
ORDINANCE NUMBER 18-19-13

AN ORDINANCE authorizing the issuance of General Obligation Waterworks and Sewerage Refunding Bonds (Alternate Revenue Source), Series 2018 of the Village of Johnsburg, McHenry County, Illinois, in an aggregate principal amount of not to exceed \$1,750,000 for the purpose of refinancing outstanding obligations of the Village and paying for costs related thereto, and providing for the levy of a direct annual tax sufficient for the payment of the principal of and interest on said bonds.

Adopted by the Village Board on the 2nd day
of October, 2018.

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WHEREAS, the Village of Johnsburg, McHenry County, Illinois (the "Village"), is a municipal corporation and body politic of the State of Illinois, duly created, organized and existing under the Illinois Municipal Code (the "Municipal Code"), as supplemented and amended, and having the powers, objects and purposes provided by said Municipal Code; and

WHEREAS, the Board of Trustees of the Village (the "Corporate Authorities") has determined that it is necessary to (i) current refund (the "Refunding") the Village's outstanding General Obligation Waterworks and Sewerage Refunding Bonds (Alternate Revenue Source), Series 2009, dated December 15, 2009 (the "Prior Bonds") which were initially issued for the purpose of refunding certain outstanding obligations of the Village, and (ii) pay certain costs of issuance of the Bonds (as such term is hereinafter defined), all for the benefit of the inhabitants of the Village; and

WHEREAS, the estimated cost of the Refunding, including legal, financial, bond discount, capitalized interest, if any, printing and publication costs, and other expenses (collectively, the "Costs"), is not to exceed \$1,750,000, and there are insufficient funds on hand and lawfully available to pay such costs; and

WHEREAS, an amount not to exceed \$1,750,000 of alternate bonds need to be issued at this time pursuant to the Local Government Debt Reform Act of the State of Illinois, as amended, 30 ILCS 350/1 to 350/18 (the "Debt Reform Act"); and

WHEREAS, it is necessary for the best interests of the Village that the Refunding be completed, and in order to raise funds required for such purpose it will be necessary for the Village to borrow an aggregate principal amount of not to exceed \$1,750,000 and in evidence thereof to issue alternate bonds, being general obligation bonds payable from (i) net revenues of the Village's Waterworks and Sewerage System (i.e., generally gross revenues minus operations and maintenance expenses) (the "System Revenues"), (ii) receipts of the Village's certain distributive share of the proceeds from the State of Illinois income taxes (such distributive share referred to herein as the "Revenue Sharing Receipts") imposed by the State of Illinois pursuant to the Illinois Income Tax Act and distributed pursuant to the State Revenue Sharing Act, and (iii) ratably and equally with the Village's outstanding Taxable General Obligation Bonds (Alternate Revenue Source), Series 2018, dated March 28, 2018 (the "Prior 2018 Alternate Bonds"), all collections distributed to the Village from Retailer's Occupation Taxes, Service Occupation Taxes, Use Taxes and Service Use Taxes (the "Sales Taxes," and, together with the System Revenues and the Revenue Sharing Receipts, the "Pledged Revenues"), all in accordance with the Debt Reform Act; and

WHEREAS, if the aforementioned revenue sources are insufficient to pay the alternate bonds, ad valorem taxes levied against all of the taxable property in the Village for which its full faith and credit have been irrevocably pledged, unlimited as to rate or amount (the "Pledged Taxes") are authorized to be extended to pay the principal of and interest on the alternate bonds; and

WHEREAS, the Refunding constitutes a lawful corporate purpose within the meaning of the Debt Reform Act; and

WHEREAS, it is necessary and desirable to refund a portion of the Prior Bonds (said portion of the Prior Bonds to be refunded being referred to herein as the "Refunded Bonds") in order to restructure the debt burden of the Village; and

WHEREAS, the Refunded Bonds are presently outstanding and unpaid and are binding and subsisting legal obligations of the Village; and

WHEREAS, the term of the Bonds shall not be longer than the term of the Prior Bonds, and the debt service payable in any year on the Bonds shall not exceed the aggregate debt service payable in such year on the Prior Bonds; and

WHEREAS, in accordance with the terms of the Prior Bonds, certain of the Refunded Bonds may be called for redemption in advance of their maturity, and it is necessary and desirable to make such call for the redemption of such Refunded Bonds on their earliest practicable call date, and provide for the giving of proper notice to the registered owners of such Refunded Bonds; and

WHEREAS, the Corporate Authorities hereby determine that the Pledged Revenues will provide in each year an amount not less than 1.25 times debt service of the alternate bonds proposed to be issued in accordance with the Debt Reform Act; and

WHEREAS, such determination is supported by the most recent audit of the Village (the "Audit"), which Audit has been presented previously to the Corporate Authorities and is on file currently with the Village Clerk; and

WHEREAS, the alternate bonds to be issued will be payable from the Pledged Revenues and the Pledged Taxes, both as hereinafter defined; and

NOW THEREFORE, BE IT ORDAINED BY THE PRESIDENT AND THE BOARD OF TRUSTEES OF THE VILLAGE OF JOHNSBURG, MCHENRY COUNTY, ILLINOIS, AS FOLLOWS:

Section 1. Definitions. In addition to such other words and terms used and defined in this Ordinance, the following words and terms used in this Ordinance shall have the following meanings, unless, in either case, the context or use clearly indicates another or different meaning is intended:

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

“*Act*” means, collectively, the Debt Reform Act (Section 350/1 et seq. of Chapter 30 (and particularly Section 350/15 thereof), the Municipal Code, and applicable laws in connection with the Registered Bond Act, and the Bond Authorization Act.

“*Additional Bonds*” means any Alternate Bonds issued in the future in accordance with the provisions of the Act on parity with and sharing equally in the Pledged Revenues with the Bonds.

“*Alternate Bonds*” means any Outstanding Bonds issued as alternate bonds under and pursuant to the provisions of the Debt Reform Act, and includes, expressly, the Bonds.

“*Applicable Denominations*” means the denomination for an applicable series of Bonds as specified in an applicable Bond Order, expected to be \$5,000 or otherwise as provided in a Bond Order, as the case may be.

“*Bond*” or “*Bonds*” means one or more, as applicable, of the Bonds authorized to be issued by this Ordinance.

“*Bond Counsel*” means Ice Miller LLP, Chicago, Illinois.

“*Bond Fund*” means the Bond Fund established and defined in Section 15 of this Ordinance.

“*Bond Moneys*” means all moneys on deposit from time to time in the Bond Fund including investment income earned in the Bond Fund.

“*Bond Order*” means one or more certificates signed by the President, and attested by the Village Clerk and under the seal of the Village, setting forth and specifying details for the Bonds, including, as the case may be, but not limited to, specification of Pledged Taxes, final interest rates, final maturity schedules, optional and mandatory redemption provisions, reoffering premium, original issue discount (“OID”) status as “qualified tax-exempt obligations,” designation of a Bond Registrar, Paying Agent or other fiscal agent, and designation of series subject to not exceeding the specified aggregate principal amount for the Bonds, as applicable.

“*Bond Registrar/Paying Agent*” means that entity set forth in the Bond Order.

“*Bond Year*” means each annual period of February 2 to the next February 1, for the Bonds, subject to such lawful elections as the Village may make.

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

“*Code*” means the Internal Revenue Code of 1986, as amended, and includes related and applicable Income Tax Regulations promulgated by the Treasury Department.

“*Corporate Authorities*” means the President and the Village Board.

“*Designated Officers*” means the President, the Village Clerk, or the Village Administrator, or their successors or assigns.

“*Fiscal Year*” means that twelve-calendar month period selected by the Corporate Authorities as the Fiscal Year for the Village, currently May 1 to April 30.

“*Future Bond Ordinances*” means the ordinances of the Village authorizing the issuance of revenue bonds payable from Pledged Revenues, but not including this Ordinance or any other ordinance authorizing the issuance of alternate bonds.

“*Gross Revenues*” means, as applicable to the System, all income from whatever source derived from the System, including (i) user charges, fees, rates and other receipts; (ii) investment income; (iii) connection, permit and inspection fees and the like; and (iv) penalties and delinquency charges, but excluding expressly (a) nonrecurring income from the sale of real estate; (b) governmental or other grants; (c) advances or grants made to or from the Village; (d) capital development, reimbursement, or recovery charges and the like; (e) annexation or pre-annexation charges; and (f) as otherwise determined in accordance with generally accepted accounting principles for local government funds.

“*Net Revenues*” means, with respect to the System, Gross Revenues minus Operation and Maintenance Expenses plus depreciation.

“*Operation and Maintenance Expenses*” means, as applicable to the System, all expenses of operating, maintaining and routine repair of the System, including wages, salaries, costs of materials and supplies, power, fuel, insurance and purchase of System services; but excluding debt service, depreciation, or any reserve requirements, and otherwise as determined in accordance with generally accepted accounting principles for local government enterprise funds.

“*Ordinance*” means this Ordinance, numbered as set forth on the title page hereof, and passed by the Corporate Authorities on the 2nd day of October, 2018.

“*Outstanding*” or “*outstanding*” when used with reference to the Bonds and any Additional Bonds means such of those bonds which are outstanding and unpaid; provided, however, such term shall not include 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, redemption premium, if any, and interest on such Bonds or Additional Bonds.

“*Parity Bonds*” means bonds or any other obligations which share ratably and equally in the applicable Pledged Revenues, as set forth and provided for in any such ordinance authorizing the issuance of any such Parity Bonds.

“*Pledged Revenues*” means Net Revenues of the System, with Revenue Sharing Receipts and Sales Taxes, constituting a “*revenue source*” and System Net Revenues constituting “*enterprise revenues*” and other funds legally available and appropriated therefor, distributed pursuant to applicable law.

“*Pledged Taxes*” means the Taxes authorized to be levied in Section 11 to secure and pay the Bonds.

“*Prior Bonds*” means the Village’s General Obligation Waterworks and Sewerage Refunding Bonds (Alternate Revenue Source), Series 2009, dated December 15, 2009.

“*Prior 2018 Alternate Bonds*” means the Village’s outstanding Taxable General Obligation Bonds (Alternate Revenue Source), Series 2018, dated March 28, 2018.

“*Record Date*” means the 15th day of the month next preceding of any regularly scheduled interest payment date and the 15th day of the month next preceding of any interest payment date occasioned by a redemption of Bonds on other than a regularly scheduled interest payment date.

“*Revenue Sharing Receipts*” shall have the meaning above in the recitals to this Ordinance.

“*Revenue Source*” or “*Revenue Sources*” means Net Revenues of the System, Sales Taxes and Revenue Sharing Receipts.

“*Tax-exempt*” means, with reference to the Bonds, the status of interest paid and received thereon as excludable from the gross income of the owners thereof for federal income tax purposes except to the extent that such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations.

“*Underwriter*” means Bernardi Securities, Inc., Chicago, Illinois.

“*Village*” means the Village of Johnsburg, McHenry County, Illinois.

“*Yield*” or “*yield*” means the yield computed under Section 1.148-4 of the Income Tax Regulations for the Bonds, and the yield computed under Section 1.148-5 of the Income Tax Regulations for an investment.

“*Yield Reduction Payments*” or “*yield reduction payments*” shall have the meaning in Income Tax Regulations Section 1.148-5(c).

“*Yield Restricted*” or “*yield restricted*” with reference to an obligation means that the yield thereon is restricted not to exceed the yield on the Bonds.

B. Certain further words and terms used in various sections are defined therein.

Section 2. Incorporation of Preambles. 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.

Section 3. Determination to Issue Bonds. It is necessary and in the best interests of the Village to undertake the Refunding and to pay all necessary costs thereof, to pay all related costs and expenses incidental thereto, and to borrow money and issue the Bonds for such purposes. It is hereby found and determined that such borrowing of money 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 4. Bond Details. For the purpose of providing for the costs of the Refunding, there shall be issued and sold the Bonds to a principal amount not to exceed \$1,750,000. The Bonds shall each be designated "*General Obligation Waterworks and Sewerage Refunding Bond (Alternate Revenue Source), Series 2018.*" The Bonds shall be dated the date of closing (the "*Dated Date*"); and shall also bear the date of authentication thereof. The Bonds shall be in fully registered book-entry form (hereinafter "*Book Entry Form*"), shall be in Applicable Denominations or integral multiples thereof (but no single Bond shall represent principal maturing on more than one date), shall be numbered consecutively in such fashion as shall be determined by the Bond Registrar. Subject to the Bond Order, the Bonds are hereby authorized to bear interest at a rate not to exceed 5.00% and mature on February 1 of each of the years (subject to optional or mandatory redemption as set forth in the Bond Order), in the principal amounts (not to exceed \$250,000 for any year) commencing not before 2019 and ending not later than 2027, as shall be specified in the Bond Order.

Each Bond shall bear interest from the later of its Dated Date as herein provided 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 February 1 and August 1 of each year, commencing on the date set forth in the Bond Order. Interest on each Bond shall be paid by check or draft of the Paying Agent, payable upon presentation thereof in lawful money of the United States of America, to the person in whose name such Bond is registered at the close of business on the applicable Record Date, and mailed to the registered owner of the Bond as shown in the Bond Register or at such other address furnished in writing by such registered owner, or as otherwise may be agreed with the Depository. The principal of the Bonds shall be payable in

lawful money of the United States of America upon presentation thereof at the office maintained for the purpose by the Paying Agent or at successor Paying Agent and locality.

Section 5. Book Entry Provisions. The Bonds shall be initially issued in the form of a separate single fully-registered Bond for each of the maturities of the Bonds. Upon initial issuance, the ownership of each such Bond shall be registered in the Bond Register in the name of "Cede & Co.", or any successor thereto, as nominee of the Depository. All of the outstanding Bonds from time to time shall be registered in the Bond Register in the name of Cede & Co., as nominee of the Depository. The Village Clerk, as representative of the Village, is authorized to execute and deliver on behalf of the Village, and as such agent for the Village, such letters to or agreements with the Depository as shall be necessary to effectuate such book-entry system (any such letter or agreement being referred to herein as the "*Representation Letter*"). Without limiting the generality of the authority given with respect to entering into such Representation Letter, it may contain provisions relating to (a) payment procedures, (b) transfers of the Bonds or of beneficial interests therein, (c) redemption notices and procedures unique to the Depository, (d) additional notices or communications, and (e) amendment from time to time to conform with changing customs and practices with respect to securities industry transfer and payment practices.

With respect to Bonds registered in the Bond Register in the name of Cede & Co., as nominee of the Depository, none of the Village, the Village Clerk, the Paying Agent or the Bond Registrar shall have any responsibility or obligation to any broker-dealer, bank or other financial institution for which the Depository holds Bonds from time to time as securities depository (each such broker-dealer, bank or other financial institution being referred to herein as a "*Depository Participant*") or to any person on behalf of whom such a Depository Participant holds an interest in the Bonds. Without limiting the meaning of the immediately preceding sentence, the Village,

the Village Clerk, the Paying Agent and the Bond Registrar shall have no responsibility or obligation with respect to (a) the accuracy of the records of the Depository, Cede & Co., or any Depository Participant with respect to any ownership interest in the Bonds, (b) the delivery to any Depository Participant or any other person, other than a registered owner of a Bond as shown in the Bond Register, of any notice with respect to the Bonds, including any notice of redemption, or (c) the payment to any Depository Participant or any other person, other than a registered owner of a Bond as shown in the Bond Register, of any amount with respect to principal of or interest on the Bonds. No person other than a registered owner of a Bond as shown in the Bond Register shall receive a Bond certificate with respect to any Bond. Upon delivery by the Depository to the Bond Registrar of written notice to the effect that the Depository has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions hereof with respect to the payment of interest to the registered owners of Bonds at the close of business on the applicable record date, the name "*Cede & Co.*" in this Ordinance shall refer to such new nominee of the Depository.

In the event that (a) the Village determines that the Depository is incapable of discharging its responsibilities described herein and in the Representation Letter, (b) the agreement among the Village, the Paying Agent and Bond Registrar, and the Depository evidenced by the Representation Letter shall be terminated for any reason or (c) the Village determines that it is in the best interests of the Village or of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, the Village shall notify the Depository and the Depository shall notify the Depository Participants of the availability of Bond certificates, and the Bonds shall no longer be restricted to being registered in the Bond Register in the name of Cede & Co., as nominee of the Depository. The Village may determine that the Bonds shall be registered in the name of and deposited with a successor depository operating a book-entry system, as may be acceptable to the Village, or such

depository's agent or designee, but if the Village does not select such alternate book-entry system, then the Bonds shall be registered in whatever name or names registered owners of Bonds transferring or exchanging Bonds shall designate, in accordance with the provisions hereof.

Section 6. Execution; Authentication. The Bonds shall be executed on behalf of the Village by the manual or facsimile signature of the President and attested by 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 such officer whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery. All Bonds shall have thereon a certificate of authentication, substantially in the form hereinafter set forth, duly executed by the Bond Registrar as authenticating agent of the 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.

Section 7. Redemption. (a) Optional Redemption. The Bonds due on and after the date, if any, specified in the Bond Order, 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 \$5,000 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 the date specified in the Bond Order, and on any date thereafter, at the redemption price of par plus accrued interest to the date fixed for redemption, as provided in the Bond Order.

(b) *Mandatory Redemption.* The Bonds maturing on the date or dates, if any, indicated in the Bond Order, are subject to mandatory redemption, in integral multiples of \$5,000 selected by lot by the Bond Registrar, at a redemption price of par plus accrued interest to the redemption date on February 1 of the years, if any, and in the principal amounts, if any, as indicated in the Bond Order.

The principal amounts of Bonds to be mandatorily redeemed in each year may be reduced through the earlier optional redemption thereof, with any partial optional redemptions of such Bonds credited against future mandatory redemption requirements in such order of the mandatory redemption dates as the Village may determine. In addition, on or prior to the 60th day preceding any mandatory redemption date, the Bond Registrar may, and if directed by the Village Board shall, purchase Bonds required to be retired on such mandatory redemption date. Any such Bonds so purchased shall be cancelled and the principal amount thereof shall be credited against the mandatory redemption required on such next mandatory redemption date.

(c) *General.* The Bonds shall be redeemed only in the principal amount of \$5,000 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 \$5,000 Bond or \$5,000 portion of a Bond shall be as likely to be called for redemption as any other such \$5,000 Bond or \$5,000 portion.

The Bond Registrar shall make such selection upon the earlier of the irrevocable 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 8. Redemption Procedure. For a mandatory redemption, the Bond Registrar shall proceed to redeem Bonds without any further order or direction from the Village whatsoever. For an optional redemption, the Village shall, at least thirty (30) days prior to the 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 maturities and principal amounts of Bonds to be redeemed. For purposes of any redemption of less than all of the Bonds of a single maturity, the particular Bonds or portions of Bonds to be redeemed shall be selected by lot not more than sixty (60) days prior to the redemption date by the Bond Registrar for the Bonds of such maturity by such method of lottery as the Bond Registrar shall deem fair and appropriate; *provided*, that such lottery shall provide for the selection for redemption of Bonds or portions thereof so that any \$5,000 Bond or \$5,000 portion of a Bond shall be as likely to be called for redemption as any other such \$5,000 Bond or \$5,000 portion.

The Bond Registrar shall promptly notify the Village and the Paying Agent in writing of the Bonds or portions of Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed.

Unless waived by the registered owner of Bonds to be redeemed, official notice of any such redemption shall be given by the Bond Registrar on behalf of the 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 Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such registered owner to the Bond Registrar.

All official notices of redemption shall include at least the information as follows:

- (a) the redemption date;
- (b) the redemption price;
- (c) if less than all of the outstanding Bonds of a particular maturity are to be redeemed, the identification (and, in the case of partial redemption of Bonds within such maturity, the respective principal amounts) of the Bonds to be redeemed;
- (d) a statement that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption and that interest thereon shall cease to accrue from and after said date; and
- (e) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the office maintained for the purpose by the Paying Agent.

Such additional notice as may be agreed upon with the Depository shall also be given as long as any Bonds are held by the Depository.

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.

Official 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. Neither the failure to mail such redemption notice, nor any defect in any notice so mailed, to any particular registered owner of a Bond, shall affect the sufficiency of such notice with respect to other registered owners. Notice having been properly given, failure of a registered owner of a Bond to receive such notice shall not be deemed to invalidate, limit or delay the effect of the notice or redemption action described in the notice. Such notice may be waived in writing by a registered owner of a Bond entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by registered owners shall be filed with the Bond Registrar, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

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. The procedure for the payment of interest due as part of the redemption price shall be as herein provided for payment of interest otherwise due. Upon surrender for any partial redemption of any Bond, there shall be prepared for the registered owner a new Bond or Bonds 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 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 or duly provided for, bear interest from the redemption date at the rate borne by the Bond or portion of Bond so called for redemption. All Bonds which have been redeemed shall be canceled and destroyed by the Bond Registrar and shall not be reissued.

The Village agrees to provide such additional notice of redemption as it may deem advisable at such time as it determines to redeem Bonds, taking into account any requirements or guidance of the Securities and Exchange Commission (the "Commission"), the Municipal Securities Rulemaking Board, the Government Accounting Standards Board, or any other federal or state agency having jurisdiction or authority in such matters; *provided, however*, that such additional notice shall be (1) advisory in nature, (2) solely in the discretion of the Village, and (3) not be a condition precedent of a valid redemption or a part of the Bond contract, and any failure or defect in such notice shall not delay or invalidate the redemption of Bonds for which proper official notice shall have been given. Reference is also made to the provisions of the Undertaking (as hereinafter defined) of the Village with respect to the Bonds, which may contain other provisions relating to notice of redemption of Bonds.

Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

As part of their respective duties hereunder, the Bond Registrar and Paying Agent shall prepare and forward to the Village a statement as to notice given with respect to each redemption together with copies of the notices as mailed and published.

Section 9. Registration and Exchange or Transfer of Bonds; Persons Treated as Owners. The Village shall cause the Bond Register to be kept at the office maintained for the purpose by the Bond Registrar, which is hereby constituted and appointed the registrar of the Village for the Bonds. The Village is authorized to prepare, and the Bond Registrar or such other agent as the Village may designate shall keep custody of, multiple Bond blanks executed by the Village for use in the transfer and exchange of Bonds.

Any Bond may be transferred or exchanged, but only in the manner, subject to the limitations, and upon payment of the charges as set forth in this Ordinance. Upon surrender for transfer or exchange of any Bond at the office maintained for the purpose by the Bond Registrar, duly endorsed by or accompanied by a written instrument or instruments of transfer or exchange in form satisfactory to the Bond Registrar and duly executed by the registered owner or an attorney for such owner duly authorized in writing, the Village shall execute and the Bond Registrar shall authenticate, date and deliver in the name of the transferee or transferees or, in the case of an exchange, the registered owner, a new fully registered Bond or Bonds of like tenor, of the same maturity, bearing the same interest rate, of authorized denominations, for a like aggregate principal amount.

The Bond Registrar shall not be required to transfer or exchange any Bond during the period from the close of business on the Record Date for an interest payment to the opening of business on such interest payment date, 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 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,* that the principal amount of Bonds of each maturity authenticated by the Bond Registrar shall not at any one time exceed the authorized principal amount of Bonds for such maturity less the amount of such Bonds which have been paid.

The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal of or interest on any Bond shall be made only to or upon the order of the registered owner thereof or his legal representative.

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

No service charge shall be made 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 exchange of a Bond for the unredeemed portion of a Bond or Bonds surrendered for redemption.

Section 10. Form of Bond. The Bonds shall be in substantially the form hereinafter set forth:

[FORM OF BOND]

REGISTERED
No. _____

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF ILLINOIS
COUNTY OF MCHENRY
VILLAGE OF JOHNSBURG
GENERAL OBLIGATION WATERWORKS AND SEWERAGE REFUNDING BOND
(ALTERNATE REVENUE SOURCE), SERIES 2018

Interest Rate: _____% Maturity Date: February 1, _____ Dated Date: _____, 2018 CUSIP: _____

Registered Owner: CEDE & Co.

Principal Amount: _____ Dollars

KNOW ALL PERSONS BY THESE PRESENTS that the Village of Johnsburg, McHenry County, Illinois, a municipality, non-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 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 February 1 and August 1 of each year, commencing _____, 2019, until said Principal Amount is paid or duly provided for.

The principal of this Bond is payable in lawful money of the United States of America upon presentation hereof at the office maintained for the purpose by _____ (the "Paying Agent" or "Bond Registrar"). Payment of 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 said location at the close of business on the applicable Record Date. Interest shall be paid by check or draft of the Paying Agent, payable upon presentation in lawful money of the United States of America, mailed to the address of such Registered Owner as it appears on such registration books, or at such other address furnished in writing by such Registered Owner to the Bond Registrar, or as otherwise agreed by the Village and the Bond Registrar for so long as this Bond is held by The Depository Trust Company, New York, New York, the Depository, or nominee, in book-entry only form as provided for same.

It is hereby certified and recited that all conditions, acts and things required by the Constitution and Laws of the State of Illinois to exist or to be done precedent to and in the issuance of this Bond, including the authorizing act, have existed and have been properly done, happened and been performed in regular and due form and time as required by law; that the indebtedness of the Village, represented by the Bonds, and including all other indebtedness of the Village,

howsoever evidenced or incurred, does not exceed any constitutional or statutory or other lawful limitation; and that provision has been made for the collection of a direct annual tax, in addition to all other taxes, on all of the taxable property in the Village sufficient to pay the interest hereon as the same falls due and also to pay and discharge the principal hereof at maturity.

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.

This bond is issued by the Village for the purpose of paying costs of the Project and the Refunding, and of paying expenses incidental thereto, all as described and defined in the ordinance authorizing the Bond (the "*Ordinance*"), payable as to principal and interest from (i) net revenues of the Village's Waterworks and Sewerage System (i.e., generally gross revenues minus operations and maintenance expenses), (ii) receipts of the Village's certain distributive share of the proceeds from the State of Illinois income taxes imposed by the State of Illinois pursuant to the Illinois Income Tax Act and distributed pursuant to the State Revenue Sharing Act, (iii) ratably and equally with the Village's outstanding Taxable General Obligation Bonds (Alternate Revenue Source), Series 2018, dated March 28, 2018, all collections distributed to the Village from Retailer's Occupation Taxes, Service Occupation Taxes, Use Taxes and Service Use Taxes, and (iv) ad valorem taxes levied against all of the taxable property in the Village for which its full faith and credit have been irrevocably pledged, unlimited as to rate or amount, all in accordance with the provisions of the Local Government Debt Reform Act of the State of Illinois, as supplemented and amended. The full faith, credit and resources of the Village are pledged to the punctual payment of the principal of and interest on the Bonds. This Bond is negotiable, subject to registration provisions, pursuant to the laws of the State of Illinois.

This Bond is subject to provisions relating to registration, transfer and exchange; and such other terms and provisions relating to security and payment as are set forth in the Ordinance, to which reference is hereby expressly made, and to all the terms of which the Registered Owner hereof is hereby notified and shall be subject.

[Optional and Mandatory Redemption language, as applicable].

IN WITNESS WHEREOF the Village of Johnsburg, McHenry County, Illinois has caused this Bond to be executed by the manual or facsimile signature of the President, the seal of said Village (or a facsimile thereof) to be affixed, imprinted, engraved or otherwise reproduced hereon and countersigned by the duly authorized manual or facsimile signature of the Village Clerk, all as of the Dated Date identified above.

VILLAGE OF JOHNSBURG,
MCHENRY COUNTY, ILLINOIS

By: _____
President

[SEAL]

Countersigned:

By: _____
Village Clerk

CERTIFICATE OF AUTHENTICATION

This Bond is described in the within-mentioned Ordinance and is the General Obligation Waterworks and Sewerage Refunding Bond (Alternate Revenue Source), Series 2018, having a Dated Date of _____, 2018, of the Village of Johnsburg, McHenry County, Illinois.

_____ as Registrar

By _____
Authorized Officer

ASSIGNMENT

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

Here insert Social Security Number, Employer Identification Number or other Identifying Number

(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 transfer and 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 11. Alternate Bonds; General Obligations; Tax Levy. The Bonds are and constitute Alternate Bonds under the Debt Reform Act, and are anticipated to be payable from Pledged Revenues. Under and pursuant to Section 15 of the Debt Reform Act, the full faith and credit of the Village are hereby irrevocably pledged to the punctual payment of the principal of, premium, if any, and interest on the Bonds; the Bonds shall be direct and general obligations of the Village; and the Village shall be obligated to levy ad valorem taxes upon all the taxable property within the Village's corporate limits, for the payment of the Bonds and the interest thereon, without limitation as to rate or amount (such ad valorem taxes being the "Pledged Taxes").

Pledged Revenues are hereby determined by the Corporate Authorities to be sufficient to provide for or pay in each year to final maturity of the Bonds all of the following: (1) cost of operation and maintenance of the System (but not including depreciation); (2) the debt service on all Outstanding revenue bonds payable from Pledged Revenues, (3) all amounts required to meet any fund or account requirements with respect to the Bonds, (4) other contractual or tort liability obligations, if any, payable from such Pledged Revenues, and (5) in each year, an amount not less than 1.25 times the debt service for all (i) alternate bonds payable from such Pledged Revenues, including previously issued and outstanding, and (ii) alternate bonds proposed to be issued and payable from one or more of the sources of Pledged Revenues, including the Bonds.

The Pledged Revenues shall be and are hereby determined by the Corporate Authorities to provide in each year an amount not less than 1.25 times debt service (as defined in Section 3 of the Debt Reform Act) of Alternate Bonds payable from such revenue sources previously issued and Outstanding, and Alternate Bonds proposed to be issued. Such conditions enumerated need not be met for that amount of debt service (as defined in Section 3 of the Debt Reform Act) provided for by the setting aside of proceeds of bonds or other moneys at the time of the delivery

of such bonds. The Pledged Revenues are hereby determined by the Corporate Authorities to provide in each year all amounts required to meet any fund or account requirements with respect to this Ordinance, any contractual or tort liability obligations, if any, payable from Pledged Revenues, and an amount not less than 1.25 times debt service (as defined in Section 3 of the Debt Reform Act) of all of the Outstanding Bonds, payable from such Pledged Revenues. The determination of the sufficiency of the Pledged Revenues is expected to be supported by reference to the most recent audit of the Village, which audit is for a Fiscal Year ending not earlier than 18 months previous to the time of issuance of the Bonds, and if such audit is unavailable, a "report" under Section 15 of the Debt Reform Act shall be prepared.

For the purpose of providing the money required to pay the interest on the Bonds when and as the same falls due and to pay and discharge the principal thereof as the same shall mature, there shall be levied upon all the taxable property within the Village's corporate limits in each year while any of the Bonds shall be Outstanding, and there is hereby levied, in addition to all other taxes levied by the Village, the Pledged Taxes in the amounts for each year not to exceed \$275,000, commencing for each levy year, commencing not before 2018 (collectible in 2019) and ending not later than 2025 (collectible in 2026), as shall be specified in an applicable Bond Order.

The Pledged Revenues and other moneys on deposit in the Alternate Bond Fund shall be applied to pay principal of and interest on the Bonds.

Interest or principal coming due at any time when there are insufficient funds on hand from the Pledged Revenues to pay the same shall be paid promptly when due from current funds on hand in advance of the collection of the Pledged Revenues or Pledged Taxes herein levied; and when the Pledged Revenues shall have been collected, reimbursement shall be made to said funds in the amount so advanced.

Pursuant to Section 13 of the Debt Reform Act, the moneys deposited or to be deposited into the Bond Fund (as defined herein), including any tax receipts derived from the taxes levied pursuant to this Ordinance, are pledged as security for the payment of the Bonds. While any Bonds remain outstanding and unpaid, the tax levies to be made as provided by this Ordinance shall be for the sole benefit of the owners of the outstanding Bonds and such owners shall have and are granted a security interest in, and a lien upon, all rights, claims and interests of the Village arising pursuant to those levies and all present and future proceeds of such levies. The security interest in and lien upon those rights, claims and interests are immediately valid and binding from the time the Bonds are issued, and shall immediately attach to (a) the tax receipts wherever held, (b) amounts held in the Bond Fund and other funds pledged for the benefit of holders of the Bonds, and (c) those rights, claims and interests pledged hereby, without any physical delivery or further act and the lien of such pledge shall be immediately valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Village or against the funds, rights, claims or interests pledged hereby irrespective of whether such parties have notice thereof.

The pledge is an agreement between the Village and the bondholders to provide security for the Bonds in addition to any statutory lien.

Section 12. Filing with County Clerk. Promptly, as soon as this Ordinance becomes effective, a copy hereof, certified by the Village Clerk of the Village, shall be filed with the County Clerk of McHenry County, Illinois (the "County Clerk"); and said County Clerk shall in and for each of the years set forth in the Bond Order, ascertain the rate percent required to produce the aggregate Pledged Taxes hereinbefore provided to be levied in each of said years and subject to abatement as provided in said Section 13; and said 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 purposes of the Village; and, subject to abatement as stated hereinabove, in said years such annual tax shall be levied and collected by and for and on behalf of the Village in like manner as taxes for general purposes for said years are levied and collected, and in addition to and in excess of all other taxes.

Section 13. Tax Abatement. The Village covenants and agrees with the Underwriter 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 foregoing tax levy, unless and to the extent there then shall be moneys irrevocably on deposit therefor in the applicable debt service account or accounts established under Section 15 below and in accordance with this Section. The Village and its officers will comply with all present and future applicable laws in order to assure that the Pledged Taxes may be levied, extended and collected as provided herein and deposited into the Bond Fund.

In the event that funds from any lawful source may be made available for the purpose of paying any principal of or interest on the Bonds so as to enable the abatement of the Pledged Taxes, the Corporate Authorities shall, by proper proceedings, direct the deposit of such other funds into the Bond Fund, and further shall direct the abatement of the Pledged Taxes by the amount so deposited. A certified copy or other notification of any such proceedings abating taxes may then be filed with the County Clerk in a timely manner to effect such abatement.

Section 14. Sale of Bonds. The Bonds shall be executed as in this Ordinance provided as soon after the passage hereof as may be, shall be deposited with the Bond Registrar, and shall be delivered to the Underwriter upon the payment of the price (not less than 97% of the par amount of the Bonds) set forth in the Bond Order. The contract for the sale of the Bonds to the Underwriter is hereby in all respects ratified, approved and confirmed, it being hereby declared 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 such contract.

Upon the sale of the Bonds, the Designated Officers and any other officers of the Village as shall be appropriate, shall be and are hereby authorized and directed to approve or execute, or both, such documents of sale of the Bonds as may be necessary, including, without limitation, closing documents.

Section 15. Alternate Bond Fund. There is hereby created or continued 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 "Alternate Bond Fund (Series 2018 Bonds)" (which may also be referred to as the "Bond Fund"). The purpose of the Bond Fund is to provide a fund to receive and disburse the Pledged Revenues for the Bonds and to receive and disburse Pledged Taxes for any (or all) of the Bonds. All Pledged Revenues as required for the Bonds shall be deposited to the credit of the Bond Fund, and all Pledged Taxes shall be deposited to the credit of the Bond Fund. The Bond Fund and any respective accounts therein, constitute a trust fund established for the purpose of carrying out the covenants, terms, and conditions imposed upon the Village by this Ordinance. The requisite amount of Pledged Revenues is to be received by the Village Administrator or such other designee of the Village, as may be authorized, by the officers who collect or receive the Pledged Revenues. The Village Administrator or such other designee of the Village, as may be authorized, shall thereupon deposit the Pledged Revenues to the credit of the Bond Fund in such amounts, taking into account the prior use of moneys in the Bond Fund, as shall provide for the timely payment of all principal of and interest on the Bonds. Any Pledged Taxes which may be received by the Village shall promptly be deposited into the Bond Fund.

Pledged Taxes on deposit to the credit of the Bond Fund 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 from Pledged Revenues.

Section 16. System Fund and Accounts. Upon the issuance of any of the Bonds, the System shall continue to be operated on a Fiscal Year basis. All of the revenues from any source whatsoever derived from the operation of the System, together with any other available funds therefor, shall be set aside as collected and be deposited in a separate fund and in an account in a bank to be designated or continued, as the case may be, by the Corporate Authorities, which fund is hereby created, designated or continued, as the case may be, as the Village's "Waterworks and Sewerage Fund" (the "Fund"), which shall constitute 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 operation and maintenance expenses of the System, providing adequate depreciation and reserve funds as herein provided, paying the principal of and interest on all revenue bonds and obligations of the Village which by their terms are payable from the revenues derived from the System, and providing for the establishment of an expenditure from the respective accounts as hereinafter described.

Section 17. Flow of Funds. There shall be deposited in and credited to the Fund all revenues and income of the System as received, and all disbursements for the Operation and Maintenance Expenses of the System and all allocations and deposits to the following Accounts shall be made from the Fund. There shall be and there are hereby ordered, created and established, or at the Village's option continued under the Prior Ordinance, as the case may be, separate accounts and subaccounts to be known as the Waterworks and Sewerage System "Operation and Maintenance Account", "Accounts Created Pursuant to Future Bond Ordinances", "Depreciation

Account” (which shall be a subaccount of the existing “Operation and Maintenance Account”), and “Surplus Account” (including therein a “Debt Service Subaccount”), from which debt service on the Bonds is to be paid), to which there shall be credited on or before the first day of each month by the Village Comptroller or other appropriate financial officer of the Village, without any further official action or direction, in the order in which such accounts are hereinafter mentioned, all moneys held in the System Fund, in accordance with the following provisions (with transfers from other accounts as stated in the Official Statement):

(a) Operation and Maintenance Account: There shall be deposited and credited to the Operation and Maintenance Account an amount sufficient, when added to the amount then on deposit in such Account, to establish a balance equal to an amount not less than the amount necessary to pay Operation and Maintenance Expenses for the then current month.

(b) Accounts Created Pursuant to Future Bond Ordinances. Future Bond Ordinances may create additional accounts in the Fund for the payment and security of waterworks revenue bonds that hereafter may be issued by the Village. Amounts in the Fund shall be credited to and transferred from such accounts in accordance with the terms of the Future Bond Ordinances.

(c) Depreciation Account: Amounts shall be deposited into the Depreciation Account from time to time such amounts as the Corporate Authorities determine necessary to provide an adequate depreciation fund for the System. In Future Bond Ordinances, the Village may covenant to make specific monthly deposits to such Depreciation Account and to accumulate funds therein.

Amounts to the credit of the Depreciation Account shall be used for (i) the payment of the cost of extraordinary maintenance, necessary repairs and replacements, or contingencies, the payment for which no other funds are available, in order that the System may at all times be able to render efficient service and (ii) the payment of principal of or interest and applicable premium on any Outstanding Bonds at any time when there are no other funds available for that purpose in order to prevent a default and shall be transferred to the appropriate account for such purpose.

Future Bond Ordinances may provide for additional uses and transfers of the funds on deposit in the Depreciation Account.

(d) Surplus: All moneys remaining in the System Fund, after crediting the required amounts to the respective accounts hereinabove provided for, and after making up any deficiency in the above Accounts described in subsections (a) through (c), inclusive, shall be credited to the Surplus Account and then: (i) shall first be used to make up any subsequent deficiencies in any of the Accounts hereinabove named; (ii) shall second, after

depositing all accrued interest received on the sale of the Bonds, on or before the second business day of the Village preceding the first day of each month the Village Comptroller shall credit to and shall immediately deposit into the Debt Service Subaccount (in an amount such that this subaccount qualifies as a bona fide debt service fund and otherwise to a separate Pledged Subaccount) a pro rata amount (not less than 1/6) of Pledged Revenues of the installment of interest coming due on the next succeeding interest payment date and such that the tax levy in Section 11 can be timely abated (the aggregate being the "Interest Requirement" for the applicable period) on the then Outstanding Bonds plus a pro rata amount (not less than 1/12) of the installment of principal coming due on the then Outstanding Bonds on the next succeeding principal payment or mandatory redemption date on the then Outstanding Bonds and such that the tax levy in Section 11 can be timely abated (the aggregate being the "Principal Requirement" for the applicable period), and Pledged Revenues shall be so credited in full to the Debt Service Subaccount until the Principal Requirement and the Interest Requirement shall have been met, after which no such deposits shall be required, and such moneys may be applied to any other lawful System or corporate purposes; and except as hereinafter provided, moneys to the credit of the Debt Service Subaccount shall be used solely and only for the purpose of paying principal of and redemption premium, if any, and interest on the Bonds as the same become due or upon maturity or mandatory redemption; and (iii) shall third, at the discretion of the Corporate Authorities, be used, if at all, for one or more of the following purposes (and not for any general corporate purposes) without any priority among them:

- (1) For the purpose of constructing or acquiring repairs, replacements, renewals, improvements or extensions to the System; or
- (2) For the purpose of calling and redeeming Outstanding Bonds which are callable at the time; or
- (3) For the purpose of purchasing any Outstanding Bonds; or
- (4) For the purpose of paying principal of and interest on any subordinate bonds or obligations issued for the purpose of acquiring or constructing repairs, replacements, renewals, improvements and extensions to the System; or
- (5) For any purpose enumerated in any Future Bond Ordinance; or
- (6) For any other lawful purpose.

(e) Investments: Money to the credit of the Fund prior to the monthly accounting and to the credit of the Operation and Maintenance Account may be invested pursuant to any authorization granted to municipal corporations by Illinois statute or court decision. Money to the credit of the Operation and Maintenance Account, Depreciation Account and Surplus Account may be invested from time to time by the Village Comptroller of the Village in Qualified Investments, as follows: (i) interest bearing bonds, notes or other direct full faith and credit obligations of the United States of America, (ii) obligations unconditionally guaranteed as to both principal and interest by the United States of America, or (iii) certificates of deposit or time deposits of any bank, as defined

by the Illinois Banking Act, or savings and loan association provided such bank or savings and loan association is insured by the Federal Deposit Insurance Corporation (FDIC) or a successor corporation to FDIC, and provided further that the principal of such deposits is secured by a pledge of obligations as described in clauses (f)(i) and (f)(ii) above in the full principal amount of such deposits, and otherwise collateralized in such amount and in such manner as may be required by law. Such investments may be sold from time to time by such Village Comptroller as funds may be needed for the purpose for which such accounts have been created.

All interest on any funds so invested shall be credited to the applicable fund, account or subaccount of the System Fund for which the investment was made and is hereby deemed and allocated as expended with the next expenditure or expenditures of money from such applicable fund, account or subaccount of the Fund; provided, however, the Village shall credit such interest in such manner as to not cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, and applicable Income Tax Regulations.

Moneys in any of such accounts shall be invested by the Village Comptroller, if necessary, in investments restricted as to yield, which investments may be in U.S. Treasury Securities - State and Local Government Series, if available, and to such end the Village Comptroller shall refer to any investment restrictions covenanted by the Village or any officer thereof as part of the transcript of proceedings for the issuance of the Bonds, and to appropriate opinions of counsel.

(f) Bona Fide Debt Service Fund: Moneys preliminary to deposit in (d)(ii), and used to abate taxes under Section 11 above, which if deposited into the Debt Service Subaccount would disqualify the Debt Service Subaccount as a "bona fide debt service fund" shall be held in a separate subaccount (the "Pledged Subaccount") of the Debt Service Subaccount and the investment yield thereon limited to the yield on the Bonds and is subject to Yield Reduction Payments.

Section 18. Use of Proceeds; Investments; Call of the Prior Bonds. The proceeds

derived from the sale of the Bonds shall be used as follows:

A. Accrued interest shall be deposited to the credit of the Bond Fund and applied to pay first interest due on such Bonds.

B. A portion of the proceeds of the Bonds and any premium received on the delivery of the Bonds, together with such funds of the Village as may be necessary, shall be deposited into a separate fund, hereby created, designated the "Cost of Issuance Fund" to be used to pay expenses of issuance of the Bonds. Disbursements from such fund shall be made from time to time upon

the direction of the Corporate Authorities. Any excess in said Fund shall be used for the Project after six months from the date of issuance of the Bonds.

C. The remaining proceeds of the Bonds and any premium received on the delivery of the Bonds, together with such funds of the Village as may be necessary, shall be used to pay for the Refunding, and shall be deposited in trust with an escrow agent to be set forth in the Bond Order, solely for the purpose of paying for the Refunding. The President and the Village Clerk shall be hereby authorized, empowered and directed to execute and deliver one or more escrow or refunding agreements typical in a refunding transaction of this nature with such changes therein as such officers executing such agreements on behalf of the Village shall approve, their execution thereof to constitute conclusive evidence of their approval of such changes, all as further set forth in the Bond Order, as applicable.

In accordance with the redemption provisions of the ordinance authorizing the issuance of the Prior Bonds, the Village by the Corporate Authorities does hereby make provision for the payment of and does hereby call (subject only to the delivery of the Bonds) the Refunded Bonds, as provided in the Bond Order.

Section 19. Parity Bonds; Additional Bonds. The Village reserves the right to issue bonds or other obligations, if any, which share ratably and equally in the Pledged Revenues, as set forth and provided for in any such ordinance authorizing the issuance of any such bonds (the "Parity Bonds"), without limit, provided that the Pledged Revenues as determined or as adjusted as hereinbelow set out shall be sufficient to provide for or pay all of the following: (a) debt service on all Outstanding bonds to which the Pledged Revenues have like-wise been pledged, computed immediately after the issuance of the proposed Parity Bonds; (b) all amounts required to meet any fund or account requirements with respect to such Outstanding bonds; (c) other contractual or tort

liability obligations then due and payable, if any; and (d) an additional amount not less than 0.25 times the maximum annual debt service on such of the Alternate Bonds as shall remain Outstanding bonds after the issuance of the proposed Parity Bonds. Such sufficiency shall be calculated for each year to the final maturity of such Alternate Bonds which shall remain Outstanding after the issuance of the proposed Parity Bonds. The determination of the sufficiency of Pledged Revenues shall be supported by reference to the Village's most recent audit, including of the Bond Fund, which audit shall be for a Fiscal Year ending not earlier than eighteen (18) months previous to the time of issuance of the proposed Parity Bonds.

If such audit shows the Pledged Revenues to be insufficient, then the determination of sufficiency may be made in either of the following two ways:

(i) The determination of sufficiency of the Pledged Revenues may be supported by the report of an independent accountant or feasibility analyst having a national reputation for expertise in such matters, demonstrating the sufficiency of the Pledged Revenues and explaining by what means they will be greater than as shown in the audit.

(ii) The reference to and acceptance of an audit or a report, as the case may be, and the determination of the Corporate Authorities of the sufficiency of the Pledged Revenues shall be conclusive evidence that these conditions have been met and that the Parity Bonds are properly issued; and no right to challenge such determination is granted to the registered owners of the Bonds.

The Village reserves the right to issue Alternate Bonds from time to time (the "Additional Bonds") payable from 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 20. Reimbursement. None of the proceeds of the Bonds will be used to pay, directly or indirectly, in whole or in part, for an expenditure that has been paid by the Village prior to the date hereof.

Section 21. Not Private Activity Bonds. None of the Bonds is a “private activity bond” as defined in Section 141(a) of the Code. In support of such conclusion, the Village certifies, represents and covenants as follows:

A. No direct or indirect payments are to be made on any Bond with respect to any private business use by any person other than a state or local governmental unit.

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

C. No user of the Project or the Prior Project, other than the Village or another governmental unit, will use the same on any basis other than the same basis as the general public; and no person other than the Village or another governmental unit will be a user of the Project or the Prior Project as a result of (i) ownership or (ii) actual or beneficial use pursuant to a lease, a management or incentive payment contract, or (iii) any other arrangement.

Section 22. Bank Qualified Bonds. The Village hereby designates the Bonds as “qualified tax exempt obligations” for the purposes and within the meaning of Section 265(b)(3) of the Code. In support of such designation, the Village hereby certifies that (i) the Bonds will not be at any time “private activity bonds” as defined in Section 141 of the Code, other than “qualified 501(c)(3) bonds” as defined in Section 145 of the Code; (ii) as of the date hereof in calendar year 2018, the Village has not issued any tax exempt obligations of any kind other than the Bonds nor have any tax exempt obligations of any kind been issued on behalf of the Village; and (iii) not more than \$10,000,000 of obligations of any kind, including the Bonds, issued by or on behalf of the Village during calendar year 2018 will be designated for purposes of Section 265(b)(3) of the Code.

Section 23. Registered Form. The Village agrees that it will not take any action to permit the Bonds to be issued in, or converted into, bearer or coupon form.

Section 24. Covenants of the Village. Subject to the terms and provisions contained in this section, and not otherwise, the Village covenants and agrees so long as there are any Outstanding Bonds (as defined herein), as follows:

(a) The Village will take all action necessary either to impose, collect, apply or maintain the right to receive and apply the Pledged Revenues and Pledged Taxes in the manner contemplated by this Ordinance, and such Pledged Revenues shall not be less than as shall be required under Section 15 of the Debt Reform Act to maintain the Bonds as Alternate Bonds.

(b) The Village covenants that it will, while any of the Bonds remain outstanding, ensure that the Pledged Revenues will be sufficient to provide for or pay each of the following in any given year: (1) debt service on all Outstanding revenue bonds payable from such revenue sources, (2) the debt service on all Outstanding revenue bonds payable from pledged revenue sources, (3) all amounts required to meet any fund or account requirements with respect to such Outstanding revenue bonds, (4) other contractual or tort liability obligations, if any, payable from such pledged revenues, (5) other contractual or tort liability obligations, if any, payable from such revenue sources, and (6) in each year, an amount not less than 1.25 times debt service of all (i) alternate bonds payable from such revenue source previously issued and outstanding and (ii) alternate bonds proposed to be issued (i.e. the Bonds).

(c) The determination of the sufficiency of the Pledged Revenues is expected to be supported by reference to the most recent audit of the Village, which audit is for a Fiscal Year ending not earlier than 18 months previous to the time of issuance of the Bonds.

(d) The Village will make and keep proper books and accounts (separate and apart from all other records and accounts of the Village), in which complete entries shall be made of all transactions related to the Pledged Revenues, and covenants that within 210 days following the close of each Fiscal Year, it will cause the books and accounts related to the Pledged Revenues to be audited by independent certified public accountants. Such audit will be available for inspection by the registered owners of any of the Bonds. Each such audit, in addition to whatever matters may be thought proper by the accountants to be included therein, shall, without limiting the generality of the foregoing, include the following:

(i) A balance sheet as of the end of such Fiscal Year, including a statement of the amount held in each of the funds under this Ordinance.

(ii) The amount and details of all Outstanding bonds.

(iii) The accountant's comments, if any, regarding the manner in which the Village has carried out the accounting requirements of the Ordinance (including as to the Alternate Bond status of the Bonds) and has complied with Section 15 of the Debt Reform Act, and the accountant's recommendations for any changes.

(e) The Village will keep its books and accounts in accordance with generally accepted accounting principles for local government entities and enterprise funds; provided, however, that the credits to the Bond Fund shall be in cash, and such funds shall be held separate and apart in cash and investments. For the purpose of determining whether sufficient cash and investments are on deposit in such accounts under the terms and requirements of this Ordinance, investments shall be valued at market price on the valuation date thereof, which valuation date shall be not less frequently than annually.

(f) The Village will take no action in relation to the Pledged Revenues or the Pledged Taxes which would unfavorably affect the security of the Bonds or the prompt payment of the principal and interest thereon or the 125% coverage required in subsection (b) above to maintain the Bonds as "alternate bonds" under Section 15 of the Debt Reform Act.

(g) The owner of any Bond may proceed by civil action to compel performance of all duties required by law and this Ordinance.

Section 25. Rights and Duties of Bond Registrar and Paying Agent. The Bond Registrar and Paying Agent shall:

(a) act as bond registrar, paying agent, authenticating agent, and transfer agent as provided herein;

(b) maintain a list of Bondholders as set forth herein;

(c) cancel and/or destroy Bonds which have been paid at maturity or submitted for exchange or transfer; and

(d) 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 26. Defeasance. Any Bond or Bonds which (a) are paid and canceled, (b) which have matured and for which sufficient sums been deposited with the Paying Agent to pay all principal and interest due thereon, or (c) for which sufficient funds and Defeasance Obligations have been deposited with the Paying Agent or similar institution having trust powers to pay, taking into account investment earnings on such obligations, all principal of and interest on such Bond or Bonds when due at maturity or as called for redemption, pursuant to an irrevocable escrow or trust agreement, shall cease to have any lien on or right to receive or be paid from the Pledged Taxes hereunder 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 of the outstanding Bonds. All covenants relative to the payment, registration, transfer, and exchange are expressly continued for all Bonds whether outstanding Bonds or not. For purposes of this Section, "Defeasance Obligations" means (a) direct and general full faith and credit obligations of the

United States Treasury ("Directs"), (b) certificates of participation or trust receipts in trusts comprised wholly of Directs or (c) other obligations unconditionally guaranteed as to timely payment by the United States Treasury.

Section 27. Continuing Disclosure Undertaking. Any Designated Officer is hereby authorized to execute and deliver the Continuing Disclosure Undertaking (the "Undertaking"), in customary form as previously executed by the Village and as provided by Bond Counsel, to effect compliance with Rule 15c2-12 adopted by the Commission under the Securities Exchange Act of 1934. When such Undertaking is executed and delivered on behalf of the Village, it will be binding on the Village and the officers, agents, and employees of the Village, and the same are hereby authorized 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 such Undertaking as executed and delivered. Notwithstanding any other provisions hereof, the sole remedies for failure to comply with such Undertaking shall be the ability of the beneficial owner of any Bond to seek mandamus or specific performance by court order, to cause to the Village to comply with its obligations thereunder.

Section 28. Municipal Bond Insurance Policy. In the event the Underwriter certifies to the Village that it would be economically advantageous for the Village to acquire a Policy for the Bonds, the Village hereby authorizes and directs the Village Clerk or other Designated Officer to obtain such an insurance policy, as shall be further set forth in the Bond Order. The acquisition of a Policy is hereby deemed economically advantageous if the difference between the present value cost of (a) the total debt service on the Bonds if issued without municipal bond insurance and (b) the total debt service on the Bonds if issued with municipal bond insurance is greater than the cost of the premium on the Policy. In the event the payment of principal and interest on the Bonds is

insured pursuant to a Policy issued by an Insurer, and as long as such Policy shall be in full force and effect, the Village and the Bond Registrar agree to comply with such usual and reasonable provisions regarding presentment and payment of the Bonds, subrogation of the rights of the Bondholders to the Insurer upon payment of the Bonds by the Insurer, amendment hereof, or other terms, as approved by the Village President on advice of counsel, his or her approval to constitute full and complete acceptance by the Village of such terms and provisions under authority of this Section.

Section 29. Publication of Ordinance. A full, true and complete copy of this Ordinance shall be published within ten days after passage in pamphlet form by authority of the Corporate Authorities.

Section 30. Superseder. All ordinances, resolutions and orders, or parts thereof, in conflict herewith, are to the extent of such conflict hereby superseded; and this Ordinance shall be in full force and effect immediately upon its passage and approval.

ADOPTED: This 2nd day of October, 2018, pursuant to a roll call vote as follows:


AYES: Trustees Hutchinson, Curry, Hagen and Klemstein

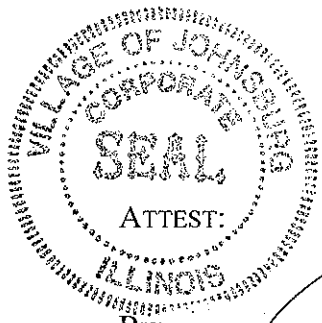
NAYS: None

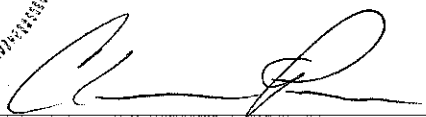
ABSENT: Trustees McEvoy and Frost

APPROVED by me this 2nd day of October, 2018

Published in pamphlet form by authority of the Village Board on February 20, 2018.

By: 
Its: President, Village of Johnsburg, McHenry
County, Illinois



By: 
Its: Village Clerk, Village of Johnsburg
McHenry County, Illinois

Trustee Klemstein moved and Trustee Hutchinson seconded the motion that said ordinance as presented and read by the Village Clerk be adopted.

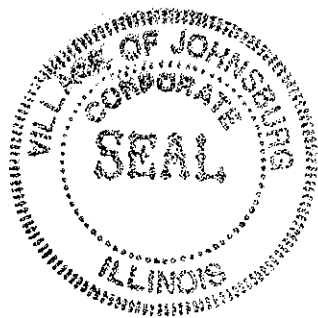
After a full discussion thereof, the President directed that the roll be called for a vote upon the motion to adopt said ordinance as read.

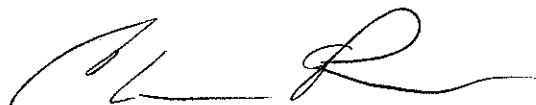
Upon the roll being called, the following Trustees voted AYE: Trustees Hutchinson, Curry, Hagen and Klemstein and the following Trustees were absent: Trustees McEvoy and Frost and the following Trustees voted NAY: None.

Whereupon the President declared the motion carried and said ordinance adopted, approved and signed the same in open meeting and directed the Village Clerk to record the same in full in the records of the Corporate Authorities of the Village of Johnsburg, McHenry County, Illinois, which was done.

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

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





Village Clerk

STATE OF ILLINOIS)
) SS
COUNTY OF MCHENRY)

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 Johnsburg, McHenry 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 Village Board (the "Corporate Authorities") 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 Corporate Authorities held on the 2nd day of October, 2018, insofar as the same relates to the adoption of an ordinance entitled:


AN ORDINANCE authorizing the issuance of General Obligation Waterworks and Sewerage Refunding Bonds (Alternate Revenue Source), Series 2018 of the Village of Johnsburg, McHenry County, Illinois, in an aggregate principal amount of not to exceed \$1,750,000 for the purpose of refinancing outstanding obligations of the Village and paying for costs related thereto, and providing for the levy of a direct annual tax sufficient for the payment of the principal of and interest on said bonds.

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 Corporate Authorities on the adoption of said ordinance were taken 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 newspapers, radio or television stations and other news media requesting such notice; that an agenda for said meeting was posted at the principal office of the Corporate Authorities and at the location where said meeting was to be held on a day which was not a Saturday, Sunday or legal holiday for Illinois municipalities and at least 48 hours in advance of holding said meeting; that said agenda described or made specific reference to said ordinance; that a true, correct and complete copy of said agenda as so posted is attached hereto; and that said meeting was called and held in strict compliance with the provisions of the Open Meetings Act of the State of Illinois, as amended, and the Illinois Municipal Code, as amended, and that the Corporate Authorities has complied with all of the provisions of said Act and said Code, except as said Act and said Code are validly superseded by the home rule powers of the Village, and with all of the procedural rules of the Corporate Authorities in the adoption of said ordinance.

IN WITNESS WHEREOF I hereunto affix my official signature and the seal of the Village this 2nd day of October, 2018.





Village Clerk

STATE OF ILLINOIS)
) SS
COUNTY OF MCHENRY)

FILING CERTIFICATE

I, the undersigned, do hereby certify that I am the duly qualified and acting County Clerk of McHenry County, Illinois, and as such official I do further certify that on the _____ day _____, 2018, there was filed in my office a duly certified copy of Ordinance No. _____ entitled:

AN ORDINANCE authorizing the issuance of General Obligation Waterworks and Sewerage Refunding Bonds (Alternate Revenue Source), Series 2018 of the Village of Johnsburg, McHenry County, Illinois, in an aggregate principal amount of not to exceed \$1,750,000 for the purpose of refinancing outstanding obligations of the Village and paying for costs related thereto, and providing for the levy of a direct annual tax sufficient for the payment of the principal of and interest on said bonds.

duly adopted by the President and Village Board of the Village of Johnsburg, McHenry County, Illinois, on 2nd day of October, 2018, and that the same has been deposited in the official files and records of my office.

IN WITNESS WHEREOF, I hereunto affix my official signature and the seal of said County, this ___ day _____, 2018.

County Clerk of McHenry County, Illinois

(SEAL)