\$94,602.90	for principal and interest
2030	\$94,584.16	for principal and interest
2031	\$94,569.56	for principal and interest
2032	\$94,581.56	for principal and interest
2033	\$94,516.06	for principal and interest
2034	\$94,570.86	for principal and interest
2035	\$94,539.16	for principal and interest
2036	\$94,518.36	for principal and interest
2037	\$94,503.36	for principal and interest
2038	\$94,588.76	for principal and interest
2039	\$94,566.16	for principal and interest
2040	\$94,532.16	for principal and interest
2041	\$94,514.10	for principal and interest
2042	\$94,507.30	for principal and interest
2043	\$94,606.90	for principal and interest
2044	\$94,568.20	for principal and interest
2045	\$94,524.60	for principal and interest
2046	\$94,570.76	for principal and interest
2047	\$94,597.96	for principal and interest
2048	\$94,600.46	for principal and interest
2049	\$94,572.36	for principal and interest
2050	\$94,507.60	for principal and interest

**FOR THE SERIES 2021B BONDS**

FOR THE YEAR	A TAX SUFFICIENT TO PRODUCE THE SUM OF:	
2021	\$78,631.30	for principal and interest up to and including December 1, 2022
2022	\$78,575.80	for principal and interest
2023	\$78,577.80	for principal and interest
2024	\$78,635.60	for principal and interest
2025	\$78,647.20	for principal and interest
2026	\$78,611.60	for principal and interest
2027	\$78,627.80	for principal and interest
2028	\$78,593.30	for principal and interest
2029	\$78,606.90	for principal and interest
2030	\$78,643.90	for principal and interest
2031	\$78,600.30	for principal and interest
2032	\$78,596.30	for principal and interest
2033	\$78,628.20	for principal and interest
2034	\$78,592.00	for principal and interest
2035	\$78,585.70	for principal and interest
2036	\$78,604.90	for principal and interest
2037	\$78,644.90	for principal and interest
2038	\$78,600.70	for principal and interest
2039	\$78,669.70	for principal and interest
2040	\$78,643.70	for principal and interest
2041	\$78,647.70	for principal and interest
2042	\$78,577.30	for principal and interest
2043	\$78,630.90	for principal and interest
2044	\$78,670.40	for principal and interest
2045	\$78,620.50	for principal and interest
2046	\$78,579.30	for principal and interest
2047	\$78,641.70	for principal and interest
2048	\$78,599.20	for principal and interest
2049	\$78,649.60	for principal and interest
2050	\$78,584.00	for principal and interest

Principal or interest maturing at any time when there are insufficient funds on hand from the Pledged Moneys to pay the same shall be paid promptly when due from current funds on hand in advance of the collection of the Pledged Moneys herein pledged and levied; and when the Pledged Moneys shall have been collected, reimbursement shall be made to said funds in the amount so advanced. Subject to the provisions of Section 16 hereof, the Village covenants and agrees with the purchasers and registered owners of the Bonds that so long as any of the Bonds

remain outstanding, the Village will take no action or fail to take any action which in any way would adversely affect the ability of the Village to levy and collect the Pledged Taxes. The Village and its officers will comply with all present and future applicable laws in order to assure that the Pledged Taxes will be levied, extended and collected as provided herein and deposited in the Bond Fund.

*Section 15. Filing with County Clerk.* After this Ordinance becomes effective, a copy hereof, certified by the Village Clerk, 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 Pledged Taxes hereinbefore provided to be levied in each of said years; and 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 Village for general corporate purposes of the Village; and the County Clerk, or other appropriate officers or designees, shall remit the Pledged Taxes for deposit to the credit of the Bond Fund, and in said years the Pledged Taxes shall be levied and collected by and for and on behalf of the Village in like manner as taxes for general municipal purposes of the Village for said years are levied and collected, and in addition to and in excess of all other taxes. The Pledged Taxes are hereby irrevocably pledged to and shall be used only for the purpose of paying principal of and interest on the Bonds.

*Section 16. Abatement of Pledged Taxes.* As provided in the Debt Reform Act, whenever funds are or will be available to pay any principal of or interest on the Bonds when due, so as to enable the abatement of the Pledged Taxes levied for the same, the Board or the officers of the Village acting with proper authority, will direct the abatement of the Pledged Taxes, and proper notification of such abatement will be filed with the County Clerk, in a timely manner to effect such abatement. The Village covenants and agrees that it will not direct the County Clerk to abate any other taxes levied for general corporate purposes in a calendar year until sufficient Pledged

Revenues have been deposited in the Bond Fund and the abatement of the Pledged Taxes for such calendar year has been filed with the County Clerk. There are no Pledged Taxes for levy year 2020.

*Section 17. Pledged Revenues; General Covenants.* The Village covenants and agrees with the holders of the Alternate Bonds that, so long as any Alternate Bonds remain Outstanding:

A. The Pledged Revenues are hereby pledged to the payment of the Alternate Bonds; and the Board covenant and agree to provide for, collect and apply the Pledged Revenues 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 Debt Reform Act.

B. The Village will punctually pay or cause to be paid from the Bond Fund the principal of and interest on the Alternate Bonds in strict conformity with the terms of the Alternate Bonds and this Ordinance, and it will faithfully observe and perform all of the conditions, covenants and requirements thereof.

C. The Village will pay and discharge, or cause to be paid and discharged, from the Bond Fund any and all lawful claims which, if unpaid, might become a lien or charge upon the Pledged Revenues, or any part thereof, or upon any such funds in the hands of the Paying Agent, or which might impair the security of the Alternate Bonds. Nothing herein contained shall require the Village to make any such payment so long as the Village in good faith shall contest the validity of said claims.

D. The Village will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Village, in which complete and correct entries shall be made of all transactions relating to the Project, to the Pledged Revenues and to the Bond Fund. Such books of record and accounts shall at all times



during business hours be subject to the inspection of the holders of not less than ten per cent (10%) of the principal amount of the Outstanding Alternate Bonds or their representatives authorized in writing.

E. The Village will preserve and protect the security of the Alternate Bonds and the rights of the registered owners of the Alternate 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 Alternate Bonds by the Village, the Alternate Bonds shall be incontestable by the Village.

F. The Village 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 Alternate Bonds of the rights and benefits provided in this Ordinance.

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

H. Once issued, the Alternate Bonds shall be and forever remain until paid or defeased the general obligation of the Village, for the payment of which its full faith and

credit are pledged, and shall be payable, in addition to the Pledged Revenues, from the levy of the Pledged Taxes as provided in the Reform Act.

*Section 18. Additional Bonds.* The Village reserves the right to issue Additional Bonds without limit from time to time payable from the Pledged Revenues, and any such Additional Bonds shall share ratably and equally in the Pledged Revenues with the Bonds; *provided, however,* that no Additional Bonds shall be issued except in accordance with the provisions of the Debt Reform Act.

*Section 19. 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 Pledged Revenues, 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 Pledged Revenues.

*Section 20. Non-Arbitrage and Tax-Exemption.* The Village hereby covenants that it will not take any action, omit to take any action or permit the taking or omission of any action within its control (including, without limitation, making or permitting any use of the proceeds of the Bonds) if taking, permitting or omitting to take such action would cause any of the Bonds to be an arbitrage bond or a private activity bond within the meaning of the Code or would otherwise cause the interest on the Bonds to be included in the gross income of the recipients thereof for federal income tax purposes. The Village acknowledges that, in the event of an examination by the Internal Revenue Service (the “IRS”) of the exemption from Federal income taxation for interest paid on the Bonds, under present rules, the Village may be treated as a “taxpayer” in such examination and agrees that it will respond in a commercially reasonable manner to any inquiries from the IRS in connection with such an examination.

The Village also agrees and covenants with the purchasers and holders of the Bonds from time to time outstanding that, to the extent possible under Illinois law, it will comply with whatever

federal tax law is adopted in the future which applies to the Bonds and affects the tax-exempt status of the Bonds.

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

*Section 21. Designation of Issue.* The Village hereby designates each of the Bonds as a “qualified tax-exempt obligation” for the purposes and within the meaning of Section 265(b)(3) of the Code.

*Section 22. This Ordinance a Contract.* The provisions of this Ordinance shall constitute a contract between the Village and the registered owners of the Bonds, in accordance with the terms hereof; and no changes, additions or alterations of any kind shall be made hereto.

*Section 23. Duties of Bond Registrar.* If requested by the Bond Registrar, the President and Village Clerk are authorized to execute the Bond Registrar’s standard form of agreement

between the Village and the Bond Registrar with respect to the obligations and duties of the Bond Registrar hereunder which may include the following:

- (a) to act as bond registrar, 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 Village upon request, but otherwise to keep such list confidential;
- (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 Village at least annually a certificate with respect to Bonds cancelled and/or destroyed; and
- (f) to furnish the Village at least annually an audit confirmation of Bonds paid, Bonds outstanding and payments made with respect to interest on the Bonds.

*Section 24. Continuing Disclosure Undertaking.* The President or Treasurer is hereby authorized, empowered and directed to execute and deliver a Continuing Disclosure Undertaking (the “*Continuing Disclosure Undertaking*”) in connection with the issuance of the Bonds, with such provisions therein as he or she shall approve, his or her execution thereof to constitute conclusive evidence of his or her approval of such provisions. When the Continuing Disclosure Undertaking is executed and delivered on behalf of the Village as herein provided, the Continuing Disclosure Undertaking will be binding on the Village and the officers, employees and agents of the Village, and the officers, employees and agents of the Village 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 Village to comply with its obligations under the Continuing Disclosure Undertaking.

*Section 25. Record-Keeping Policy and Post-Issuance Compliance Matters.* It is necessary and in the best interest of the Village to maintain sufficient records to demonstrate compliance with its covenants and expectations to ensure the appropriate federal tax status for the Bonds and other debt obligations of the Village, the interest on which is excludable from “gross income” for federal income tax purposes or which enable the Village or the holder to receive federal tax benefits, including, but not limited to, qualified tax credit bonds and other specified tax credit bonds (including the Bonds, the “*Tax Advantaged Obligations*”). Further, it is necessary and in the best interest of the Village that (i) the Board adopt policies with respect to record-keeping and post issuance compliance with the Village’s covenants related to its Tax Advantaged Obligations and (ii) the Compliance Officer (as hereinafter defined) at least annually review the Village’s Contracts (as hereinafter defined) to determine whether the Tax Advantaged Obligations comply with the federal tax requirements applicable to each issue of the Tax Advantaged Obligations. The Board hereby adopt the following Record-Keeping Policy:

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

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

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

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

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

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

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

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

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

(vi) any calculations of liability for *arbitrage rebate* that is or may become due with respect to any issue of Tax Advantaged Obligations, and any calculations prepared to show that no arbitrage rebate is due, together, if applicable, with account statements or cancelled checks showing the payment of any rebate amounts to the U.S. Treasury together with any applicable IRS Form 8038-T; and

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

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

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

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

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

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

*Section 26. 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 27. Repealer.* All ordinances, resolutions or orders, or parts thereof, in conflict with the provisions of this Ordinance are to the extent of such conflict hereby repealed.



*Section 28. Effective Date.* This Ordinance shall be in effect immediately upon its passage by the Board, signing and approval by the President.

ADOPTED by the President and Board of Trustees on January 19, 2021.

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

\_\_\_\_\_

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

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

APPROVED on January 19, 2021.

\_\_\_\_\_  
President, Village of Pecatonica,  
Winnebago County, Illinois

RECORDED in the Village Records on January 19, 2021.

Attest:

\_\_\_\_\_  
Village Clerk, Village of Pecatonica,  
Winnebago County, Illinois

[SEAL]

Trustee \_\_\_\_\_ moved and Trustee \_\_\_\_\_ seconded the motion that said ordinance as presented and read by title 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 President 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 Trustees voted

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

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

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

Whereupon the President declared the motion carried and said ordinance adopted and directed the Village Clerk to record the same in full in the records of the President and Board of Trustees of the Village.

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.

\_\_\_\_\_  
Village Clerk

STATE OF ILLINOIS            )  
  ) SS  
COUNTY OF WINNEBAGO    )

**CERTIFICATION OF MINUTES AND ORDINANCE**

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

I do further certify that the foregoing constitutes a full, true and complete transcript of the minutes of the legally convened meeting of the Board held on the 19th day of January, 2021, insofar as same relates to the adoption of an ordinance numbered \_\_\_\_\_ and entitled:

AN ORDINANCE authorizing and providing for the issue of \$3,500,000 General Obligation Bonds (Alternate Revenue Source), of the Village of Pecatonica, Winnebago County, Illinois, for the purpose of paying the costs of infrastructure improvements within the Village, including but not limited to street repair and related improvements and for the payment of the expenses incident thereto, providing for the collection, segregation and application of certain sales tax receipts to pay said bonds, providing for the levy of a direct annual tax sufficient to pay the principal and interest on said bonds, and authorizing the sale of said bonds to the purchaser thereof.

a true, correct and complete copy of which said ordinance as adopted at said meeting appears in the foregoing transcript of the minutes of said meeting.

I do further certify that the deliberations of the Board on the adoption of said ordinance were conducted openly, that the vote on the adoption of said ordinance was taken openly, that said meeting was held at a specified time and place convenient to the public, that notice of said meeting was duly given to all of the news media requesting such notice, that an agenda for said meeting was posted at the location where said meeting was held and at the principal office of the Board at least 96 hours in advance of the holding of said meeting, that at least one copy of said agenda was continuously available for public review during the entire 96-hour period preceding said meeting, that a true, correct and complete copy of said agenda as so posted is attached hereto as *Exhibit A*, that said meeting was called and held in strict compliance with the provisions of the Illinois Municipal Code, as amended, the Open Meetings Act of the State of Illinois, as amended, and the Local Government Debt Reform Act, as amended, and that the Board have complied with all of the applicable provisions of said Code and said Acts and their own procedural rules in the adoption of said ordinance.

IN WITNESS WHEREOF, I have hereunto affixed my official signature and the seal of the Village this 19th day of January, 2021.

---

Village Clerk

[SEAL]

[ATTACH EXHIBIT A]

STATE OF ILLINOIS            )  
  ) SS  
COUNTY OF WINNEBAGO    )

**FILING CERTIFICATE**

I, the undersigned, do hereby certify that I am the duly qualified and acting County Clerk of The County of Winnebago, Illinois (the “*County*”), and as such officer I do hereby certify that on the \_\_\_\_ day of \_\_\_\_\_, 2021, there was filed in my office a duly certified copy of an ordinance, numbered \_\_\_\_\_ and entitled:

AN ORDINANCE authorizing and providing for the issue of \$3,500,000 General Obligation Bonds (Alternate Revenue Source), of the Village of Pecatonica, Winnebago County, Illinois, for the purpose of paying the costs of infrastructure improvements within the Village, including but not limited to street repair and related improvements and for the payment of the expenses incident thereto, providing for the collection, segregation and application of certain sales tax receipts to pay said bonds, providing for the levy of a direct annual tax sufficient to pay the principal and interest on said bonds, and authorizing the sale of said bonds to the purchaser thereof.

(the “*Ordinance*”) passed by the President and Board of Trustees of the Village of Pecatonica, Winnebago County, Illinois, on the 19th day of January, 2021, and approved by the President of said Village, 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 \_\_\_\_\_, 2021.

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

[SEAL]