

**EXHIBIT C**

**(FORM OF BOND)**

**UNITED STATES OF AMERICA**

STATE OF ILLINOIS

COUNTY OF LAKE

**VILLAGE OF LONG GROVE  
TAXABLE TAX INCREMENT ALLOCATION REVENUE BOND  
(LONG GROVE REDEVELOPMENT PROJECT)  
SERIES 2009B**

Bond No. \_\_\_\_\_

Principal Amount: \$XXX,XXX

Maturity Date:

Date of Bond:

Interest Rate: 4.00%

Registered Owner: Village of Long Grove, General Fund

The Village of Long Grove, Lake County, Illinois (the "**Village**"), for value received, promises to pay to the Registered Owner specified above or registered assigns, upon presentation and surrender of this bond at the principal of the Village in Long Grove, Illinois (the "**Trustee**") the Principal Amount of this bond specified above on the Maturity Date specified above and to pay the Registered Owner of this bond interest on that sum at the interest rate per year specified above from the Date of Bond specified above, payable on the Maturity Date specified above. Interest shall be computed on the basis of a 360-day year of twelve 30-day months. Interest on this bond shall be payable by check or draft of the Trustee mailed to the person in whose name this bond is registered on the Maturity Date. The principal of and interest on this bond are payable in lawful money of the United States of America. No interest shall accrue on this bond after its Maturity Date unless this bond shall have been presented for payment at maturity and shall not then have been paid.

This bond is one of an authorized issue of bonds in the aggregate principal amount of \$3,500,000. This bond and the issue of which it is a part (together, the "**Series 2009B Bonds**") are issued pursuant to the Tax Increment Allocation Redevelopment Act, Ill. Rev. Stat. 1989, ch. 24, par. 11-74.4-1 et seq., as amended (the "**Act**"), and Village of Long Grove Ordinance No. 2009-0-\_\_\_\_\_ (the Series 2009B Ordinance"), and the principal of and interest on the Bonds are payable solely and only from the ad valorem taxes, if any, arising from the taxes levied upon taxable real property in the Village of Long Grove Redevelopment TIF District established by the Village pursuant to the provisions of the Act (the "**TIF District**") by any and all taxing districts or municipal corporations having the power to tax real property in the TIF District, which taxes are attributable to the increase in the then current equalized assessed valuation of each taxable lot, block, tract, or parcel of real property in the TIF District over and above the initial equalized assessed value of each such piece of property, all as certified by the County Clerk of the County of Lake, Illinois, in accord with the provisions of the Act (the "**Incremental Taxes**"). THE SERIES 2009B BONDS ARE SUBORDINATE TO THE SUNSET GROVE BONDS, WATER BONDS, AND SERIES 2009A BONDS AS DEFINED IN THE SERIES 2009B ORDINANCE

The Series 2009B Bonds are being issued for the purpose of paying the costs of a redevelopment project in the TIF District, all as more fully described in the Series 2009B Ordinance, to all the provisions of which the holder by the acceptance of this bond assents. The Bonds, together with the interest thereon, are limited obligations of the Village, payable solely and only from the collection of the Incremental Taxes and certain amounts on deposit in the funds and accounts created pursuant to the Series 2009B Ordinance as provided therein. For the prompt payment of the principal of and interest on the Bonds the Incremental Taxes are hereby irrevocably pledged. THE SERIES 2009B BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE VILLAGE WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION. NO HOLDER OF THIS SERIES 2009B BOND SHALL HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY TAXING POWER OR ANY USE OF ANY OTHER FUNDS OF THE VILLAGE FOR PAYMENT OF PRINCIPAL HEREOF OR INTEREST HEREON.

Under the Act and the Series 2009B Ordinance, the Incremental Taxes shall be deposited in the Special Tax Allocation Fund for the TIF District (the "**Fund**"), which Fund shall be held by the Village and is pledged to the payment of the principal of and interest on the Series 2009B Bonds. THE BONDS ARE PAYABLE ONLY FROM AMOUNTS DEPOSITED IN THE FUND.

The Series 2009B Bonds are redeemable prior to maturity in accordance with the Series 2009B Ordinance.

Subject to the terms and conditions contained in the Series 2009B Ordinance, other bonds may be issued which rank equally and ratably with the Series 2009B Bonds as to their claim to payment from the Incremental Taxes.

This bond is transferable by the registered holder hereof only in the manner, subject to the limitations, and upon payment of the charges provided in the Series 2009B Ordinance, and upon surrender and cancellation of this Series 2009B Bond. Upon such transfer a new Series 2009B Bond or Series 2009B Bonds or authorized denominations of the same aggregate original principal amount will be issued to the transferee in exchange therefor.

The Bonds are issued in fully registered form in the denominations of \$5,000 each or an integral multiple thereof. This bond may be exchanged at the principal office of the Village for a like aggregate original principal amount of Series 2009B Bonds of the same maturity of authorized denominations, upon the terms set forth in the Series 2009B Ordinance.

The Village may deem and treat the registered holder hereof as the absolute owner hereof for the purpose of receiving payment of principal hereof and interest due hereon and for all other purposes and the Village shall not be affected by any notice to the contrary.

All conditions which by law must have existed or must have been fulfilled in the issuance of this bond existed and were fulfilled in compliance with law. Provision has been made for the segregation of the Incremental Taxes to pay and discharge the principal of this Series 2009B Bond at maturity and to pay interest on this Series 2009B Bond as it falls due to the extent such moneys are available in accordance with the terms of the Series 2009B Ordinance. The issuance of the Series 2009B Bonds by the Village will not cause the Village to exceed or violate any applicable limitation or condition respecting the issuance of bonds imposed by the law of Illinois or by any ordinance or resolution of the Village. The Series 2009B Bonds are

issued for purposes for which the Village is authorized by law to issue bonds including but not limited to the payment of costs of a redevelopment project in the TIF District.

IN WITNESS WHEREOF, the Village of Long Grove, Lake County, Illinois, by its President and Board of Trustees, has caused this bond to be executed by the manual signature of its Village President and the manual signature of its Village Clerk and has caused its corporate seal to be affixed to this bond (or a facsimile of its seal to be printed on this bond), all as of the Date of Bond specified above.

VILLAGE OF LONG GROVE, ILLINOIS

By \_\_\_\_\_  
Village President

(SEAL)

ATTEST:

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

#9016182\_v3

**ATTACHMENT I**

## LIMITED OFFERING MEMORANDUM

New Issue

Non-Rated

### Book-Entry Only

*In the opinion of Foley & Lardner LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings, and court decisions and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income taxes purposes, is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes and is not included in adjusted current earnings in determining federal alternative minimum taxable income of corporations. Interest on the Bonds is not exempt from present State of Illinois income taxes. See "TAX MATTERS" herein. The Village has designated the Bonds as "qualified tax-exempt obligations" under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.*

**\$4,450,000**

**Village of Long Grove**

**Lake County, Illinois**

**Limited Obligation Tax Increment Revenue Bonds,**

**Series 2010 (Sunset Grove Project)**

**Dated: Date of Issuance**

**Bank Qualified**

**Due: January 1 as set forth below**

This Limited Offering Memorandum is being furnished solely for consideration by prospective sophisticated purchasers of the Limited Obligation Tax Increment Revenue Bonds, Series 2010 (Sunset Grove Project) (the "Bonds"), with substantial financial resources and the experience and financial expertise to understand and evaluate the degree of risk inherent in this investment. The Bonds are limited obligations of the Village of Long Grove, Lake County, Illinois (the "Village") and are payable solely from (i) Pledged Revenues (as defined herein), (ii) the amounts on deposit in and to the credit of certain funds and accounts of the Village, all in the priority of lien and as provided in the Indenture (as herein defined), and (iii) any and all other moneys, securities and property furnished from time to time to the Trustee (as defined herein) under the terms of the Indenture and specifically pledged for the payment of the Bonds. See "SECURITY FOR THE BONDS" and "RISK FACTORS" herein.

Each Bond shall bear interest from the later of the date of issuance (the "Dated Date") or from the most recent Interest Payment Date on which interest has been paid or duly provided for, such interest (computed upon a 360-day year of twelve 30-day months) being payable semiannually on each January 1 and July 1, commencing January 1, 2011.

The Bonds will be issued as fully registered bonds and will be registered in the name of Cede & Co., as the nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as the securities depository of the Bonds. Purchases will be made in book-entry form through DTC participants only in denominations of \$100,000 or integral multiples of \$5,000 in excess thereof and no physical delivery of the Bonds will be made to purchasers. See "BOOK-ENTRY ONLY SYSTEM." Amalgamated Bank of Chicago will serve as trustee, bond registrar and paying agent for the Bonds.

**The Bonds are subject to mandatory, optional and extraordinary optional redemption prior to maturity as set forth in this Limited Offering Memorandum.**

### AMOUNTS, MATURITIES, INTEREST RATES, PRICES AND CUSIPS<sup>1</sup>

Principal Amount	Maturity January 1	Interest Rate	CUSIP
\$4,450,000	2030	7.50%	54265XAA2

Price of all Bonds: 100%

*The Bonds are being offered when, as and if issued subject to prior sale, withdrawal or modification of the offer without notice, subject to the approval of legality by Foley & Lardner LLP, Chicago, Illinois, Bond Counsel. Certain legal matters are being passed upon by Holland & Knight LLP, counsel to the Village. Certain legal matters will be passed upon for the Developer by Gould & Ratner, LLP, Chicago, Illinois. Certain legal matters will be passed upon for the Underwriter by Peck, Shaffer & Williams LLP, Chicago, Illinois. The Bonds are expected to be available for delivery in definitive form through the facilities of DTC on or about September 29, 2010.*

**William Blair & Company**

September 27, 2010

<sup>1</sup> Copyright 2006, American Bankers Association. CUSIP data herein is provided by Standard & Poor's, CUSIP Service Bureau, a Division of The McGraw-Hill Companies, Inc.

## REGARDING USE OF THIS LIMITED OFFERING MEMORANDUM

This Limited Offering Memorandum is being furnished by the Village of Long Grove, Lake County, Illinois (the "Village") to a limited number (35 or less) of sophisticated investors or registered investment companies under the Investment Company Act of 1940 solely for the purpose of each investor's consideration of the purchase of the Bonds described herein, and is not to be used for any other purpose or made available to anyone not directly concerned with the decision regarding such purchase. This Limited Offering Memorandum does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale. Interested investors are being provided the opportunity to ask such questions and examine such documents and records as they may desire, and are advised to contact the Underwriter to secure further information concerning the Bonds.

No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations in connection with the offering of the Bonds, other than those contained in this Limited Offering Memorandum, and, if given or made, such other information or representations must not be relied upon as having been authorized. In accordance with, and as part of, its responsibilities to investors under the federal securities laws, as applied to the facts and circumstances of this transaction, the Underwriter has reviewed the information in this Limited Offering Memorandum, but does not guarantee the accuracy or completeness of such information. Neither the delivery of this Limited Offering Memorandum nor the sale of any of the Bonds shall imply that the information herein is correct as of any time subsequent to the date hereof.

This Limited Offering Memorandum should be considered in its entirety and no one factor considered less important than any other by reason of its position in this Limited Offering Memorandum. Where statutes, resolutions, ordinances, reports or other documents are referred to herein, reference should be made to such statutes, resolutions, ordinances, reports or other documents for more complete information regarding the rights and obligations of the parties thereto, the facts and opinions contained therein and the subject matter thereof.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES, IF ANY, IN WHICH THE BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR RESPECTIVE AGENCIES HAVE PASSED UPON THE MERITS OF THE BONDS OR THE ACCURACY OR COMPLETENESS OF THIS LIMITED OFFERING MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

THE BONDS HAVE RISK CHARACTERISTICS WHICH REQUIRE CAREFUL ANALYSIS AND CONSIDERATION BEFORE A DECISION TO PURCHASE IS MADE. THE BONDS SHOULD BE PURCHASED BY INVESTORS WHO HAVE ADEQUATE EXPERIENCE TO EVALUATE THE MERITS AND RISKS OF THE BONDS. PROSPECTIVE INVESTORS ARE NOT TO CONSTRUE THE CONTENTS OF THIS LIMITED OFFERING MEMORANDUM OR ANY PRIOR OR SUBSEQUENT COMMUNICATION FROM THE UNDERWRITER, ITS AFFILIATES, OFFICERS AND EMPLOYEES OR ANY PROFESSIONAL ASSOCIATED WITH THIS OFFERING AS INVESTMENT OR LEGAL ADVICE. EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN COUNSEL, ACCOUNTANT AND OTHER ADVISORS AS TO FINANCIAL, LEGAL AND RELATED MATTERS CONCERNING THE INVESTMENT DESCRIBED HEREIN.

**CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING  
STATEMENTS IN THIS LIMITED OFFERING MEMORANDUM**

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Certain statements included or incorporated by reference in this Limited Offering Memorandum constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as “plan,” “believe,” “expect,” “estimate,” “anticipate,” “intend,” “projected,” “budget,” “could,” or other similar words. Additionally, all statements in this Limited Offering Memorandum, including forward-looking statements, speak only as of the date they are made, and none of the Owner, the Village or the Underwriter undertakes any obligation to update any statement in light of new information or future events.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVES KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE, OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE, OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. NEITHER THE VILLAGE, THE OWNER, THE UNDERWRITER NOR ANY OTHER PARTY PLANS TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN THEIR EXPECTATIONS, OR EVENTS, CONDITIONS, OR CIRCUMSTANCES UPON WHICH SUCH STATEMENTS ARE BASED OCCUR.

**VILLAGE OF LONG GROVE**  
**LAKE COUNTY, ILLINOIS**  
3110 Old McHenry Road  
Long Grove, Illinois 60047-5286

**VILLAGE PRESIDENT**  
Maria Rodriguez, Village President

**VILLAGE TRUSTEES**  
Ed Acuna  
Joseph Barry  
John Marshall  
Karen Schmitt  
Charlie Wachs  
Joanne Weber

**VILLAGE CLERK**  
Karen Schultheis

**VILLAGE MANAGER**  
David A. Lothspeich

**VILLAGE ATTORNEY**  
Holland & Knight LLP  
Chicago, Illinois

**TIF CONSULTANT**  
Laube Companies  
Chicago, Illinois

**BOND COUNSEL**  
Foley & Lardner LLP  
Chicago, Illinois

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**\$4,450,000**  
**Village of Long Grove**  
**Lake County, Illinois**  
**Limited Obligation Tax Increment Revenue Bonds,**  
**Series 2010 (Sunset Grove Project)**

**INTRODUCTION**

The purpose of this Limited Offering Memorandum, including the cover page and the Appendices hereto and made a part hereof, is to set forth information in connection with the offering by the Village of Long Grove, Lake County, Illinois (the "*Village*"), of its \$4,450,000 Limited Obligation Tax Increment Revenue Bonds, Series 2010 (Sunset Grove Project) (the "*Bonds*").

The Bonds are limited obligations of the Village payable from (i) Pledged Revenues (as defined herein), (ii) the amounts on deposit in and to the credit of certain funds and accounts of the Village, all in the priority of lien and as provided in the Trust Indenture dated as of September 1, 2010 (the "*Indenture*"), by and between the Village and Amalgamated Bank of Chicago (the "*Trustee*"), and (iii) any and all other moneys, securities and property furnished from time to time to the Trustee under the terms of the Indenture and specifically pledged for the payment of the Bonds. See "SECURITY FOR THE BONDS."

Capitalized terms used herein without definition shall have the meanings accorded such terms in the Bond Ordinance and the Indenture (together, the "*Bond Documents*"), copies of which are attached hereto as APPENDICES C and D, respectively.

The Village is a non-home rule unit of government under the Constitution and subject to the laws of the State of Illinois. The Village occupies approximately 18 square miles located in Vernon, Ela and Fremont Townships in Lake County, Illinois, (the "*County*"), and is located approximately 35 miles northwest of downtown Chicago. See "THE VILLAGE."

The proceeds of the Bonds will be used to (i) fund certain public improvements approved within the Downtown/IL Rte. 83 Redevelopment Project Area (the "*Redevelopment Project Area*") by the Village, including road improvements to Route 83 and Aptakisic Road; (ii) fund necessary reserves; and (iii) pay costs of issuance. In order to provide for the implementation of the improvements within a portion of the Redevelopment Project Area consisting of the Sunset Grove Property (as hereinafter defined), the Village has entered into a Redevelopment Agreement, dated March 25, 2008, and amended on June 27, 2010, between the Village and Sunset Grove L.L.C., an Illinois limited liability company (the "*Developer*") to develop a 110,000 square-foot shopping center which will be anchored by Sunset Foods and CVS Pharmacy along with 47,500 square feet of ancillary retail and convenience tenants (the "*Project*"). See "THE REDEVELOPMENT PROJECT AREA – Summary of the Project." The "Sunset Grove Property" consists of those parcels of real property within the Redevelopment Project Area that are identified as three Property Identification Numbers ("PINs"), that are located within the Redevelopment Project Area and the IL Rte. 83 Business District. The specific PINs are: 15-30-200-030; 15-30-200-031; and 15-30-200-032.

The Village has incurred expenses in connection with the development of the Redevelopment Project Area and has issued its \$1,500,000 Tax Increment Allocation Revenue Bonds (Long Grove Redevelopment Project), Series 2009A (the "2009A TIF Bonds") and its \$3,000,000 Tax Increment Allocation Revenue Bonds (Long Grove Redevelopment Project), Series 2009B (the "2009B TIF Bonds") and, together with the 2009A TIF Bonds, the "2009 TIF Bonds"). The holders of the 2009 TIF Bonds are

the funds of the Village from which moneys to fund development costs were disbursed. The documents under which the 2009 TIF Bonds were issued provide expressly that they are subordinate to the Bonds.

All references herein to laws, agreements and documents are qualified in their entirety by reference to the definitive forms thereof, and all references to the Bonds are further qualified by reference to the information with respect thereto contained in the Bond Documents. Copies of the Bond Documents are attached hereto as APPENDICES C and D, and are available for inspection at the office of the Village Clerk, Long Grove, Illinois. All statements, information and statistics herein are believed to be correct but are not guaranteed by William Blair & Company, L.L.C. (the "*Underwriter*") or the Village, and all expressions of opinion, whether or not expressly so stated, are intended merely as such and not as representations of fact. The information contained herein is provided as of the date hereof and is subject to change.

**THE BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE VILLAGE WITHIN THE MEANING OF ANY STATUTORY OR CONSTITUTIONAL PROVISION OR LIMITATION. NO HOLDER OF ANY BOND SHALL HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY TAXING POWER OF THE VILLAGE FOR PAYMENT OF PRINCIPAL THEREOF OR INTEREST OR PREMIUM, IF ANY, THEREON.**

Included as Appendices to this Limited Offering Memorandum are a copy of the TIF Consultant's Report, the form of the opinion of Bond Counsel to be delivered with respect to the Bonds and forms of the Bond Ordinance and Indenture.

## THE BONDS

### Authorization

The Bonds are being issued pursuant to the provisions of the Illinois Tax Increment Allocation Redevelopment Act (65 ILCS 5/11-74.4-1 et seq.) (the "*Act*"), and all laws amendatory and supplemental to the Act, the Local Government Debt Reform Act, as amended, the Indenture and a bond ordinance (the "*Bond Ordinance*") adopted by the President and Board of Trustees of the Village (the "*Board*") on July 27, 2010.

The Village has incurred expenses in connection with the development of the Redevelopment Project Area and has issued its \$1,500,000 Tax Increment Allocation Revenue Bonds (Long Grove Redevelopment Project), Series 2009A (the "2009A TIF Bonds") and its \$3,000,000 Tax Increment Allocation Revenue Bonds (Long Grove Redevelopment Project), Series 2009B (the "2009B TIF Bonds" and, together with the 2009A TIF Bonds, the "2009 TIF Bonds"). The holders of the 2009 TIF Bonds are the funds of the Village from which moneys to fund development costs were disbursed. **The documents under which the 2009 TIF Bonds were issued provide expressly that they are subordinate to the Bonds.**

### Description

The Bonds will be dated as of the date of issuance (the "*Dated Date*") and will mature as set forth on the cover page hereof. The Bonds will bear interest from the Dated Date, payable semiannually on each January 1 and July 1, commencing on January 1, 2011, at the rates set forth on the cover page hereof. Each Bond will bear interest from the later of its Dated Date or 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. Interest on the Bonds will be computed on the basis of a 360-day year consisting of

twelve 30-day months. The Trustee will serve as bond registrar and paying agent for the Bonds as well as Trustee under the Indenture.

The Bonds will be issued only as fully registered bonds in denominations of \$100,000 or integral multiples of \$5,000 in excess of \$100,000. The Bonds will be initially registered through a book-entry only system operated by The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Bonds. The Bonds will be initially registered in the name of Cede & Co., as registered owner and nominee of DTC. Purchasers of the Bonds will not receive physical delivery of the bond certificates representing their beneficial ownership interests. Details of payments of the Bonds and the book-entry only system are described below under “BOOK-ENTRY ONLY SYSTEM.”

As provided in the Bond Documents and subject to certain limitations and payment of certain taxes or other governmental charges set forth in the Bond Documents, the Bonds are transferable or exchangeable by the registered owner at the principal office maintained for the purpose by the Trustee after notice of the redemption of all or a portion thereof has been mailed. The Trustee shall not be required to transfer or exchange any Bond during a period of 15 days next preceding the mailing of a notice of redemption which could designate for redemption all or a portion of such Bond nor during the period of 15 days next preceding any Interest Payment Date.

Principal of and redemption premium, if any, on the Bonds will be payable only upon presentation and surrender when due at the principal office maintained for the purpose by the Trustee. Interest on each Bond will be payable on each Interest Payment Date to the person in whose name the Bond is registered in the Bond Register, at the close of business on the 15th day of the month preceding any regularly scheduled interest payment date. Interest will be paid by check or draft mailed to such registered owner at such registered owner’s address as it appears in the Bond Register.

#### **Mandatory Sinking Fund Redemption**

The Bonds are subject to mandatory sinking fund redemption and payment at maturity at a price of par plus accrued interest to the date of redemption, without premium, to the extent set forth in the Indenture, on January 1, of the years and in the amounts as follows:

<u>Year</u>	<u>Amount</u>
2014	\$75,000
2015	110,000
2016	150,000
2017	120,000
2018	130,000
2019	150,000
2020	175,000
2021	200,000
2022	230,000
2023	255,000
2024	285,000
2025	325,000
2026	370,000
2027	400,000
2028	435,000
2029	485,000
2030†	555,000

† Final maturity

If the Village redeems Bonds pursuant to optional redemption as described below, or otherwise purchases Bonds as permitted in the Indenture and cancels the same, then an amount equal to the principal amount of the Bonds so redeemed or purchased will be deducted from the mandatory sinking fund redemption requirement for such Bonds in any order of years of such requirement as then remaining as the Village determines. The Village is required to provide the Trustee with written notice of such reduction or purchase, and the Trustee must promptly give written notice of the same to the Bondholders.

#### **Extraordinary Mandatory Redemption**

The Bonds are subject to extraordinary mandatory redemption on any date at the direction of the Village, in whole or in part, from available moneys transferred to the Special Redemption Account from the Project Fund and the Reserve Fund, and if in part by lot, at a redemption price of 100% of the principal amount of the Bonds to be redeemed, plus accrued interest to the redemption date, but only in the event that moneys in the Project Fund have not been expended to pay or reimburse the Village for the payment of, eligible Project Costs for the Project by September 29, 2013.

The Bonds are also subject to extraordinary mandatory redemption, on any date, at a redemption price of 100% of the principal amount of the Bonds to be redeemed, plus accrued interest to the redemption date, at the direction of the Village, in whole or in part, from available moneys deposited to the Special Redemption Account from the proceeds of any condemnation of the improvements funded with the proceeds of the Bonds by any governmental entity.

Any such extraordinary mandatory redemption of the Bonds will be applied, to the extent possible, to reduce pro rata the amount of the Bonds required to be redeemed by mandatory sinking fund redemption and so as to maintain the proportion of principal maturing in each year to the total original principal amount of the Bonds and if such prepayment amount is insufficient to apply pro rata, then in such order and among maturities or sinking fund installments as directed by the Village.

## Optional Redemption

The Bonds are subject to optional redemption prior to maturity at the option of the Village, in whole or in part, and if in part by lot, on January 1, 2020, and any date thereafter, on the dates and at the redemption prices (expressed as a percentage of the principal amount of the Bonds to be redeemed) listed below:

January 1, 2020 through December 31, 2020	102%
January 1, 2021 through December 31, 2021	101%
January 1, 2022 and thereafter	100%

## BOOK-ENTRY ONLY SYSTEM

THE INFORMATION PROVIDED IMMEDIATELY BELOW CONCERNING DTC AND THE BOOK-ENTRY ONLY SYSTEM, AS IT CURRENTLY EXISTS, IS BASED SOLELY ON INFORMATION PROVIDED BY DTC AND IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS BY, AND IS NOT TO BE CONSTRUED AS A REPRESENTATION BY, THE UNDERWRITER OR THE VILLAGE.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, as amended, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants (the "Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation and Emerging Markets Clearing Corporation (NSCC, FICC and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange LLC, the American Stock Exchange LLC and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of Bonds under the DTC System must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of the Bonds ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bonds documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to issuers as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the issuer or its agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, or the Village nor any agent of the Village, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized

representative of DTC) is the responsibility of the Village or its agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Village or its agent. Under such circumstances, in the event that a successor depository is not obtained, Bonds are required to be printed and delivered.

The Village may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bonds will be printed and delivered as described in the Indenture.

NEITHER THE VILLAGE, THE UNDERWRITER NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY SUCH DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (2) THE PAYMENT BY ANY PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF OR INTEREST OR PREMIUM ON THE BONDS; (3) THE DELIVERY BY ANY SUCH DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE INDENTURE TO BE GIVEN TO BONDHOLDERS; (4) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (5) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS BONDHOLDER.

**SOURCES AND USES OF FUNDS**

	<u>Bonds</u>	<u>Developer Funds</u>	<u>Total</u>
<b>Sources:</b>			
Bond Proceeds	\$4,450,000		\$4,450,000
Construction Loan		\$13,425,160	13,425,160
Long Grove Fee Reimbursement		120,000	120,000
Chase Bank Lease Reimbursement		250,000	250,000
Equity		5,679,740	5,679,740
Future Construction Loan		2,209,100	2,209,100
Total	\$4,450,000	\$21,684,000	\$26,134,000
			-
<b>Uses:</b>			
Land Acquisition		3,700,000	3,700,000
Onsite/Offsite Improvements	\$3,119,083	4,600,000	7,719,083
Tenant Construction Allowance		3,525,000	3,525,000
Hard Costs		7,059,000	7,059,000
Soft Costs		2,100,000	2,100,000
Financing Costs		700,000	700,000
Debt Service Reserve Fund	445,000		445,000
Capitalized Interest	585,917		585,917
Costs of Issuance	300,000		300,000
Total	\$4,450,000	21,684,000	\$26,134,000

## SECURITY FOR THE BONDS

The Bonds represent limited obligations of the Village, and the principal of, premium, if any, and interest on the Bonds are payable solely and only from (i) the Pledged Revenues (as hereinafter defined), (ii) the amounts on deposit in and pledged to certain of the funds and accounts created pursuant to the Indenture, and (iii) any and all other moneys, securities and property furnished from time to time to the Trustee by the Village or on behalf of the Village or by any other Persons to be held by the Trustee under the terms of the Indenture and specifically pledged for such purpose.

The “Pledged Revenues” under the Indenture include (i) the “Sunset Grove Incremental Property Taxes” received by the Village in each Calendar Year commencing in 2010 for taxes levied in Calendar Year 2009, (ii) the “Sunset Grove Business District Taxes” received by the Village in each Calendar Year, (iii) the “Sunset Grove Sales Taxes” received by the Village in each Calendar Year, and (iv) the “Sunset Grove Public Infrastructure Sales Taxes” received by the Village in each Calendar year, together with any other revenues from any other source whatsoever designated to pay principal of, premium, if any, or interest on the Bonds, together with earnings on such moneys.

The Sunset Grove Incremental Property Taxes consist of 100% of the ad valorem taxes, if any, arising from the taxes levied upon the taxable real property in the Redevelopment Project Area from the Sunset Grove Property by any and all taxing districts or municipal corporations having the power to tax real property in the Redevelopment Project Area, which taxes are attributable to the increase in the then current equalized assessed valuation of each taxable lot, block, tract or parcel of real property in the Redevelopment Project Area from the Sunset Grove Property over and above the total Initial Equalized Assessed Value of each such piece of property constituting the Sunset Grove Property. See “THE REDEVELOPMENT PROJECT AREA – AREA MAP”.

The Sunset Grove Business District Taxes consist of 60% of the Business District Taxes (as hereinafter defined) collected from sales originating from businesses located within the Sunset Grove Property. The Business District Taxes consist of the one percent (1.00%) retailers’ occupation tax and one percent (1.00%) service occupation tax imposed by the Village and to be collected by the Village on retail sales that occur within the IL. Rte. 83 Business District.

The Sunset Grove Sales Taxes consist of (i) 60% of the Sales Tax Revenues (as hereinafter defined) received by the Village each year from sales arising from businesses located within the Sunset Grove Property, except those sales arising from the Sunset Foods retail grocery store, and (ii) 100% of the Sales Tax Revenues arising from the first \$1,000,000.00 in Sales Tax Revenues attributable to the Sunset Foods retail grocery store and thereafter 60% of the Sales Tax Revenues from sales attributable to Sunset Foods retail grocery store. “Sales Tax Revenues” are all revenues that the Village receives from the 1.0% sales tax levied by the State of Illinois and allocated to the Village by the Department of Revenue pursuant to the Illinois Retailers Occupation Tax Act and the Illinois Service Occupation Tax Act, and such other authority as shall be applicable pursuant to any successor statutes that result from retail sales of all businesses located within the Sunset Grove Property within the Redevelopment Project Area.

The Sunset Grove Public Infrastructure Sales Taxes consist of 60% of the revenues that the Village receives from the one percent (1.0%) sales tax imposed by the Village for expenditures on “Public Infrastructure” as defined in the Illinois Municipal Code and pursuant to the Non-Home Rule Municipal Retailers Occupation Tax Act and the Non-Home Rule Municipal Service Occupation Tax Act that result from taxes imposed to pay Public Infrastructure on retail sales of all businesses located within the Sunset Grove Property.

**THE BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE VILLAGE WITHIN THE MEANING OF ANY STATUTORY OR CONSTITUTIONAL PROVISION OR LIMITATION. NO HOLDER OF ANY BOND SHALL HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY TAXING POWER OF THE VILLAGE FOR PAYMENT OF PRINCIPAL THEREOF OR INTEREST OR PREMIUM, IF ANY, THEREON.**

## **PLAN OF FINANCE AND FLOW OF FUNDS**

### **Project Fund**

The Village has established a Project Fund under the Indenture into which will be deposited the amounts set forth under "Estimated Sources and Uses" herein. Amounts deposited to the Project Fund will be applied upon receipt of a written requisition in the form attached to the Indenture and executed by the Village President, Village Treasurer or Village Clerk (each, an "Authorized Officer") to pay the Costs of the Public Improvements; provided that the Village will release the final \$900,000 (the "Restricted Draw Amount") of amounts on deposit in the Project Fund only at one time or from time to time after such time as the Trustee has received a certificate from (i) Laube Companies (the "TIF Consultant") approved by an Authorized Officer setting forth the "Release Amount", and (ii) the Developer, approved by an Authorized Officer, that demonstrates to the satisfaction of the Authorized Officer that there is sufficient debt financing or equity to complete that portion of the Project to be funded with the Restricted Draw Amount.

For purposes of requirement (i) above, "Release Amount" means an amount equal to 70% of the present value (calculated at the interest rate on the Bonds) of the Sunset Grove Incremental Property Taxes, the Sunset Grove Business District Taxes, the Sunset Grove Sales Taxes and the Sunset Grove Public Infrastructure Sales Taxes as projected by the TIF Consultant that are estimated to be generated over the remaining term of the Bonds, by tenants (other than Sunset Foods, CVS Pharmacy, Chase Bank, Zengeler's Cleaners and Rosin Eye Care occupying the square footage as provided in the table set forth herein under "THE REDEVELOPMENT PROJECT AREA – Status of Retailer Commitments" or any successor tenants to such space) for which leases or sales contracts have been presented by the Developer to the Village.

The completion of the Project to be paid for from the Project Fund will be evidenced by a certificate of an Authorized Officer, which certificate will be filed promptly with the Trustee, stating the date of such completion and the amount, if any, required in the opinion of the signer of such certificate for the payment of any remaining part of the Cost of the Public Improvements. Upon the filing of such certificate evidencing the completion of the Project to be paid from amounts on deposit in the Project Fund, the balance in said Fund in excess of the amount, if any, stated in such certificate of the Village will be applied by the Village in the following order of priority: (i) to the Reserve Fund, to the extent necessary to cause the amount on deposit in the Reserve Fund to equal the applicable Debt Service Reserve Requirement; and (ii) to the Special Redemption Account to be used to effect an extraordinary mandatory redemption of the Bonds. To the extent any money remains on deposit in the Project Fund on or after September 29, 2013, the Trustee will transfer such amount to the Special Redemption Account to redeem Bonds or in the event the amount transferred or the amount remaining after any redemption is less than an Authorized Denomination to pay the next scheduled principal and interest due on the Bonds, unless the Village delivers to the Trustee a schedule setting forth additional municipal improvements to be financed with such proceeds and a Counsel's Opinion to the effect that the retention of such payments in the Project Fund will not adversely affect the tax exempt status of interest on the Bonds for federal income tax purposes.

## Flow of Funds

The Indenture details the flow of funds for the Pledged Revenues. The form of the Indenture is attached hereto as APPENDIX D. The following is a summary of the flow of funds for the Pledged Revenues as set forth in the Indenture. The Village had previously established a Special Tax Allocation Fund which has been expressly continued as a special fund of the Village and the Village Treasurer will collect or receive the Incremental Taxes which will be deposited to the Special Tax Allocation Fund. On or prior to December 1 of each year the Village Treasurer will determine the amount of the Sunset Grove Incremental Property Taxes received by the Village for such year and will transfer 100% of such taxes from the Special Tax Allocation Fund to the Trustee for deposit to the Sunset Grove Incremental Tax Account of the Revenue Fund to be applied as set forth in the Indenture.

**It should be noted that the Village has not previously levied and extended an ad valorem tax on taxable real property within the Village. As a result, the Act requires the Village to annually deposit to the Special Tax Allocation Fund an amount equal to 10% of the total contributions to such Fund from all other taxing districts in that year. The Village has covenanted in the Indenture to make such annual contributions to the Special Tax Allocation Fund to satisfy the requirements of the Act. See "RISK FACTORS- Special Tax Allocation Fund Deposit" herein.**

In addition to the Sunset Grove Incremental Tax Account of the Revenue Fund, the Revenue Fund established by the Village also contains a the Sunset Grove Sales Tax Account, and a Sunset Grove Business District Tax Account. The Sunset Grove Sales Tax Account was established to collect the Public Infrastructure Sales Tax and the 1.00% sales tax levied pursuant to the Illinois Retailers Occupation Tax Act and the Illinois Service Occupation Tax Act. On each February 1, May 1, August 1 and November 1 of each calendar year, the Village Treasurer will determine the amount of such taxes that are attributable to sales arising from businesses located within the Sunset Grove Property and will immediately transfer the Sunset Grove Sales Taxes and the Sunset Grove Public Infrastructure Sales Taxes to the Trustee for deposit to the Sunset Grove Sales Tax Account. The Trustee will apply such amounts in accordance with the Indenture. Any amounts remaining in such Account after December 10 in each year will be applied as follows: (i) first an amount necessary to be paid by the Village to Sunset Foods, Inc., pursuant to the First Amended and Restated Economic Incentive Agreement dated as of August 23, 2010 between the Village and Sunset Food Mart, Inc. (the "Sunset Food Incentive Agreement Payment") or amounts owed on any subordinated developer note will be paid by the Trustee to the Village in such amount as is communicated to the Trustee by an Authorized Officer of the Village in writing on or prior to December 10, and (ii) second any remaining amounts will be transferred to the Special Redemption Account and shall be used by the Trustee to effect an optional redemption of the Bonds in Authorized Denominations on the earliest date on which Bonds may be called for redemption.

The Village has established a Business District Tax Allocation Fund. The Business District Tax Allocation Fund was previously established to collect the Business District Taxes. On each February 1, May 1, August 1 and November 1 of each calendar year the Village Treasurer will determine the amount of such taxes that are attributable to sales arising from businesses located on the Sunset Grove Property and will immediately transfer the Business District Tax to the Trustee for deposit to the Sunset Grove Business District Tax Account of the Revenue Fund. The Trustee will apply such amounts in accordance with the Indenture. Any amounts remaining in such Account after December 10 in each year shall applied as follows: (i) first an amount necessary to provide for payment of the Sunset Food Incentive Agreement Payment or amounts owed on any subordinated developer note shall be paid by the Trustee to the Village in such amount as is communicated to the Trustee by an Authorized Officer of the Village in writing on or prior to December 10, and (ii) second any remaining amounts shall be transferred to the Special Redemption Account and shall be used by the Trustee to effect an optional redemption of the Bonds in Authorized Denominations on the earliest date on which Bonds may be called for redemption.

Moneys deposited by the Village with the Trustee into the Sunset Grove Incremental Taxes Account, the Sunset Grove Business District Tax Account and the Sunset Grove Sales Tax Account will be credited by the Trustee and the Village on or before December 1 of each year first from all available moneys in the Sunset Grove Incremental Tax Account, until such amounts are depleted, second to the extent required from all available moneys on deposit in the Sunset Grove Business District Tax Account until such amounts are depleted and third from all available moneys on deposit in the Sunset Grove Sales Tax Account until such amounts are depleted to be applied as follows in the order of priority set forth below:

(a) *Program Expenses Account.* The Trustee will credit to and will deposit into the Program Expenses Account an amount of Pledged Revenues sufficient to pay Program Expenses, if any, for the next succeeding calendar year in an amount not to exceed \$5,000. The Village will, no later than November 1 of each year, provide to the Trustee information, calculations or estimates of Program Expenses for the next succeeding calendar year, and the Trustee may reasonably rely upon such information, calculations or estimates of such Program Expenses as necessary to determine the proper amount of such deposit into the Program Expenses Account. Amounts on deposit in the Program Expenses Account are not pledged to payment of the Bonds.

(b) *Principal and Interest Account; Capitalized Interest Account.* The Trustee will next transfer the Pledged Revenues into the Principal and Interest Account of the Bond Fund in an amount sufficient to pay the principal of and interest on all Outstanding Bonds coming due during the next succeeding calendar year, which amount will be set aside in the Principal and Interest Account for such purpose. Such moneys will be used solely and only for the purpose of paying principal of, redemption premium, if any, and interest on the Bonds, as the same become due whether at maturity or upon mandatory redemption. Any capitalized interest received upon the sale of the Bonds will be deposited to and held in the Capitalized Interest Account of the Bond Fund and will be used to pay interest coming due on the Bonds, prior to applying any other moneys for that purpose. All Sunset Grove Incremental Property Taxes received by the Village in 2010 for taxes levied in Calendar Year 2009 will also be deposited with the Trustee for deposit into the Capitalized Interest Account.

(c) *Reserve Fund.* The Trustee will next transfer the Pledged Revenues into the Reserve Fund until such account aggregates the Debt Service Reserve Requirement for the Bonds, and thereafter no such payments will be made into that Fund, except that when any money is paid out of that Fund payments will be resumed and continued until that Fund has been restored to an aggregate amount equal to the Debt Service Reserve Requirement. The Trustee will value the investments in the Reserve Fund, if any, on or before December 1 and June 1 of each year, commencing December 1, 2010 and will transfer any amount in excess of the Debt Service Reserve Requirement to the Principal and Interest Account of the Bond Fund. In determining the value of the investments in the Reserve Fund such investments will be valued at their fair market value or as otherwise provided in this Indenture. On the final maturity date of the Bonds, all amounts on deposit in the Reserve Fund will be used and applied by the Trustee to pay principal of and interest on the Bonds. Whenever a transfer is made from the Reserve Fund to the Principal and Interest Account due to a shortage to pay debt service when due, the Trustee will promptly give written notice of such transfer to the Village and to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System ("EMMA").

Upon any extraordinary mandatory redemption of the Bonds from surplus Bond proceeds transferred from the Project Fund to the Special Redemption Account, the Debt Service Reserve Requirement will be reduced by an amount equal to 10% of the principal amount of the Bonds to be redeemed and such amount will be transferred to the Special Redemption Account to be applied to effect a mandatory redemption of the Bonds.

(d) *Rebate Fund.* The Trustee will next transfer the Pledged Revenues into the Rebate Fund to the extent necessary to ensure that there are on deposit in the Rebate Fund sufficient moneys to make, at the required times, all rebate payments to the United States of America required to be made by Section 148 of the Code and applicable provisions of the Income Tax Regulations owed with respect to the Bonds. The Village will provide to the Trustee information, calculations or estimates of amounts to be deposited in the Rebate Fund for the next succeeding calendar year. The Trustee may reasonably rely upon such information, calculations or estimates to determine the proper amount to be deposited into the Rebate Fund and will not be required to make transfers of the Pledged Revenues into the Rebate Fund under this subsection if it has not been provided with such information, calculations and estimates. The Trustee will make any necessary rebate payments to the United States of America that are required by the Code and Regulations from moneys on deposit in the Rebate Fund at the written direction of the Village or a rebate analyst appointed by the Village. Amounts on deposit in the Rebate Fund are not pledged to payment of the Bonds, to the extent of the moneys on deposit in that Fund.

(e) *Special Redemption Account.* Any excess amounts on deposit in the Sunset Grove Incremental Tax Account of the Revenue Fund after application of such amounts as described in the preceding paragraphs, will be transferred to the Special Redemption Account until such time as the Bonds have been paid in full or defeased in full as provided in the Indenture, and are required to be invested by the Trustee in Investment Securities whose yield does not exceed the yield on the Bonds, and shall be applied by the Trustee to the optional redemption of Bonds on the first date on which Bonds may be called for optional redemption. In addition, there will be deposited to the Special Redemption Account (i) any surplus Bond proceeds transferred from the Project Fund, (ii) any condemnation proceeds received by the Village in the event of a condemnation of the improvements financed with proceeds of the Bonds, and (iii) amounts transferred from the Reserve Fund upon a reduction of the Debt Service Reserve Requirement. Such amounts will be used to redeem Bonds as described hereinbefore under "THE BONDS – Extraordinary Mandatory Redemption."

(f) *The General Account.* After the Bonds have been paid or defeased in full, the Trustee will transfer the balance of any Sunset Grove Incremental Property Taxes on deposit in the Sunset Grove Incremental Tax Account of the Revenue Fund, to the Treasurer to be credited to the General Account of the Special Tax Allocation Fund held by the Village. Moneys on deposit in the General Account will be used for any one or more of the following purposes as directed by the Authorized Officer, and (unless, and to the extent, otherwise provided in any Supplemental Indenture) without any priority among them:

(i) for the purpose of paying any Costs of Public Improvements or to pay any additional Program Expenses; or

(ii) for the purpose of paying principal of or interest on or redeeming Bonds; or

(iii) for the purpose of purchasing Bonds at a price not in excess of par and accrued interest and applicable redemption premium to the date of purchase; or

(iv) for the purpose of paying principal of or interest on any indebtedness of the Village issued pursuant to a separate indenture or as a developer note which is subordinate to the Bonds; or

(v) for the purpose of redeeming any indebtedness of the Village issued pursuant to a separate indenture or as a developer note which is subordinate to the Bonds; or

(vi) for the purpose of purchasing indebtedness of the Village issued pursuant to a separate indenture or as a developer note which is subordinate to the Bonds at a price not in excess of par and accrued interest and applicable redemption premium to the date of purchase; or

(vii) for the purpose of distribution of such funds to the taxing districts or municipal corporations having the power to tax real property in the Redevelopment Project Area in accordance with the Act.

Except as may be otherwise provided in a Supplemental Indenture, moneys on deposit in the General Account of the Bond Fund are not pledged to the payment of the Bonds and are not Pledged Revenues.

### **ESTIMATED DEBT SERVICE COVERAGE**

The following four tables show projected Pledged Revenues generated by the Redevelopment Project Area, together with estimated debt service coverage ratios, based upon two scenarios, both of which are further elaborated upon in the Consultant's Report set forth in APPENDIX A – "COPY OF CONSULTANT'S REPORT". Tables I and II present projected Pledged Revenues and debt service coverage ratios under the scenario of the Project as currently leased (See also "THE REDEVELOPMENT PROJECT AREA – Status of Retailer Commitments" herein). The Table II scenario contemplates the impact of an extraordinary mandatory redemption from excess moneys remaining in the Project Fund on September 29, 2013. See "THE BONDS – Extraordinary Mandatory Redemption." Tables III and IV show projected revenues and debt service coverage ratios based upon a "fully leased" scenario. Tables III and IV are intended to show bondholders the "potential upside" in connection with a full lease-up of the Project, again as further described within APPENDIX A.

**Table I**  
**Projected Pledged Revenues In the Redevelopment Project Area - Currently Leased**

<b>Collection Year</b>	<b>Incremental Taxes</b>	<b>Local Sales Taxes</b>	<b>Non-Home Rule Sales Taxes</b>	<b>Business District Taxes</b>	<b>Total Cash Flow Pledged</b>
2010	\$71,821	\$0	\$0	\$0	\$71,821
2011	73,763	136,665	20,481	20,481	251,390
2012	148,025	201,980	30,177	30,177	410,359
2013	164,312	228,326	34,002	34,002	460,643
2014	168,103	254,672	37,828	37,828	498,432
2015	171,971	281,018	41,654	41,654	536,296
2016	175,915	222,889	45,479	45,479	489,763
2017	179,939	209,848	47,337	47,337	484,462
2018	184,043	215,282	48,563	48,563	496,450
2019	188,229	220,856	49,820	49,820	508,725
2020	192,499	226,574	51,110	51,110	521,293
2021	196,854	232,440	52,433	52,433	534,162
2022	201,297	238,459	53,791	53,791	547,337
2023	205,828	244,633	55,184	55,184	560,828
2024	210,450	250,967	56,613	56,613	574,642
2025	215,164	257,465	58,078	58,078	588,785
2026	219,972	264,131	59,582	59,582	603,268
2027	224,877	270,970	61,125	61,125	618,097
2028	229,880	277,986	62,707	62,707	633,280
2029	234,983	285,183	64,331	64,331	648,828
2030	240,188	292,567	65,997	65,997	664,748
2031	245,497	300,142	67,705	67,705	681,050
<b>Total</b>	<b>\$4,143,609</b>	<b>\$5,113,053</b>	<b>\$1,063,999</b>	<b>\$1,063,999</b>	<b>\$11,384,659</b>

**Table II**  
**Estimated Debt Service Coverage- Assuming Extraordinary Mandatory Redemption**

Projected Revenues (from Table III)	Administrative Expenses	Reserve Fund Earnings	Net Revenues	Original Principal	Pro-Rata Redemption	Revised Principal	Interest	Capitalized Interest	Debt Service	Debt Service Coverage
\$71,821	(\$5,000)	\$2,250	\$69,071	-	-	-	\$194,063	(\$194,063)	-	-
251,390	(5,000)	2,250	248,640	-	-	-	258,750	(258,750)	-	-
410,359	(5,000)	2,250	407,609	-	-	-	258,750	-	\$258,750	1.58
460,643	(5,000)	2,250	457,893	75,000	\$15,000	\$60,000	256,500	-	316,500	1.45
498,432	(5,000)	2,250	495,682	110,000	25,000	85,000	251,063	-	336,063	1.47
536,296	(5,000)	2,250	533,546	150,000	35,000	115,000	243,563	-	358,563	1.49
489,763	(5,000)	2,250	487,013	120,000	25,000	95,000	235,688	-	330,688	1.47
484,462	(5,000)	2,250	481,712	130,000	30,000	100,000	228,375	-	328,375	1.47
496,450	(5,000)	2,250	493,700	150,000	35,000	115,000	220,313	-	335,313	1.47
508,725	(5,000)	2,250	505,975	175,000	40,000	135,000	210,938	-	345,938	1.46
521,293	(5,000)	2,250	518,543	200,000	45,000	155,000	200,063	-	355,063	1.46
534,162	(5,000)	2,250	531,412	230,000	50,000	180,000	187,500	-	367,500	1.45
547,337	(5,000)	2,250	544,587	255,000	55,000	200,000	173,250	-	373,250	1.46
560,828	(5,000)	2,250	558,078	285,000	65,000	220,000	157,500	-	377,500	1.48
574,642	(5,000)	2,250	571,892	325,000	75,000	250,000	139,875	-	389,875	1.47
588,785	(5,000)	2,250	586,035	370,000	85,000	285,000	119,813	-	404,813	1.45
603,268	(5,000)	2,250	600,518	400,000	90,000	310,000	97,500	-	407,500	1.47
618,097	(5,000)	2,250	615,347	435,000	100,000	335,000	73,313	-	408,313	1.51
633,280	(5,000)	2,250	630,530	485,000	110,000	375,000	46,688	-	421,688	1.50
648,828	(5,000)	2,250	646,078	555,000	120,000	435,000	16,313	(345,000)	106,313	6.08

**Table III**  
**Projected Pledged Revenues in the Redevelopment Project Area- Fully Leased**

<b>Collection Year</b>	<b>Incremental Taxes</b>	<b>Local Sales Taxes</b>	<b>Non-Home Rule Sales Taxes</b>	<b>Business District Taxes</b>	<b>Total Cash Flow Pledged</b>
2010	\$71,821	\$0	\$0	\$0	\$71,821
2011	73,763	136,665	20,481	20,481	251,390
2012	148,025	218,255	46,452	46,452	459,184
2013	226,871	266,301	71,977	71,977	637,127
2014	294,473	303,497	86,653	86,653	771,276
2015	300,868	337,076	97,712	97,712	833,368
2016	307,390	286,181	108,770	108,770	811,112
2017	314,044	280,373	117,862	117,862	830,140
2018	320,830	289,019	122,300	122,300	854,450
2019	327,752	296,503	125,467	125,467	875,188
2020	334,812	304,179	128,716	128,716	896,422
2021	342,013	312,055	132,048	132,048	918,165
2022	349,359	320,135	135,467	135,467	940,428
2023	356,851	328,424	138,975	138,975	963,224
2024	364,494	336,927	142,573	142,573	986,567
2025	372,289	345,651	146,264	146,264	1,010,468
2026	380,240	354,600	150,051	150,051	1,034,943
2027	388,350	363,781	153,937	153,937	1,060,004
2028	396,622	373,200	157,922	157,922	1,085,667
2029	405,060	382,863	162,011	162,011	1,111,945
2030	413,666	392,776	166,206	166,206	1,138,854
2031	422,445	402,946	170,509	170,509	1,166,409
<b>Total</b>	<b>\$6,912,038</b>	<b>\$6,631,408</b>	<b>\$2,582,354</b>	<b>\$2,582,354</b>	<b>\$18,708,154</b>

**Table IV**  
**Estimated Debt Service Coverage- Fully Leased**

<b>Revenue Year</b>	<b>Bond Year</b>	<b>Projected Revenues (from Table D)</b>	<b>Administrative Expenses</b>	<b>Reserve Fund Earnings</b>	<b>Net Revenues</b>	<b>Principal</b>	<b>Interest</b>	<b>Capitalized Interest</b>	<b>Debt Service</b>	<b>Debt Service Coverage</b>
2010	2011	\$71,821	(15,000)	2,250	\$59,071	\$0	\$252,167	(\$252,167)	\$0	
2011	2012	251,390	(15,000)	2,250	238,640	0	333,750	(333,750)	0	
2012	2013	459,184	(15,000)	2,250	446,434	0	333,750	(71,821)	261,929	1.70
2013	2014	637,127	(15,000)	2,250	624,377	\$75,000	330,938		405,938	1.54
2014	2015	771,276	(15,000)	2,250	758,526	110,000	324,000		434,000	1.75
2015	2016	833,368	(15,000)	2,250	820,618	150,000	314,250		464,250	1.77
2016	2017	811,112	(15,000)	2,250	798,362	120,000	304,125		424,125	1.88
2017	2018	830,140	(15,000)	2,250	817,390	130,000	294,750		424,750	1.92
2018	2019	854,450	(15,000)	2,250	841,700	150,000	284,250		434,250	1.94
2019	2020	875,188	(15,000)	2,250	862,438	175,000	272,063		447,063	1.93
2020	2021	896,422	(15,000)	2,250	883,672	200,000	258,000		458,000	1.93
2021	2022	918,165	(15,000)	2,250	905,415	230,000	241,875		471,875	1.92
2022	2023	940,428	(15,000)	2,250	927,678	255,000	223,688		478,688	1.94
2023	2024	963,224	(15,000)	2,250	950,474	285,000	203,438		488,438	1.95
2024	2025	986,567	(15,000)	2,250	973,817	325,000	180,563		505,563	1.93
2025	2026	1,010,468	(15,000)	2,250	997,718	370,000	154,500		524,500	1.90
2026	2027	1,034,943	(15,000)	2,250	1,022,193	400,000	125,625		525,625	1.94
2027	2028	1,060,004	(15,000)	2,250	1,047,254	435,000	94,313		529,313	1.98
2028	2029	1,085,667	(15,000)	2,250	1,072,917	485,000	59,813		544,813	1.97
2029	2030	1,111,945	(15,000)	2,250	1,099,195	555,000	20,813	(445,000)	130,813	8.40

(1) Interest on the Bonds is capitalized through July 1, 2013.

## **THE REDEVELOPMENT PROJECT AREA**

### **Summary of the Project**

Sunset Grove Shopping Center is a 15.6-acre site at Route 83 and Aptakisic Road in the Village of Long Grove with 110,000 square-foot retail space consisting of seven buildings (the "Project"). The Project is anchored by Sunset Foods, an upscale, full-service grocer originally based on the north shore area of suburban Chicago. Sunset Foods has been in business for over 70 years, and has other Illinois locations, including in Lake Forest, Libertyville, Highland Park and Northbrook. Sunset Foods is building an approximately 48,000 square-foot, full-service grocery store on the Sunset Grove Property.

In addition to the Sunset Foods anchor, commitments for the Project have also been obtained from CVS Pharmacy, Rosin Eyewear, Zengeler Cleaners, and Chase Bank. It is anticipated that the center will include 15 additional retailers.

### **Zoning**

The Development is zoned as a planned unit development ("PUD") within the HR-1, Highway Retail District pursuant to the Village's Zoning Ordinance. The PUD permits retail and commercial uses that are consistent with adjacent thoroughfares while minimizing impact on adjoining residential areas including grocery stores, banks and financial institutions, dry cleaning store, general retail stores, drug stores and restaurants. A zoning classification of OS-P was granted for the detention facility located adjacent to the Development. The OS-P zoning is an open space classification.

### **Permits**

The Development has submitted for and has obtained or received approval for the following permits:

- IEPA NPDES permit issued 5/12/2008
- IEPA Sanitary/LCPW Sanitary Connection issued 10/28/2008
- Long Grove (SMC Certified) Wetland issued 7/30/2008
- Long Grove Grading issued 6/1/2008
- Long Grove Development issued 11/4/2009
- IDOT EDS approval issued 1/26/2009
- IDOT Construction permit approved 5/6/2010, pending form submission.
- LCHD Construction permit approved 7/13/2010, pending cash bond submission.

All building permit applications submitted to construct the Project have been issued.

### **Utilities**

The Village is in the process of constructing a potable water supply and treatment system and a 200,000 gallon concrete, ground storage facility (collectively the potable water supply and treatment system and water storage facility are referred to as the "Route 83 SSA Water System"). The engineering and design of the Water System Plans were prepared, reviewed and approved by ESI Consultants, Ltd. The Water System Plans were designed and shall be built in accordance with all local, county, state and federal codes, laws and regulations and the requirements of the Illinois Environmental Protection Agency ("IEPA"). All necessary easements and permits currently required to build the Route 83 SSA Water System have been obtained by the Village. The Project has been allocated 32% of the capacity of the

Route 83 SSA Water System as a part of the Special Service Area establishment. When the Route 83 SSA Water System is completed, there will be sufficient capacity to serve the Project. Prior to the time the Route 83 SSA Water System is completed, the Project will be serviced by a shallow well located within the Redevelopment Project Area.

The Project will connect to the Lake County Public Works wastewater conveyance system and wastewater treatment plant. The Wastewater System is owned by the County. All necessary easements and permits to connect to the Wastewater System have been obtained by the Developer.

The Project stormwater drainage all flows to an onsite basin engineered to the Village of Long Grove and Lake County Storm Water Management requirements by Manhard Consulting.

The Developer has received two (2) violation notices from the Illinois Environmental Protection Agency ("IEPA") in connection with the following: (a) non-compliance with the NPDES Stormwater Permit that was issued for the Development (the "Stormwater Permit Violation"); and (b) the discharges of a "foaming agent" into a detention pond that is located within the Development (the "Foaming Agent Violation"). The Stormwater Permit Violation and the Foaming Agent Violation are collectively referred to as the "IEPA Issues".

The Stormwater Permit Violation arose in connection with early development work on the detention pond located within the Development conducted by the original developer for the Project. The IEPA sent the notice of the Stormwater Permit Violation to the original developer and no remedial action was done. The Village subsequently conducted remedial measures in connection with the Stormwater Permit Violation, but the IEPA still referred the matter to the Illinois Attorney General's office. On or about August 9, 2010, the Illinois Attorney General's office indicated that no compliance issues remained and that settlement of the Stormwater Permit Violation from the IEPA would require nominal penalties that may include monetary or "in-kind" payments, such as tree plantings in the area of the detention pond. An agreement in principal has been reached with the Illinois Attorney General's office that includes the payment of this nominal penalty, which the Developer currently believes would not exceed \$20,000, including "in-kind" payments. The Developer would be the party responsible for paying any such penalties to the IEPA in connection with the Stormwater Permit Violation.

The Foaming Agent Violation arose in connection with the work done on behalf of the Village in connection with the construction of its deep-water well system, which includes the construction of the two deep water potable water wells that will be located outside of the Development, but that will partially serve the Development. The contractors working on behalf of the Village in constructing the wells used a "foaming agent" in connection with the drilling of the wells. A "white foam" was detected leaving the drainage ditch near the construction area and entering the detention pond located on the site of the Development and the matter was reported to the IEPA. The Developer's project manager immediately contacted the Village's contractors regarding the incident and was told that the contractor was using a biodegradable foaming agent that is commonly used in connection with such projects. The foam was observed again on a later date, the Village was notified and pumping from the detention pond was stopped. The Village's well contractor took a water sample from the detention pond after the presence of the foam was noted and the sampling suggested that the detention pond waters were not adversely impacted by the foam. On July 26, 2010 and September 23, 2010, the Developer responded to the IEPA in connection with the Foaming Agent Violation indicating that in its investigation into this matter it had not discovered any evidence indicating that it has failed to comply with the NPDES Stormwater Permit or discharged contaminants that cause or threaten to cause water pollution. In an effort to resolve the matter, the Developer has committed to (i) remain in compliance with the NPDES Stormwater Permit, (ii) monitor discharges from the Village's property, and (iii) take all necessary steps to prevent the discharge of contaminants that cause or threaten to cause water pollution. The Village believes that, to the extent

any penalties are assessed with respect to the Foaming Agent Violation, such penalties would be nominal and similar in degree to the penalties assessed for the Stormwater Permit Violation.

To the extent these IEPA Issues remain unresolved as of the date of this Limited Offering Memorandum, the Developer does not believe that the Development will be adversely impacted by the violation notices or the proposed resolution of the issues connected therewith.

### **Environmental Assessment**

A Phase I Environmental Site Assessment for the Project, dated March 2008 and updated November 3, 2009, was prepared for the Developer by Environmental Protection, Inc. No recognized environmental conditions on the subject property were identified in the report.

### **Financing**

The Developer has obtained a construction loan from the Bridgeview Bank Group (the "Bank"), in an aggregate amount of \$13,425,160, bearing interest at 6.5% for the initial Phase I of the Project. The loan matures November, 2010, however, the Bank has provided assurances that it will extend the maturity of the construction loan for a period of up to one year on similar terms. The Developer is currently working with a number of lenders that will provide the permanent loan on Phase I and are willing to provide the permanent loan on Phase II of the Project when complete. Funding of the permanent financing will begin occurring when tenants are making lease payments. Occupancy of Sunset Foods is scheduled for January 15, 2011. Sunset Grove, LLC has had discussions with the Bank on a short term extension to the existing loan term and additional construction funds for Phase II upon completion of the Phase I permanent loan. See "RISK FACTORS – Risk of Financing" herein.

The Phase II loan will be supported by the existing lender for the land and improvements. They will subordinate the loan to the construction loan of the three buildings in Phase II. Phase II construction will commence on each building as the Project reaches a targeted 80% leased for each building in the Project.

### **Leasing**

Leasing is being handled by Marco Real Estate Corporation. Marco Real Estate Corporation provides a full complement of market research, site selection, deal procurement and negotiations. Marco works with its clients to create and implement a strategic plan for market positioning and store development. Marco has facilitated the initial rollout of many key tenants throughout the Chicagoland area, most notably Fifth Third Bank. Marco has effectively managed the deal procurement, leasing and development of a shopping center portfolio consisting of more than 45 properties and over 10 million square feet throughout the Midwest such as The Galleria at Naperville Crossings, Washington Park Plaza, Orchard Way of Oswego and Kendall Marketplace.

### Status of Retailer Commitments

As of the date of this Limited Offering Memorandum, the following chart shows the status of the potential tenants for the Project.

<b>Retailer</b>	<b>Square Footage</b>	<b>Status</b>	<b>Lease Term<sup>1</sup></b>
Sunset Foods	48,055	Signed Lease	20 years
CVS/pharmacy	14,392	Signed Lease	25 years
Panera Bread	4,000	Negotiating LOI	TBD
Chase Bank	4,250	Signed Lease	20 years
Zengeler's Cleaners	2,920	Signed Lease	10 years
Rosin Eye Care	2,453	Signed Lease	5 years
Sports Clips	<u>1,526</u>	Negotiating LOI	TBD
<b>Total</b>	<b>77,596</b>		

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<sup>1</sup> The lease terms for the various leases commence on different dates in the future based upon the specific provisions of the lease in question.

## Competition

The following table shows competing retail centers, including proximity to the Redevelopment Project Area.

### Grocery Anchored Centers in Close Proximity

Name	Location	Grocery Anchor	Grocery Anchor Size	Anchor Sales Volume	Miles from Sunset Grove
Woodland Commons	NEC Rt. 22 and Buffalo Grove Rd., Buffalo Grove	Dominick's	70,183	\$28,000,000	2.0
The Grove	NEC Lake Cook Rd. and Rt. 83, Buffalo Grove	Jewel	62,782	\$45,500,000	2.8
Chase Plaza	NEC Lake Cook Rd. and Arlington Heights Rd., Buffalo Grove	Dominick's	61,979	\$21,000,000	2.1
Plaza at Buffalo Grove	NWC Buffalo Grove Rd. and Dundee Rd., Buffalo Grove	Dominick's	65,200	n/a	3.8

### Other Centers

Long Grove Commons	NWC Rt. 22 and Old McHenry Rd., Long Grove	n/a	n/a	n/a	2.3
The Shops at Aptakisic	SEC Buffalo Grove Rd. and Aptakisic, Long Grove	Walgreens	n/a	n/a	1.2
Village Square	SEC Rt. 22 and Rand Rd., Lake Zurich	Trader Joe's	10,000	\$10,000,000	7.4

## Property Management

The Development will be professionally managed by L.J. Sheridan Management Company. They manage commercial retail properties throughout the metropolitan Chicago area, including other Sunset Food stores.

## Redevelopment Project Area Financial Statements

There are currently no financial statements for the Sunset Grove Property. The Village will cause financial statements to be prepared for the preceding fiscal year showing the Pledged Revenues received and all disbursements from the funds and accounts created under the Indenture. Such audited financial

statements will comprise a part of the Annual Financial Information disseminated by the Village pursuant to the Continuing Information Agreement. See "CONTINUING INFORMATION" herein.

**VILLAGE OF LONG GROVE**

**ORDINANCE NO. 2011-O-07**

**AN ORDINANCE PROVIDING FOR THE BORROWING OF MONEY  
AND THE ISSUANCE OF \$900,000  
TAX INCREMENT ALLOCATION REVENUE BONDS  
(LONG GROVE REDEVELOPMENT PROJECT), SERIES 2011A OF  
THE VILLAGE OF LONG GROVE, LAKE COUNTY, ILLINOIS AND AMENDING  
THE SERIES 2009A ORDINANCE (ORDINANCE NO. 2009-O-43) AND  
THE SERIES 2009B ORDINANCE (ORDINANCE NO. 2009-O-44) TO  
ACCOMMODATE THE ISSUANCE OF THE SERIES 2011A BONDS**

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**Adopted by the President and Board of Trustees  
of the Village of Long Grove  
this 25th day of January, 2011**

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**Published in pamphlet form by direction  
and authority of the Village of Long Grove,  
Lake County, Illinois  
26th day of January, 2011**

VILLAGE OF LONG GROVE

ORDINANCE NO. 2011-O-07

AN ORDINANCE PROVIDING FOR THE BORROWING OF MONEY  
AND THE ISSUANCE OF \$900,000  
TAX INCREMENT ALLOCATION REVENUE BONDS  
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ACCOMMODATE THE ISSUANCE OF THE SERIES 2011A BONDS

BE IT ORDAINED BY THE PRESIDENT AND BOARD OF TRUSTEES OF THE  
VILLAGE OF LONG GROVE, LAKE COUNTY, ILLINOIS, AS FOLLOWS:

Section 1. Recitals.

A. The Village of Long Grove, Lake County, Illinois (the "**Village**") has heretofore adopted a Redevelopment Plan and Project and designated a portion of the Village as a "redevelopment project area" (the "**TIF District**") pursuant to the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 et seq., as amended (the "**Act**"), and has otherwise complied with all other conditions precedent required by the Act. The Village has heretofore adopted tax increment allocation financing pursuant to the Act with respect to such Redevelopment Plan and Project and TIF District.

B. Consistent with the Redevelopment Plan and Project for the TIF District, certain vacant property legally described in Exhibit A to this Ordinance (the "**Sunset Grove Property**") is being redeveloped for retail and commercial purposes (the "**Sunset Grove Development**"). The Village has committed a portion of the Incremental Taxes from the TIF District to repay certain tax increment allocation revenue bonds or notes issued or to be issued in connection with the Sunset Grove Development within the TIF District (the "**Sunset Grove Bonds**"), which shall be in an amount necessary to produce net proceeds of \$3,000,000. The Sunset Grove Bonds are to be repaid from, and shall have a first priority and a superior claim to, that portion of the Incremental Taxes generated from the Sunset Grove Property (the "**Sunset Grove Incremental Taxes**") as set forth in the Village of Long Grove Ordinance No. 2010-O-21 and various agreements and other documents relating to such ordinance (the "**2010 TIF Bond Ordinance Documents**").

C. In conjunction with the TIF District and in furtherance of the Redevelopment Plan and Project, the Village has also established a special service area to finance a deep well water system (the "**Water System**"), which special service area is comprised of properties within the TIF District having frontage along Illinois Route 83 (the "**Water SSA**"). The Village intends to, and has commenced efforts to market and sell certain tax increment allocation revenue bonds in an amount not to exceed an aggregate amount of \$3,250,000 to finance the Water System (the "**Water Bonds**"), which Water Bonds are to be paid from taxes and other revenues generated by the Water SSA as well as (to the extent necessary) the Incremental Taxes from the TIF District other than the Sunset Grove Incremental Taxes (the "**Remaining Incremental Taxes**"). To the extent necessary and subject to the terms of the ordinance to be approved in conjunction with the sale of Water Bonds (the "**Water Bond Ordinance**"), the Water Bonds shall have first priority and a superior claim to the Remaining Incremental Taxes.

D. In furtherance of the Redevelopment Plan and Project for the TIF District, the Village has undertaken certain capital improvements (the "**Downtown Improvements**") and has incurred costs for the Downtown Improvements and other Project Costs relating to the TIF District. Such Project Costs have been paid for through the issuance of bonds pursuant to Ordinance No. 2009-O-43, being "An Ordinance Providing for the Borrowing of Money and the Issuance of \$1,500,000 Tax Increment Allocation Revenue Bonds (Long Grove Redevelopment Project), Series 2009A of the Village of Long Grove, Lake County, Illinois" (the "**Series 2009A Ordinance**"), and Ordinance No. 2009-O-44, being "An Ordinance Providing for the Borrowing of Money and the Issuance of \$3,000,000 Tax Increment Allocation Revenue Bonds (Long Grove Redevelopment Project), Series 2009B of the Village of Long Grove, Lake County, Illinois" (the "**Series 2009B Ordinance**").

E. The Village has undertaken additional redevelopment projects within the TIF District in connection with the Redevelopment Plan and Project, and the President and Board of Trustees have determined and do determine that it is necessary and in the best interests of the Village that the Village issue additional tax increment allocation revenue bonds (the "**Series 2011A Bonds**") in the aggregate principal amount of \$900,000 for the purpose of repaying any outstanding advances for, and for paying future, Project Costs, the funds for which will be derived from investments of the Village's Depository IV (Open Space) Fund, pursuant to the terms of this Ordinance (the "**Series 2011A Ordinance**").

F. It is hereby found and determined that the tax increment allocation revenue bonds to be issued under this Ordinance are for purposes properly constituting Project Costs in furtherance of the Redevelopment Plan and Project for the TIF District and in accordance with the Act.

G. It is the intention of the Corporate Authorities of the Village that the Series 2011A Bonds will be paid from the Sunset Grove Incremental Taxes (subject and subordinate only to the Sunset Grove Bonds) and the Remaining Incremental Taxes (subject and subordinate only to the Water Bonds), and that these Series 2011A Bonds be on parity with the Series 2009A Bonds and superior to the Series 2009B Bonds.

H. The Village is authorized to invest its Depository IV (Open Space) Fund in the Series 2011A Bonds pursuant to 50 ILCS 340/1.

**Section 2. Definitions.** The following words and terms used in this Ordinance shall have the following meanings unless the context or use indicates another or different meaning.

"**Bond Register**" has the meaning set forth in Section 5 hereof.

"**Bondholder**" means the Village of Long Grove, Depository IV (Open Space) Fund, or such other person in whose name such Series 2011A Bond is registered in the Bond Register maintained by the Village pursuant to an amendment to this Series 2011A Ordinance.

"**Corporate Authorities**" means the President and Board of Trustees of the Village.

"**Disbursement**" means a disbursement of any of the proceeds of the Series 2011A Bonds.

"**Governmental Authority**" means the United States, the State of Illinois, the County of Lake, the Village or any other political subdivision in which the Project is located, any other

political subdivision, agency or instrumentality exercising jurisdiction over the Village or the Project.

**“Governmental Requirements”** means all laws, ordinances, rules, and regulations of any Governmental Authority applicable to the Village, the Series 2011A Bonds, or the Project.

**“Incremental Taxes”** means the ad valorem taxes if any, arising from the tax levies upon taxable real property in the TIF District by any and all taxing districts or municipal corporations having the power to tax real property in the TIF District, which taxes are attributable to the increase in the then current equalized assessed valuation of each taxable lot, block, tract, or parcel of real property in the TIF District over and above the Total Initial Equalized Assessed Value of each such piece of property, all as certified by the County Clerk of the County of Lake, Illinois, in accord with Section 11-74.4-9 of the Act.

**“Incremental Taxes Fund”** means a fund into which Incremental Taxes are deposited and maintained by the Village, including any fund established in connection with the 2010 TIF Bond Ordinance Documents.

**“Ordinance”** or **“Series 2011A Ordinance”** means this Ordinance as originally adopted and as the same may from time to time be amended or supplemented in accordance with the terms hereof.

**“Paying Agent”** means the Village or such other person designated as Paying Agent hereunder.

**“Project”** means the Redevelopment Project heretofore approved by the Corporate Authorities pursuant to Ordinance No. 2008-O-4, as amended, in furtherance of the objectives of the Redevelopment Plan.

**“Project Costs”** means the sum total of all reasonable or necessary costs incurred or estimated to be incurred which are incidental to the Redevelopment Plan, including, without limitation, the following:

- (i) Costs of studies, surveys, development of plans, and specifications; implementation and administration of the Redevelopment Plan including but not limited to staff and professional service costs for architectural, engineering, legal, marketing, financial, planning or other services, provided however that no charges for professional services may be based on a percentage of the tax increment collected;
- (ii) Property assembly costs, including but not limited to acquisition of land and other property, real or personal, or rights or interest therein, demolition of buildings, and the clearing and grading of land;
- (iii) Costs of rehabilitation, reconstruction, repair or remodeling of existing buildings and fixtures;
- (iv) Costs of the construction of public works or improvements;
- (v) Costs of job training and retraining projects;

(vi) Financing costs, including but not limited to all necessary and incidental expenses related to the issuance of obligations and which may include payment of interest on any obligations issued hereunder accruing during the estimated period of construction of the Project and for not exceeding 36 months thereafter and including reasonable reserves related thereto; and

(vii) All or a portion of a taxing district's capital costs resulting from the Project necessarily incurred or to be incurred in furtherance of the objectives of the Redevelopment Plan, to the extent the Village by written agreement accepts and approves such costs.

**"Redevelopment Plan"** means the Redevelopment Plan of the Village for the TIF District heretofore approved by the Corporate Authorities pursuant to Ordinance No. 2008-O-4 together with any further amendments and supplements thereto.

**"Series 2009A Bonds"** means the Tax Increment Allocation Revenue Bonds (Long Grove Redevelopment Project), Series 2009A, authorized to be issued under the Series 2009A Ordinance.

**"Series 2009B Bonds"** means the Tax Increment Allocation Revenue Bonds (Long Grove Redevelopment Project), Series 2009B authorized to be issued under the Series 2009B Ordinance.

**"TIF District"** means the Village of Long Grove Redevelopment TIF District described more fully in Exhibit B attached hereto and heretofore designated by the Corporate Authorities pursuant to Ordinance No. 2008-O-5, as amended from time to time.

**"Total Initial Equalized Assessed Value"** means the total initial equalized assessed value of the taxable real property within the TIF District certified by the County Clerk of the County of Lake, Illinois, in accordance with the provisions of Section 11-74.4-9 of the Act.

**Section 3. Findings.** The Corporate Authorities hereby find that the TIF District has been established in accordance with the provisions of the Act and that it is necessary and in the best interests of the Village that the Village complete the construction, acquisition, and installation of the Project and that the Series 2011A Bonds be issued to enable the Village to pay a portion of the Project Costs, or to repay or document advances made to pay Project Costs.

**Section 4. Bond Details.** For the purpose of paying a portion of the Project Costs, (or to repay or document advances made to pay Project Costs), there shall be borrowed by, for and on behalf of the Village's TIF District the sum of \$900,000. Of this amount, \$900,000 shall be used for the payment of Project Costs, including costs of the Village in connection with the issuance of the Series 2011A Bonds, some or all of which amount may have already been received from the Depository IV (Open Space) Fund and used to pay Project Costs. In evidence of such borrowing, the Series 2011A Bonds of the Village shall be issued as provided in this Ordinance and shall each be designated "Tax Increment Allocation Revenue Bonds (Long Grove Redevelopment Project), Series 2011A", shall be issued as a fully registered bond without coupons, and shall be numbered consecutively beginning with R-1. The Series 2011A Bonds shall initially be dated the date of their delivery.

The Series 2011A Bonds shall bear the date of authentication, shall be in fully registered form, shall be in denominations of \$5,000 each and authorized integral multiples of \$5,000 in excess thereof.

The principal amount of the Series 2011A Bonds shall mature according to the following schedule:

12/1/2011	\$100,000
12/1/2011	\$100,000
12/1/2012	\$100,000
12/1/2013	\$100,000
12/1/2014	\$100,000
12/1/2015	\$100,000
12/1/2016	\$100,000
12/1/2017	\$100,000
12/1/2018	\$100,000

(the "**Maturity Dates**"). The Series 2011A Bonds shall bear interest at an annual rate of 4%, and interest shall be paid on the principal balance of each of the Series 2011A Bonds as of the Maturity Date.

To the extent the amount of Incremental Taxes in the Series 2009A/2011A/2009B Account (as hereafter defined) is insufficient (after paying any amounts due on and meeting all obligations with respect to the Sunset Grove Bonds and the Water Bonds) to pay fully all interest and principal due on any Maturity Date, the Village shall not be in default, but such unmet interest or principal obligation shall be deemed an arrearage, and a two percent (2%) charge (an "**Arrearage Charge**") shall be assessed on the amount of any interest and principal amount unpaid as of such Maturity Date. In the event that there is any arrearage, future payments shall be credited first to any outstanding Arrearage Charges, next to any outstanding interest, and then to outstanding principal; payments of Arrearage Charges, interest and principal shall, in each case, be made to the oldest amount based on original date of assessment or Maturity Date.

The Series 2011A Bonds shall bear interest from their date until paid at the rates set forth above, such interest (computed upon the basis of a 360-day year of twelve 30-day months) being payable on the Maturity Date. Interest on each Series 2011A Bond shall be paid by check or draft from the Incremental Taxes Fund by the Village or the Village's designee as paying agent (the "**Paying Agent**"), payable in lawful money of the United States of America, to the Bondholder as set forth in the Bond Register at the close of business on any Maturity Date. The principal of and interest on, and any Arrearage Charge relating to, the Series 2011A Bonds shall be payable in lawful money of the United States of America upon presentation and surrender at

the principal office of the Paying Agent, which is hereby constituted and appointed the paying agent of the Village for the Series 2011A Bonds.

The Series 2011A Bonds, together with the interest and any Arrearage Charge thereon, shall be limited obligations of the Village, payable solely and only from the collection of the Incremental Taxes and the amounts on deposit in the various funds and accounts as provided herein. No Bondholder shall have the right to compel the exercise of any taxing power or any use of any other funds of the Village for payment of principal thereof or interest thereon. The Series 2011A Bonds will not constitute an indebtedness of the Village or a loan of credit thereof within the meaning of any statutory or constitutional provision.

The Series 2011A Bonds shall be subject to redemption, prior to any Maturity Date, upon 30 days' advanced notice at the discretion of the Corporate Authorities.

The Series 2011A Bonds shall be executed by the manual signature of the Village President and the manual signature of the Village Clerk and shall have the corporate seal of the Village affixed to it (or a facsimile of that seal printed on it). In case any officer of the Village whose signature shall appear on the Series 2011A Bonds shall cease to be such officer before authentication and delivery of any of the Series 2011A Bonds, that signature shall nevertheless be valid and sufficient for all purposes, the same as if the officer had remained in office until delivery.

**Section 5. Registration of Series 2011A Bonds; Persons Treated as Owners.**

The Village shall cause books (the "Bond Register") for the registration and for the registration of transfer of the Series 2011A Bonds as provided in this Ordinance to be kept at the principal office of the Village.

Upon surrender for transfer of any Series 2011A Bond, the Village shall adopt an amendment to this Series 2011A Ordinance to identify the new Bondholder(s).

The person in whose name any Series 2011A 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 Series 2011A Bond [as well as any Arrearage Charges] 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 Series 2011A Bond to the extent of the sum or sums so paid.

**Section 6. Security; Additional Bonds.** The Series 2011A Bonds, together with the interest thereon, shall be limited obligations of the Village, payable solely and only from the collection of the Incremental Taxes and the amounts on deposit in the various funds and accounts as provided herein. No holder of any Series 2011A Bond shall have the right to compel the exercise of any taxing power or any use of any other funds of the Village for payment of principal thereof or interest thereon. The Series 2011A Bonds will not constitute an indebtedness of the Village or a loan of credit thereof within the meaning of any statutory or constitutional provision. The Series 2011A Bonds are issued as parity bonds with the Series 2009A Bonds and as superior obligations to the Series 2009B Bonds, but shall be subordinate (a) only to the Sunset Grove Bonds with respect to the Sunset Grove Incremental Taxes, and (b) only to the Water Bonds with respect to the Remaining Incremental Taxes (to the extent the Remaining Incremental Taxes are pledged to the payment of any Water Bonds). The Village reserves the right to issue additional obligations payable from the Incremental Taxes, provided

that no additional obligations (exclusive of any Sunset Grove Bonds or Water Bonds) shall be issued on a parity with or superior to the Series 2011A Bonds unless either (i) the registered owners of the Series 2011A Bonds have consented in writing to the issuance of the additional obligations or (ii) the Series 2011A Bonds have been defeased or paid in their entirety in accordance with the provisions of Section 13 hereof.

**Section 7. Consent of Series 2009A Bonds and Series 2009B Bonds Registered Owner.** The Village hereby acknowledges and confirms that: (a) the Village, pursuant to its Depository IV (Open Space) Fund, is the registered owner of the Series 2009A Bonds, (b) as such registered owners of the Series 2009A Bonds hereby consents to the issuance of the Series 2011A Bonds as parity bonds vis-à-vis such Series 2009A Bonds; (c) the Village, pursuant to its General Fund, is the registered owner of the Series 2009B Bonds, (b) as such registered owners of the Series 2009B Bonds hereby consents to the issuance of the Series 2011A Bonds as superior bonds vis-à-vis such Series 2009B Bonds.

**Section 8. Form of Bond.** The Series 2011A Bonds shall be in substantially the form set forth in Exhibit C to this Series 2011A Ordinance.

**Section 9. Incremental Taxes Fund – Accounts; Creation of Series 2009A Project Account.**

(a) **Incremental Taxes Fund.** There is created a special fund of the Village which fund is held separate and apart from all other funds and accounts of the Village and is known as the **Incremental Taxes Fund**. All of the Incremental Taxes and any interest thereon shall be deposited in the Incremental Taxes Fund. Moneys may be disbursed or transferred from the Incremental Taxes Fund, or accounts may be designated within the Incremental Taxes Fund, as may be prescribed in the ordinances authorizing the issuance of the Sunset Grove Bonds or the Water Bonds (the "**Authorized Transfers**"). Any amounts in the Incremental Taxes Fund after all appropriate Authorized Transfers have been made shall be designated for the "Series 2009A/2011A/2009B Account," which Account is hereby created and the funds from which shall, on an annual basis, be used to satisfy first the various payment obligations due under this Series 2011A Ordinance and the Series 2009A Ordinance (which obligations shall be deemed to be on par with each other and, to the extent funds in the Series 2009A/2011A/2009B Account are insufficient to pay all obligations coming due under the Series 2009A Bonds and Series 2011A Bonds, shall be paid ratably based on the amount then due under each such series of bonds), and thereafter the various payment obligations due under the Series 2009B Ordinance. The Incremental Taxes Fund (and any accounts therein) is a trust fund established for the purpose of carrying out the covenants, terms, and conditions imposed upon the Village by this Ordinance, the Series 2009A Ordinance, the Series 2009B Ordinance, and any ordinances approved in connection with the Sunset Grove Bonds or the Water Bonds (including any of the 2010 TIF Bond Ordinance Documents). All of the moneys on deposit in the Incremental Taxes Fund are pledged for the purposes and based on the priorities set forth in this Section, and such pledge is irrevocable until the obligations of the Village are discharged under this Ordinance, the Series 2009A Ordinance, the Series 2009B Ordinance, and any ordinances approved in connection with the Sunset Grove Bonds or the Water Bonds.

Pursuant to the provisions of the Act, the Incremental Taxes are to be paid to the Village by the Lake County Collector. Whenever the Village receives any of the Incremental Taxes, it shall promptly cause the same to be deposited into the Incremental Taxes Fund. The moneys on deposit in the Incremental Taxes Fund shall be used solely and only for the purpose of carrying out the terms and conditions of this Ordinance, the Series 2009A Ordinance, the

Series 2009B Ordinance, and any ordinances approved in connection with the Sunset Grove Bonds or the Water Bonds.

(b) Creation of the Series 2011A Project Account. There is hereby created a special account to be designated the "**Series 2011A Project Account.**" Proceeds of the Series 2011A Bonds (in addition to amounts to be reimbursed for prior advances of Project Costs) shall be deposited to the Series 2011A Project Account and disbursed to pay the Project Costs upon receipt of a written request from the Village. Amounts on deposit in the Series 2011A Project Account shall not be commingled with any other funds or accounts held by the Village.

(c) Alternative Funds and Accounts. Notwithstanding anything to the contrary in this Section 9, the Village may utilize any funds or accounts established in connection with the 2010 TIF Bond Ordinance Documents for purposes of holding and managing Incremental Taxes relating to the TIF District and paying obligations due under this Ordinance, the Series 2009A Ordinance, and the Series 2009B Ordinance. As registered owner of the Series 2009A Bonds and Series 2009B Bonds, the Village acknowledges and consents to any such utilization of such funds or accounts. Any reference in this Ordinance, the Series 2009A Ordinance, or the Series 2009B Ordinance to the Incremental Taxes Fund may include any such funds or accounts created pursuant to the 2010 TIF Bond Ordinance Documents and utilized in connection with this Ordinance, the Series 2009A Ordinance, or the Series 2009B Ordinance.

**Section 10. General Covenants.** The Village covenants and agrees with the holders of the Series 2011A Bonds that, so long as any Series 2011A Bonds remain outstanding and unpaid:

a) The Village will punctually pay or cause to be paid solely and only from the Incremental Taxes Fund the principal of and interest on the Series 2011A Bonds in strict conformity with the terms of the Series 2011A Bonds and this Ordinance and it will faithfully observe and perform all of the conditions, covenants and requirements thereof.

b) The Village shall timely comply with all Governmental Requirements.

c) The Village shall use all Disbursements for payment of costs and expenses related to the Project, and for no other purpose.

d) The Village will pay and discharge, or cause to be paid and discharged, solely and only from the Incremental Taxes Fund any and all lawful claims which, if unpaid, might become a lien or charge upon the Incremental Taxes, or any part thereof, or upon any funds that might impair the security for the Series 2011A Bonds. Nothing herein contained shall require the Village to make any such payment so long as the Village in good faith shall contest the validity of said claims.

e) The Village will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Village, in which complete and correct entries shall be made of all transactions relating to the Project and to the Incremental Taxes. Such books of record and accounts shall at all times during Village business hours be subject to the inspection of the Bondholders or their representatives authorized in writing.

f) The Village will preserve and protect the security for the Series 2011A Bonds and the rights of the Series 2011A Bondholders, and will defend their rights under this Ordinance against all claims and demands of all persons, subject at all times to the claims of the

holders of the Sunset Grove Bonds or Water Bonds, or the parity claims of the holders of the Series 2009A Bonds. From and after the sale and delivery of any of the Series 2011A Bonds by the Village, the Series 2011A Bonds shall be incontestable by the Village.

g) The Village shall continue to implement the Project with all reasonable dispatch in accord with its stated objectives and purposes in conformity with the Redevelopment Plan and the Act.

h) The Village will adopt, make, execute and deliver any and all such further ordinances, resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention of, or to facilitate the performance of, this Ordinance, and for the better assuring and confirming unto the holders of the Series 2011A Bonds of the rights and benefits provided in this Ordinance.

**Section 11. Supplemental Ordinances.** Supplemental ordinances may be passed as follows:

a) Supplemental Ordinances Not Requiring Consent of Series 2011A Bondholders. The Village by the Corporate Authorities, from time to time and at any time, subject to the conditions and restrictions in this Ordinance contained, may pass and accept an ordinance or ordinances supplemental hereto, which ordinance or ordinances thereafter shall form a part hereof, for any one or more of the following purposes:

(i) To add to the covenants and agreements of the Village in this Ordinance contained, other covenants and agreements thereafter to be observed or to surrender, restrict or limit any right or power herein reserved to or conferred upon the Village;

(ii) To make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in this Ordinance, or in regard to matters or questions arising under this Ordinance, as the Village may deem necessary or desirable and not inconsistent with this Ordinance and which in the opinion of the Paying Agent shall not adversely affect the interests of the registered owners of the Series 2011A Bonds; and

(iii) To designate replacement or additional Bondholders; and

Any supplemental ordinance authorized by the provisions of this paragraph or paragraph (b) of this Section may be passed by the Village without the consent of or notice to the Bondholders, notwithstanding any of the provisions of paragraph (c) of this Section.

(b) Other Bond Ordinances Not Requiring Bondholder Consent. The Village may adopt such ordinances, resolutions, or approve such other actions as the Corporate Authorities may deem to be necessary or convenient for purposes of issuing the Sunset Grove Bonds or the Water Bonds.

(c) Supplemental Ordinances Requiring Consent of Series 2011A Bondholders. With the consent of the registered Bondholders of not less than 51% in aggregate original principal amount of the Series 2011A Bonds at the time outstanding, the Village, by the Corporate Authorities may pass, from time to time and at any time an ordinance or ordinances supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Ordinance or of any supplemental ordinance, provided

that no such modification or amendment shall extend the maturity or reduce the interest rate on or otherwise alter or impair the obligation of the Village to pay the principal and interest at the time and place and at the rate and in the occurrence provided therein of any Series 2011A Bond without the express consent of the registered owner of such Series 2011A Bond, or permit the creation of a preference or priority of any Series 2011A Bond or Series 2011A Bonds over any other Series 2011A Bond, Series 2009A Bond, or Series 2009B Bonds, or reduce the percentage of Series 2011A Bonds required for the affirmative vote or written consent to an amendment or modification, or deprive the registered owners of the Series 2011A Bonds (except as aforesaid) of the right to payment of the Series 2011A Bonds from the Incremental Taxes pledged thereto without the consent of the registered owners of all the Series 2011A Bonds (as the case may be) then outstanding.

It shall not be necessary to obtain the consent of the Series 2011A Bondholders under this paragraph to approve the particular form of any proposed supplemental ordinance, but it shall be sufficient if such consent shall approve the substance thereof.

(d) Supplemental Ordinance to Modify this Ordinance. Upon the execution of any supplemental ordinance pursuant to the provisions of this Section, this Ordinance shall be modified and amended in accordance therewith and the respective rights, duties and obligations under this Ordinance of the Village and all Bondholders shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendments, and all the terms and conditions of any such supplemental ordinance shall be and be deemed to be part of the terms and conditions of this Ordinance for any and all purposes.

Section 12. This Ordinance a Contract. The provisions of this Ordinance shall constitute a contract between the Village and the Bondholder of the Series 2011A Bonds, and no changes, additions or alterations of any kind shall be made hereto, except as herein provided.

Section 13. Partial Invalidity. If any section, paragraph, clause or provision of this Ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this Ordinance.

Section 14. List of Bondholders. The Bond Register shall list the names and addresses of the holders of all Series 2011A Bonds and upon any transfer (and approval of an Ordinance providing therefor) shall add the name and address of the transferee Series 2011A Bondholder and eliminate the name and address of the transferor Series 2011A Bondholder.

Section 15. Other Agreements. The Village President, the Village Treasurer, and the Village Clerk are hereby authorized to execute and deliver on behalf of the Village such other documents, agreements and certificates consistent with the terms of this Ordinance, which the Village President or the Village Clerk shall deem necessary or appropriate in order to effectuate the intent and purposes of this Ordinance.

Section 16. Immunity of Officers, Employees and Members of Village. No recourse shall be had for the payment of the principal of or interest on any of the Series 2011A Bonds or for any claim based thereon or upon any obligation, covenant or agreement in this Ordinance contained against any past, present or future officer, director, member, employee or agent of the Village, or of any successor public corporation, as such, either directly or through the Village or any successor public corporation, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such

liability of any such officers, directors, members, employees or agents as such is hereby expressly waived and released as a condition of and consideration for the passage of this Ordinance and the issuance of such Series 2011A Bonds.

**Section 17. Application of Future Bond Payments as Village Contributions.** The bondholders of the Series 2011A Bonds, Series 2009A Bonds, and Series 2009B Bonds acknowledge and agree that the Village (as such bondholder) may redeem any such bonds (including any accumulated interest or Arrearage Charge) in any order or denomination that the Village may desire in order to comply with any obligation the Village may have in any particular year under 65 ILCS 5/11-74.4-8(b) to deposit into the Incremental Tax Fund an amount equal to 10% of the total contributions to such fund made by all other taxing districts within the TIF District in that year. Any such redemption shall be acknowledged by an ordinance of the Village as issuer of the Series 2011A Bonds, Series 2009A Bonds, and Series 2009B Bonds, which ordinance shall set forth the revised principal payments due on the Maturity Date(s) affected by such redemption.

**Section 18. Additional Bondholder Consents and Amendments to Series 2009A Ordinance and Series 2009B Ordinance.** To the extent that any provisions of the Series 2009A Ordinance or the Series 2009B Ordinance have been amended or otherwise materially affected by the terms and conditions of this Ordinance, the Village as holder of the 2009A Bonds and the Series 2009B Bonds hereby consents thereto. Additionally, to the extent that this Ordinance, the Series 2009A Ordinance, the Series 2009B Ordinance, the Series 2011A Bonds, Series 2009A Bonds, or Series 2009B Bonds are hereby found to be invalid, unauthorized, or otherwise unenforceable as bonds, then this Ordinance, the Series 2009A Ordinance, the Series 2009B Ordinance, the Series 2011A Bonds, Series 2009A Bonds, or Series 2009B Bonds shall nevertheless be regarded as evidence of indebtedness of funds advanced by the Village to the TIF District whose repayment shall be required consistent with the terms and conditions set forth in this Ordinance, the Series 2009A Ordinance, the Series 2009B Ordinance, the Series 2011A Bonds, Series 2009A Bonds, or Series 2009B Bonds.

**Section 19. Superseder and Effective Date.** All ordinances, resolutions and orders or parts of ordinances, resolutions and orders in conflict with this Ordinance are superseded to the extent of such conflict. This Ordinance shall be in full force and effect upon passage and publication as required by law.

Passed this 25th day of January, 2011.

Ayes: (6) Trustees Acuna, Barry, Marshall, Schmitt, Wachs, and Weber

Nays: (0)

Abstain: (0)

Absent: (0)

APPROVED this 25th day of January, 2011.

/s/ Maria Rodriguez  
Village President

ATTEST:

/s/ Karen Schultheis  
Village Clerk

## EXHIBIT A

### Legal Description of Sunset Grove Property

#### PARCEL 1:

THE NORTH 5 ACRES OF THE WEST HALF OF THE EAST HALF OF THE NORTHEAST QUARTER OF SECTION 30, TOWNSHIP 43 NORTH, RANGE 11, EAST OF THE THIRD PRINCIPAL MERIDIAN, (EXCEPT THAT PART TAKEN FOR ROAD PURPOSES IN CASE NUMBER 91 ED 44) IN LAKE COUNTY, ILLINOIS.

#### PARCEL 2:

THE SOUTH 389.18 FEET OF THE NORTH 718.31 FEET (AS MEASURED ON THE EAST AND WEST LINES THEREOF) OF THE NORTH HALF OF THE WEST HALF OF THE EAST HALF OF THE NORTHEAST QUARTER OF SECTION 30, TOWNSHIP 43 NORTH, RANGE 11, EAST OF THE THIRD PRINCIPAL MERIDIAN, LYING EAST OF THE EAST LINE OF ROUTE 83 (EXCEPT THAT PART TAKEN FOR ROAD PURPOSES IN CASE NUMBER 91 ED 43) IN LAKE COUNTY, ILLINOIS.

#### PARCEL 3:

THE SOUTH 389.17 FEET OF THE NORTH 1107.48 FEET (AS MEASURED ON THE EAST AND WEST LINES THEREOF) OF THAT PART OF THE NORTH HALF OF THE WEST HALF OF THE EAST HALF OF THE NORTHEAST QUARTER OF SECTION 30, TOWNSHIP 43 NORTH, RANGE 11, EAST OF THE THIRD PRINCIPAL MERIDIAN, LYING EAST OF THE EAST LINE OF ROUTE 83 (EXCEPT THAT PART TAKEN FOR ROAD PURPOSES IN CASE NUMBER 91 ED 42) IN LAKE COUNTY, ILLINOIS.

#### PARCEL 4:

THE WEST 2 1/2 ACRES OF THE NORTH 5 ACRES OF THE EAST HALF OF THE EAST HALF OF THE NORTHEAST QUARTER OF SECTION 30, TOWNSHIP 43 NORTH, RANGE 11, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN LAKE COUNTY, ILLINOIS.

#### **P.I.N. Numbers:**

15-30-200-002  
15-30-200-030  
15-30-200-031  
15-30-200-032

## EXHIBIT B

### Legal Description of TIF District

COMMENCING AT A POINT IN THE CENTER OF THE McHENRY ROAD, (SO CALLED) 537.3 FEET NORTH 66 ½ DEGREES WEST FROM ITS INTERSECTION WITH THE DUNDEE ROAD; RUNNING THENCE NORTH 66 ½ DEGREES WEST 66 FEET; THENCE NORTH 26 DEGREES 5 MINUTES EAST TO THE NORTHEASTERLY RIGHT-OF-WAY LINE OF OLD McHENRY ROAD, BEING THE POINT OF BEGINNING; THENCE CONTINUING ALONG SAID LINE TO THE EAST LINE OF THE NORTHWEST QUARTER OF THE NORTHWEST QUARTER OF SECTION 30, TOWNSHIP 43 NORTH, RANGE 11, EAST OF THE THIRD PRINCIPAL MERIDIAN; THENCE SOUTH ALONG SAID EAST LINE, APPROXIMATELY 366.0 FEET TO THE SOUTHWEST CORNER OF LOT 12 IN THE LAKES OF LONG GROVE SUBDIVISION; THENCE APPROXIMATELY 170.5 FEET EAST ALONG THE SOUTHERLY LINE OF LOTS 12 AND 11 OF THE LAKES OF LONG GROVE SUBDIVISION TO ITS INTERSECTION WITH THE NORTHWESTERLY LINE OF LOT 2 OF THE WILLIAM UMBDENSTOCK FIRST ADDITION, BEING A SUBDIVISION OF PART OF THE NORTHWEST QUARTER OF SECTION 30, TOWNSHIP 43 NORTH, RANGE 11, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED AS DOCUMENT NUMBER 1257888, IN LAKE COUNTY, ILLINOIS; THENCE NORTHEASTERLY ALONG THE NORTHERLY BOUNDARY OF LOT 2 IN SAID WILLIAM UMBDENSTOCK FIRST ADDITION; THENCE NORTHEASTERLY ALONG THE NORTHERLY BOUNDARY OF THE WILLIAM UMBDENSTOCK SUBDIVISION BEING A SUBDIVISION OF PART OF THE NORTHWEST QUARTER OF SECTION 30, TOWNSHIP 43 NORTH, RANGE 11, EAST OF THE THIRD PRINCIPAL MERIDIAN, A PLAT OF WHICH WAS RECORDED AS DOCUMENT NUMBER 991876, TO ITS INTERSECTION WITH THE NORTHWEST CORNER OF LOT 1 OF THE LAKES OF LONG GROVE SUBDIVISION; THENCE SOUTHEASTERLY ALONG THE WESTERLY BOUNDARY OF LOT 1 OF THE LAKES OF LONG GROVE SUBDIVISION EXTENDED TO ITS INTERSECTION WITH THE NORTHERLY RIGHT-OF-WAY LINE OF ROBERT PARKER COFFIN ROAD; THENCE EASTERLY 500 FEET, MORE OR LESS, ALONG THE NORTHERLY RIGHT-OF-WAY LINE OF ROBERT PARKER COFFIN ROAD; THENCE SOUTHERLY TO THE NORTHEASTERLY CORNER OF LOT 19 IN FAIRFIELD VILLAGE, BEING A SUBDIVISION OF PART OF THE EAST HALF OF THE NORTHWEST QUARTER AND THE WEST HALF OF THE NORTHEAST QUARTER OF SECTION 30, TOWNSHIP 43 NORTH, RANGE 11, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED JANUARY 4, 1980 AS DOCUMENT NUMBER 2042549 AND THE CERTIFICATE OF CORRECTION RECORDED AS DOCUMENT NUMBER 2055570, IN LAKE COUNTY, ILLINOIS; THENCE SOUTHERLY ALONG THE EASTERLY LINE OF SAID LOT 19 TO THE NORTHEASTERLY CORNER OF LOT 1 IN FIRE STATION SUBDIVISION, BEING A SUBDIVISION OF PART OF THE EAST HALF OF THE NORTHWEST QUARTER AND THE WEST HALF OF THE NORTHEAST QUARTER OF SECTION 30, TOWNSHIP 43 NORTH, RANGE 11, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED JULY 10, 1980 AS DOCUMENT NUMBER 2067163 IN LAKE COUNTY, ILLINOIS; THENCE SOUTHERLY ALONG THE EASTERLY LINE OF LOT 1 IN THE FIRE STATION

SUBDIVISION, TO ITS INTERSECTION WITH THE NORTHEASTERLY RIGHT-OF-WAY LINE OF OLD McHENRY ROAD; THENCE SOUTHEASTERLY ALONG SAID NORTHEASTERLY RIGHT-OF-WAY LINE TO THE WESTERLY LINE OF LOT 17 IN FAIRFIELD VILLAGE, AFORESAID; THENCE NORTHERLY ALONG THE WESTERLY LINES OF LOTS 17 AND 18 OF SAID FAIRFIELD VILLAGE SUBDIVISION AS EXTENDED TO THE NORTHERLY RIGHT-OF-WAY LINE OF ROBERT PARKER COFFIN ROAD; THENCE EASTERLY ALONG SAID NORTHERLY RIGHT-OF-WAY LINE TO ITS INTERSECTION WITH THE WESTERLY RIGHT-OF-WAY LINE OF ILLINOIS ROUTE 83; THENCE NORTHERLY ALONG THE WESTERLY RIGHT-OF-WAY LINE OF SAID ROUTE 83 TO ITS INTERSECTION WITH THE NORTHERLY RIGHT-OF-WAY LINE OF APTAKISIC ROAD EXTENDED WEST; THENCE EASTERLY ALONG SAID NORTHERLY APTAKISIC ROAD RIGHT-OF-WAY LINE TO ITS INTERSECTION WITH THE WEST LINE OF THE EAST HALF OF THE EAST HALF OF THE NORTHEAST QUARTER OF SAID SECTION 30 EXTENDED; THENCE SOUTHERLY ALONG SAID WEST LINE OF THE EAST HALF OF THE EAST HALF OF THE NORTHEAST QUARTER OF SAID SECTION 30 TO THE SOUTH LINE OF THE NORTHEAST QUARTER; THENCE WESTERLY ALONG SAID SOUTH LINE TO THE WESTERLY RIGHT-OF-WAY OF FREMONT WAY EXTENDED NORTHERLY; THENCE SOUTHERLY TO THE SOUTHERLY RIGHT-OF-WAY LINE OF ILL. RT. 53/HICKS ROAD; THENCE WESTERLY ALONG SAID SOUTHERLY RIGHT-OF-WAY LINE TO A POINT APPROXIMATELY 214.8 FEET EAST OF THE NORTHWEST CORNER OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SAID SECTION 30; THENCE NORTHWESTERLY TO THE INTERSECTION OF THE NORTHERLY RIGHT-OF-WAY LINE OF ILL. RT. 53/HICKS ROAD AND A POINT 2.80 CHAINS EAST OF THE WEST LINE OF THE NORTHEAST QUARTER OF SAID SECTION 30; THENCE NORTHWESTERLY, MORE OR LESS, ALONG THE SOUTHERLY LINES OF LOTS 1 AND 2 IN BYRNE SUBDIVISION, BEING A SUBDIVISION OF PART OF THE NORTHWEST QUARTER OF SECTION 30, TOWNSHIP 43 NORTH, RANGE 11, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED DECEMBER 14, 1994 AS DOCUMENT NUMBER 3625545, IN LAKE COUNTY, ILLINOIS TO THE POINT OF INTERSECTION WITH THE EASTERLY LINE OF TRACTS B AND C IN SURVEY AND DIVISION, BEING A SUBDIVISION OF PART OF THE NORTHWEST QUARTER OF SECTION 30, TOWNSHIP 43 NORTH, RANGE 11, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED NOVEMBER 25, 1930 AS DOCUMENT NUMBER 362197; THENCE SOUTHERLY TO THE SOUTHEASTERLY CORNER OF THE FOLLOWING DESCRIBED PARCELS:

TRACTS B AND C IN SURVEY AND DIVISION, BEING A SUBDIVISION OF PART OF THE NORTHWEST QUARTER OF SECTION 30, TOWNSHIP 43 NORTH, RANGE 11, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED NOVEMBER 25, 1930 AS DOCUMENT NUMBER 362197, EXCEPT THAT PART OF SAID PARCEL B DESCRIBED AS FOLLOWS: BEGINNING AT THE SOUTHEAST CORNER OF SAID TRACT B; THENCE NORTH 7 DEGREES 35 MINUTES EAST ALONG THE EAST LINE THEREOF 254 FEET; THENCE NORTH 82 DEGREES 25 MINUTES WEST 170 FEET; THENCE

SOUTH 7 DEGREES 35 MINUTES WEST 194 FEET TO THE SOUTHWESTERLY LINE OF SAID TRACT B; THENCE SOUTH 35 DEGREES 16 MINUTES EAST ALONG THE SOUTHWESTERLY LINE OF SAID TRACT, 101 FEET TO THE SOUTH LINE OF SAID TRACT B; THENCE EAST 104 FEET TO THE POINT OF BEGINNING, IN LAKE COUNTY, ILLINOIS;

THENCE SOUTHWESTERLY, MORE OR LESS, ALONG THE IRREGULAR SOUTHERLY LINES OF THE FOLLOWING DESCRIBED PARCELS:

TRACTS B AND C IN SURVEY AND DIVISION, BEING A SUBDIVISION OF PART OF THE NORTHWEST QUARTER OF SECTION 30, TOWNSHIP 43 NORTH, RANGE 11, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED NOVEMBER 25, 1930 AS DOCUMENT NUMBER 362197, EXCEPT THAT PART OF SAID PARCEL B DESCRIBED AS FOLLOWS: BEGINNING AT THE SOUTHEAST CORNER OF SAID TRACT B; THENCE NORTH 7 DEGREES 35 MINUTES EAST ALONG THE EAST LINE THEREOF 254 FEET; THENCE NORTH 82 DEGREES 25 MINUTES WEST 170 FEET; THENCE SOUTH 7 DEGREES 35 MINUTES WEST 194 FEET TO THE SOUTHWESTERLY LINE OF SAID TRACT B; THENCE SOUTH 35 DEGREES 16 MINUTES EAST ALONG THE SOUTHWESTERLY LINE OF SAID TRACT, 101 FEET TO THE SOUTH LINE OF SAID TRACT B; THENCE EAST 104 FEET TO THE POINT OF BEGINNING, IN LAKE COUNTY, ILLINOIS;

THENCE WESTERLY, ALONG THE SOUTHERLY LINE OF LOT 7 IN RED OAKS SUBDIVISION, BEING A SUBDIVISION OF PART OF THE NORTHWEST QUARTER OF SECTION 30, TOWNSHIP 43 NORTH, RANGE 11, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED DECEMBER 26, 1986 AS DOCUMENT NUMBER 2519282 AND THE CERTIFICATE OF CORRECTION RECORDED AS DOCUMENT NUMBER 2590825, IN LAKE COUNTY, ILLINOIS; THENCE NORTHWESTERLY ALONG THE SOUTHWESTERLY LINE OF LOT 6 IN SAID RED OAKS SUBDIVISION, CONTINUING NORTHWESTERLY ALONG THE SAME LINE EXTENDED TO ITS INTERSECTION WITH THE EASTERLY RIGHT-OF-WAY LINE OF SCHAEFFER ROAD; THENCE WESTERLY TO THE WESTERLY RIGHT-OF-WAY LINE OF SCHAEFFER ROAD; THENCE NORTHWESTERLY ALONG SAID WESTERLY RIGHT-OF-WAY LINE TO ITS INTERSECTION WITH THE SOUTHERLY RIGHT-OF-WAY LINE OF ROBERT PARKER COFFIN ROAD; THENCE SOUTHWESTERLY ALONG SAID SOUTHERLY RIGHT-OF-WAY LINE APPROXIMATELY 129 FEET; THENCE NORTHWESTERLY TO THE INTERSECTION OF THE NORTHERLY RIGHT-OF-WAY LINE OF ROBERT PARKER COFFIN ROAD AND THE SOUTHWESTERLY CORNER OF THE FOLLOWING DESCRIBED PARCEL:

THAT PROPERTY DESCRIBED IN THE DEED RECORDED AS DOCUMENT NUMBER 1697997 AS: THAT PART OF THE NORTHWEST QUARTER OF SECTION 30, TOWNSHIP 43 NORTH, RANGE 11, EAST OF

THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS: BEGINNING AT AN IRON STAKE ON THE CENTER LINE OF THE WHEELING AND MCHENRY ROAD (SO CALLED) WHICH IS 423.3 FEET NORTH 66 DEGREES 30 MINUTES WEST OF THE INTERSECTION OF THE WHEELING-MCHENRY ROAD AND THE DUNDEE ROAD (SO CALLED); THENCE SOUTH 23 DEGREES 30 MINUTES WEST 371.0 FEET; THENCE SOUTH 31 DEGREES EAST 39.8 FEET TO A POINT SOUTH 54 DEGREES 15 MINUTES WEST 6.79 CHAINS FROM THE CENTER OF SAID WHEELING AND MCHENRY ROAD; THENCE SOUTH 35 DEGREES 30 MINUTES EAST 2.20 CHAINS, MORE OR LESS, TO THE CENTER OF SAID DUNDEE ROAD; THENCE SOUTHWESTERLY ALONG THE CENTER OF DUNDEE ROAD, 218.5 FEET TO A POINT IN THE CENTER OF SAID ROAD, 752.1 FEET SOUTHWESTERLY FROM THE POINT OF INTERSECTION OF THE CENTER LINE OF SAID DUNDEE ROAD AND WHEELING-MCHENRY ROAD; THENCE SOUTHWESTERLY ALONG THE CENTERLINE OF SAID DUNDEE ROAD 38.55 FEET TO AN IRON STAKE IN THE CENTER OF SAID DUNDEE ROAD; THENCE NORTH 33 DEGREES 30 MINUTES WEST 2.25 CHAINS; THENCE SOUTH 87 DEGREES 45 MINUTES WEST ALONG THE FENCE LINE 203.77 FEET; THENCE NORTH 23 DEGREES 30 MINUTES EAST 679.93 FEET TO THE CENTER LINE OF THE WHEELING AND MCHENRY ROAD; THENCE SOUTHEASTERLY ALONG THE CENTER LINE OF SAID ROAD 305.0 FEET TO THE PLACE OF BEGINNING, IN LAKE COUNTY, ILLINOIS;

THENCE NORTHERLY, MORE OR LESS, ALONG THE IRREGULAR WESTERLY LINE OF THE FOLLOWING DESCRIBED PARCEL:

THAT PROPERTY DESCRIBED IN THE DEED RECORDED AS DOCUMENT NUMBER 1697997 AS: THAT PART OF THE NORTHWEST QUARTER OF SECTION 30, TOWNSHIP 43 NORTH, RANGE 11, EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS: BEGINNING AT AN IRON STAKE ON THE CENTER LINE OF THE WHEELING AND MCHENRY ROAD (SO CALLED) WHICH IS 423.3 FEET NORTH 66 DEGREES 30 MINUTES WEST OF THE INTERSECTION OF THE WHEELING-MCHENRY ROAD AND THE DUNDEE ROAD (SO CALLED); THENCE SOUTH 23 DEGREES 30 MINUTES WEST 371.0 FEET; THENCE SOUTH 31 DEGREES EAST 39.8 FEET TO A POINT SOUTH 54 DEGREES 15 MINUTES WEST 6.79 CHAINS FROM THE CENTER OF SAID WHEELING AND MCHENRY ROAD; THENCE SOUTH 35 DEGREES 30 MINUTES EAST 2.20 CHAINS, MORE OR LESS, TO THE CENTER OF SAID DUNDEE ROAD; THENCE SOUTHWESTERLY ALONG THE CENTER OF DUNDEE ROAD, 218.5 FEET TO A POINT IN THE CENTER OF SAID ROAD, 752.1 FEET SOUTHWESTERLY FROM THE POINT OF INTERSECTION OF THE CENTER LINE OF SAID DUNDEE ROAD AND WHEELING-MCHENRY ROAD; THENCE SOUTHWESTERLY ALONG THE CENTERLINE OF SAID DUNDEE ROAD 38.55 FEET TO AN IRON STAKE IN THE CENTER OF SAID DUNDEE ROAD; THENCE NORTH 33

DEGREES 30 MINUTES WEST 2.25 CHAINS; THENCE SOUTH 87 DEGREES 45 MINUTES WEST ALONG THE FENCE LINE 203.77 FEET; THENCE NORTH 23 DEGREES 30 MINUTES EAST 679.93 FEET TO THE CENTER LINE OF THE WHEELING AND MCHENRY ROAD; THENCE SOUTHEASTERLY ALONG THE CENTER LINE OF SAID ROAD 305.0 FEET TO THE PLACE OF BEGINNING, IN LAKE COUNTY, ILLINOIS;

AND CONTINUING ALONG SAID IRREGULAR WESTERLY LINE EXTENDED TO ITS POINT OF INTERSECTION WITH THE NORTHEASTERLY RIGHT-OF-WAY LINE OF OLD MCHENRY ROAD; THENCE SOUTHEASTERLY ALONG A LINE TO THE POINT OF BEGINNING.

THE COMMON STREET ADDRESSES AND PINS FOR THE ABOVE-DESCRIBED AREA ARE AS FOLLOWS:

<u>Address</u>	<u>PIN Number</u>
0 Mundelein Road	1530200030
0 Mundelein Road	1530200031
0 Mundelein Road	1530200032
4180 II Route 83	1530200036
0 Mundelein Road	1530200022
0 Mundelein Road	1530200024
0 Mundelein Road	1530200027
4160 II Route 83	1530205023
1190 Old McHenry Road	1530205019
150 Old McHenry Road	1530100006
0 McHenry Road	1530100009
Old McHenry Road	1530100010
135 Old McHenry Road	1530100011
Old McHenry Road	1530100012
Old McHenry Road	1530102021
Old McHenry Road	1530102022
McHenry Road	1530102023

<u>Address</u>	<u>PIN Number</u>
3600 McHenry Road	1530100014
303 Old McHenry Road	1530104001
5 Old McHenry Road	1530104002
5 Old McHenry Road	1530100018
343 Old McHenry Road	1530100019
0 Long Grove Road	1530108001
1165 Old McHenry Road	1530108003
1180 Old McHenry Road	1530200033
1170 Old McHenry Road	1530204002
1164 Old McHenry Road	1530106020
1160 Old McHenry Road	1530106007
1150 Old McHenry Road	1530106006
0 Old McHenry Road	1530106012
0 Old McHenry Road	1530106013
360 Historical Lane	1530106014
340 Old McHenry Road	1530106015
0 Old McHenry Road	1530106016
0 Old McHenry Road	1530106017
0 Old McHenry Road	1530106018
Old McHenry Road	1530100028
314 Old McHenry Road	1530100034
0 Old McHenry Road	1530100035
404 Robert Parker Coffin Road	1530100013
410 Robert Parker Coffin Road	1530103002
430 Robert Parker Coffin Road	1530103001

<u>Address</u>	<u>PIN Number</u>
440 Robert Parker Coffin Road	1530100017
0 Robert Parker Coffin Road	1530105008
407 Robert Parker Coffin Road	1530105007
421 Robert Parker Coffin Road	1530105006
427 Robert Parker Coffin Road	1530105005
437 Robert Parker Coffin Road	1530105004
445 Robert Parker Coffin Road	1530105003
0 Long Grove Road	1530105002
0 Long Grove Road	1530105001
275 Robert Parker Coffin Road	1530100015
215 Robert Parker Coffin Road	1530100032
221 Robert Parker Coffin Road	1530100033
209 Robert Parker Coffin Road	1530102024

EXHIBIT C

(FORM OF BOND)

UNITED STATES OF AMERICA

STATE OF ILLINOIS

COUNTY OF LAKE

VILLAGE OF LONG GROVE  
TAXABLE TAX INCREMENT ALLOCATION REVENUE BOND  
(LONG GROVE REDEVELOPMENT PROJECT)  
SERIES 2011A

Bond No. \_\_\_\_\_

Principal Amount: \$XXX,XXX

Maturity Date:

Date of Bond:

Interest Rate: 4.00%

Registered Owner: Village of Long Grove, Depository IV (Open Space) Fund

The Village of Long Grove, Lake County, Illinois (the "**Village**"), for value received, promises to pay to the Registered Owner specified above or registered assigns, upon presentation and surrender of this bond at the principal of the Village in Long Grove, Illinois (the "**Trustee**") the Principal Amount of this bond specified above on the Maturity Date specified above and to pay the Registered Owner of this bond interest on that sum at the interest rate per year specified above from the Date of Bond specified above, payable on the Maturity Date specified above. Interest shall be computed on the basis of a 360-day year of twelve 30-day months. Interest on this bond shall be payable by check or draft of the Trustee mailed to the person in whose name this bond is registered on the Maturity Date. The principal of and interest on this bond are payable in lawful money of the United States of America. No interest shall accrue on this bond after its Maturity Date unless this bond shall have been presented for payment at maturity and shall not then have been paid.

This bond is one of an authorized issue of bonds in the aggregate principal amount of \$900,000. This bond and the issue of which it is a part (together, the "**Series 2011A Bonds**") are issued pursuant to the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74 4-1 et seq., as amended (the "**Act**"), and Village of Long Grove Ordinance No. 2011-0-\_\_\_\_\_ (the "**Series 2011A Ordinance**"), and the principal of and interest on the Bonds are payable solely and only from the ad valorem taxes, if any, arising from the taxes levied upon taxable real property in the Village of Long Grove Redevelopment TIF District established by the Village pursuant to the provisions of the Act (the "**TIF District**") by any and all taxing districts or municipal corporations having the power to tax real property in the TIF District, which taxes are attributable to the increase in the then current equalized assessed valuation of each taxable lot, block, tract, or parcel of real property in the TIF District over and above the initial equalized assessed value of each such piece of property, all as certified by the County Clerk of the County of Lake, Illinois in accord with the provisions of the Act (the "**Incremental Taxes**"). THE SERIES 2011A BONDS ARE SUBORDINATE TO THE SUNSET GROVE BONDS AND WATER BONDS AS DEFINED IN THE SERIES 2011A ORDINANCE.

The Series 2011A Bonds are being issued for the purpose of paying the costs of a redevelopment project in the TIF District, all as more fully described in the Series 2011A Ordinance, to all the provisions of which the holder by the acceptance of this bond assents. The Bonds, together with the interest thereon, are limited obligations of the Village, payable solely and only from the collection of the Incremental Taxes and certain amounts on deposit in the funds and accounts created pursuant to the Series 2011A Ordinance as provided therein. For the prompt payment of the principal of and interest on the Bonds the Incremental Taxes are hereby irrevocably pledged. THE SERIES 2011A BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE VILLAGE WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION. NO HOLDER OF THIS SERIES 2011A BOND SHALL HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY TAXING POWER OR ANY USE OF ANY OTHER FUNDS OF THE VILLAGE FOR PAYMENT OF PRINCIPAL HEREOF OR INTEREST HEREON.

Under the Act and the Series 2011A Ordinance, the Incremental Taxes shall be deposited in the Special Tax Allocation Fund for the TIF District (the "**Fund**"), which Fund shall be held by the Village and is pledged to the payment of the principal of and interest on the Series 2011A Bonds. THE BONDS ARE PAYABLE ONLY FROM AMOUNTS DEPOSITED IN THE FUND.

The Series 2011A Bonds are redeemable prior to maturity in accordance with the Series 2011A Ordinance.

Subject to the terms and conditions contained in the Series 2011A Ordinance, other bonds may be issued which rank equally and ratably with the Series 2011A Bonds as to their claim to payment from the Incremental Taxes.

This bond is transferable by the registered holder hereof only in the manner, subject to the limitations, and upon payment of the charges provided in the Series 2011A Ordinance, and upon surrender and cancellation of this Series 2011A Bond. Upon such transfer a new Series 2011A Bond or Series 2011A Bonds or authorized denominations of the same aggregate original principal amount will be issued to the transferee in exchange therefor.

The Bonds are issued in fully registered form in the denominations of \$5,000 each or an integral multiple thereof. This bond may be exchanged at the principal office of the Village for a like aggregate original principal amount of Series 2011A Bonds of the same maturity of authorized denominations, upon the terms set forth in the Series 2011A Ordinance.

The Village may deem and treat the registered holder hereof as the absolute owner hereof for the purpose of receiving payment of principal hereof and interest due hereon and for all other purposes and the Village shall not be affected by any notice to the contrary.

All conditions which by law must have existed or must have been fulfilled in the issuance of this bond existed and were fulfilled in compliance with law. Provision has been made for the segregation of the Incremental Taxes to pay and discharge the principal of this Series 2011A Bond at maturity and to pay interest on this Series 2011A Bond as it falls due to the extent such moneys are available in accordance with the terms of the Series 2011A Ordinance. The issuance of the Series 2011A Bonds by the Village will not cause the Village to exceed or violate any applicable limitation or condition respecting the issuance of bonds imposed by the law of Illinois or by any ordinance or resolution of the Village. The Series 2011A Bonds are

issued for purposes for which the Village is authorized by law to issue bonds including but not limited to the payment of costs of a redevelopment project in the TIF District.

IN WITNESS WHEREOF, the Village of Long Grove, Lake County, Illinois, by its President and Board of Trustees, has caused this bond to be executed by the manual signature of its Village President and the manual signature of its Village Clerk and has caused its corporate seal to be affixed to this bond (or a facsimile of its seal to be printed on this bond), all as of the Date of Bond specified above.

VILLAGE OF LONG GROVE, ILLINOIS

By \_\_\_\_\_  
Village President

(SEAL)

ATTEST:

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

#10060055\_v3

**ATTACHMENT J**



***FINANCIAL FEASIBILITY REPORT***  
***for the***  
***Sunset Grove***  
***Redevelopment Project***  
***Village of Long Grove, Illinois***

***September 9, 2010***



September 9, 2010

Village of Long Grove  
Attn: Mr. Victor Filippini  
Village Attorney  
Holland & Knight  
131 S. Dearborn St., Suite 3000  
Chicago, Illinois 60603

Dear Mr. Filippini:

It is a pleasure to present this financial feasibility report (the "Report") for the Sunset Grove development in the Downtown/Il. Route 83 Redevelopment Project Area in Long Grove, Illinois (the "Village"). Our Report is intended to project the incremental property and various sales taxes pledged by the Village with respect to the Redevelopment Agreement between Sunset Grove L.L.C. ( the "Developer") and the Village and in support of Tax Increment Financing Revenue Bonds (the "Bonds").

We have obtained information from both primary and secondary sources. We have relied upon information including, but not limited to, Developer financial projections, actual performance presented by the Developer, industry statistics, and relevant market and financial data assembled by outside sources. While these sources of information are generally recognized as reliable and authoritative in their field, we have not independently verified this information and do not warrant its completeness, authenticity or accuracy. In addition, the risks associated with these Bonds require careful consideration before a decision to purchase is made and should only be purchased by sophisticated or accredited investors that have the adequate experience to evaluate the risks of these Bonds. Each potential investor is advised to consult with its own legal counsel, CPA, or other professional advisors before a decision to purchase is made.

This analysis is dependent on a number of financial and market assumptions that were developed in connection with this report. Since future events are not subject to precise forecasts, some assumptions may not materialize in the exact form presented in this analysis. In addition, other unanticipated events or circumstances may occur which could influence the future outcome and performance of the project. Therefore, we are in no way representing or warranting that these forward looking projections will, in fact, be achieved. Nonetheless, we believe that the underlying assumptions provide a reasonable basis for this analysis.

Our conclusions are presented in the Report.

Very truly yours,  
Laube Capital Advisors LLC

Michael S. Laube

## **I. INTRODUCTION**

### **Introduction**

The Report summarizes our findings with respect to the proposed issuance of the Bonds in connection with the Sunset Grove development in the Village. The Report contains the following sections:

- Background of Redevelopment Project Area
- Summary of the Development
- Leasing Status
- Assessed Market Value
- Sales and Business District Taxes
- Projected Incremental Property Tax and Sales Tax Projections
- Sensitivity Analysis
- Appendix 1(Contains all Detailed Assumptions and Projections for the Leased Space Only
- Appendix 2(Contains all Detailed Assumptions and Projections for the Sensitivity Analysis for the Entire Retail Center)

The Report describes the tax increment financing process, including timing of incremental tax deposits to the Special Tax Allocation Fund (the “Fund”). The Report summarizes the estimated incremental property tax revenue generated within the Area.

## **II. BACKGROUND OF THE REDEVELOPMENT PROJECT AREA**

In 2008, the Village established a Redevelopment Project Area under the Illinois Tax Increment Allocation Redevelopment Act (65 ILCS 5/11-74.4-1 et. seq.) (the “Act”).

On March 26, 2008, pursuant to ordinance R08-129, the City entered into a Redevelopment Agreement (the “Initial Redevelopment Agreement”) with the Developer for the redevelopment of the Property in the Area. Certain covenants and representations related to the development of the TIF District were set forth in the Initial Redevelopment Agreement. The Initial Redevelopment Agreement contemplated that a Tax Increment Revenue Note and Tax Increment Revenue Bond in an amount to yield net proceeds of \$3 million (after provision for reserve fund, capitalized interest, and closing costs) be made available to the Developer for eligible redevelopment project costs incurred.

On March 9, 2010 the Village approved Ordinance 2010-0-06 that established a Business District under the Business District Development and Redevelopment Act (65 ILCS 5/11-74.3-1 et. seq.) (the “BD Act”) that encompasses the Property..

On October 22, 2009, the Initial Redevelopment Agreement was supplemented by Letter Agreement modifying the Redevelopment Agreement (the “RDA Modification Letter”). The RDA Modification Letter contemplated that in addition to the Incremental Property Taxes being pledged to the Notes and Bonds, the following pledges of municipal revenue would be added:

- 60% of the local distributive share of the municipal retailers’ occupation taxes (“Sales Taxes”) that the Village receives from businesses on the Property, but only to the extent that the Village has first discharged the annual sales tax reimbursement due to Sunset Foods from the Sales Taxes generated by the grocery store only on the Property (the total reimbursement is to be \$1,000,000).
- 60% of the amount of taxes imposed and collected on behalf of the Village under 65 ILCS 5/8-11-1.2 through 65 ILCS 5/8-11-1.5 from the businesses on the Property (the “Non-Home Rule Sales Taxes”); and
- 60% of the taxes imposes and collected on behalf of the Village under the BD Act from businesses on the Property (the “BD Sales Tax Revenue”).

Subsequent to the RDA modification letter being executed, Sunset Foods has agreed to pledge the sales tax rebate due to them as revenue to pay debt service the Bonds contemplated in this Report. The First Amended and Restated Economic Incentive Agreement between the Village and Sunset Foods has been approved by Village Council and dated August 20, 2010 and has been executed by both parties.

*Source: Village of Long Grove*

### **III. SUMMARY OF DEVELOPMENT**

#### **Overview**

The Sunset Grove Development is a retail development consisting of 110,527 square feet of gross leasable area ("GLA") to be anchored by a Sunset Foods grocery store (the "Project"). The Project is located at the intersection of Illinois Route 83 and Apakistic Rd. in the Village.

#### **The Retail Development**

This retail development is proposed to be financed and constructed as leases are executed and financing obtained. The total development is being planned to consist of 110,527 square feet of GLA to be anchored by a 47,000 square foot Sunset Foods.

The remaining portion of the development is planned to consist of 63,527 square feet of small shop and outlot retail space. Approximately 23,342 of the small shop and outlot space is leased or 70,342 (including Sunset Foods) or 63.5% of the total GLA is leased as of the date of this Report.

Discussions are ongoing for the rest of the space and a lease is imminent for a retail that would occupy approximately 4,000 additional square feet. However, since that lease is not executed as of the date of this Report, it is not included in the first set of projections shown in the Report. It is however shown in the Sensitivity Analysis on page 23 and 24 of this Report.

*Source: Developer*

#### **Overview of Sunset Foods**

Sunset Foods is a neighborhood supermarket that positions itself with very high quality foods and a customer service approach to business. Sunset is a full service supermarket that carries a wide selection of meats, produce, liquors and floral items at competitive prices. Sunset also carries a wide variety of foods including many ethnic brands and specialty health and organic foods.

Sunset Foods has been family owned since the doors opened in 1937, Sunset Foods continues to be a privately owned company. The original store was located in Highland Park comprising only 25' x 30' of space. Today, Sunset has four existing locations with additional stores in Northbrook, Lake Forest and Libertyville that employ approximately 900 employees. The managing directors of the company are Mr. John E. Cortesi, Mr. Richard Cortesi and Mr. Ron Cizzon.

*Source: [www.sunsetfoods.com](http://www.sunsetfoods.com)*

#### **IV. LEASING STATUS**

##### **Leased Retail**

There is currently 70,342 square feet of retail space that is leased. Those leases are as follows:

- Sunset Foods – 47,000 square feet at \$14 triple net rent
- CVS – 14,392 square feet at \$24.96 triple net rent
- Zengeler Cleaners – 3,000 square feet at \$28.50 triple net rent
- Rosin Eye – 1,750 square feet at \$32 triple net rent
- Chase Bank - 4,200 square feet at \$45.25 triple net rent

This represents 70,342 of the retail space that is leased or 63.6% of the total GLA.

##### **Unleased Retail**

Discussions are on-going with various retailers for this Project. An approximate 4,000 square foot lease is imminent with a nationally recognized coffee shop/restaurant for the site. Additionally, a spa tenant has executed a Letter of Intent (“LOI”) for approximately 4,800 square feet of the Project. There are also on-going discussions for the remainder of the space.

##### **Delivery Dates**

According to the Developer, Sunset Foods, CVS, Zengeler Cleaners and Rosin Eye will be constructed, finished and open for business in January 2011.

Chase Bank is scheduled to be completed, delivered, and opens for business in July 2011.

*Source: Developer*

## **VI. ASSESSED MARKET VALUE**

### **Introduction**

This section of the Report presents our methodologies and assumptions regarding the assessed market value of the proposed development for property tax purposes.

### **Property Assessment Process**

The assessment process involves several steps. First, the assessor's office establishes the fair market value ("FMV") of the property. The FMV is the most probable price in cash, terms equivalent to cash, or in other precisely revealed terms, for which the appraised property will sell in a competitive market under all conditions requisite to a fair rate. The FMV is determined by any number of factors including, but not limited to: property location, age, type, and condition of facilities, infrastructure, net operating income, and related assessments on comparable properties.

Second, the "assessed value" is calculated by multiplying the property's FMV by an assessment rate. The assessment rate is determined by the classification and type of property. The assessment rate is determined at the state level or the county level if the county has home rule status. The assessment rate for all property in Lake County is 33.33% of FMV.

Third, the assessed value is multiplied by the equalization factor to determine the equalized assessed value. The equalization factor is used to ensure that the property is assessed consistently throughout the state. For purposes of this Report, we have assumed an equalization factor of 1.0000.

Finally, the assessed value is multiplied by the most current property tax rate to determine the tax for the property.

**Sample EAV Calculation**

<u>Step</u>	<u>Value and Tax</u>
Fair Market Value	\$100,000
Assessment Rate	33%
Equalization Multiplier	1.0000
Equalized Assessed Value	<u>\$33,333</u>
Tax Rate	10%
Tax Due	<u>\$3,333</u>

Illinois law requires the Assessor to assess all real property, including any new construction and improvements to real property.

**Levy Limitations**

The Property Tax Code limits (a) the amount of property taxes that can be extended for non-home rule units of local government located in the County and five adjacent counties and (b) the ability of those entities to issue general obligation bonds without voter approval (collectively, the “State Tax Cap”). Generally, the extension of property taxes for a unit of local government subject to the State Tax Cap may increase in any year by five percent or the percent increase in the Consumer Price Index for the preceding year, whichever is less, or the amount approved by referendum. The State Tax Cap does not apply to “limited bonds” payable from a unit’s “debt service extension base” or to “double barreled alternate bonds” issued pursuant to Section 15 of the Local Government Debt Reform Act.

### Retail

We are beginning this analysis with a traditional income approach to valuation. This means that we are using the information from the existing leases to estimate the net operating income for the property. We then adjust the FMV as determined by the income approach for other tax comparable properties in order to arrive at a value for purposes of assessment. This approach is consistent with assessor practices.

### Incremental Property Taxes Defined

Pursuant to the terms of the Redevelopment Agreement, Incremental Property Taxes means such ad valorem taxes, which, pursuant to the TIF adoption ordinance and Section 5/11-74.4-8(b) of the Act, are allocated to, and when collected are paid to, the Treasurer of the City for deposit by the Treasurer into a Special Tax Allocation Fund established to pay Redevelopment Project Costs and obligations incurred in the payment thereof, such fund for the purposes of the Redevelopment Agreement being the Redevelopment Project Area Special Tax Allocation Fund from the Project parcels only (as fully shown on Table 2 in Appendix 1).

### 2009 Equalized Assessed Value

The current Equalized Assessed Value ("EAV") of the Project as of the date of the Report is \$1,418,752. The Property consists of three parcels as follows:

	2009 EAV	
Total	\$	1,418,752
15-30-200-030	\$	350,623
15-30-200-031	\$	525,426
15-30-200-032	\$	542,703

Please see Table 2 in Appendix 1 for a detailed calculation.

### **Retail Value**

We have used actual data from the executed leases from Sunset Foods, CVS, Zenegler Cleaners, Rosin Eye, and Chase Bank and projected the Incremental Property Taxes based on the space that is leased only.

Because these are all triple net leases, we have taken out a factor for non-recoverable common area maintenance, vacancy factor, and a management fee to arrive at Net Operating Income (“NOI”).

Value is established by applying a capitalization rate of 9% capitalization rate to the anchor space and the small shop space’s NOI and a 10% capitalization rate to the outlot’s NOI. After we have capitalized this current NOI, we then discount this value by 25% to 67.5% arrive at the estimate of the assessor’s attributed FMV. This discount factor is applied to adjust the value derived by the income approach to be in line with assessment for comparable retail developments in the Village and Vernon Township. It should be noted that, while the income approach is used by the assessor when there is appropriate data available, it is not always used. However, pursuant to conversations with the assessor, the result is consistent with the assessments already used by the Assessor for similar retail properties. If the assessor changes assessment practices at anytime during the life of this Redevelopment Project Area, it could materially impact these projections.

**Comparable Retail Developments**

We have examined comparable retail centers with the City. Our findings are as follows:

<i>Name of Center (All in Vernon Township)</i>	<i>Tenants</i>	<i>Square Footage</i>	<i>Breakout of FMV</i>	<i>2009 Total FMV</i>	<i>Average Per Square Foot</i>
<i>Woodland Common</i>	<i>Dominick's</i>	<i>70,183</i>	<i>\$90</i>	<i>\$19,656,721</i>	<i>\$113.31</i>
	<i>Wendy's</i>	<i>3,100</i>	<i>\$250</i>		
	<i>Strip Retail</i>	<i>100,190</i>	<i>\$125</i>		
<i>Chase Plaza</i>	<i>Dominick's</i>	<i>61,979</i>	<i>\$100</i>	<i>\$9,822,319</i>	<i>\$112.33</i>
	<i>Strip Retail</i>	<i>21,460</i>	<i>\$140</i>		
<i>The Grove</i>	<i>Jewel</i>	<i>52,945</i>	<i>\$105</i>	<i>\$12,257,397</i>	<i>\$122.04</i>
	<i>Strip Retail</i>	<i>47,495</i>	<i>\$130</i>		
<i>The Shops at Apakasic</i>	<i>Walgreens</i>	<i>15,177</i>	<i>\$131.13</i>	<i>\$3,940,636</i>	<i>\$138.65</i>
	<i>Strip Retail</i>	<i>13,244</i>	<i>\$147.26</i>		

*Source: Vernon Township Assessor*

As you can see from the comparable properties above, different types of retail fall into certain ranges as follows:

- Grocery Store Anchor Space - \$90 - \$105 per square foot
- Small Shop/Strip Retail - \$105 - \$147.26 per square foot
- Outlot Retail - \$131 to \$250 per square foot

Please see Table 9 in Appendix 1 for detail.

**VALUE ESTABLISHED – Retail**

In establishing the fair market value of the leased retail portion of the Project, we have combined the income and comparable approaches as described above. We first look at the comparable property, including the proposed assessment for the leased space in our development, to establish a reasonable range. We then capitalize the NOI by the capitalization rate and discount by the rates we note above to determine where in the range of the comparables the value should be in.

We then arrive at Fair Market Values for purposes of assessment as follows:

- Anchor retail to be \$4,989,833. This equates to FMV per square foot of \$106.17.
- Small shop/strip retail to be \$2,607,228. This equates to FMV per square foot of \$136.20.
- Outlot retail to be \$562,073. This equates to FMV per square foot of \$133.83

The grocery store anchor retail space of \$106.17 per square foot is slightly above the range of the comparable grocery store anchors of \$90 - \$105 per square foot. This is due to information provided by the Vernon Township Assessor that the stores that compromised that range were older stores and have a level of depreciation attached to them. He mentioned that an appropriate FMV for a new grocery store would be in the 5% range above the \$105 per square foot level, or \$110.25. Therefore, our estimate of \$106.17 falls directly within current assessment levels.

The small shop/strip retail space has an estimated FMV of \$136.20, which is well within the comparable range of \$125 to \$147 in FMV per square foot.

The outlot retail has an estimated FMV of \$133.83, which is at the low end of the range of the outlots of \$131 to \$250 per square foot. This is well within the range of the comparables and reasonably conservative.

Therefore, it is not unreasonable to assume that the level of projected assessment is reasonable and achievable.

Please see Table 2 in Appendix 1 for a detailed calculation of value.

**Initial or Certified Base Equalized Assessed Value of Project**

This specific proposed redevelopment project encompasses 3 Property Index Numbers (“PINs”) as originally certified by the Lake County Clerk as follows:

- 15-30-200-030
- 15-30-200-031
- 15-30-200-032

The Initial EAV or Certified Base EAV, as Certified by the Lake County Clerk, for these PINs is \$369,193.

Please see Table 2 in Appendix 1 for a detailed breakout.

*Source: Lake County Clerk*

## **VII. SALES AND BUSINESS DISTRICT TAXES**

The State of Illinois allows municipalities to levy and collect sales taxes in three ways, the allocation of a Sales Tax (Local Distributive Share of the Retailers' Occupation Taxes as defined above), the ability to levy either a home rule or non-home rule Retailers' Occupation Tax, and the imposition of a Business District Tax.

### **Local Distributive Share**

The State of Illinois imposes a 6.25% sales tax, of which, 5% goes to the state, 1% goes to the municipality in which the sales occurred, and 0.25% goes to the county in which the sales occurred.

The imposition of Sales Taxes applies to all sales that are made at retail, including food and drugs.

### **Non-Home Rule Sales Taxes**

The Village is a non-home rule municipality. Therefore, it has the ability to impose, by ordinance, a Non-Home Rule Sales Tax. The Village, pursuant to Ordinance 2006-0-15 has imposed a 1% Non-Home Rule Sales Tax on the entire Village.

### **Business District**

The BD Act allows for a municipality to designate a blighted area a Business District and therefore, impose up to a 1% Business District Tax only within the boundaries of the Business District. Pursuant to Ordinance 2010-0-06, the Village has declared the Property blighted, adopted the Business District Plan, and declared the boundaries of the Business District. Additionally, pursuant to Ordinance 2010-0-06, the Village has imposed a 1% BD Tax on all retail sales that occur within the boundaries of the Business District.

The imposition of the Non-Home Rule Sales Tax and the BD Tax apply to all sales, except for food and drug not ready for immediate consumption.

### **Pledge to of Sales Taxes to the Bonds**

Pursuant Initial Redevelopment Agreement, RDA Modification Letter and subsequent agreement with Sunset Foods, the pledges of sales taxes to the bonds are as follows:

- 100% of the Sales Taxes generated by Sunset Foods only up to \$1,000,000. After at which time \$1,000,000 is achieved, then 60% of the Sales Taxes from Sunset Foods for the entire life of the Redevelopment Project Area.
- 60% of the Sales Taxes from all other retailers' within the Project
- 60% of the Non-Home Rule Sales Taxes from all retailer's within the Project
- 60% of the BD Taxes from all retailers' within the Project

### **Projected Sales**

Sunset Foods – We are projecting that the sales for Sunset Foods are \$575 per square foot upon full stabilization (or \$27,025,000). Initially, we are projecting that Sunset Foods will begin with \$331 in sales per square foot or \$15,600,000 and that increases on a pro-rata basis over 5-years to the fully stabilized sales.

Additionally, for purposes of the Non-Home Rule Taxes and BD Taxes, we assume that 85% of the sales are associated with food and drug not ready to immediately consume. While we have no specific basis for this estimate, we believe that it is reasonable and conservative.

Based upon actual sales of their stores, we believe that the projected sales used in this Report are reasonable.

**Other Retailers**

<b>Retailer</b>	<b>Sales Per Square Foot</b>	<b>Total Stabilized Sales</b>
CVS	\$500	\$7.2 million
Zengeler Cleaners	\$0	\$0
Rosin Eye	\$50	\$87,500
Chase Bank	\$0	\$0

Additionally, we begin these projections with 60% of these levels and ramp them up pro-rata to the fully stabilized level as shown above. Additionally, we assume that for purposes of the Non-Home Rule Sales Taxes and BD Taxes, that 50% of the CVS sales are related to food and drug not ready for immediate consumption.

While no information was made available to us from these retailers to corroborate or verify these estimates, we believe that these are conservative and reasonable.

Any potential purchaser should weigh the potential risks associated with variations in these estimates.

## **VIII. PROJECTED INCREMENTAL PROPERTY AND SALES TAX REVENUES**

This Chapter discusses the property tax rates, assumptions, and analysis used to project incremental property tax revenues from collection year 2010 to 2031. In addition, we discuss the major risks and contingencies which are inherent in our projections.

### **Property Tax Rate Assumption**

The Report uses the current property tax rate of 6.843% of the EAV to project the incremental property tax collections over the period of 2010 – 2031.

We believe that the current rate is a reasonable expectation of future rates due to the property tax levy limitations that are currently in place as well as the fact that the EAV of the City is expected to prospectively increase due to new construction. The relationship between the property tax levy limitations (discussed above) and an increasing EAV could potentially decrease future property tax rates. However, the correlation of an ever increasing EAV and decreasing tax rate will have a stabilizing effect on bottom line taxes.

Therefore, by holding the tax rate constant and increasing the EAV by a reasonable inflationary rate to follow the levy, it generally has the same net effect over a 20-year period as increasing the EAV and declining the tax rate. The one major exception to this is when there are referendums that are passed to increase taxes for a specific purpose. This Report does not assume any major tax increases due to referendum, nor is it practical and reasonable to attempt to predict when these matters will arise and be passed by jurisdictional voters. Therefore, this methodology is a reasonable and conservative way to estimate bottom line tax increases under Illinois' current statute regarding levy limitations.

### **Annual Reassessment Growth Rate**

We have assumed that a 2.0% annual reassessment factor will be applicable to this project. We believe that this is a reasonably conservative assumption.

### **Property Tax**

Property taxes are collected by the County Collector, who remits to each Unit its share of the collections. Taxes levied in one year become payable during the following year in two installments, the first due at the end of July and the second in the beginning of September. Therefore this Report assumes a one-year lag from assessment until deposit into the Fund.

### **Sales Tax Collection Process**

In Illinois, the retailers must file their sales tax returns and pay the sales taxes due on a quarterly basis to the Illinois Department of Revenue. The Illinois Department of Revenue then remits the Sales Taxes, Non-Home Rule Sales Taxes, and BD Taxes to the municipality within 90 days of the retailer paying the total amount remitted to the State. This amount is remitted to the municipality on a Village-wide lump sum basis with no specific accounting for specific projects, unless appropriate disclosures are authorized by the taxpayers (see discussion in next section).

### **Sales Tax Allocation to the Fund**

In order for the Village to appropriately allocate the correct amount from the Project to the scheduled bond payments, taxpayer disclosure forms must be entered into by the various taxpayers (retailers) with the Illinois Department of Revenue so that the Village can appropriately account for the Sales Taxes and Non-Home Rule Sales Taxes generated by this Project. The RDA provides that the Developer require all retailers provide the appropriate disclosures to allow for accurate accounting and allocation of the sales tax as contemplated herein as part of their lease commitments.

Since the Business District boundaries primarily encompass this Project, that full allocation from the State will be made directly to the Bonds with the appropriate percentages applied.

### **Sales Tax Growth Rate**

In order to trend the sales projections beyond the five year stabilization period, we have used the five-year average of the Consumer Price Index of All Urban Consumers for 2004 – 2009 or 2.59%.

Please see Table 4 in Appendix 1 for a detailed calculation.

### **Tax Increment Finance Process**

The City established this Redevelopment Project Area in 2008. The Lake County Clerk established the Certified Base EAV for the Redevelopment Area. The increment pledged to the Notes reflected in this Report is the property tax associated with incremental EAV over the Initial or Certified Base EAV, the Sales Taxes, Non-Home Rule Sales Taxes and BD Taxes of Project PINs associated with Project only. All property tax collections associated with the incremental EAV are transferred by the Lake County Treasurer to the City for deposit into the Fund and then are allocated to the Bond(s) pursuant to the terms of the Redevelopment Agreement and all amendments and the Bond Ordinance. Additionally, all Sales Taxes, Non-Home Rule Sales Taxes, and BD Taxes must be allocated by the Village in accordance with the Redevelopment Agreement and all amendments and related agreements and in accordance with allocation from the Illinois Department of Revenue.

### **Contingencies**

These projections have been prepared on information that we believe is reliable, however, we do not guarantee that all this information provided to us is accurate nor do we guarantee that the projections of tax increment contained in this report will be achieved. In developing these projections, we relied upon certain assumptions and conditions we believed to be true and accurate. The following statements represent conditions which support the preliminary revenue projections. If these conditions are not met, incremental tax revenue forecasts may not be realized. Although this list is not exhaustive, the reader should be aware of the type of conditions necessary to realize the revenue forecasts.

- This development will not be effected by factors such as acts of God, weather, labor strikes, environmental conditions, terrorist acts, or material shortages.
- Existing state law will not be amended or replaced such that incremental revenues could not be deposited into the Fund.
- Officials of local property taxing districts and the State will carry out the necessary duties related to tax increment financing including, but not limited to: maintaining the Initial or Certified Base EAV, subdividing parcels, establishing or consolidating property index numbers, assessing property in a timely manner, levying and collecting property taxes, creating and appropriately administrating all Funds associated with this TIF District, carrying out the provisions of the Redevelopment Agreement, and promptly depositing incremental revenue into the Fund in accordance with applicable laws and agreements.
- The appropriate disclosures have been entered into with the Illinois Department of Revenue so that the Sales Taxes, Non-Home Rule Sales Taxes, and BD Taxes from the Project can be appropriately account for and allocated to the Fund.
- That the Developer will execute the development plan and deliver fully constructed stores in the timeframes projected in this Report.
- That the retailers will take possession of the space and open operations as projected in this Report.
- Information provided by the Developer, real estate professionals, local government officials, the State , and all other sources is reliable and accurate. Laube Capital Advisors has not independently verified any information nor do we warrant its authenticity, completeness or accuracy.
- The Developer will actually complete, sell out and lease the Project as described in this Report.
- There will be no downward reassessment of the property due to deflation or a change in assessment practices.

- That the sales projected for each of the retailers will actually be achieved.
- The current owners of the property, and their representatives, successors, assignees, transferees, lessees, or mortgagees will pay all property taxes when due.
- The Developer and all future owners of the retail will make all reasonable efforts to maintain high-quality services, high-occupancy levels, make all improvements as necessary and maintain the retail center to a high state of maintenance. If any of these don't occur, it will have a detrimental and material impact on these projections of incremental taxes.
- The owners of the property will reasonably invest in the property in order to maintain a competitive market position over the life of the Redevelopment Project Area.
- The economy may play a larger role in the success of the proposed development over the remaining life of the Redevelopment Project Area. The proposed development may be subject to economic cycles in the local, regional, and national economy and related swings in the consumer demand for residential units and retail goods.
- Competition may also intensify to the extent it materially affects the viability of this development as the residential markets changes and retailers seek locations in the primary and secondary trade area over the remaining life of this Redevelopment Project Area. Additionally, an independent market study has not been completed nor has any of the information provided been independently verified in any way.
- This Report relies on operating and financial information provided in summary fashion by the Developer and Sunset Foods (not independently verified) and the potential investors should evaluate this information very carefully.
- Government policy may change the level of incremental property taxes. The State laws which govern the assessment of property, tax collection procedures, tax increment financing, and the property tax levy process may change during the life of the Redevelopment Project Area. Similarly, changes in overall revenue structure in Illinois and the federal level may indirectly impact the City's property tax collections.
- The Bonds associated with these projections have risk characteristics which require careful consideration and analysis before a decision to purchase is made. The Notes should be purchased by only sophisticated investors that have adequate experience and expertise to evaluate the merits and risks of the Notes and should they choose to purchase the Notes, do so at their own risk. Each prospective investor should consult their own legal counsel, CPA, or other advisors as to the matters contained and described in this Report.

- Any statements or projections made in this Feasibility Report, including the Appendices, involving matters of opinions, estimates or projections, whether or not so expressly stated, are set forth as such and are not representations of fact, and no way represent, warrant, or guarantee in any fashion is made that any such estimates or projections will be realized. This Feasibility Report contains certain forward looking statements and information that are based on the various third parties beliefs as well as assumptions made by and information currently available to the City. Such statements are subject to certain risks, uncertainties, and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results will materially vary from those anticipated, estimated, or expected.

While the above areas are not exhaustive, they are included to facilitate qualitative analysis of the incremental property tax revenue collections.

**Incremental Property and Sales Tax Projections**

The incremental property taxes were projected using the methodology described above for the Project only. The total cash flow projections, including the Incremental Property Tax, Sales Taxes, Non-Home Rule Sales Taxes, and BD Tax projections for the life of the tax increment financing redevelopment project area are as follows:

<b>Collection Year</b>	<b>Total Cash Flow Pledged to Bonds</b>
2010	\$ 71,821
2011	\$ 251,390
2012	\$ 410,359
2013	\$ 460,643
2014	\$ 498,432
2015	\$ 536,296
2016	\$ 489,763
2017	\$ 484,462
2018	\$ 496,450
2019	\$ 508,725
2020	\$ 521,293
2021	\$ 534,162
2022	\$ 547,337
2023	\$ 560,828
2024	\$ 574,642
2025	\$ 588,785
2026	\$ 603,268
2027	\$ 618,097
2028	\$ 633,280
2029	\$ 648,828
2030	\$ 664,748
2031	\$ 681,050
Total	\$ 11,384,659

For detailed calculations including a breakout of each tax pledged, please see Table 1 in Appendix 1.

## **Additional Projections – Sensitivity Analysis**

### **Overview**

Since this Report and related amortization schedule is based on the currently leased space only, the potential buyer of these bonds also needs to understand the upside of the projected cash-flow pledged upon full lease up and build out of all 110,527 square feet of GLA.

This sensitivity analysis is designed to show that potential upside.

Given that there is a significant sales tax pledge to the Bonds, there is a degree of guess work here as to what type of tenants (i.e., sales tax producing or non-sales tax producing) will ultimately be present. The potential buyers of the Bonds should be aware of this sensitivity to the projections and therefore, the actual cash flow upon full build out will probably materially vary from this sensitivity analysis.

As such, we have use the already leased space as a starting point for this sensitivity analysis and added the following assumptions for the unleased space.

### **Value Established for Increment Property Tax Purposes**

In establishing the fair market value of the unleased retail portion of the Project, we have combined the income and comparable approaches as described above. For the 40,185 square feet of unleased space, we have assumed an average of \$27 in net rents per square foot, a 9% capitalization rate, and a 50% discount factor.

We then arrive at Fair Market Values for purposes of assessment as follows:

- Unleased retail to be \$5,485,253. This equates to FMV per square foot of \$136.50

The unleased small shop/strip retail space has an estimated FMV of \$136.50, which is well within the comparable range of \$125 to \$147 in FMV per square foot.

### **Sales Tax Assumptions**

We are assuming an average of \$300 per square foot for all the unleased retail space. This is simply a reasonable assumption to take into account some space that may be service oriented and other small shop space that may produce higher than \$300 in sales per square foot.

### **Absorption Schedule**

We are assuming for purposes of this sensitivity analysis that the absorption of the currently unleased space, that it will be leased the built out pro-rata in 2012 and 2013 or approximately 20,000 square feet per year.

**Effect on Increment - Sensitivity Analysis**

<b>Collection Year</b>	<b>Total Cash Flow Pledged to Bonds</b>
2010	\$ 71,821
2011	\$ 251,390
2012	\$ 459,184
2013	\$ 637,127
2014	\$ 771,276
2015	\$ 833,368
2016	\$ 811,112
2017	\$ 830,140
2018	\$ 854,450
2019	\$ 875,188
2020	\$ 896,422
2021	\$ 918,165
2022	\$ 940,428
2023	\$ 963,224
2024	\$ 986,567
2025	\$ 1,010,468
2026	\$ 1,034,943
2027	\$ 1,060,004
2028	\$ 1,085,667
2029	\$ 1,111,945
2030	\$ 1,138,854
2031	\$ 1,166,409
<b>Total</b>	<b>\$ 18,708,154</b>

Please note that all limiting terms and contingencies, as delineated above, also fully apply to this sensitivity analysis.

Please see entire Appendix 2 delineating all assumptions and projections for detail and specifically Table 10 for a detailed breakout of the pledged cash flow by source.

**APPENDIX 1  
PROJECTIONS FOR LEASED SPACE ONLY**

Appendix 1 is an integral part of this Report containing all detailed assumptions, methodology, and calculations. The prospective purchaser of the Notes is encouraged to review this information in detail in order to facilitate a thorough review of all information contained in the Report and the risks associated with these Notes.

**Table 1 – Cash Flow Pledged to Bonds**

**Table 2 – TIF Assumptions**

**Table 3 – TIF Projections**

**Table 4 – Sales Tax Assumptions**

**Table 5 – Sales Tax Projections**

**Table 6 – Sunset Foods Sales Tax Projections**

**Table 7 – Non-Home Rule Sales Tax Projections**

**Table 8 – Business District Tax Projections**

**Table 9 – Retail Comparable Properties**

**APPENDIX 2  
PROJECTIONS FOR ENTIRE CENTER – SENSITIVITY ANALYSIS**

Appendix 2 is an integral part of this Report containing all detailed assumptions, methodology, and calculations. The prospective purchaser of the Notes is encouraged to review this information in detail in order to facilitate a thorough review of all information contained in the Report and the risks associated with these Notes.

**Table 10 – Cash Flow Pledged to Bonds**

**Table 11– TIF Assumptions**

**Table 12 – TIF Projections**

**Table 13 – Sales Tax Assumptions**

**Table 14– Sales Tax Projections**

**Table 15 – Sunset Foods Sales Tax Projections**

**Table 16 – Non-Home Rule Sales Tax Projections**

**Table 17 – Business District Tax Projections**