

PRIVATE PLACEMENT MEMORANDUM DATED JUNE 23, 2009

In the opinion of Ice Miller LLP, Chicago, Illinois, Bond Counsel, under federal statutes, decisions, regulations and rulings existing on this date, the interest on Series 2009 Bonds is excludable from gross income for purposes of federal income taxation pursuant to Section 103 of the Code, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and is not taken into account into determining adjusted current earnings for the purpose of computing the federal alternative minimum tax imposed on certain corporations. This opinion is conditioned on continuing compliance by the Village with the Tax Covenants. Failure to comply with the Tax Covenants could cause interest on the Series 2009 Bonds to lose the exclusion from gross income for purposes of federal income taxation retroactive to the date of issuance of the Series 2009 Bonds. Interest on the Series 2009 Bonds is not exempt from taxation in the State of Illinois. See "TAX MATTERS" herein and APPENDIX C attached hereto. The Series 2009 Bonds are "qualified tax-exempt obligations" under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. See "QUALIFIED TAX-EXEMPT OBLIGATIONS" herein.

VILLAGE OF SHERRARD
MERCER COUNTY, ILLINOIS

\$7,000,000
TAX INCREMENT REVENUE BONDS,
SERIES 2009A
(SHERRARD-FYRE LAKE WEST
REDEVELOPMENT PROJECT)

\$10,000,000
TAX INCREMENT REVENUE BONDS,
SERIES 2009B
(SHERRARD-FYRE LAKE WEST
REDEVELOPMENT PROJECT)

Dated: Date of Issuance

Due: As shown on inside cover page

This Private Placement Memorandum is being furnished solely for consideration by prospective sophisticated purchasers with substantial financial resources and the experience and financial expertise to understand and evaluate the high degree of risk inherent in the investment in the Village of Sherrard, Mercer County, Illinois (the "Village") \$7,000,000 Tax Increment Revenue Bonds, Series 2009A (Sherrard-Fyre Lake West Redevelopment Project) (the "Series 2009A Bonds") and \$10,000,000 Tax Increment Revenue Bonds, Series 2009B (Sherrard-Fyre Lake West Redevelopment Project) (the "Series 2009B Bonds"). The Series 2009A Bonds and the Series 2009B Bonds are collectively referred to herein as the "Series 2009 Bonds." The Series 2009 Bonds will be issued in multiple series (each a "Series") as described above and on the inside cover page. The Series 2009 Bonds will be issued as fully registered bonds without coupons in denominations of \$100,000 or integral multiples of \$5,000 in excess thereof with redemptions authorized to be made in increments of \$100.

The Series 2009 Bonds are limited obligations of the Village, payable solely from the (i) Pledged Incremental Property Taxes (as defined herein) and (ii) amounts on deposit in and pledged to, and any investment earnings thereon, certain of the funds and accounts established and/or maintained under the Trust Indenture dated as of June 1, 2009 (the "Indenture"), by and between the Village and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), as more fully set forth herein. **The Series 2009B Bonds are issued on a parity with the Series 2009A Bonds with respect to the use of Pledged Incremental Property Taxes to pay principal of and premium, if any, and interest on the Series 2009 Bonds. The Series 2009 Bonds have no right to any Special Taxes (as defined in the Indenture). See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2009 BONDS" herein. The Series 2009 Bonds are subject to a high degree of risk, including the risk of non-payment of principal and interest. See "RISK FACTORS" herein for a discussion of certain factors that should be considered by prospective investors.** A copy of the Indenture is included as APPENDIX A to this Placement Memorandum. Capitalized terms used herein but not defined herein shall have the meanings set forth in the Indenture unless otherwise indicated.

The Village is issuing the Series 2009A Bonds for the purpose of: (i) paying or reimbursing Fyre Lake Ventures LLC, an Illinois limited liability company ("FLV"), for a portion of the costs of the Special Services necessary for the construction, planning and financing of the residential aspect, including infrastructure, of Fyre Lake National (the "Development"), (ii) refunding a portion of the Village's Tax Increment Revenue Notes, Series 2008 (Sherrard-Fyre Lake West Redevelopment Project) (the "Series 2008 Notes") and (iii) paying certain costs of issuance of the Series 2009A Bonds. The Village is issuing the Series 2009B Bonds for the purpose of: (i) paying or reimbursing FLV for a portion of the redevelopment project costs necessary for the construction, planning and financing of the Development, (ii) refunding a portion of the Village's Series 2008 Notes and (iii) paying certain costs of issuance of the Series 2009B Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2009 BONDS," "PLAN OF FINANCING" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

The Series 2009 Bonds are being issued pursuant to the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 *et seq.*, as supplemented and amended (the "TIF Act"). The Series 2009 Bonds will be issued under ordinances adopted by the Village on December 15, 2008, two Bond Orders dated June 23, 2009 executed pursuant thereto, and the Indenture.

Principal of, premium, if any, and interest on the Series 2009 Bonds are payable by the Trustee to the registered owners of the Series 2009 Bonds. **The payment of interest is to be made solely through redemptions payable on January 1 of each year commencing January 1, 2010.** From the date of issuance of the Series 2009 Bonds through maturity, interest on the Series 2009 Bonds shall accrue and compound semiannually on January 1 and July 1 and shall be added to the Series 2009 Outstanding Principal Amount (as defined herein). Failure to pay interest on the Series 2009 Bonds due to insufficient Bond Pledged Incremental Property Taxes does not constitute an event of default under the Series 2009 Bonds. **FLV is a limited liability company organized under Illinois law and its members (owners) have no obligation to support it or liability for its obligations. The most recent balance sheet of FLV shows a negative net worth. See "THE OWNERS/DEVELOPER" herein. See "THE SERIES 2009 BONDS" herein.**

THE SERIES 2009 BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE VILLAGE WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION UNDER ILLINOIS LAW. NO HOLDER OF THE SERIES 2009 BONDS SHALL HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY TAXING POWER OF THE VILLAGE FOR PAYMENT OF PRINCIPAL HEREOF OR INTEREST OR PREMIUM, IF ANY, ON THE SERIES 2009 BONDS. SEE "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2009 BONDS" HEREIN.

The Series 2009 Bonds are subject to optional and mandatory redemption as further described herein. See "THE SERIES 2009 BONDS - Redemption Provisions" herein.

The Series 2009 Bonds are offered when, as and if issued, subject to prior sale, withdrawal or modification of the offer without notice, subject to the approving legal opinion of Ice Miller LLP, Chicago, Illinois, Bond Counsel, and certain other conditions. See "TAX MATTERS" herein and APPENDIX C hereto. Certain legal matters will be passed upon for the Placement Agent by Wildman, Harrold, Allen & Dixon LLP, Chicago, Illinois; and for the Village by Scott M. Smith of Telleen, Horberg, Smith & Carmen, P.C., Cambridge, Illinois. It is expected that the Series 2009 Bonds will be available for delivery on or about June 23, 2009. This cover page contains certain information for quick reference only. It is not a summary of the issue. Investors must read the entire Private Placement Memorandum to obtain information essential to the making of an informed investment decision.

