

PRELIMINARY TERM SHEET DATED MAY 9, 2022

**Rockford Park District, Winnebago, Boone and Ogle Counties, Illinois
\$5,165,000* General Obligation Limited Tax Park Bonds, Series 2022B**

Issuer: Rockford Park District, Winnebago, Boone and Ogle Counties, Illinois (the "District").

Issue: \$5,165,000* General Obligation Limited Tax Park Bonds, Series 2022B (the "Bonds").

Bid(s) Due: May 23, 2022 by 10:15 A.M. C.D.T.

Award Date: May 24, 2022.

Dated/Delivery Date: June 7, 2022.

Method of Sale: Competitive.

Purchaser: _____ (the "Purchaser").

Interest Payment Dates: The Bonds will pay interest semi-annually, beginning on June 15, 2023. Interest is calculated on the basis of a 360-day year consisting of twelve 30-day months.

Principal Due: December 15, 2023.

Maturity, Amount, Interest Rate and Yield:

<u>Maturity</u> <u>December 15</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>
2023	\$5,165,000	_____%	_____%

Purchase Price: No less than par.

Good Faith Deposit: A good faith deposit will **NOT** be required.

No Bank Qualification: The Bonds are **not** "qualified tax-exempt obligations" under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

Legal Opinion/Tax Exemption: Chapman and Cutler LLP, Chicago, Illinois, Bond Counsel ("Bond Counsel"), will provide an opinion as to the validity of, and federal tax exemption of the interest on, the Bonds. Interest on the Bonds is **NOT** exempt from present State of Illinois income taxes.

Original Issue Discount: The Bonds do not pay interest until a date that is more than one year after the date of issue. The interest payments on the Bonds are not "qualified" stated interest for federal income tax purposes and will accordingly be included in the computation of original issue discount. Regardless of whether the issue price of the Bonds is below the par amount thereof, the difference between the issue price of the Bonds and the sum of all interest payments thereon plus the amount payable at maturity is original issue discount. Because interest is not payable at intervals of one year or less, all of the Bonds are original issue discount bonds.

**Subject to change. The District reserves the right to increase or decrease the principal amount of the Bonds on the sale date in increments of \$1,000. If the principal amount is adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.*

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Registrar/Paying Agent: The Purchaser will act as bond registrar and paying agent on the Bonds, unless an agent is appointed by the Purchaser. However, such appointment will be made at the expense of the Purchaser. The Purchaser agrees to furnish an invoice to the District prior to all payment dates.

Registered or Book-Entry: The Bonds will be registered in the name of the Purchaser unless otherwise requested by the Purchaser.

Rule G-34, as Amended: Rule G-34, as amended, extends to non-dealer municipal advisors the requirement that a municipal advisor obtain a CUSIP number when advising on a competitive transaction in municipal securities.

Rule G-34, as amended, provides a principles-based exception for municipal advisors in competitive sales from the CUSIP number requirements when selling a new issue of municipal securities in certain circumstances where the municipal advisor reasonably believes (e.g., by obtaining a written representation) that the present intent of the purchasing entity is to hold the municipal securities to maturity or earlier redemption or mandatory tender. Specifically, Rule G-34(a)(i)(F) provides as follows:

“(F) [A] municipal advisor advising the issuer with respect to a competitive sale of a new issue, which is being purchased directly by a bank, any entity directly or indirectly controlled by the bank or under common control with the bank, other than a broker, dealer or municipal securities dealer ... may elect not to apply for assignment of a CUSIP number or numbers if the ... municipal advisor reasonably believes (e.g., by obtaining a written representation) that the present intent of the purchasing entity or entities is to hold the municipal securities to maturity”

Authorization: The Bonds are being issued pursuant to the Park District Code of the State of Illinois and the Local Government Debt Reform Act of the State of Illinois (the “Debt Reform Act”), each as supplemented and amended, and a bond ordinance to be adopted by the Board of Park Commissioners of the District (the “Board”) on the Award Date.

Purpose: Proceeds of the Bonds will be used to (i) provide the revenue source for outstanding obligations of the District as listed below, (ii) fund various capital projects in the District, and (iii) pay the costs of issuance of the Bonds.

<u>Issue</u>	<u>Payment Date</u>	<u>Debt Service</u>
General Obligation Park Bonds (Alternate Revenue Source), Series 2018A	6/15/2022	\$ 15,225.00
Capital Lease	7/1/2022	<u>169,224.06</u>
	Total Prior Obligations	\$184,449.06

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Security:

In the opinion of Bond Counsel, the Bonds are valid and legally binding upon the District and are payable from any funds of the District legally available for such purpose, and all taxable property in the District is subject to the levy of taxes to pay the same without limitation as to rate, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion. The amount of said taxes that may be extended to pay the Bonds is limited as provided by the Property Tax Extension Limitation Law of the State of Illinois, as amended (the "Tax Extension Limitation Law").

The Debt Reform Act provides that the Bonds are payable from the debt service extension base of the District (the "Base"), which is an amount equal to that portion of the extension for the District for the 1996 levy year constituting an extension for payment of principal and interest on bonds issued by the District without referendum, but not including alternate bonds issued under Section 15 of the Debt Reform Act or refunding obligations issued to refund or to continue to refund obligations of the District initially issued pursuant to referendum, increased each year, commencing with the 2009 levy year, by the lesser of 5% or the percentage increase in the Consumer Price Index (as defined in the Tax Extension Limitation Law) during the 12-month calendar year preceding the levy year. The amount of the Base for the 2022 levy year is \$6,391,697.05. The Tax Extension Limitation Law further provides that the annual amount of taxes to be extended to pay the Bonds and all other limited bonds heretofore and hereafter issued by the District shall not exceed the Base.

The Bonds, together with the District's Taxable General Obligation Limited Tax Park Bonds, Series 2022C, expected to be issued concurrently with the Bonds, will constitute the only limited bonds of the District payable from the Base for the 2022 levy year. The District is authorized to issue from time to time additional limited bonds payable from the Base, as permitted by law, and to determine the lien priority of payments to be made from the Base to pay the District's limited bonds.

**Illinois Property Tax
Extension Limitation Law:**

Since the year 1989, to and including November 27, 2012, the District, a non-home rule unit of local government, was located entirely in The Counties of Winnebago and Boone, Illinois, and said counties have each held a referendum on the applicability of the Tax Extension Limitation Law, said referenda having been successful in applying the Tax Extension Limitation Law to the District in 1996. On November 27, 2012, the Board approved the annexation of certain property in The County of Ogle, Illinois ("Ogle County"), which county has not held a referendum on the applicability of the Tax Extension Limitation Law, and said annexed property was recorded by Ogle County on December 5, 2012. However, pursuant to The Board of Education of Auburn Community Unit School District No. 10 v. The Department of Revenue et al. (242 Ill.2d 272), the entire District is nonetheless subject to the Tax Extension Limitation Law, based on the prior referenda held in The Counties of Winnebago and Boone, Illinois, prior to the annexation of the property in Ogle County.

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Illinois Property Tax

Extension Limitation Law (cont.): The effect of the Tax Extension Limitation Law is to limit the amount of property taxes that can be extended for a taxing body. In addition, general obligation bonds, notes and installment contracts payable from ad valorem taxes unlimited as to rate and amount cannot be issued by the affected taxing bodies unless the obligations first are approved at a direct referendum, are alternate bonds or are for certain refunding purposes.

Public Act 89-385, effective August 18, 1995, permits local governments, including the District, to issue limited tax bonds in lieu of general obligation bonds that have otherwise been authorized by applicable law.

Denomination: \$100,000 each and authorized integral multiples of \$5 in excess thereof.

Municipal Advisor: Speer Financial, Inc., Chicago, Illinois.

Expenses: The District will pay for the legal opinion and Municipal Advisor's fee. At closing, the District will deliver one typed bond.

No Redemption: The Bonds are not subject to redemption prior to maturity.

Credit Rating: A credit rating will not be requested for the Bonds.

Secondary Market Disclosure: This Bond issue is not subject to the continuing disclosure provisions of Section (b)(5) of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934.

Investor Letter: The Purchaser will be required to execute an investor letter, in the form attached as Appendix B, wherein the Purchaser will certify to the District and Bond Counsel that it (i) is acquiring the Bonds for its own account and solely for investment purposes and not with a view to any distribution of any Bond or any interest therein or a portion thereof or with any present intention of distributing or selling any Bond or any interest therein or portion thereof and (ii) has knowledge and experience in financial and business matters, including the acquisition and holding of tax-exempt obligations, that it is capable of evaluating the merits and risks of purchasing the Bonds and is able to bear such risks.

President, Board of Park Commissioners

**Comprehensive Annual Financial Report
for the Fiscal Year Ended December 31, 2021**

The financial report of the District contained in this **APPENDIX A** (the “2021 Audit”) was approved by formal action of the Board of Park Commissioners of the District. The District has not requested that its auditor update information contained in the 2021 Audit; nor has the District requested that its auditor consent to the use of the 2021 Audit in this Term Sheet. The financial information contained in the 2021 Audit has not been updated since the date of the 2021 Audit. The inclusion of the 2021 Audit in this Term Sheet in and of itself is not intended to demonstrate the fiscal condition of the District since the date of the 2021 Audit. Questions or inquiries relating to financial information of the District since the date of the 2021 Audit should be directed to Penny Christians, Chief Financial Officer.

6. The purchase of the Bonds by the undersigned is being made in reliance upon the completeness and accuracy of the Bond Ordinance and the information, certificates, opinions, statements and reports supplied by the District at the request of the undersigned.

7. The undersigned hereby represents and warrants that (a) the undersigned is the first buyer of the Bonds, (b) the Bonds being acquired by it are being acquired for its own account solely for investment purposes and not with a view to any distribution of any Bond or any interest therein or portion thereof or with any present intention of distributing or selling any Bond or any interest therein or portion thereof and (c) it is the present intent of the undersigned to hold the Bonds to maturity.

8. In the event that the undersigned disposes of the Bonds or any part thereof in the future, it understands that it has the responsibility for complying with all applicable federal and state securities laws and all rules and regulations promulgated pursuant thereto.

9. The undersigned is making these representations and warranties with the intent that they may be relied upon in determining the qualification and suitability of the undersigned to purchase the Bonds, and the undersigned agrees that these representations and warranties shall survive its purchase of the Bonds.

10. No person holding any office of the District, either by election or appointment, is interested in the undersigned as an officer or employee or as a holder of any ownership interest in the undersigned.

11. The undersigned understands that (i) Chapman and Cutler LLP ("*Chapman*") has been engaged by the District to act as Bond Counsel for the Bonds, (ii) Chapman's engagement as Bond Counsel by the District is limited in scope and Chapman has an attorney-client relationship with the District and not with us, (iii) we have received a copy of Chapman's engagement letter that outlines its role in the financing, (iv) we will refer to our own general or special counsel as necessary, (v) at this time Chapman may be representing us in unrelated matters and our consent to Chapman's representation of the District is required, (vi) our consent extends only to the representation of the District as Bond Counsel in connection with the Bonds and does not extend to any actual or potential litigation, arbitration or other adversary proceeding or claim against us or any of our subsidiaries in connection with the representation, (vii) in the event of any such claim or proceeding, Chapman would be disqualified from representing the District with respect to such claim or proceeding unless we or an appropriate subsidiary were to give a new consent at that time, which consent would be wholly discretionary, and (viii) evidence of our consent is given by executing this investment letter.

Very truly yours,

_____,
_____, _____

By _____
Its _____

Board of Park Commissioners:

For the \$5,165,000* General Obligation Limited Tax Park Bonds, Series 2022B (the "Bonds"), of the Rockford Park District, Winnebago, Boone and Ogle Counties, Illinois (the "District"), as described in the annexed Preliminary Term Sheet, we will pay \$_____ (no less than par) plus any accrued interest from the dated date of the Bonds to the date of delivery for the Bonds bearing interest as follows (each rate a multiple of 1/8 or 1/100 of 1%).

MATURITY* – DECEMBER 15

\$5,165,000*..... 2023 _____%

By submitting a bid, any bidder makes the representation that it understands Chapman and Cutler LLP, Chicago, Illinois ("Bond Counsel") represents the District in the Bond transaction and, if such bidder has retained Bond Counsel in an unrelated matter, such bidder represents that the signatory to the bid is duly authorized to, and does consent to and waive for and on behalf of such bidder any conflict of interest of Bond Counsel arising from any adverse position to the District in this matter; such consent and waiver shall supersede any formalities otherwise required in any separate understandings, guidelines or contractual arrangements between the bidder and Bond Counsel.

The Bonds are to be executed and delivered to us in accordance with the terms of this bid accompanied by the approving legal opinion of Bond Counsel. The purchaser, should it so choose, agrees to **apply for CUSIP numbers within 24 hours** and pay the fee charged by the CUSIP Service Bureau and will accept the Bonds with the CUSIP numbers as entered on the Bonds.

ACCOUNT MANAGER INFORMATION

Firm Name:			
Name/Title of Firm Representative:		Direct Phone:	
Signature:		FAX #:	
Street Address:		State:	
City:		Zip Code:	
Email:			

The foregoing bid was accepted and the Bonds sold by ordinance of the District on May 24, 2022.

ROCKFORD PARK DISTRICT, WINNEBAGO, BOONE AND OGLE COUNTIES, ILLINOIS

President, Board of Park Commissioners

----- **NOT PART OF THE BID** -----
 (Calculation of net interest cost)

	Bid	Post Sale Revision
Gross Interest	\$	
Less Premium/Plus Discount	\$	
Net Interest Cost	\$	
Net Interest Rate	%	%
TOTAL BOND YEAR DOLLARS	\$7,862.28	
AVERAGE LIFE	1.522 Years	

*Subject to change. The District reserves the right to increase or decrease the principal amount of the Bonds on the sale date in increments of \$1,000. If the principal amount is adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.