

EXTRACT OF MINUTES of the regular public meeting of the President and Board of Trustees of the Village of Vernon Hills, Lake County, Illinois, held at Village Hall, 290 Evergreen Drive, in said Village, at 7:00 p.m., on the 15th day of June, 2021.

The President Pro Tem called the meeting to order and directed the Village Clerk to call the roll.

Upon the roll being called, the President Pro Tem and the following Trustees answered physically present at said location: Koch, Marquardt, Forster, Oppenheim, Takaoka, and Schenk. President Byrne was absent, and Trustee Koch was appointed President Pro Tem for the meeting by a unanimously approved motion by the Board.

The following Trustees were allowed by a majority of the Trustees in accordance with and to the extent allowed by rules adopted by the President and Board of Trustees to attend the meeting by video or audio conference: None

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

The following Trustees were absent and did not participate in the meeting in any manner or to any extent whatsoever: None

The following were absent: President Byrne

The President Pro Tem and Board of Trustees then discussed the payment of certain costs of redevelopment projects within the Village's Hawthorn Mall Redevelopment Project Area as set forth in the Redevelopment Agreement by and between the Village and Hawthorn, L.P., an Illinois limited partnership, Hawthorn SP, LLC, a Delaware limited liability company, Hawthorn CP, LLC, a Delaware limited liability company, and USEF Centennial FA Hawthorn

Owner LLC, a Delaware limited liability company, previously approved by the Village, and considered an ordinance providing for the issuance of a not to exceed \$7,500,000 Taxable Sales Tax Revenue Notes of the Village to reimburse a portion of the costs of such project.

Thereupon, the Village Attorney explained the following ordinance, which was laid before each member of the President and Board of Trustees and made available to any other person in attendance requesting one in words and figures as follows:

ORDINANCE NUMBER 2021-094

AN ORDINANCE authorizing and providing for the issue of Taxable Sales Tax Revenue Notes of the Village of Vernon Hills, Lake County, Illinois, in an amount not to exceed \$7,500,000 for the purpose of extinguishing an existing incentive agreement or reimburse costs incurred by developers in redeveloping property within the Village's Hawthorn Mall Redevelopment Project Area, prescribing all the details of said note, authorizing the execution of note orders in connection therewith and providing for the collection, segregation, and distribution of certain sales tax revenues of the Village.

Adopted by the President and Board
of Trustees on the 15th day of June,
2021.

Published in Pamphlet Form by
Authority of said Corporate
Authorities on the 15th day of June,
2021

TABLE OF CONTENTS

SECTION	HEADING	PAGE
SECTION 1.	DEFINITIONS	3
SECTION 2.	INCORPORATION OF PREAMBLES; DETERMINATION TO ISSUE NOTES	9
SECTION 3.	SALES TAX NOTES DETAILS.....	9
SECTION 4.	REDEMPTION.....	14
SECTION 5.	REDEMPTION PROCEDURE.....	15
SECTION 6.	REGISTRATION OF SALES TAX NOTES; PERSONS TREATED AS OWNERS.....	17
SECTION 7.	EXECUTION; AUTHENTICATION; INDENTURE	18
SECTION 8.	FORM OF SALES TAX NOTES	20
SECTION 9.	SALES TAX NOTES ARE LIMITED OBLIGATIONS.....	20
SECTION 10.	PLEGGED SALES TAX ACCOUNT	20
SECTION 11.	DELIVERY OF THE SALES TAX NOTES; EXECUTION OF NOTE ORDER.....	22
SECTION 12.	CREATION AND MAINTENANCE OF FUNDS; APPROPRIATIONS; INVESTMENTS.....	23
SECTION 13.	GENERAL COVENANTS	23
SECTION 14.	ISSUANCE OF ADDITIONAL NOTES.....	24
SECTION 15.	RESTRICTIONS ON TRANSFER.....	24
SECTION 16.	RIGHTS AND DUTIES OF NOTE REGISTRAR.....	25

SECTION 17.	PROVISIONS A CONTRACT	27
SECTION 18.	REPEALER	27
SECTION 19.	PUBLICATION AND EFFECTIVE DATE	27

ORDINANCE NUMBER 2021-094

AN ORDINANCE authorizing and providing for the issue of Taxable Sales Tax Revenue Notes of the Village of Vernon Hills, Lake County, Illinois, in an amount not to exceed \$7,500,000 for the purpose of extinguishing an existing incentive agreement or reimburse costs incurred by developers in redeveloping property within the Village's Hawthorn Mall Redevelopment Project Area, prescribing all the details of said note, authorizing the execution of note orders in connection therewith and providing for the collection, segregation, and distribution of certain sales tax revenues of the Village.

PREAMBLES

WHEREAS, the Village of Vernon Hills, Lake County, Illinois (the "*Village*"), is a duly organized and existing municipality created under the provisions of the law of the State of Illinois (the "*State*"), and is now operating under the provisions of the Illinois Municipal Code, as amended (the "*Municipal Code*"), including the Tax Increment Allocation Redevelopment Act, as supplemented and amended (the "*TIF Act*"), the Local Government Debt Reform Act of the State, as amended (the "*Debt Reform Act*"), the other Omnibus Bond Acts of the State, each as amended, and the powers of the Village as a home rule unit of government authorized to exercise any power or perform any function pertaining to its government and affairs, including, but not limited to, the power to tax and incur debt (the "*Home Rule Powers*" and, collectively with the Municipal Code, the TIF Act, the Debt Reform Act and the other Omnibus Bonds Acts Debt Reform Act, the "*Act*"); and

WHEREAS, in accordance with the Act, on the 4th day of November, 2020, the President and Board of Trustees of the Village (the "*Corporate Authorities*") adopted Ordinance No. 2020-126, approving a redevelopment plan and project for the Hawthorn Mall Redevelopment Project Area (the "*Redevelopment Project Area*"); and

WHEREAS, on the 18th day of May, 2021, the Corporate Authorities adopted Ordinance Number 2021-086, authorizing the execution of that certain Redevelopment Agreement by, between and among the Village and Hawthorn, L.P., Hawthorn SP, LLC, Hawthorn CP, LLC, and USEF Centennial FA Hawthorn Owner LLC (collectively, the "*Owners*") (the "*Redevelopment Agreement*"); and

WHEREAS, pursuant to the Redevelopment Agreement the Owners have agreed to assemble real property or rights therein on a site within the Redevelopment Project Area (as legally described in the Redevelopment Agreement, the "*Mall Property*"), and to construct on the Property certain retail, commercial and office improvements (including all electrical, engineering, financial, legal and other related services and expenditures, collectively, the "*Redevelopment Project*"), as described in the Redevelopment Agreement; and

WHEREAS, on June 4, 2013, the Village entered into an Economic Incentive Agreement by and between the Village and Hawthorn L.P. (the "*Existing Incentive Agreement*") pursuant to which the Village agreed to reimburse Hawthorn L.P. for certain redevelopment costs at the Mall Property using sales taxes generated by certain tenants at the Mall Property; and

WHEREAS, the Village has heretofore determined that it is advisable and necessary and in the best interests of the Village that (i) a portion of the costs incurred in completing the Redevelopment Project, as described in the Redevelopment Agreement (the "*Costs*"), now be reimbursed, and (ii) the Existing Incentive Agreement be extinguished in accordance with the Redevelopment Agreement and be replaced with a new obligation of the Village payable from the Sales Tax Revenues (as hereinafter defined), and, to that effect, the Village wishes to provide in this Ordinance for the issuance of the hereinafter defined Sales Tax Notes for such purposes; and

WHEREAS, there are insufficient funds of the Village on hand and lawfully available to pay the Costs and to extinguish the Existing Incentive Agreement, and the Corporate Authorities have heretofore determined that it is necessary and in the best interests of the Village that the Village issue its taxable Sales Tax Notes payable from the Sales Tax Pledged Revenues for such purpose in a principal amount not to exceed \$7,500,000 in accordance with the Redevelopment Agreement; and

WHEREAS, other than the Existing Incentive Agreement, there are no other obligations of the Village currently outstanding and payable from the Sales Tax Pledged Revenues:

NOW, THEREFORE, Be It Ordained by the President and Board of Trustees of the Village of Vernon Hills, Lake County, Illinois, in the exercise of its home rule powers, as follows:

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

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

Act

Corporate Authorities

Debt Reform Act

Home Rule Powers

Mall Property

Municipal Code

Owners

Redevelopment Agreement

Redevelopment Project

Redevelopment Project Area

State

TIF Act

Village

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

“*Accounting*” has the meaning ascribed to such term in the Redevelopment Agreement.

“*Annual Sales Tax Deficiency*” means the amount determined pursuant to Section 11(E) of the Redevelopment Agreement.

“*Authorized Denominations*” means \$1 and increments of \$1 in excess thereof, or such other denominations as set forth in a Note Order.

“*Bond Counsel*” means Chapman and Cutler LLP or any other nationally recognized bond counsel acceptable to the Village.

“*Business Day*” means any day other than a day on which banks in the City of Chicago, Illinois, are required or authorized to close.

“*Current Debt Service Requirement*” means, for any Note Year, the aggregate Interest Requirement and Principal Requirement for the Sales Tax Notes.

“*Current Interest*” means interest when due.

“*Dated Date*” means, with respect to any series of the Sales Tax Notes, the date of the issuance thereof.

“*Deferred Accrued Interest*” means accrued interest recorded by the Treasurer as deferred and unpaid.

“Designated Officers” means the President, Clerk, Village Manager, Treasurer, or Director of Finance of the Village, or any two of them acting together, and successors or assigns.

“Final Maturity” means (A) the date on which the Village has made provision for or payment in full of all principal of and interest on a series of the Sales Tax Notes, or (B) the Final Maturity Date.

“Final Maturity Date” means the date which is the earlier of (i) 20 years from the date of the issuance of a series of the Sales Tax Notes or (ii) December 31, 2043.

“Home Rule Sales Tax” means the sales tax imposed on all gross receipts from sale of tangible personal property at retail in the Village pursuant to: (i) the Village’s Home Rule Municipal Retailers’ Occupation Tax (Village Code Chapter 21, Article IX); (ii) the Home Rule Municipal Retailers’ Occupation Tax Act (65 ILCS 5/8-11-1); (iii) the Village’s Home Rule Municipal Service Occupation Tax (Village Code Chapter 21, Article X); and (iv) the Home Rule Municipal Service Occupation Tax Act (65 ILCS 5/8-11-5).

“Home Rule Sales Tax Revenues” means the revenues collected and received by the Village as a result of the imposition of the Home Rule Sales Tax on the retailers located within the Taxable Portions. The Home Rule Sales Tax Revenues shall equal, but not exceed, one-quarter of one percent (0.25%) of the amount of all taxable sales on the retailers located within the Taxable Portions, regardless of the actual Home Rule Sales Tax the Village may impose and collect from time to time.

“Interest Payment Date” means February 1 of each year.

“Interest Rate” means 6.00% per annum.

“Interest Requirement” means for any Note Year the aggregate amount of *first*, Deferred Accrued Interest then due, and *next*, the Current Interest on the Sales Tax Notes having a Stated Maturity during such Note Year.

“Municipal Sales Tax Pledged Funds” means together, 40% of the State Sales Tax Revenues received by the Village and 40% of the Home Rule Sales Tax Revenues received by the Village which are available pursuant to the Redevelopment Agreement to pay (i) the Annual Sales Tax Deficiency, (ii) the Village’s 10% Pledge and (iii) the principal of and interest on the Sales Tax Notes.

“New Sales Tax Note” means the “Taxable Sales Tax Revenue Note, Series 2021 (*Hawthorn Mall Redevelopment Project*)” to be issued for the purpose of extinguishing the Existing Incentive Agreement pursuant to the provisions of this Ordinance and the Redevelopment Agreement.

“Noteholder” means the registered owner of any Sales Tax Note.

“Note Order” means the written note order signed by one or more Designated Officers either setting forth certain details of a series of the Sales Tax Notes as described in Section 11 hereof.

“Note Register” means the books of the Village kept by the Note Registrar to evidence the registration and transfer of the Sales Tax Notes.

“Note Registrar” means the Treasurer, acting as note registrar and paying agent for the Sales Tax Notes, or successor thereto or designated hereunder.

“Note Year” means that 12 calendar month period beginning on February 2 of any calendar year and ending on February 1 of the following calendar year.

“Ordinance” means this ordinance, numbered as set forth on the title page above, and adopted by the Corporate Authorities on the 15th day of June, 2021.

“Outstanding” or *“outstanding”* means the Sales Tax Notes while outstanding and unpaid; *provided, however*, such term shall not include any portion of the Sales Tax Notes which has matured and for which moneys are on deposit with proper paying agents, or are otherwise properly available, sufficient to pay all principal thereof.

“Phase I Sales Tax Notes” means the *“Taxable Phase I Sales Tax Revenue Notes, Series 202_ (Hawthorn Mall Redevelopment Project)”* authorized to be issued pursuant to this Ordinance.

“Phase III Sales Tax Notes” means the *“Taxable Phase III Sales Tax Revenue Notes, Series 202_ (Hawthorn Mall Redevelopment Project)”* authorized to be issued pursuant to this Ordinance.

“Pledged Sales Tax Account” means the account of the Village of such name created in Section 10 of this Ordinance.

“Pledged Sales Tax Revenues” means the Remaining Municipal Sales Tax Pledged Funds which are pledged to the payment of the Sales Tax Notes.

“Principal Requirement” means for any Note Year the aggregate principal amount of the Note having a Stated Maturity during such Note Year. For any Note Year the Principal Requirement shall expressly include the amount of principal determined by the Note Registrar as provided in Section 4(a) of this Ordinance to be subject to mandatory redemption.

“Record Date” means January 15 of each calendar year with respect to any regularly scheduled Interest Payment Date and the fifteenth day prior to any Interest Payment Date caused by a redemption of Sales Tax Notes on other than a regularly scheduled Interest Payment Date.

“Remaining Municipal Sales Tax Pledged Funds” means the Municipal Sales Tax Pledged Funds remaining after payment of (i) the Annual Sales Tax Deficiency, if any, and (ii) the Village’s 10% Pledge, the same being the amount available to pay principal and interest on the Sales Tax Notes.

“Retailers’ Occupation Tax Act” means the Illinois Retailers’ Occupation Tax Act, as the same has been, and may, from time-to-time hereafter, be amended.

“Sales Tax Note” or *“Sales Tax Notes”* means, collectively, the New Sales Tax Note, the Phase I Sales Tax Notes and the Phase III Sales Tax Notes.

“Sales Taxes Revenues” means the Home Rule Sales Tax Revenues and the State Sales Tax Revenues.

“Service Occupation Tax Act” means the Illinois Service Occupation Tax Act, as the same has been, and may, from time-to-time hereafter, be amended.

“Stated Maturity” when used with respect to any Notes or any interest thereon means the date specified in the Sales Tax Notes as the fixed date on which the principal of the Sales Tax Notes or such interest is due and payable, whether by maturity, mandatory redemption, or otherwise.

“State Sales Tax Revenues” means the revenues collected and received by the Village as a result of the imposition of taxes by the State and received by the Village pursuant to the Retailer’s Occupation Tax Act and the Service Occupation Tax Act on the retailers located within the Taxable Portions, and any other “sales tax” or successor tax that may be enacted by the State that the Village is able to verify as being generated from the retailers located within the Taxable Portions.

“Taxable Portions” means the portions of the Mall Property (as defined in the Redevelopment Agreement) that are owned by the Owners or Persons (as defined in the

Redevelopment Agreement) Controlled (as defined in the Redevelopment Agreement) by one or more of the Owners or the Persons that Control Owners.

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

“*Village’s 10% Pledge*” has the meaning ascribed to such term in the Redevelopment Agreement.

C. Definitions also appear in the above preambles or in specific sections, as appearing below. The table of contents preceding and the headings in this Ordinance are for the convenience of the reader and are not a part of this Ordinance.

Section 2. Incorporation of Preambles; Determination to Issue Notes. The Corporate Authorities hereby find that all of the recitals contained in the preambles to this Ordinance are true, correct, and complete and do incorporate them into this Ordinance by this reference. It is necessary and in the best interests of the Village to borrow money and issue the Sales Tax Notes to reimburse a portion of the costs of the Redevelopment Project and to extinguish the Existing Incentive Agreement as enumerated in the preambles hereto, and to pay all related costs and expenses incidental thereto. It is hereby expressly found and determined that such borrowing of money pertains to the government and affairs of the Village, is necessary for the welfare of the government and affairs of the Village, is for a proper public purpose or purposes and is in the public interest, and is authorized pursuant to the Act; and these findings and determinations shall be deemed conclusive.

Section 3. Sales Tax Notes Details. (a). *General.* For the purpose of reimbursing a portion of the costs of the Redevelopment Project and extinguishing the Existing Incentive Agreement, there shall be issued the New Sales Tax Note, the Phase I Sales Tax Notes and the Phase III Sales Tax Notes in an aggregate principal amount not to exceed \$7,500,000.

(b) *The New Sales Tax Note.* The New Sales Tax Note shall be issued as soon after the adoption of this Ordinance and the execution of the Redevelopment Agreement as may be possible on the terms hereinafter provided. The New Sales Tax Note shall be issued for the purpose of extinguishing the amounts due by the Village under the Existing Incentive Agreement. The New Sales Tax Note shall be issued in the principal amount of \$4,000,000, shall be designated "*Taxable Sales Tax Revenue Notes, Series 2021 (Hawthorn Mall Redevelopment Project)*" with such additional designations or descriptions as shall be necessary to properly identify the New Sales Tax Note, shall be dated the Dated Date (the "*New Sales Tax Note Issuance Date*"), and shall also bear the date of authentication thereof, all as set forth in a Note Order. The New Sales Tax Note shall be payable solely from the Pledged Sales Tax Revenues on parity with the Phase I Sales Tax Notes and the Phase III Sales Tax Notes as described herein. Interest on the New Sales Tax Note shall be included in the gross income of the holders thereof for federal income tax purposes ("*Taxable Notes*"). The New Sales Tax Note shall be in fully registered form, shall be in Authorized Denominations, or such other denominations as set forth in the applicable Note Order, shall be numbered consecutively in such fashion as shall be determined by the Note Registrar, and shall bear interest at the Interest Rate. Interest on the New Sales Tax Note shall be payable in annual installments on each Interest Payment Date until paid, commencing on the first February 1 which occurs following the New Sales Tax Note Issuance Date on which there are any funds available on deposit in the Pledged Sales Tax Account, and be subject to mandatory redemption prior to maturity as hereinafter provided with a final installment of principal and interest coming due at Final Maturity.

(c) *The Phase I Sales Tax Notes.* The Phase I Sales Tax Notes shall be issued on the Phase I Note Issuance Date (as defined in the Redevelopment Agreement) for the purpose of reimbursing the Developer Parties for Costs incurred in constructing the Phase I Project (as

defined in the Redevelopment Agreement) that are equal to or greater than the estimate of Phase I Project Costs (as defined in the Redevelopment Agreement) set forth in the Project Budget (as defined in the Redevelopment Agreement). The Phase I Sales Tax Notes shall be issued in a principal amount not to exceed \$1,750,000, shall be designated "*Taxable Phase I Sales Tax Revenue Notes, Series 20__ (Hawthorn Mall Redevelopment Project)*" with such additional designations or descriptions as shall be necessary to properly identify the Phase I Sales Tax Notes, shall be dated the Dated Date, and shall also bear the date of authentication thereof, all as set forth in a Note Order. The Phase I Sales Tax Notes shall be payable solely from the Pledged Sales Tax Revenues on parity with the New Sales Tax Note and the Phase III Sales Tax Notes as described herein. The Phase I Sales Tax Notes shall be Taxable Notes. The Phase I Sales Tax Notes shall be in fully registered form, shall be in Authorized Denominations, or such other denominations as set forth in the applicable Note Order, shall be numbered consecutively in such fashion as shall be determined by the Note Registrar, and shall bear interest at the Interest Rate. Interest on the Phase I Sales Tax Notes shall be payable in annual installments on each Interest Payment Date until paid, commencing on the first February 1 which occurs following the Phase I Note Issuance Date on which there are any funds available on deposit in the Pledged Sales Tax Account, and be subject to mandatory redemption prior to maturity as provided in Section 4(a) hereof, with a final installment of principal and interest coming due at Final Maturity.

(d) *The Phase III Sales Tax Notes.* The Phase III Sales Tax Notes shall be issued on the Phase III Note Issuance Date (as defined in the Redevelopment Agreement) for the purpose of reimbursing the Developer Parties for Costs incurred in constructing the Phase III Project (as defined in the Redevelopment Agreement) that are equal to or greater than the estimate of Phase III Project Costs (as defined in the Redevelopment Agreement) set forth in the Project Budget. The Phase III Sales Tax Notes shall be issued in a principal amount not to exceed \$3,500,000,

shall be designated "*Taxable Phase III Sales Tax Revenue Notes, Series 20__*" with such additional designations or descriptions as shall be necessary to properly identify the Phase III Sales Tax Notes, shall be dated the Dated Date, and shall also bear the date of authentication thereof, all as set forth in a Note Order. The Phase III Sales Tax Notes shall be payable solely from the Pledged Sales Tax Revenues on parity with the New Sales Tax Note and the Phase I Sales Tax Notes as described herein. The Phase III Sales Tax Notes shall be Taxable Notes. The Phase III Sales Tax Notes shall be in fully registered form, shall be in Authorized Denominations, or such other denominations as set forth in the applicable Note Order, shall be numbered consecutively in such fashion as shall be determined by the Note Registrar, and shall bear interest at the Interest Rate. Interest on the Phase III Sales Tax Notes shall be payable in annual installments on each Interest Payment Date until paid, commencing on the first February 1 which occurs following the Phase III Note Issuance Date on which there are any funds available on deposit in the Pledged Sales Tax Account, and be subject to mandatory redemption prior to maturity as provided in Section 4(a) hereof, with a final installment of principal and interest coming due at Final Maturity.

(e) *Additional Provisions.* Each Sales Tax Note shall bear interest from the later of its Dated Date as provided herein or from the most recent Interest Payment Date to which interest has been paid or duly provided for, until the principal amount of such Sales Tax Notes are paid or duly provided for. Interest when due shall be paid as hereinafter provided from the Pledged Sales Tax Account, and if funds on deposit therein and to the credit thereof are insufficient for such purpose, such failure to pay shall not in and of itself constitute an event of default, but such interest shall thereupon be recorded by the Treasurer as Deferred Accrued Interest. Deferred Accrued Interest shall compound annually at the Interest Rate. The order of payment of interest on the Sales Tax Notes until Stated Maturity shall be first Deferred Accrued Interest, second

Current Interest and third, mandatory redemption of principal as hereinafter set forth. By acceptance of any Sales Tax Notes, each Noteholder accepts that there may be Deferred Accrued Interest on the Sales Tax Note, that is, that Current Interest may not have been paid, without any special notation having been made upon the Sales Tax Note itself. Deferred Accrued Interest shall be payable, prior to Final Maturity, only upon Interest Payment Dates to the Noteholder otherwise entitled to Current Interest on the Interest Payment Date that such Deferred Accrued Interest is paid.

Failure to pay when due any installment of Current Interest or any amount of Deferred Accrued Interest or Outstanding Principal Amount due to insufficiency of the Pledged Sales Tax Revenues, whether at Stated Maturity, Final Maturity or otherwise, shall in no event be deemed to be an event of default on the Sales Tax Notes, unless such insufficiency is caused by a default by the Village under the Redevelopment Agreement. It is hereby expressly provided that in the event that there is an insufficiency of the Sales Tax Revenues to pay any amount of Deferred Accrued Interest, Current Interest or Outstanding Principal Amount at Final Maturity for such Sales Tax Notes, any such amount of Deferred Accrued Interest, Current Interest or Outstanding Principal Amount shall be extinguished and shall not be deemed to be owing and unpaid, it being the express intent of the Village that the Sales Tax Notes and all obligations arising thereunder shall be fully released upon Final Maturity.

Interest on the Sales Tax Notes shall be paid by check or draft of the Note Registrar, or such other payment method as set forth in the Redevelopment Agreement, payable upon presentation in lawful money of the United States of America, to the person in whose name the Sales Tax Notes, or any of them, are registered at the close of business on the applicable Record Date and mailed to the Noteholder as shown in the Note Register or at such other address furnished in writing by the Noteholder. If an Interest Payment Date is not a Business Day at the place of

payment, then payment may be made at that place on the next Business Day, and no interest shall accrue during the intervening period.

The principal of and redemption premium, if any, due on the Sales Tax Notes shall be payable in lawful money of the United States of America upon presentation thereof at the office maintained for the purpose by the Note Registrar, located in Vernon Hills, Illinois, or at successor Note Registrar and locality.

Section 4. Redemption. (a) Mandatory Redemption. Each series of the Sales Tax Notes shall be issued as term notes and shall be subject to mandatory redemption by operation of the Pledged Sales Taxes Account, at a price of par plus accrued interest without premium, on any Interest Payment Date and upon the terms as follows: Whenever as of any Accounting the Treasurer shall have determined that the aggregate amount of Pledged Sales Tax Revenues on hand in the Pledged Sales Tax Account is in excess of the amount required to pay the respective Interest Requirement (all Deferred Accrued Interest and all Current Interest) on the Outstanding Sales Tax Notes, the Treasurer shall make provision for the mandatory redemption of Sales Tax Notes to the fullest extent practicable therefrom, in amounts not less than \$1,000 of Outstanding Principal Amount. The Sales Tax Notes shall be mandatorily redeemed in the amount of not less than \$1,000 as aforesaid.

The Village covenants that the Treasurer will redeem the Sales Tax Notes pursuant to the mandatory redemption required for the Sales Tax Notes. Proper provision for mandatory redemption having been made, the Village covenants that the Outstanding Principal Amount thereof to be redeemed shall be payable as at Stated Maturity.

(b) Optional Redemption. The Sales Tax Notes are subject to redemption prior to maturity at the option of the Village, in whole or in part, from any available funds, on any date, at the redemption price of par plus accrued interest to the redemption date.

Section 5. Redemption Procedure. The Village shall, at least 45 days prior to the redemption date (unless a shorter time period shall be satisfactory to the Note Registrar), notify the Note Registrar of such redemption date and of the principal amount of the Sales Tax Notes to be redeemed. For purposes of any redemption of less than all of the Sales Tax Notes, the particular portion of the Sales Tax Notes to be redeemed shall be selected by lot not more than 60 days prior to the redemption date by the Note Registrar for the Sales Tax Notes by such method of lottery as the Note Registrar shall deem fair and appropriate; *provided, however*, that such lottery shall provide for the selection for redemption of portions thereof so that any \$1,000 portion of the Sales Tax Notes shall be as likely to be called for redemption as any other such \$1,000 portion. The Note Registrar shall promptly notify the Village in writing of the portions of the Sales Tax Notes selected for redemption and, in the case of any partial redemption, the principal amount to be redeemed. Unless waived by the registered owner of the portion of the Sales Tax Notes to be redeemed, official notice of any such redemption shall be given by the Note Registrar on behalf of the Village by mailing the redemption notice by first-class mail not less than 30 days and not more than 60 days prior to the date fixed for redemption to each registered owner of the portion of Sales Tax Notes to be redeemed at the address shown on the Note Register or at such other address as is furnished in writing by such registered owner to the Note Registrar. All official notices of redemption shall include the full name of the Sales Tax Notes and at least the information as follows:

- (a) the redemption date;
- (b) the redemption price;
- (c) if less than all of the outstanding Sales Tax Notes is to be redeemed, the principal amount of the Sales Tax Notes to be redeemed;

(d) a statement that on the redemption date the redemption price will become due and payable upon the Sales Tax Notes or portion thereof called for redemption and that interest thereon shall cease to accrue from and after such date; and

(e) the place where the Sales Tax Notes is to be surrendered for payment of the redemption price, which place of payment shall be the office maintained for the purpose by the Note Registrar.

Unless moneys sufficient to pay the redemption price of the Sales Tax Notes or portion thereof to be redeemed shall have been received by the Note Registrar 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 Note Registrar on or prior to the date fixed for redemption. If such moneys are not received, such notice shall be of no force and effect, the Village shall not redeem such Sales Tax Notes or portion thereof, and the Note Registrar shall give notice, in the same manner in which the notice of redemption was given, that such moneys were not so received and that such Sales Tax Notes or portion thereof will not be redeemed. Official notice of redemption having been given as described, the Sales Tax Notes or portions thereof so to be redeemed shall, subject to the stated condition above, on the redemption date, become due and payable at the redemption price specified, and from and after such date (unless the Village shall default in the payment of the redemption price), such Sales Tax Notes or portion thereof shall cease to bear interest. Neither the failure to mail a redemption notice, nor any defect in any notice so mailed, to any particular Noteholder, shall affect the sufficiency of such notice with respect to other Noteholders. Notice having been properly given, failure of a Noteholder to receive such notice shall not be deemed to invalidate, limit or delay the effect of the notice or redemption action described in the notice. Such notice may be waived in writing by a Noteholder entitled to receive such notice, either before or after the event, and such waiver shall be the

equivalent of such notice. Waivers of notice by Noteholders shall be filed with the Note Registrar, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver. Upon surrender of such Sales Tax Notes or portion thereof for redemption in accordance with notice, such Note or portion thereof shall be paid by the Note Registrar at the redemption price. The procedure for the payment of interest due as part of the redemption price shall be as provided for payment of interest otherwise due. Upon surrender for any partial redemption of the Sales Tax Notes, there shall be prepared for the Noteholder a new Sales Tax Note of like tenor, of authorized denominations, of the same maturity, and bearing the same rate of interest in the amount of the unpaid principal. If the Sales Tax Notes or any portion thereof called for redemption shall not be so paid upon presentation for redemption, the principal shall, until paid or duly provided for, bear interest from the redemption date at the rate borne by the Sales Tax Notes or portion thereof so called for redemption. If the Sales Tax Notes shall have been redeemed it shall be cancelled and destroyed by the Note Registrar and shall not be reissued.

Section 6. Registration of Sales Tax Notes; Persons Treated as Owners. A. The Village shall cause the Note Register to be kept at the office maintained by the Note Registrar for the purpose, which is hereby constituted and appointed the registrar of the Village for the Sales Tax Notes. The Village is authorized to prepare, and the Note Registrar or such other agent as the Village may designate shall keep custody of, multiple Sales Tax Note blanks executed by the Village for use in the transfer and exchange of the Sales Tax Notes. Any portion of any series of the Sales Tax Notes may be transferred or exchanged, but only in the manner, subject to the limitations, and upon payment of the charges as set forth in this Ordinance. Upon surrender for transfer or exchange of any portion of the Sales Tax Notes at the designated office of the Note Registrar, duly endorsed by or accompanied by a written instrument or instruments of transfer or

exchange in form satisfactory to the Note Registrar and duly executed by the registered owner or an attorney for such owner duly authorized in writing, the Village shall execute and the Note Registrar shall authenticate, date, and deliver in the name of the transferee or transferees or, in the case of an exchange, the registered owner, a new fully registered Sales Tax Notes of like tenor, of the same maturity, bearing the same interest rate, of authorized denomination, for a like aggregate principal amount. The Note Registrar shall not be required to transfer or exchange any portion of the Sales Tax Notes during the period from the close of business on the Record Date for an interest payment to the opening of business on such Interest Payment Date. The execution by the Village of any fully registered Sales Tax Notes shall constitute full and due authorization of such Sales Tax Note; and the Note Registrar shall thereby be authorized to authenticate, date, and deliver such Sales Tax Note; provided, however, the principal amount of the Sales Tax Notes authenticated by the Note Registrar shall not at any one time exceed the authorized principal amount of the Sales Tax Notes less the amount of the Sales Tax Notes which shall have been paid. The person in whose name any portion of the Sales Tax Notes 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 portion of the Sales Tax Notes shall be made only to or upon the order of the registered owner thereof or his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon the Sales Tax Notes to the extent of the sum or sums so paid. No service charge shall be made to any registered owner of the Sales Tax Notes for any transfer or exchange of the Note, but the Village or the Note 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 the Sales Tax Notes.

Section 7. Execution; Authentication; Indenture. A. Execution. The Sales Tax Notes shall be executed on behalf of the Village by the manual or facsimile signature of its President

and be attested by the manual or facsimile signature of its 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 such officer whose signature shall appear on any Sales Tax Notes shall cease to be such officer before the delivery of such Sales Tax Note, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery.

B. *Authentication.* All Sales Tax Notes shall have thereon a certificate of authentication, substantially in the form hereinafter set forth, duly executed by the Note Registrar as authenticating agent of the Village and showing the date of authentication. No Sales Tax Notes 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 Note Registrar by manual signature, and such certificate of authentication upon any such Sales Tax Note shall be conclusive evidence that such Sales Tax Note has been authenticated and delivered under this Ordinance. The certificate of authentication on any Sales Tax Note shall be deemed to have been executed by it if signed by an authorized officer of the Note Registrar, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Sales Tax Notes issued hereunder.

C. *Indenture.* In accordance with the Redevelopment Agreement, the Village is authorized to enter into a trust indenture with respect to the Sales Tax Notes after the date hereof in a form to be hereafter approved by the Corporate Authorities. If the Village does execute a trust indenture, the trustee thereunder shall serve as Note Registrar under this Ordinance, and certain other provisions of this Ordinance will be amended to account for the issuance of the Sales Tax Notes thereunder. Any Noteholder, by virtue of its purchase of any of the Sales Tax Notes, consents to the amendment of this Ordinance to provide for, among other things, the

administration of the Pledged Sales Tax Revenues and the payment of the Sales Tax Notes in accordance with a trust indenture.

Section 8. Form of Sales Tax Notes. The Sales Tax Notes shall be in substantially the form attached hereto as *Exhibit A*, with such changes as may be required to reflect the requirements of the applicable Note Order, this Ordinance and the Redevelopment Agreement.

Section 9. Sales Tax Notes are Limited Obligations. For the prompt payment of principal of and interest on the Sales Tax Notes when due, the Village hereby pledges the Pledged Sales Tax Revenues to the payment of the Sales Tax Notes. The Sales Tax Notes are limited obligations of the Village and are payable solely and only from the collection of the Pledged Sales Tax Revenues and the amounts on deposit in the hereinafter created Pledged Sales Tax Account, all as hereinafter provided. NO NOTEHOLDER SHALL HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY TAXING POWER OF THE VILLAGE FOR PAYMENT OF PRINCIPAL THEREOF OR INTEREST ON THE SALES TAX NOTES. THE SALES TAX NOTES DO NOT CONSTITUTE AN INDEBTEDNESS OF THE VILLAGE OR A LOAN OF CREDIT THEREOF WITHIN THE MEANING OF ANY STATUTORY OR CONSTITUTIONAL LIMITATION. FAILURE TO PAY WHEN DUE ANY INTEREST ON OR PRINCIPAL OF THE SALES TAX NOTES DUE TO INSUFFICIENCY OF THE PLEDGED SALES TAX REVENUES, WHETHER AT STATED MATURITY, FINAL MATURITY OR OTHERWISE, SHALL IN NO EVENT BE DEEMED TO BE AN EVENT OF DEFAULT ON THE SALES TAX NOTES.

Section 10. Pledged Sales Tax Account.

A. *General.* Commencing the first month following the issuance of the New Sales Tax Note, the Remaining Municipal Sales Tax Pledged Funds shall be set aside as collected and be immediately transferred for deposit into a separate and segregated trust account, which account is hereby expressly created and is designated as the "Hawthorn Mall Project Pledged Sales Tax Account" (the "*Pledged Sales Tax Account*") of the Village, which constitutes a trust fund for

the sole purpose of carrying out the covenants, terms, and conditions of this Ordinance, and shall be used only in paying the principal of and interest on the Sales Tax Notes. There shall be credited on or before the first day of each month by the Treasurer, without any further official action or direction of the Corporate Authorities, without commingling with any other funds of the Village, all Pledged Sales Tax Revenues received by the Village until the amount on hand in the Pledged Sales Tax Account is equal to the sum of the principal of all Sales Tax Notes then Outstanding plus any interest then accrued and unpaid on the Outstanding Sales Tax Notes. Incidental to each Accounting as may be further provided in a Note Order, the Village shall determine the amount necessary to pay the Current Debt Service Requirement, if any, for the Outstanding Sales Tax Notes and determine the amount, if any, on deposit in and to the credit of the Pledged Sales Tax Account. If upon any Accounting and such application of funds, there are Pledged Sales Tax Revenues on deposit in the Pledged Sales Tax Account in excess of the amount necessary or pledged to pay such Current Debt Service Requirement, such Pledged Sales Tax Revenues shall be transferred to the Corporate Fund of the Village and may be used for any lawful purpose of the Village. Moneys in the Pledged Sales Tax Account shall be used solely and only for the purpose of paying the principal of and interest on the Sales Tax Notes.

B. *Investments.* Money to the credit of the Pledged Sales Tax Account may be invested from time to time by the Treasurer in authorized investments of the Village without further official action of the Corporate Authorities. Such investments may be sold from time to time by the Treasurer as funds may be needed for the purpose for which said respective accounts have been created. Investments in the Pledged Sales Tax Account shall mature or be subject to redemption at the option of the holder thereof prior to the time when needed, and, in any event, within one year. All interest on any funds so invested shall be credited to the Pledged Sales Tax

Account and is hereby deemed and allocated as expended with the next expenditure(s) of money from the Pledged Sales Tax Account.

Section 11. Delivery of the Sales Tax Notes; Execution of Note Order. The Designated Officers are hereby authorized to proceed, without any further authorization or direction whatsoever from the Corporate Authorities, to deliver the Sales Tax Notes as directed in the Redevelopment Agreement. The officers of the Village as shall be appropriate are hereby authorized to proceed, without any further official authorization or action by the Corporate Authorities, to approve or execute, or both, such documents as shall be necessary to effectuate the issuance and delivery of the Sales Tax Notes, with such insertions, deletions, additions, modifications or changes as they shall reasonably determine to be desirable, necessary and in the best interests of the Village, their approval or execution thereof to constitute ratification by the Corporate Authorities of any such insertion, deletion, addition, modification or change with no further official action, authorization or determination of the Corporate Authorities. The agreements in the Redevelopment Agreement for the sale of the Sales Tax Notes to the applicable Developer Parties is hereby ratified, approved and confirmed, it being hereby expressly found that no person holding any office of the Village either by election or appointment is in any manner financially interested, either directly in his own name or indirectly in the name of any other person, association, trust or corporation, in said agreement with any of the Developer Parties for the purchase of the Sales Tax Notes.

The officers of the Village as may be necessary are hereby further authorized and directed to execute such documents, including, specifically, such closing documents and certifications as shall be required by Bond Counsel to render their opinion relating to the validity of the Sales Tax Notes.

In connection with the issuance of each series of the Sales Tax Notes, the the Designated Officers shall prepare a Note Order, which shall include the pertinent details of the Sales Tax Notes as required hereby including, specifically, the principal amount of such series of Notes and the name of the Developer Party or Developer Parties to which such Notes shall be issued. The Note Order shall be made available to all Corporate Authorities members at the next public meeting thereof, but such action shall be for information purposes only, it being the express intent of the Corporate Authorities that the Designated Officers shall be fully authorized to sell, execute and deliver the Sales Tax Notes as herein provided without further official action of the Corporate Authorities.

Section 12. Creation and Maintenance of Funds; Appropriations; Investments. The performance by the Owners of their obligations pursuant to the Redevelopment Agreement shall be deemed to be consideration for the issuance of the Sales Tax Notes. To that end the Designated Officers are hereby expressly directed to issue the Sales Tax Notes as herein authorized and as provided and pursuant to the conditions set forth in the Redevelopment Agreement, upon delivery from time to time to the Village of such evidence of performance as required by the Redevelopment Agreement, without further official action or direction by the Corporate Authorities. All proceeds of a series of the Sales Tax Notes shall be deemed fully expended upon the date of the issuance of a series of the Sales Tax Notes.

Section 13. General Covenants. The Village covenants and agrees with the Noteholders as follows:

A. The Village will punctually pay or cause to be paid from the Pledged Sales Tax Account the principal of and interest on the Sales Tax Notes in strict conformity with the terms of the Sales Tax Notes, this Ordinance and the Redevelopment Agreement, and it will faithfully observe and perform all of the conditions, covenants and requirements thereof and hereof.

B. The Village will pay and discharge, or cause to be paid and discharged, from the Pledged Sales Tax Account any and all lawful claims which, if unpaid, might become

a lien or charge upon the Pledged Sales Tax Revenues, or any part thereof, or which might impair the security of the Sales Tax Notes. 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.

C. 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 Pledged Sales Tax Revenues and the Sales Tax Notes.

D. The Village will preserve and protect the security of the Sales Tax Notes and the rights of the Noteholders, and will warrant and defend their rights against all claims and demands of all persons. From and after the issuance of the Sales Tax Notes by the Village, the Sales Tax Notes shall be incontestable by the Village.

E. 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 the Redevelopment Agreement, and for the better assuring and confirming unto the Noteholders of the rights and benefits provided in this Ordinance and the Redevelopment Agreement.

F. As long as any portion of the Sales Tax Notes remains Outstanding, the Village will continue to deposit and apply the Pledged Sales Tax Revenues as provided herein. The Village covenants and agrees with the Noteholders that so long as any portion of the Sales Tax Notes remains 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 allocate or collect the Pledged Sales Tax Revenues. The Village and its officers will comply with all present and future applicable laws in order to assure that the Pledged Sales Tax Revenues may be collected and deposited into the Pledged Sales Tax Account as provided herein.

Section 14. Issuance of Additional Notes. The Village hereby expressly reserves unto itself the right to issue additional Sales Tax Notes without limit, subject to the provisions and limitations of the Redevelopment Agreement, *provided, however*, that such additional Sales Tax Notes must be subordinate in lien priority to the Sales Tax Notes with respect to the Pledged Sales Tax Revenues.

Section 15. Restrictions on Transfer. The Phase I Sales Tax Notes and the Phase III Sales Tax Notes (together, the "*Restricted Sales Tax Notes*") may only be assigned, transferred or pledged in accordance with this paragraph. Any of the Restricted Sales Tax Notes may be

assigned to or pledged as collateral to any lender providing financing for the Redevelopment Project in accordance with the Redevelopment Agreement. The Restricted Sales Tax Notes may be sold or assigned only to (i) a Qualified Institutional Buyer (as defined in Rule 144A promulgated by the Securities and Exchange Commission pursuant to the Securities Act of 1933, as amended), (ii) a purchaser of the Phase (as defined in the Redevelopment Agreement) of the Redevelopment Project for which such Restricted Sales Tax Note was issued (being either Phase I or Phase III as described in the Redevelopment Agreement), (iii) another Developer Party, (iv) a Person that Controls that Developer Party, or (v) a Person in which the majority equity interest in such Person is Controlled by one or more Persons that have a majority equity interest in that Developer Party (collectively, parties constituting one of (i) through (v) begin referred to herein as an "Allowable Holder"), provided, however, that in connection with any transfer or assignment of the Restricted Sales Tax Notes pursuant to this paragraph, the proposed purchaser or assignee shall certify its qualification as an Allowable Holder to the Village prior to such sale or assignment (a "Sale Certification"). Any such transfer of the Restricted Sales Tax Notes pursuant to this Section shall not be effective until the Village has received a Sale Certification in connection therewith.

Section 16. Rights and Duties of Note Registrar. If requested by the Note Registrar, and upon approval as to form by the Village Attorney, any officer of the Village is authorized to execute standard forms of agreements between the Village and the Note Registrar with respect to the obligations and duties of the Note Registrar hereunder. In addition to the terms of such agreements and subject to modification thereby, the Note Registrar by acceptance of duties hereunder agrees: (a) to act as Note Registrar, paying agent, authenticating agent, and transfer agent as provided herein; (b) to maintain a list of Noteholders as set forth herein and to furnish such list to the Village upon request, but otherwise to keep such list confidential to the extent

permitted by law; (c) to cancel and/or destroy the Sales Tax Notes when it shall have been paid at maturity or upon redemption or submitted for exchange or transfer; (d) to furnish the Village at least annually a certificate with respect to portions, if any, of the Sales Tax Notes cancelled and/or destroyed; and (e) to furnish the Village at least annually an audit confirmation of the amount, if any, of the Sales Tax Notes paid, Sales Tax Notes outstanding and payments made with respect to interest on the Sales Tax Notes.

The Village covenants with respect to the Note Registrar and the Note Registrar respectively further covenants and agrees as follows: (A) The Village shall at all times retain a Note Registrar with respect to the Sales Tax Notes; it will maintain at the designated office(s) of such Note Registrar a place or places where the Sales Tax Notes may be presented for payment, registration, transfer or exchange; and it will require that the Note Registrar properly maintain the Note Register and perform the other duties and obligations imposed upon it by this Ordinance in a manner consistent with the standards, customs and practices of the municipal securities industry. (B) The Note Registrar shall signify its acceptance of the duties and obligations imposed upon it by this Ordinance by executing the certificate of authentication on the Sales Tax Notes, and by such execution the Note Registrar shall be deemed to have certified to the Village that it has all requisite power to accept and has accepted such duties and obligations with respect to the Sales Tax Notes so authenticated. Any Note Registrar shall be the agent of the Village and shall not be liable in connection with the performance of its duties except for its own negligence or willful wrongdoing. Any Note Registrar shall, however, be responsible for any representation in its certificate of authentication on the Sales Tax Notes. (C) The Village may remove the Note Registrar at any time. In case at any time the Note Registrar shall resign, shall be removed, shall become incapable of acting, or shall be adjudicated a bankrupt or insolvent, or if a receiver, liquidator, or conservator of the Note Registrar or of the property thereof shall be appointed, or if

any public officer shall take charge or control of the Note Registrar or of the property or affairs thereof, the Village covenants and agrees that it will thereupon appoint a successor Note Registrar. The Village shall give notice of any such appointment made by it to each Noteholder within twenty days after such appointment in the same manner, or as nearly the same as may be practicable, as for a redemption of the Sales Tax Notes. Any Note Registrar appointed under the provisions of this Section shall be either the Village officer entrusted with custody of the Village funds or a bank, trust company, or national banking association maintaining its principal corporate trust office in Illinois or in the Borough of Manhattan, New York, New York, and having capital and surplus and undivided profits in excess of \$10,000,000.

The Village Clerk of the Village is hereby directed to file a certified copy of this Ordinance with the Note Registrar.

Section 17. Provisions a Contract. The provisions of this Ordinance shall constitute a contract between the Village and the Noteholders; and no changes, additions, or alterations of any kind shall be made hereto, except as herein provided, so long as any portion of any Sales Tax Note remains outstanding.

Section 18. 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 19. Publication and Effective Date. This Ordinance shall be published in pamphlet form and shall be immediately effective upon adoption, approval and publication.

ADOPTED: June 15, 2021

AYES: 6 - Marquardt, Forster, Oppenheim, Koch, Takaoka, Schenk.

NAYS: 0 - None

ABSENT: 1 - Byrne

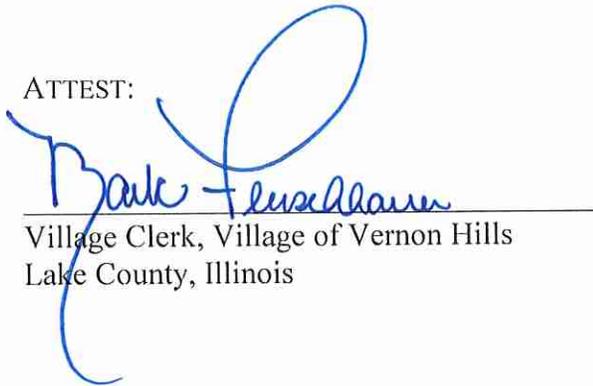
APPROVED: June 15, 2021



President Pro Tem, Village of Vernon
Hills
Lake County, Illinois

Published in pamphlet form by authority of the President and Board of Trustees on June
15, 2021.

ATTEST:



Village Clerk, Village of Vernon Hills
Lake County, Illinois



EXHIBIT A

FORM OF NOTE

REGISTERED
No. _____

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF ILLINOIS
COUNTY OF LAKE
VILLAGE OF VERNON HILLS
TAXABLE [PHASE I] [PHASE III] SALES TAX REVENUE NOTES, SERIES 20[]
(HAWTHORN MALL REDEVELOPMENT PROJECT)

Interest
Rate: 6.00%

Final Maturity
Date: _____, 20__

Dated
Date: _____, 20__

Registered Owner:

Principal Amount:

[1] KNOW ALL PERSONS BY THESE PRESENTS that the Village of Vernon Hills, Lake County, Illinois, a municipality, home rule unit and political subdivision of the State of Illinois (the "*Village*"), hereby acknowledges itself to owe and for value received promises to pay (subject to mandatory and optional redemption as hereinafter provided) to the Registered Owner identified above, or registered assigns as hereinafter provided, the Outstanding Principal Amount of this Note in accordance with that certain Ordinance adopted by the President and Board of Trustees of the Village (the "*Corporate Authorities*"), on the 15th day of June, 2021, as supplemented by Note Order (the "*Note Ordinance*"), and that Redevelopment Agreement, dated _____, 2021, by, between and among the Village and Hawthorn, L.P., an Illinois limited partnership, Hawthorn SP, LLC, a Delaware limited liability company, Hawthorn CP, LLC, a Delaware limited liability company, and USEF Centennial FA Hawthorn Owner LLC, a Delaware limited liability company (collectively, the "*Owners*") (the "*Redevelopment Agreement*"), as hereinafter described, and interest on such Outstanding Principal Amount at the Interest Rate set forth above (computed on the basis of a 360-day year of twelve 30-day months)

in annual installments of principal and interest on February of each year (each February 1 being an "*Interest Payment Date*") until paid, commencing on the February 1 following the Dated Date on which funds are available and on deposit in the hereinafter defined Pledged Sales Taxes Account of the Village, with the final installment of principal and interest coming due on the Final Maturity Date. "*Final Maturity Date*" means the date which is the earlier of (i) 20 years from the date of the issuance of the Sales Tax Notes or (ii) December 31, 2043. Capitalized terms used herein and not defined shall have the meanings ascribed to such terms in the Note Ordinance.

Interest when due ("*Current Interest*") shall be paid from the later of the 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 the Note is paid or duly provided for, as provided from the Pledged Sales Taxes Account, and if funds on deposit therein and to the credit thereof are insufficient for such purpose, such failure to pay shall not in and of itself constitute an event of default, but such interest shall thereupon be recorded by the Note Registrar as Deferred Accrued Interest ("*Deferred Accrued Interest*"). Deferred Accrued Interest which is owing and unpaid shall bear interest at the Interest Rate. The order of payment of interest on this Note shall be *first*, Deferred Accrued Interest, *second*, Current Interest, and *next*, mandatory redemption of the Outstanding Principal Amount. Failure to pay when due any installment of Current Interest or any amount of Outstanding Principal Amount due to insufficiency of the Pledged Sales Tax Revenues, whether at a regular Interest Payment Date, at Stated Maturity, Final Maturity or otherwise, shall in no event be deemed to be an event of default hereon, unless such insufficiency is caused by a default by the Village under the Redevelopment Agreement. The Registered Owner of this Note, by acceptance hereof, hereby expressly agrees and acknowledges that there may be Deferred

Accrued Interest hereon, that is, that Current Interest may not have been paid, without any special notation having been made upon this Note.

The principal of this Note shall be payable by check or draft in lawful money of the United States of America upon presentation at the principal office maintained for the purpose by the Note Registrar. Interest on this Note shall be paid to the Registered Owner hereof as shown on the Register at the close of business on the Record Date (as defined in the Note Ordinance). Interest hereon shall be paid by check or draft of the Note Registrar, payable upon presentation thereof in lawful money of the United States of America, mailed to the address of such Registered Owner as it appears on the Register or at such other address furnished to the Note Registrar in writing or as directed by such Registered Owner, all as provided in the hereinafter defined Ordinance.

This Note is issued pursuant to the Illinois Municipal Code, as amended, the Local Government Debt Reform Act of the State, as amended, the other Omnibus Bond Acts of the State and the home rule powers of the Village under Section 6 of Article VII of the 1970 Constitution of Illinois (collectively, the "*Act*"), and the principal of and interest hereon are payable solely and only from Pledged Sales Tax Revenues on deposit in the Pledged Sales Taxes Account of the Village, all in accordance with the provisions of the Note Ordinance and the Redevelopment Agreement. This Note is being issued for the purposes of [extinguishing the Village's Existing Incentive Agreement (as defined in the Note Ordinance)] [reimbursing the payment of certain costs of the Redevelopment Project (as defined in the Note Ordinance) in accordance with the Redevelopment Agreement].] The [extinguishment of the Existing Incentive Agreement] [cost of such construction] shall be deemed to be a disbursement of the proceeds of this Note.

This Note is subject to mandatory redemption by operation of the Pledged Sales Taxes Account at a price of par plus accrued interest without premium, on any date, whenever an annual Accounting (as defined in the Note Ordinance) shall demonstrate that the aggregate amount of Pledged Sales Tax Revenues on deposit therein is in excess of the amount required to pay all Deferred Accrued Interest and to pay Current Interest due and payable during the Note Year commencing on the February 1 next succeeding such Accounting. The Note Registrar shall make provision for the mandatory redemption of this Note to the fullest extent practicable from the Pledged Sales Tax Revenues, in amounts of not less than \$1,000 of Outstanding Principal Amount.

This Note is also subject to redemption prior to maturity, at the option of the Village, in whole or in part, from any available funds, on any date, at the redemption price of par plus accrued interest to the date fixed for redemption, and as further provided in the Note Ordinance.

Upon surrender hereof at the principal office maintained for the purpose by the Note Registrar, accompanied by a written instrument or instruments of transfer in form satisfactory to the Note Registrar and duly executed by the Registered Owner or an attorney for such owner duly authorized in writing, the Note Registrar shall register this Note in the name of the new Registered Owner on the registration grid provided herein, and shall also enter the name and address of the new registered owner in the Note Register.

The person in whose name this Note is registered on the Note Register shall be deemed and regarded as the absolute owner hereof for all purposes, and payment of the principal of or interest hereon shall be made only to or upon the order of the Registered Owner hereof or the owner's legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon this Note to the extent of the sum or sums so paid.

This Note, together with the interest thereon, is a limited obligation of the Village, payable solely from the Pledged Sales Tax Revenues on deposit in the Pledged Sales Taxes Account as provided in the Note Ordinance and the Redevelopment Agreement. For the prompt payment of this Note, both principal and interest, as aforesaid, at maturity, the Pledged Sales Tax Revenues are hereby irrevocably pledged. THIS NOTE DOES NOT CONSTITUTE AN INDEBTEDNESS OF THE VILLAGE WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION. NO HOLDER OF THIS NOTE SHALL HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY TAXING POWER OF THE VILLAGE FOR PAYMENT OF PRINCIPAL HEREOF OR INTEREST HEREON. FAILURE TO PAY WHEN DUE ANY INSTALLMENT OF CURRENT INTEREST OR ANY AMOUNT OF DEFERRED ACCRUED INTEREST OR OUTSTANDING PRINCIPAL AMOUNT DUE TO INSUFFICIENCY OF THE PLEDGED SALES TAX REVENUES, WHETHER AT STATED MATURITY, FINAL MATURITY OR OTHERWISE, SHALL IN NO EVENT BE DEEMED TO BE AN EVENT OF DEFAULT ON THIS NOTE.

This Note may not be offered, sold, pledged or otherwise transferred except to an Allowable Holder (as defined in the Note Ordinance). In connection with the transfer or assignment of this Note, the purchaser or assignee shall certify its qualification as an Allowable Holder to the Village prior to such sale or assignment (a "*Sale Certification*"). Any sale, pledge or transfer of the Notes shall not be effective until the Village has received a Sale Certification in connection therewith.

The Village shall be obligated to make payments under this Note even if a Developer Event of Default or a Village Event of Default under the Redevelopment Agreement has occurred. Such rights shall survive any transfer of this Note.

It is hereby certified and recited that all conditions, acts and things required by law to exist or to be done precedent to and in the issuance of this Note did exist, have happened, been

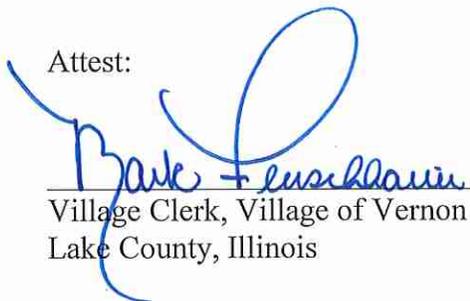
done and performed in regular and due form and time as required by law, and the Village hereby covenants and agrees that it has made provision for the segregation of the Pledged Sales Tax Revenues and that it will properly account for said taxes and will comply with all the covenants of and maintain the funds and accounts as provided by the Note Ordinance and the Redevelopment Agreement.

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

IN WITNESS WHEREOF the Village has caused this Note to be signed by the manual or duly authorized facsimile signatures of its President and Village Clerk and its corporate seal or a facsimile thereof to be hereunto affixed, all as of the date of delivery hereof, to wit, the ___ day of _____, 20__.



President, Village of Vernon Hills, Lake
County, Illinois

Attest:


Village Clerk, Village of Vernon Hills
Lake County, Illinois



(SEAL)

Date of Authentication: _____

CERTIFICATE
Agent:
OF

Note Registrar and Paying

TREASURER, VILLAGE OF VERNON
HILLS, Lake County, Illinois

AUTHENTICATION

This Note is one of the Notes described in the within-mentioned Note Ordinance and is one of the Taxable [Phase I] [Phase III] Sales Tax Revenue Notes, Series 20__ (Hawthorn Mall Redevelopment Project), having a Dated Date of _____, 20__, of the Village of Vernon Hills, Lake County, Illinois.

By _____
Treasurer
Village of Vernon Hills, Lake County,
Illinois
as Note Registrar and Paying Agent

ASSIGNMENT

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

(Name and Address of Assignee)

the within Note and does hereby irrevocably constitute and appoint _____ as attorney to transfer the said Note on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

Signature guaranteed: _____

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

Trustee Marquardt moved and Trustee Forster seconded the motion that the ordinance (the "*Note Ordinance*") as presented be adopted.

A discussion of the matter followed. During the Board discussion, the President gave a public recital of the nature of the matter, which included a reading in full of the title of the Note Ordinance and statements (1) that the Note Ordinance provided for the issuance of multiple series of taxable revenue notes for the purpose of reimbursing the costs of redevelopment projects within the Hawthorn Mall Redevelopment Project Area; (2) that the note so described is issuable without referendum pursuant to general law and the home rule powers of the Village; (3) that the Note Ordinance provides for the pledge of certain sales tax revenues to pay the note; and (4) that the Note Ordinance provides many details and covenants for the note, including provision for terms and form of the note and appropriations.

The President directed that the roll be called for a vote upon the motion to adopt the ordinance.

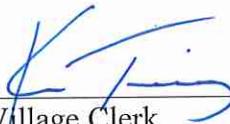
Upon the roll being called, the following Trustees voted AYE: Marquardt, Forster, Oppenheim, Koch, Takaoka, Schenk;

and the following Trustees voted NAY: None.

WHEREUPON the President Pro Tem declared the motion carried and the ordinance adopted and did direct the Village Clerk to record the same in full in the records of the President and Board of Trustees of the Village of Vernon Hills, Lake County, Illinois.

Other business was duly transacted at said meeting.

Upon motion duly made and carried, the meeting adjourned.



Village Clerk



STATE OF ILLINOIS)
) SS
COUNTY OF LAKE)

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 Vernon Hills, Lake County, Illinois (the "*Village*"), and as such official I am the keeper of the official journal of proceedings, books, records, minutes and files of the Village and of the President and Board of Trustees (the "*Board*") thereof.

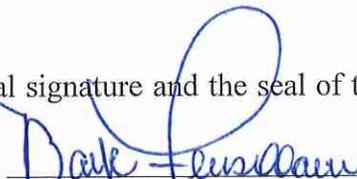
I do further certify that the foregoing is a full, true and complete transcript of that portion of the minutes of the meeting of the Board held on the 15th day of June, 2021, insofar as the same relates to the adoption of an ordinance, numbered 2021-094 and entitled:

AN ORDINANCE authorizing and providing for the issue of Taxable Sales Tax Revenue Notes of the Village of Vernon Hills, Lake County, Illinois, in an amount not to exceed \$7,500,000 for the purpose of extinguishing an existing incentive agreement or reimburse costs incurred by developers in redeveloping property within the Village's Hawthorn Mall Redevelopment Project Area, prescribing all the details of said note, authorizing the execution of note orders in connection therewith and providing for the collection, segregation, and distribution of certain sales tax revenues of the Village.

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 said agenda contained a separate specific item concerning the proposed adoption of said ordinance, a true, correct and complete copy of the agenda as so posted being attached hereto as *Exhibit A*, that said meeting was called and held in strict compliance with the provisions the Open Meetings Act of the State of Illinois, as amended, and with the provisions of the Illinois Municipal Code, as amended, and that the Board has complied with all of the applicable provisions of said Act and said Code and its procedural rules in the adoption of said ordinance.

IN WITNESS WHEREOF I hereunto affix my official signature and the seal of the Village,
this 15th day of June, 2021.



Village Clerk

[SEAL]
VILLAGE CLERK TO ATTACH AGENDA



STATE OF ILLINOIS)
) SS
COUNTY OF LAKE)

CERTIFICATE OF PUBLICATION IN PAMPHLET FORM

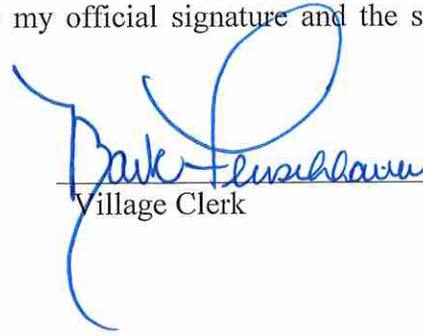
I, the undersigned, do hereby certify that I am the duly qualified and acting Village Clerk of the Village of Vernon Hills, Lake County, Illinois (the "*Village*"), and as such official I am the keeper of the official journal of proceedings, books, records, minutes, and files of the Village and of the President and Board of Trustees (the "*Corporate Authorities*") thereof.

I do further certify that on the 15th day of June, 2021, there was published in pamphlet form, by authority of the Corporate Authorities, a true, correct and complete copy of Ordinance Number 2021-094 of the Village entitled:

AN ORDINANCE authorizing and providing for the issue of Taxable Sales Tax Revenue Notes of the Village of Vernon Hills, Lake County, Illinois, in an amount not to exceed \$7,500,000 for the purpose of extinguishing an existing incentive agreement or reimburse costs incurred by developers in redeveloping property within the Village's Hawthorn Mall Redevelopment Project Area, prescribing all the details of said note, authorizing the execution of note orders in connection therewith and providing for the collection, segregation, and distribution of certain sales tax revenues of the Village.

and that said ordinance as so published was on said date readily available for public inspection and distribution, in sufficient number to meet the needs of the general public, at my office as Village Clerk located in the Village.

IN WITNESS WHEREOF I have affixed hereto my official signature and the seal of the Village this 15th day of June, 2021.



Village Clerk

[SEAL]

