



MANAGER'S MEMO ITEM

ITEM: Issue up to 10 Million Dollars of TIF bonds
WORKSHOP DATE: January 25, 2005
PREPARED BY: David Van Vooren, Deputy Village Manager

PURPOSE: Refinancing \$10,000,000.00 of the 1999 and 2000 TIF bonds

BACKGROUND:

Recently, the Village Council has awarded a contract to Northern Trust, represented by Mr. Al Ambrose to represent the Village as Financial Advisor for the coming year. Mr. Ambrose has review the Village's existing debt instruments and has determined opportunities exist to advance refund the 1999 and 2000 G.O. TIF bonds in order to save future interest payments. Based upon Mr. Ambrose's current assessment of the bond market the Village could realize a savings in interest approximating \$500,000 resulting in a net present value benefit of about 4.5%.

I have attached the ordinance authorizing the sale of the 2005 bonds which was prepared by Chapman and Cutler as bond counsel. I should report that Mr. Ambrose on behalf of the Village did obtain proposals from three legal firms to complete this work and the proposal submitted by Chapman and Cutler was the lowest received at \$12,500. Chapman and Cutler has been bond counsel on behalf of the Village for all existing issues outstanding and the documents have been prepared in a timely manner and meet all filing requirements.

I have had some initial conversations with Mr. Allan Ambrose regarding refinancing of these bonds. Mr. Ambrose has been actively completing the necessary preparation work, official statement, meetings with rating agencies and working to secure a escrow verification agent in preparation for closing. The ordinance authorizes the Mayor, Village Clerk, Village Manager, Deputy Village Manager and Village Treasurer to complete the sale of these bonds as long as we receive at a minimum a net present value savings of 2.5%. It is the desire of staff to maximize this savings as depicted in the recent pricing analysis but we can't guarantee savings until said time that we sell the bonds. We would anticipate that as soon as practical, completion of the necessary documents and reviews by rating agencies, that a sale date would be selected.

Mr. Ambrose suggest that these bonds will be listed as bank qualified in order to obtain the most competitive rate in the market. By listing these bonds as bank qualified the Village will not be able to issue additional tax exempt bonds in calendar 2005 in that there is a maximum limit as established by the IRS of ten million dollars. Staff has looked at the funding needs for the coming year and anticipates no further financing requirements need to meet obligations. Additionally, I have asked the EDC to comment on this and they felt that it would be in the Villages best interest to refinance the existing debt instead of waiting to see if a business in the community would request IRB funding this year.

ATTACHMENTS:

Ordinance authorizing the issuance of up to \$10,000,000 TIF bonds dated 2005
NPV schedule

STAFF RECOMMENDATION:

Staff recommends that the Village Council adopt the ordinance authorizing the issuance of up to \$10,000,000 in TIF bonds realizing a net present value savings of at least 2.5%.

REQUESTED COURSE OF ACTION:

Adoption of the necessary ordinances to authorize the sale of the 2005, \$10,000,000 advance refunding bonds.

EXTRACT OF MINUTES of a regular public meeting of the Council of the Village of Downers Grove, DuPage County, Illinois, held at the Village Hall, in said Village, at 7:30 p.m., on the ____ day of January, 2005.

The Mayor called the meeting to order and directed the Village Clerk to call the roll.

Upon the roll being called, Brian Krajewski, the Mayor, and the following Commissioners at said location answered present:

The following were absent: _____

The Council then discussed a proposed advance refunding for the Village and considered an ordinance providing for the issuance of General Obligation Refunding Bonds, Series 2005, of the Village of Downers Grove, DuPage County, Illinois, authorizing the execution of an escrow agreement and a bond order and providing for the levy and collection of a direct annual tax for the payment of the principal of and interest on said bonds.

Thereupon, Commissioner _____ presented the following ordinance:

AN ORDINANCE providing for the issuance of not to exceed \$10,000,000 General Obligation Refunding Bonds, Series 2005, of the Village of Downers Grove, DuPage County, Illinois, authorizing the execution of an escrow agreement and a bond order and providing for the levy and collection of a direct annual tax for the payment of the principal of and interest on said bonds.

(the "*Bond Ordinance*") which was before the Council and was made available to any person requesting it in words and figures as follows.

Commissioner _____ moved and Commissioner _____ seconded the motion that the Bond Ordinance as presented be adopted.

A discussion of the matter followed.

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

Upon the roll being called, the following Commissioners voted AYE: _____

and the following Commissioners voted NAY: _____ .

WHEREUPON, the Mayor declared the motion carried and the ordinance adopted.

Other business was duly transacted at said meeting.

Upon motion duly made and carried, the meeting adjourned.

Village Clerk

ORDINANCE NUMBER 2005-__

AN ORDINANCE providing for the issuance of not to exceed \$10,000,000 General Obligation Refunding Bonds, Series 2005, of the Village of Downers Grove, DuPage County, Illinois, authorizing the execution of an escrow agreement and a bond order and providing for the levy and collection of a direct annual tax for the payment of the principal of and interest on said bonds.

Adopted by the Council on the ____
day of January, 2005.

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ORDINANCE NUMBER 2005-__

AN ORDINANCE providing for the issuance of not to exceed \$10,000,000 General Obligation Refunding Bonds, Series 2005, of the Village of Downers Grove, DuPage County, Illinois, authorizing the execution of an escrow agreement and a bond order and providing for the levy and collection of a direct annual tax for the payment of the principal of and interest on said bonds.

WHEREAS the Village of Downers Grove, DuPage County, Illinois (the “*Village*”) has a population in excess of 25,000 as determined by the last official census, and pursuant to the provisions of Section 6 of Article VII of the Constitution of the State of Illinois, the Village is a home rule unit and may exercise any power or perform any function pertaining to its government and affairs including, but not limited to, the power to tax and to incur debt; and

WHEREAS, the Village has heretofore determined that it is necessary and advisable for the public health, safety, welfare, and convenience of residents of the Village that the Village undertake a redevelopment project and has heretofore convened a joint review board, held a public hearing, approved a redevelopment plan (the “*Plan*”) and project (the “*Project*”) and designated a redevelopment project area (the “*Project Area*”) for that portion of the Village known as the Village of Downers Grove Downtown Redevelopment Project Area, and has further adopted tax increment allocation financing and established a special tax allocation fund (the “*Fund*”) for the Project Area, all as authorized by the Tax Increment Allocation Redevelopment Act, as amended (the “*TIF Act*”); and

WHEREAS, the Village has heretofore issued and there are now outstanding certain General Obligation Bonds, Series 1999 (the “*Series 1999 TIF Bonds*”), General Obligation Bonds, Series 2000 (the “*Series 2000 TIF Bonds*”), General Obligation Bonds, Series 2001 (the “*Series 2001 TIF Bonds*”), General Obligation Bonds, Series 2002 (the “*Series 2002 TIF Bonds*”), and General Obligation Bonds, Series 2003A (the “*Series 2003A TIF Bonds*” and,

together with the Series 1999 TIF Bonds, Series 2000 TIF Bonds, Series 2001 TIF Bonds and Series 2002 TIF Bonds, the “*Prior Bonds*”), all of which were issued to pay redevelopment project costs for the Area ; and

WHEREAS, the Village may rely upon its home rule powers under the Act to issue general obligation bonds and, pursuant to the TIF Act, as supplemented by the Local Government Debt Reform Act, as amended, the Village may further secure said bonds by pledging the monies on deposit in and to the credit of the Fund to the payment of said obligations; and

WHEREAS, the Prior Bonds are secured ratably and equally by the hereinafter defined Incremental Taxes; and

WHEREAS, pursuant to the ordinances adopted by the Council of the Village (the “*Council*”) authorizing the issuance of the Prior Bonds the Village expressly reserved unto itself the right to issue additional bonds, secured ratably and equally with the Prior Bonds by the hereinafter defined Incremental Taxes, without limit; and

WHEREAS, the Council of the Village (“*Council*”) has heretofore and it hereby is determined that it is advisable and necessary and in the best interests of the Village that a portion (said portion being the “*Refunded Bonds*”) of the Prior Bonds be refunded in advance of maturity (the “*Refunding*”) in order to achieve a debt service savings and to restructure the indebtedness evidenced by the Prior Bonds; and

WHEREAS the specific Refunded Bonds will be determined in an escrow agreement as hereinafter authorized to be executed by and on behalf of the Village but are presently expected to be those Series 1999 TIF Bonds maturing on January 1 of the years 2014, to 2019, inclusive, and those Series 2000 TIF Bonds maturing on January 1 of the years 2014, to 2020, inclusive; and

WHEREAS the estimated cost to the Village of the Refunding is the sum of up to \$10,000,000 plus any estimated available amount of interest earnings on said sum prior to its expenditure; and

WHEREAS there are insufficient funds on hand and available to pay the costs of the Refunding, and it is necessary for that purpose that a sum to pay such costs be borrowed at this time, and in evidence of such indebtedness, general obligation bonds of the Village be issued in the principal amount of not to exceed \$10,000,000, and that such indebtedness be incurred in accordance with the Act as hereinafter defined, and without submitting the question of incurring such indebtedness to the electors of the Village for their approval:

NOW THEREFORE Be It Ordained by the Council of the Village of Downers Grove, DuPage County, Illinois, in the exercise of its home rule powers, as follows:

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

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

Council

Fund

Plan

Prior Bonds

Project

Project Area

Refunded Bonds

Refunding

Series 1999 TIF Bonds

Series 2000 TIF Bonds

Series 2001 TIF Bonds

Series 2002 TIF Bonds

Series 2003A TIF Bonds

TIF Act

Village

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

“*Act*” means the Illinois Municipal Code, including, specifically, the TIF Act, as supplemented and amended, and also the home rule powers of the Village under Section 6 of Article VII of the Illinois Constitution of 1970; and in the event of conflict between the provisions of said code and home rule powers, the home rule powers shall be deemed to supersede the provisions of said code.

“*Additional TIF Bonds*” means any obligations hereafter issued by the Village which are ratably and equally secured by the Incremental Taxes with the Bonds and the Prior TIF Bonds.

“*Bond*” or “*Bonds*” means one or more, as applicable, of the not to exceed \$10,000,000 General Obligation Refunding Bonds, Series 2005, authorized to be issued by this Ordinance.

“*Bond Counsel*” means Chapman and Cutler LLP, Chicago, Illinois, or if Chapman and Cutler LLP is unable or unwilling to provide an opinion, another firm of attorneys having a national reputation for expertise in Tax-exempt municipal obligations.

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

“Bond Order” means that written Bond Order and Notification of Sale to be executed by one or more of the Designated Officials and setting forth details of the Bonds as hereinafter provided.

“Bond Register” means the books of the Village kept by the Bond Registrar to evidence the registration and transfer of the Bonds.

“Bond Registrar” means the Treasurer/Deputy Village Manager of the Village, or designee, and successors or assigns.

“County Clerk” means the County Clerk of The County of DuPage, Illinois.

“Code” means the Internal Revenue Code of 1986, as amended.

“Depository” means Depository Trust Company, a New York limited trust company, its successors, or a successor depository qualified to clear securities under applicable state and federal laws.

“Designated Officials” means the Mayor, Village Clerk, Village Treasurer, Deputy Village Manager, and Village Manager, or designee, or successors or assign.

“Escrow Agent” means Amalgamated Bank of Chicago, Chicago, Illinois.

“Escrow Agreement” means that certain escrow agreement by and between the Village and the Escrow Agent and dated as of February 1, 2005, as hereinafter provided.

“2005 Full Faith and Credit Taxes” means the unlimited ad valorem taxes levied by and under this Ordinance on all of the taxable property in the Village, sufficient to pay all principal of and interest on the Bonds when due.

“Incremental Taxes” means the ad valorem taxes, if any, arising from the tax levies upon taxable real property in the Project Area by any and all taxing districts or municipal corporations having the power to tax real property in the 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 Project Area over and above the Initial Equalized Assessed Value of each such piece of property, all as determined by the County Clerk in accord with Section 11-74.4-9 of the TIF Act.

“Initial Equalized Assessed Value” means the total initial equalized assessed value of the taxable real property in the Project Area as determined by the County Clerk in accordance with Section 11-74.4-9 of the TIF Act.

“Ordinance” means this Ordinance, numbered as set forth on the title page hereof, and passed by the Council on the ____ day of January, 2005.

“Paying Agent” means the Village Treasurer, Deputy Village Manager, or designee.

“Purchasers” means the purchasers of the Bonds.

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

“Tax-exempt” means, with respect to the Bonds, the status of interest paid and received thereon as not includible in the gross income of the owners thereof under the Code for federal income tax purposes except to the extent that such interest is taken into account in computing an adjustment used in determining the alternative minimum tax for certain corporations and in computing the “branch profits tax” imposed on certain foreign corporations.

“Treasurer” means the Village Treasurer, Deputy Village Manager, or designee, or successors or assigns.

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

Section 2. Incorporation of Preambles. The Council hereby finds that all of the recitals contained in the preambles to this Ordinance are true, correct and complete and does incorporate them into this Ordinance by this reference.

Section 3. Determination To Issue Bonds. It is necessary and in the best interests of the Village to undertake the Refunding and to pay all necessary costs thereof, to pay all related costs and expenses incidental thereto, and to borrow money and issue the Bonds for such purposes. It is hereby found and determined that such borrowing of money is for a proper public purpose or purposes and is in the public interest, and is authorized pursuant to the Act; and these findings and determinations shall be deemed conclusive.

Section 4. Bond Details. For the purpose of providing for such costs, there shall be issued and sold the Bonds in the principal amount of not to exceed \$10,000,000. The Bonds shall each be designated "*General Obligation Refunding Bond, Series 2005*"; be dated February 1, 2005, or such other date, not later than January 1, 2006, as shall be set out in the Bond Order (the "*Dated Date*"); and shall also bear the date of authentication thereof. The Bonds shall be in fully registered book-entry form (hereinafter "*Book Entry Form*"), shall be in denominations of \$5,000 or integral multiples thereof (but no single Bond shall represent principal maturing on more than one date), shall be numbered consecutively in such fashion as shall be determined by the Bond Registrar, and shall become due and payable (subject to right of prior redemption as hereinafter stated) on January 1 of the years and in the amounts and bearing interest at the rates as set forth in the Bond Order, *provided, however*, that no Bond shall mature on a date which is later than January 1, 2021, or bear interest at a rate percent per annum which is in excess of six percent (6.00%).

Each Bond shall bear interest from the later of its Dated Date as herein provided or from the most recent interest payment date to which interest has been paid or duly provided for, until the principal amount of such Bond is paid or duly provided for, such interest (computed upon the basis of a 360-day year of twelve 30-day months) being payable on January 1 and July 1 of each year, commencing on July 1, 2005, or on such other January 1 or July 1 as shall be set forth in

the Bond Order. Interest on each Bond shall be paid by check or draft of the Paying Agent, payable upon presentation thereof in lawful money of the United States of America, to the person in whose name such Bond is registered at the close of business on the applicable Record Date, and mailed to the registered owner of the Bond as shown in the Bond Registrar or at such other address furnished in writing by such Registered Owner, or as otherwise may be agreed with the Depository. The principal of the Bonds shall be payable in lawful money of the United States of America upon presentation thereof at the office of the Paying Agent or at successor Paying Agent and locality.

It is hereby expressly determined that no Bond shall mature on a date which is later than twenty (20) years from its Dated Date on December 31, 2021, being the December 31st of the calendar year immediately succeeding the twenty-third calendar year after the designation of the Area.

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

and procedures unique to the Depository, (d) additional notices or communications, and (e) amendment from time to time to conform with changing customs and practices with respect to securities industry transfer and payment practices.

With respect to Bonds registered in the Bond Register in the name of Cede & Co., as nominee of the Depository, none of the Village, the Treasurer, the Paying Agent or the Bond Registrar shall have any responsibility or obligation to any broker-dealer, bank or other financial institution for which the Depository holds Bonds from time to time as securities depository (each such broker-dealer, bank or other financial institution being referred to herein as a “*Depository Participant*”) or to any person on behalf of whom such a Depository Participant holds an interest in the Bonds. Without limiting the meaning of the immediately preceding sentence, the Village, the Treasurer, the Paying Agent and the Bond Registrar shall have no responsibility or obligation with respect to (a) the accuracy of the records of the Depository, Cede & Co., or any Depository Participant with respect to any ownership interest in the Bonds, (b) the delivery to any Depository Participant or any other person, other than a registered owner of a Bond as shown in the Bond Register, of any notice with respect to the Bonds, including any notice of redemption, or (c) the payment to any Depository Participant or any other person, other than a registered owner of a Bond as shown in the Bond Register, of any amount with respect to principal of or interest on the Bonds. No person other than a registered owner of a Bond as shown in the Bond Register shall receive a Bond certificate with respect to any Bond. Upon delivery by the Depository to the Bond Registrar of written notice to the effect that the Depository has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions hereof with respect to the payment of interest to the registered owners of Bonds at the close of business on the applicable record date, the name “*Cede & Co.*” in this Ordinance shall refer to such new nominee of the Depository.

In the event that (a) the Village determines that the Depository is incapable of discharging its responsibilities described herein and in the Representation Letter, (b) the agreement among the Village, the Paying Agent and Bond Registrar, and the Depository evidenced by the Representation Letter shall be terminated for any reason or (c) the Village determines that it is in the best interests of the Village or of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, the Village shall notify the Depository and the Depository shall notify the Depository Participants of the availability of Bond certificates, and the Bonds shall no longer be restricted to being registered in the Bond Register in the name of Cede & Co., as nominee of the Depository. The Village may determine that the Bonds shall be registered in the name of and deposited with a successor depository operating a book-entry system, as may be acceptable to the Village, or such depository's agent or designee, but if the Village does not select such alternate book-entry system, then the Bonds shall be registered in whatever name or names registered owners of Bonds transferring or exchanging Bonds shall designate, in accordance with the provisions hereof.

Section 6. Execution; Authentication. The Bonds shall be executed on behalf of the Village by the manual or duly authorized facsimile signature of its Mayor and attested by the manual or duly authorized facsimile signature of its Village Clerk, as they may determine, and shall have impressed or imprinted thereon the corporate seal or facsimile thereof of the Village. In case any such officer whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery. All Bonds shall have thereon a certificate of authentication, substantially in the form hereinafter set forth, duly executed by the Bond Registrar as authenticating agent of the Village and showing the date of authentication. No Bond shall be valid or obligatory for any purpose or be entitled to any

security or benefit under this Ordinance unless and until such certificate of authentication shall have been duly executed by the Bond Registrar by manual signature, and such certificate of authentication upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Ordinance.

Section 7. Optional Redemption. If so provided in the Bond Order the Bonds shall be subject to redemption prior to maturity at the option of the Village, *provided, however*, that the first optional redemption date for the Bonds shall not be earlier than January 1, 2013, or later than 10 1/2 years from the date the Bonds are issued and *further provided* that no Bond may be callable for redemption at a redemption price in excess of 103% of principal amount redeemed, from any available moneys, in whole or in part, and if in part in such principal amounts and from such maturities as the Village shall determine and within any maturity by lot, at a redemption price of par plus accrued interest to the date fixed for redemption.

Section 8. Redemption Procedure. The Village shall, at least 45 days prior to the redemption date (unless a shorter time period shall be satisfactory to the Bond Registrar), notify the Bond Registrar of such redemption date and of the maturities and principal amounts of Bonds to be redeemed. For purposes of any redemption of less than all of the Bonds of a single maturity, the particular Bonds or portions of Bonds to be redeemed shall be selected by lot not more than 60 days prior to the redemption date by the Bond Registrar for the Bonds of such maturity by such method of lottery as the Bond Registrar shall deem fair and appropriate; *provided*, that such lottery shall provide for the selection for redemption of Bonds or portions thereof so that any \$5,000 Bond or \$5,000 portion of a Bond shall be as likely to be called for redemption as any other such \$5,000 Bond or \$5,000 portion.

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

Unless waived by the registered owner of Bonds to be redeemed, official notice of any such redemption shall be given by the Bond Registrar on behalf of the Village by mailing the redemption notice by first class mail not less than 30 days and not more than 60 days prior to the date fixed for redemption to each registered owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such registered owner to the Bond Registrar.

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

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

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

Prior to any redemption date, the Village shall deposit with the Paying Agent an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on that date.

Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the Village shall default in the payment of the redemption price), such Bonds or portions of Bonds shall cease to bear interest. Neither the failure to mail such redemption notice, nor any defect in any notice so mailed, to any particular registered owner of a Bond, shall affect the sufficiency of such notice with respect to other registered owners. Notice having been properly given, failure of a registered owner of a Bond to receive such notice shall not be deemed to invalidate, limit or delay the effect of the notice or redemption action described in the notice. Such notice may be waived in writing by a registered owner of a Bond entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by registered owners shall be filed with the Bond Registrar, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Paying Agent at the redemption price. The procedure for the payment of interest due as part of the redemption price shall be as herein provided for payment of interest otherwise due. Upon surrender for any partial redemption of any Bond, there shall be prepared for the registered owner a new Bond or Bonds of like tenor, of authorized denominations, of the same maturity, and bearing the same rate of interest in the amount of the unpaid principal.

If any Bond or portion of a Bond called for redemption shall not be so paid upon surrender thereof for redemption, the principal shall, until paid or duly provided for, bear interest

from the redemption date at the rate borne by the Bond or portion of Bond so called for redemption. All Bonds which have been redeemed shall be canceled and destroyed by the Bond Registrar and shall not be reissued.

In addition to the foregoing notice, further notice may be given by the Bond Registrar on behalf of the Village as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed.

Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (a) the CUSIP numbers of all Bonds being redeemed; (b) the date of issue of the Bonds as originally issued; (c) the rate of interest borne by each Bond being redeemed; (d) the maturity date of each Bond being redeemed; and (e) any other descriptive information needed to identify accurately the Bonds being redeemed.

Each further notice of redemption shall be sent at least 35 days before the redemption date by registered or certified mail or overnight delivery service to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Bonds (such depositories now including Depository Trust Company of New York, New York, and Depository Trust Company of Philadelphia, Pennsylvania) and to one or more national information services, chosen in the discretion of the Bond Registrar, that disseminate notice of redemption of obligations such as the Bonds.

Each further notice of redemption shall be published one time in a financial newspaper or journal which regularly carries notices of redemption of other obligations similar to the Bonds, such publication to be made at least 30 days prior to the date fixed for redemption.

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

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

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

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

The Bond Registrar shall not be required to transfer or exchange any Bond during the period from the close of business on the Record Date for an interest payment to the opening of business on such interest payment date.

The execution by the Village of any fully registered Bond shall constitute full and due authorization of such Bond, and the Bond Registrar shall thereby be authorized to authenticate, date and deliver such Bond; *provided, however*, that the principal amount of Bonds of each maturity authenticated by the Bond Registrar shall not at any one time exceed the authorized principal amount of Bonds for such maturity less the amount of such Bonds which have been paid.

The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal of or interest on any Bond shall be made only to or upon the order of the registered owner thereof or his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

No service charge shall be made for any transfer or exchange of Bonds, but the Village or the Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds.

Section 10. Form of Bond. The Bonds shall be in substantially the form hereinafter set forth; *provided, however*, that if the text of the Bonds is to be printed in its entirety on the front side of the Bonds, then the second paragraph on the front side and the legend “See Reverse Side for Additional Provisions” shall be omitted and the text of paragraphs set forth for the reverse side shall be inserted immediately after the first paragraph.

801 Burlington Avenue, in Downers Grove, Illinois, as paying agent and bond registrar (the “*Bond Registrar*”). Payment of interest shall be made to the Registered Owner hereof as shown on the registration books of the Village maintained by the Bond Registrar, at the close of business on the applicable Record Date (the “*Record Date*”). The Record Date shall be the 15th day of the month next preceding any regular or other interest payment date occurs and 15 days preceding any interest payment date occasioned by a redemption of Bond on other than a regularly scheduled interest payment day. Interest shall be paid by check or draft of the Bond Registrar, payable upon presentation in lawful money of the United States of America, mailed to the address of such Registered Owner as it appears on such registration books, or at such other address furnished in writing by such Registered Owner to the Bond Registrar, or as otherwise agreed by the Village and the Bond Registrar for so long as this Bond is held by The Depository Trust Company, New York, New York, the Depository, or nominee, in book-entry only form as provided for same.

Reference is hereby made to the further provisions of this Bond set forth on the reverse hereof, and such further provisions shall for all purposes have the same effect as if set forth at this place.

It is hereby certified and recited that all conditions, acts and things required by the Constitution and Laws of the State of Illinois to exist or to be done precedent to and in the issuance of this Bond, including the authorizing Act, have existed and have been properly done, happened and been performed in regular and due form and time as required by law; that the indebtedness of the Village, represented by the Bonds, and including all other indebtedness of the Village, howsoever evidenced or incurred, does not exceed any constitutional or statutory or other lawful limitation; and that provision has been made for the collection of a direct annual tax, in addition to all other taxes, on all of the taxable property in the Village sufficient to pay the

interest hereon as the same falls due and also to pay and discharge the principal hereof at maturity.

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

IN WITNESS WHEREOF the Village of Downers Grove, DuPage County, Illinois, by its Council, has caused this Bond to be executed by the manual or duly authorized facsimile signature of its Mayor and attested by the manual or duly authorized facsimile signature of its Village Clerk and its corporate seal or a facsimile thereof to be impressed or reproduced hereon, all as appearing hereon and as of the Dated Date identified above.

Mayor, Village of Downers Grove
DuPage County, Illinois

ATTEST:

Village Clerk, Village of Downers Grove
DuPage County, Illinois

[SEAL]

Date of Authentication: _____, ____

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within-mentioned Ordinance and is one of the General Obligation Refunding Bonds, Series 2005, having a Dated Date of February 1, 2005, of the Village of Downers Grove, DuPage County, Illinois.

VILLAGE TREASURER, DEPUTY VILLAGE
MANAGER,
as Bond Registrar

By

Bond Registrar and Paying Agent:

Village Treasurer, Deputy Village Manager
Downers Grove, Illinois

[FORM OF BOND - REVERSE SIDE]

This bond is one of a series of bonds (the “*Bonds*”) in the aggregate principal amount of \$____,000 issued by the Village for the purpose of paying costs of the Refunding, and of paying expenses incidental thereto, all as described and defined in the ordinance authorizing the Bonds (the “*Ordinance*”), pursuant to and in all respects in compliance with the applicable provisions of the Illinois Municipal Code, as supplemented and amended, and as further supplemented and, where necessary, superseded, by the powers of the Village as a home rule unit under the provisions of Section 6 of Article VII of the Illinois Constitution of 1970, (such code and powers being the “*Act*”), and with the Ordinance, which has been duly passed by the Council of the Village, approved by the Mayor, and published, in all respects as by law required.

This Bond is subject to provisions relating to registration, transfer and exchange; and such other terms and provisions relating to security and payment as are set forth in the

Ordinance, to which reference is hereby expressly made, and to all the terms of which the Registered Owner hereof is hereby notified and shall be subject.

The Bonds coming due on and after January 1, 2015, are subject to redemption prior to maturity at the option of the Village on January 1, 2014, and any date thereafter, from any lawfully available monies, in whole or in part, and if in part, in such principal amounts and from such maturities as the Village shall determine, and within any maturity by lot, at a redemption price of par plus accrued interest, upon the terms and conditions and as otherwise provided in the Bond Ordinance.

ASSIGNMENT

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

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

(Name and Address of Assignee)

the within Bond and does hereby irrevocably constitute and appoint

as attorney to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

Signature guaranteed: _____

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

Section 11. Security for the Bonds. The Village hereby pledges the 2000 Full Faith and Credit Taxes to secure the Bonds and, ratably and equally with the Prior TIF Bonds, further pledges the Incremental Taxes to secure the Bonds. The Bonds, together with the interest and any premium thereon, are secured by the full faith and credit of the Village and the Village's levy of the 2005 Full Faith and Credit Taxes. The Bonds are further payable from the collection of the Incremental Taxes and the amounts on deposit in the various funds and accounts of the Special Tax Allocation Fund as hereinafter provided.

Section 12. Tax Levy; Abatement. For the purpose of providing funds required to pay the interest on the Bonds promptly when and as the same falls due, and to pay and discharge the principal thereof at maturity, there is hereby levied upon all of the taxable property within the Village, in the years for which any of the Bonds are outstanding, a direct annual tax sufficient for that purpose; and there is hereby levied on all of the taxable property in the Village, in addition to all other taxes, the direct annual taxes in the amounts and for the years as shall be provided in the Bond Order (the "2005 Full Faith and Credit Taxes"). The 2005 Full Faith and Credit Taxes and other moneys on deposit in the Bond Fund shall be applied to pay principal of and interest on the Bonds.

Interest or principal coming due at any time when there are insufficient funds on hand from the 2005 Full Faith and Credit Taxes to pay the same shall be paid promptly when due from current funds on hand in advance of the collection of the 2005 Full Faith and Credit Taxes herein levied; and when the 2005 Full Faith and Credit Taxes shall have been collected, reimbursement shall be made to said funds in the amount so advanced.

The Village covenants and agrees with the purchasers and registered owners of the Bonds that so long as any of the Bonds remain outstanding, the Village will take no action or fail to take any action which in any way would adversely affect the ability of the Village to levy and collect

the foregoing tax levy. The Village and its officers will comply with all present and future applicable laws in order to assure that the 2005 Full Faith and Credit Taxes may be levied, extended and collected as provided herein and deposited into the Bond Fund.

In the event that funds from any lawful source may be made available for the purpose of paying any principal of or interest on the Bonds so as to enable the abatement of the 2005 Full Faith and Credit Taxes levied herein for the payment of same, the Council shall, by proper proceedings, direct the deposit of such other funds into the Bond Fund, and further shall direct the abatement of the taxes by the amount so deposited. A certified copy or other notification of any such proceedings abating taxes may then be filed with the County Clerk in a timely manner to effect such abatement.

Section 13. Filing with County Clerk. Promptly, as soon as this Ordinance becomes effective and the Bond Order shall have been executed, a copy of this Ordinance, certified by the Village Clerk of the Village, and a fully executed copy of the Bond Order shall be filed with the County Clerk; and said County Clerk shall in and for each of the years as set forth in the Bond Order ascertain the rate percent required to produce the aggregate 2005 Full Faith and Credit Taxes hereinbefore provided to be levied in each year for which 2005 Full Faith and Credit Taxes shall have been levied, and subject to abatement as provided in said section 12; and said County Clerk shall extend the same for collection on the tax books in connection with other taxes levied in said years in and by the Village for general purposes of the Village; and, subject to abatement as stated hereinabove, in said years such annual tax shall be levied and collected by and for and on behalf of the Village in like manner as taxes for general purposes for said years are levied and collected, and in addition to and in excess of all other taxes.

Section 14. Sale of Bonds; Execution of Bond Order. The Designated Officials are hereby authorized to proceed, without any further authorization or direction whatsoever from the

Corporate Authorities, to sell and deliver the Bonds upon the terms as prescribed in this Section, pursuant to one or more Bond Orders. Each series of Bonds shall be sold and delivered to the Purchaser at the price of not less than 98% of the par value of the principal amount thereof, plus accrued interest to the date of delivery. Such sale shall be made upon the advice (in the form of a written certificate or report) of the Purchasers, that the net interest cost rate on such series of Bonds, calculated in accordance with customary market practice, does not exceed six percent (6.00%) and that the terms of the Bonds are fair and reasonable in view of current conditions in the bond markets. As an additional limitation on the sale of the Bonds, each such certificate or report (as hereinabove described) must set forth that the Refunding will provide a present value debt service savings to the City resulting from the issuance of Bonds to refund each maturity, or part of a maturity, of the Refunded Bonds which are chosen to be refunded, which report shall demonstrate that the City will realize a minimum net present value savings of 2,50% of the debt service on the Refunded Bonds being refunded. The Designated Officials may choose all or any lesser portion of the Refunded Bonds eligible to be refunded, in such manner as will provide such savings. Nothing in this Section shall require the Designated Officials to sell any of the Bonds if in their judgment, aided by the Purchasers, the conditions in the bond markets shall have deteriorated from the time of adoption thereof or the sale of all or any portion of the Bonds shall for some other reason not be deemed advisable, but the Designated Officials shall have the authority to sell the Bonds in any event so long as the limitations set forth in this Ordinance and the conditions of this Section shall have been met. As a further exercise of this authority, the Designated Officials may sell the Bonds in more than one series; and, in such event, shall be authorized to change the name of the Bonds for each such series so that such series may properly be identified separately. Further, in such event, the provisions for registration, redemption and exchange of Bonds shall be read as applying to Bonds only of each series, respectively, and not

as between series. Upon the sale of the Bonds or any series of the Bonds, the Designated Officials and any other officers of the Village as shall be appropriate, shall be and are hereby authorized and directed to approve or execute, or both, such documents of sale of the Bonds as may be necessary, including, without limitation, the Bond Order, Preliminary Official Statement, Official Statement, Bond Purchase Contract (as hereinafter defined), and closing documents. The Designated Officials must find and determine in the Bond Order that no person holding any office of the Village either by election or appointment, is in any manner financially interested either directly, in his or her own name, or indirectly in the name of any other person, association, trust or corporation in said Bond Purchase Contract with the Purchaser for the purchase of the Bonds. The distribution of the Preliminary Official Statement relating to the Bonds is hereby in all respects authorized and approved, and the proposed use by the Purchaser of an Official Statement (in substantially the form of the Preliminary Official Statement but with appropriate variations to reflect the final terms of the Bonds) is hereby approved. The Designated Officials shall execute a bond purchase contract for the sale of the Bonds to the Purchaser (the "*Bond Purchase Contract*") in the form approved by the attorney for the Village, which may be in the form of an Official Bid Form. Upon the sale of the Bonds, the Designated Officials shall prepare the Bond Order, which shall include the pertinent details of sale as provided herein, and such shall be entered into the records of the Village and made available to the Corporate Authorities at the next public meeting thereof. The Designated Officials shall also file with the County Clerk the Bond Order or like document including a statement of taxes. The authority granted in this Ordinance to the Designated Officials to sell Bonds as provided herein shall expire on January 31, 2006.

The Designated Officials are hereby authorized to take any action as may be required on the part of the City to consummate the transactions contemplated by the Purchase Contract, this Ordinance, said Preliminary Official Statement, said final Official Statement and the Bonds.

Section 15. Special Tax Allocation Fund and Accounts. The Special Tax Allocation Fund is hereby expressly continued. All of the Incremental Taxes, any amounts received from the sale of property acquired or constructed and paid for from proceeds of the Prior TIF Bonds, and any other revenues from any source whatsoever designated to pay principal of, interest on and premium, if any, on the Bonds shall be set aside as collected and be immediately transmitted by the Treasurer for deposit into the Special Tax Allocation Fund which is a trust fund established for the purpose of carrying out the covenants, terms and conditions imposed upon the Village by this Ordinance. The Bonds are secured, equally and ratably with the Prior TIF Bonds, by a pledge of all of the Incremental Taxes on deposit in the Special Tax Allocation Fund, and such pledge is irrevocable until the Bonds have been paid in full or until the obligations of the Village are discharged under this Ordinance.

In accordance with the provisions of the TIF Act, the Incremental Taxes are to be paid to the Treasurer by the officers who collect or receive the Incremental Taxes. Whenever the Treasurer receives any of the Incremental Taxes he or she shall promptly transmit the same for deposit into the Special Tax Allocation Fund. The moneys on deposit in the Special Tax Allocation Fund shall be used solely and only for the purpose of carrying out the terms and conditions of this Ordinance and shall be deposited as hereinafter provided to the following accounts within the Special Tax Allocation Fund:

(a) *The Principal and Interest Account.* The Treasurer shall first credit to and deposit the Incremental Taxes into the Principal and Interest Account and, except as hereinafter provided, such moneys shall be used solely and only for the purpose of paying

principal of and interest on the Bonds, the Prior Tif Bonds, or any Additional TIF Bonds, each as the same become due upon maturity, together with any fees in connection therewith (said amounts being, collectively, the “*TIF Bond Current Debt Service Requirement*”).

If, upon any Accounting, there are funds in the Principal and Interest Account in excess of the TIF Bond Current Debt Service Requirement, such funds shall immediately be transferred to the General Account as provided below.

(b) *The General Account.* All moneys remaining in the Special Tax Allocation Fund, after crediting the required amounts to the account hereinabove provided for, shall be credited to the General Account. Moneys on deposit in the General Account shall be transferred first, if necessary, to remedy any deficiencies in the Principal and Interest Account and, thereafter, subject to the provisions of any agreement hereafter executed by the Village and relating to the use thereof, shall be used by the Village for one or more of the following purposes, without any priority among them:

(i) for the purpose of paying any Project Costs; or

(ii) for the purpose of redeeming any Bond, Prior TIF Bonds or Additional TIF Bonds;

(iii) for the purpose of purchasing any Bonds, Prior TIF Bonds or Additional TIF 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 refunding, advance refunding or pre-paying any Bonds, Prior TIF Bonds or Additional TIF Bonds; or

(v) for the purpose of establishing such reserves, specifically including such debt service reserve or redemption accounts, as may be deemed necessary by the Council, it being the express intent of the Council to reserve unto the Village the right to establish such reserve or reserves in order to assure that the 2005 Full Faith and Credit Taxes may be abated in each Tax Year while there are any Outstanding Bonds;

(vi) for the purpose of distributing such Incremental Taxes to the taxing districts or municipal corporations having the power to tax real property in the Project Area in accordance with the TIF Act or to the Village pursuant to any redevelopment agreement; or

(vii) for the purpose of paying principal of, or premium, if any, or interest on any obligation of the Village issued to pay redevelopment project costs for the Project Area whether or not secured by a pledge of the monies to the credit of the Special Tax Allocation Fund;

(viii) for the purpose of reimbursing the Village for any transfer of general corporate funds of the Village for purposes relating to the Plan, the Project or the Bonds, including but not limited to funds disbursed for the payment of fees and expenses of the Bond Registrar or any other Project Costs or funds advanced to abate the 2005 Full Faith and Credit Taxes and whether or not such reimbursement occurs in the relevant Tax Year for which such advance was made; or

(ix) for any other purpose related to the Plan, the Project, the 2000 TIF Project, the Bonds, the Prior TIF Bonds, any Additional TIF Bonds or the Project Area pursuant to the Act.

Section 16. General Covenants. The Village covenants and agrees with the registered owners of the Bonds that, so long as any Bonds remain outstanding and unpaid:

(a) The Village will punctually pay or cause to be paid the principal of, interest on and premium, if any, to become due in respect of the Bonds in strict conformity with the terms of the Bonds and this Ordinance, and it will faithfully observe and perform all of the conditions, covenants and requirements thereof and hereof.

(b) The Village will pay and discharge, or cause to be paid and discharged, any and all lawful claims which, if unpaid, might become a lien or charge upon the 2005 Full Faith and Credit Taxes or any part thereof, or upon any funds in the Special Tax Allocation Fund, or which might impair the security of the 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.

(c) The Village will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Village, in which complete and correct entries shall be made of all transactions relating to the 2005 Full Faith and Credit Taxes and the Incremental Taxes and will timely file such records and reports with the State as may be required pursuant to the TIF Act. Such books of record and accounts shall at all times during business hours be subject to the inspection of the holders of not less than ten percent (10%) of the aggregate principal amount of Bonds then outstanding, or their representatives authorized in writing.

The Village will cause to be prepared within a reasonable period after the close of each fiscal year of the Village so long as any of the Bonds are outstanding complete audited financial statements with respect to the preceding fiscal year showing the 2005 Full Faith and Credit Taxes and the Incremental Taxes received and all disbursements from the funds and accounts created by this Ordinance

(d) The Village will preserve and protect the security of the Bonds and the rights of the Bondholders, and will warrant and defend their rights against all claims and demands of all persons. From and after the sale and delivery of any of the Bonds by the Village, the Bonds shall be incontestable by the Village.

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

Section 17. Creation of Funds and Appropriations.

A. There is hereby created the “*General Obligation Refunding Bonds, Series 2005, Bond Fund*” (the “*Bond Fund*”), which shall be the fund for the payment of principal of and interest on the Bonds. Accrued interest and premium, if any, received upon delivery of the Bonds shall be deposited into the Bond Fund and be applied to pay first interest coming due on the Bonds.

B. The 2005 Full Faith and Credit Taxes shall either be deposited into the Bond Fund and used solely and only for paying the principal of and interest on the Bonds or be used to reimburse a fund or account from which advances to the Bond Fund may have been made to pay principal of or interest on the Bonds prior to receipt of 2005 Full Faith and Credit Taxes. Interest income or investment profit earned in the Bond Fund shall be retained in the Bond Fund for payment of the principal of or interest on the Bonds on the interest payment date next after such interest or profit is received or, to the extent lawful and as determined by the Council, transferred to such other fund as may be determined. The Village hereby pledges, as equal and ratable security for the Bonds, all present and future proceeds of the 2005 Full Faith and Credit Taxes on deposit in the Bond Fund for the sole benefit of the registered owners of the Bonds, subject to the reserved right of the Council to transfer certain interest income or investment profit earned in the Bond Fund to other funds of the Village, as described in the preceding sentence.

C. Accrued interest and the sum of principal proceeds of the Bonds as is necessary, together with such money in the debt service funds for the Refunded Bonds as may be advisable for the purpose, shall be used to provide for the Refunding, and the payment of such expenses as may be designated, pursuant to the provisions of an Escrow Agreement with the Escrow Agent, all in accordance with the provisions of an Escrow Agreement, in the form as provided by Bond Counsel and approved by the Village Attorney, made a part hereof by this reference, and hereby

approved; the officers appearing signatory to such Escrow Agreement are hereby authorized and directed to execute same, their execution to constitute conclusive proof of action in accordance with this Ordinance, and approval of all completions or revisions necessary or appropriate to effect the Refunding.

Section 18. Reimbursement. None of the proceeds of the Prior TIF Bonds (including all of the Refunded Bonds) will be or was used to pay, directly or indirectly, in whole or in part, for an expenditure that has or had been paid by the Village prior to the date of adoption by the Council of the ordinance authorizing the issuance of the Prior Bonds.

Section 19. Not Private Activity Bonds. None of the Bonds or the Prior TIF Bonds (including all of the Refunded Bonds) is a “private activity bond” as defined in Section 141(a) of the Code. In support of such conclusion, the Village certifies, represents and covenants as follows:

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

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

C. No user of the capital improvements financed with the proceeds of the Prior TIF Bonds (the “Public Infrastructure”), other than the Village or another governmental unit will use or has used the same on any basis other than the same basis as the general public; and no person other than the Village or another governmental unit will be a user or has been a user of the Public Infrastructure as a result of (i) ownership or (ii) actual or beneficial use pursuant to a lease, a management or incentive payment contract, or (iii) any other arrangement.

Section 20. Registered Form. The Village recognizes that Section 149 of the Code requires the Bonds to be issued and to remain in fully registered form in order to be and remain Tax-exempt. In this connection, the Village agrees that it will not take any action to permit the Bonds to be issued in, or converted into, bearer or coupon form.

Section 21. Further Tax Covenants. The Village agrees to comply with all provisions of the Code which, if not complied with by the Village, would cause the Bonds not to be Tax-exempt. In furtherance of the foregoing provisions, but without limiting their generality, the Village agrees: (a) through its officers, to make such further specific covenants, representations as shall be truthful, and assurances as may be necessary or advisable; (b) to comply with all representations, covenants and assurances contained in certificates or agreements as may be prepared by Bond Counsels; (c) to consult with Bond Counsel and to comply with such advice as may be given; (d) to file such forms, statements and supporting documents as may be required and in a timely manner; and (e) if deemed necessary or advisable by its officers, to employ and pay fiscal agents, financial advisors, attorneys and other persons to assist the Village in such compliance.

The Village further certifies and covenants as follows with respect to the requirements of Section 148(f) of the Code, relating to the rebate of “excess arbitrage profits” (the “*Rebate Requirement*”) to the United States:

A. Unless an applicable exception to the Rebate Requirement is available to the Village, the Village will meet the Rebate Requirement.

B. Relating to applicable exceptions, the Village Treasurer or the Mayor is hereby authorized to make such elections under the Code as either such officer shall deem reasonable and in the best interests of the Village. If such election may result in a “penalty in lieu of rebate”

as provided in the Code, and such penalty is incurred (the "*Penalty*"), then the Village shall pay such Penalty.

C. The officers of the Village shall cause to be established, at such time and in such manner as they may deem necessary or appropriate hereunder, a "2005 General Obligation Refunding Bonds Rebate [or Penalty, if applicable] Fund" (the "*148 Compliance Fund*") for the Bonds, and such officers shall further, not less frequently than annually, cause to be transferred to the 148 Compliance Fund the amount determined to be the accrued liability under the Rebate Requirement or Penalty. Said officers shall cause to be paid to the U.S., without further order or direction from the Council, from time to time as required, amounts sufficient to meet the Rebate Requirement or to pay the Penalty.

D. Interest earnings in the Bond Fund are hereby authorized to be transferred, without further order or direction from the Council, from time to time as required, to the 148 Compliance Fund for the purposes herein provided; and proceeds of the Bonds and other funds of the Village are also hereby authorized to be used to meet the Rebate Requirement or to pay the Penalty, but only if necessary after application of investment earnings as aforesaid and only as appropriated by the Council.

The Village also certifies and further covenants with the Purchaser and registered owners of the Bonds from time to time outstanding that moneys on deposit in any fund or account in connection with the Bonds, whether or not such moneys were derived from the proceeds of the sale of the Bonds or from any other source, will not be used in a manner which will cause the Bonds to be "arbitrage bonds" within the meaning of Code Section 148 and any lawful regulations promulgated thereunder, as the same presently exist or may from time to time hereafter be amended, supplemented or revised.

Section 22. Opinion of Counsel Exception. The Village reserves the right to use or invest moneys in connection with the Bonds in any manner, notwithstanding the tax-related covenants set forth in Sections 18 through 20 herein, *provided* it shall first have received an opinion from Bond Counsel to the effect that use or investment of such moneys as contemplated is valid and proper under applicable law and this Ordinance and, further, will not adversely affect the Tax-exempt status for the Bonds.

Section 23. Rights and Duties of Bond Registrar and Paying Agent. If requested by the Bond Registrar or the Paying Agent, or both, any officer of the Village is authorized to execute standard forms of agreements between the Village and the Bond Registrar or Paying Agent with respect to the obligations and duties of the Bond Registrar or Paying Agent hereunder. In addition to the terms of such agreements and subject to modification thereby, the Bond Registrar and Paying Agent by acceptance of duties hereunder agree:

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

(b) as to the Bond Registrar, to maintain a list of Bondholders as set forth herein and to furnish such list to the Village upon request, but otherwise to keep such list confidential to the extent permitted by law;

(c) as to the Bond Registrar, to cancel and/or destroy Bonds which have been paid at maturity or submitted for exchange or transfer;

(d) as to the Bond Registrar, to furnish the Village at least annually a certificate with respect to Bonds canceled and/or destroyed;

(e) to furnish the Village at least annually an audit confirmation of Bonds paid, Bonds outstanding and payments made with respect to interest on the Bonds;

The Village Clerk of the Village is hereby directed to file a certified copy of this Ordinance with the Bond Registrar and the Paying Agent.

Section 24. Defeasance. Any Bond or Bonds which (a) are paid and canceled, (b) which have matured and for which sufficient sums been deposited with the Paying Agent to pay all principal and interest due thereon, or (c) for which sufficient funds and Defeasance Obligations have been deposited with the Paying Agent or similar institution to pay, taking into account investment earnings on such obligations, all principal of and interest on such Bond or Bonds when due at maturity or as called for redemption, pursuant to an irrevocable escrow or trust agreement, shall cease to have any lien on or right to receive or be paid from the 2005 Full Faith and Credit Taxes hereunder and shall no longer have the benefits of any covenant for the registered owners of outstanding Bonds as set forth herein as such relates to lien and security of the outstanding Bonds. All covenants relative to the payment, registration, transfer, and exchange; are expressly continued for all Bonds whether outstanding Bonds or not. For purposes of this section, “*Defeasance Obligations*” means (a) direct and general full faith and credit obligations of the United States Treasury (“*Directs*”), (b) certificates of participation or trust receipts in trusts comprised wholly of Directs or (c) other obligations unconditionally guaranteed as to timely payment by the United States Treasury.

Section 25. Continuing Disclosure Undertaking. Any Designated Officer is hereby authorized to execute and deliver the Continuing Disclosure Undertaking, in substantially the form heretofore executed by the Village in connection with prior financings, to effect compliance with Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. When such Continuing Disclosure Undertaking is executed and delivered on behalf of the Village, it will be binding on the Village and the officers, agents, and employees of the Village, and the same are hereby authorized and directed to do all such acts and

things and to execute all such documents as may be necessary to carry out and comply with the provisions of such Continuing Disclosure Undertaking as executed and delivered. Notwithstanding any other provisions hereof, the sole remedies for failure to comply with such Continuing Disclosure Undertaking shall be the ability of the beneficial owner of any Bond to seek mandamus or specific performance by court order, to cause to the Village to comply with its obligations thereunder.

Section 26. Taxes Previously Levied. The taxes previously levied for the year 2004 (collectible in 2005) to pay the Refunded Bonds shall be used to effectuate the Refunding as provided in the Escrow Agreement, or to the extent not needed due to the issuance of the Bonds, shall be deposited into the Bond Fund and used to pay first interest coming due on the Bonds or shall be abated. Taxes levied for the year 2005 (collectible in 2006) and thereafter for the Refunded Bonds shall be abated. The Designated Officials are hereby expressly authorized to file an abatement certificate with the County Clerk, without further official action of the Board, to effectuate such abatement.

Section 27. Publication of Ordinance. A full, true and complete copy of this Ordinance shall be published within ten days after passage in pamphlet form by authority of the Council.

Section 28. Superseder and Effective Date. All ordinances, resolutions and orders, or parts thereof, in conflict herewith, are to the extent of such conflict hereby superseded; and this Ordinance shall be in full force and effect immediately upon its passage and approval.

Section 29. Bond Insurance. In the event the Purchaser obtains a municipal bond or financial guaranty insurance policy for the Bonds, the commitment for such insurance shall be attached hereto as EXHIBIT A and shall be fully incorporated herein by this reference as if set out at this Section in full. The Designated Officials are further expressly authorized to execute any such commitment. It is hereby expressly covenanted and agreed that notwithstanding any

provision of this Ordinance to the contrary, in the event of any conflict between any provision of this Ordinance and such commitment, the commitment, as incorporated herein, shall control.

ADOPTED: January __, 2005

A YES: _____

NAYS: _____

ABSENT: _____

APPROVED: January __, 2005

Mayor, Village of Downers Grove,
DuPage County, Illinois

ATTEST:

Village Clerk, Village of Downers Grove
DuPage County, Illinois

Published in pamphlet form by authority of the Council on January __, 2005.

Recorded in the records of the Village on January __, 2005.

EXHIBIT A
INSURANCE COMMITMENT, IF ANY

STATE OF ILLINOIS)
) SS
COUNTY OF DUPAGE)

CERTIFICATION OF MINUTES AND ORDINANCE

I, the undersigned, do hereby certify that I am the duly qualified and acting Village Clerk of the Village of Downers Grove, DuPage County, Illinois (the “*Village*”), and as such official I am the keeper of the official journal of proceedings, books, records, minutes and files of the Village and of the Council (the “*Council*”) thereof.

I do further certify that the foregoing is a full, true and complete transcript of that portion of the minutes of the meeting of the Council held on the ____ day of January, 2005, insofar as the same relates to the adoption of an ordinance, numbered 2005-__, entitled:

AN ORDINANCE providing for the issuance of not to exceed \$10,000,000 General Obligation Refunding Bonds, Series 2005, of the Village of Downers Grove, DuPage County, Illinois, authorizing the execution of an escrow agreement and a bond order and providing for the levy and collection of a direct annual tax for the payment of the principal of and interest on said bonds.

a true, correct and complete copy of which said ordinance as adopted at said meeting appears in the foregoing transcript of the minutes of said meeting.

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

IN WITNESS WHEREOF I hereunto affix my official signature and the seal of the Village
this ____ day of January, 2005.

Village Clerk

[SEAL] **VILLAGE CLERK TO ATTACH AGENDA**

STATE OF ILLINOIS)
) SS
COUNTY OF DUPAGE)

CERTIFICATE OF PUBLICATION IN PAMPHLET FORM

I, the undersigned, do hereby certify that I am the duly qualified and acting Village Clerk of the Village of Downers Grove, DuPage County, Illinois (the "*Village*"), and as such official I am the keeper of the official journal of proceedings, books, records, minutes, and files of the Village and of the Council (the "*Council*") thereof.

I do further certify that on the ____ day of January, 2005, there was published in pamphlet form, by authority of the Council, a true, correct and complete copy of Ordinance Number 2005-__ of the Village providing for the issuance of not to exceed \$10,000,000 General Obligation Refunding Bonds, Series 2005, dated February 1, 2005, of the Village and that said ordinance as so published was on said date readily available for public inspection and distribution, in sufficient number to meet the needs of the general public, at my office as Village Clerk located in the Village.

IN WITNESS WHEREOF I have affixed hereto my official signature and the seal of the Village this ____ day of February, 2005.

[SEAL]

Village Clerk

STATE OF ILLINOIS)
) SS
COUNTY OF DUPAGE)

CERTIFICATE OF FILING

I, Willard Helander, do hereby certify that I am the duly qualified and acting County Clerk of The County of DuPage, Illinois, and as such officer I do hereby certify that on the ____ day of _____, 2005, there was filed in my office a properly certified copy of Ordinance Number 2005-____, passed by the Council of the Village of Downers Grove, DuPage County, Illinois, on the ____ day of January, 2005, and entitled:

AN ORDINANCE providing for the issuance of not to exceed \$10,000,000 General Obligation Refunding Bonds, Series 2005, of the Village of Downers Grove, DuPage County, Illinois, authorizing the execution of an escrow agreement and a bond order and providing for the levy and collection of a direct annual tax for the payment of the principal of and interest on said bonds.

and that the same has been deposited in, and all as appears from, the official files and records of my office.

IN WITNESS WHEREOF I have hereunto affixed my official signature and the seal of The County of DuPage, Illinois, at Wheaton, Illinois, this _____ day of _____, 2005.

County Clerk of The County
of DuPage, Illinois

[SEAL]

\$9,875,000

Village of Downer's Grove
DuPage County, Illinois (Bank Qualified)
General Obligation Refunding TIF Bonds, Series 2005

Total Issue Sources And Uses

Dated 01/01/2005 | Delivered 01/19/2005

	Refund 1999	Refund 2000	Issue Summary
Sources Of Funds			
Par Amount of Bonds	\$4,770,000.00	\$5,105,000.00	\$9,875,000.00
Reoffering Premium	79,717.00	71,996.85	151,713.85
Accrued Interest from 01/01/2005 to 01/19/2005	9,863.88	10,538.88	20,402.76
Total Sources	\$4,859,580.88	\$5,187,535.73	\$10,047,116.61
Uses Of Funds			
Total Underwriter's Discount (0.700%)	33,390.00	35,735.00	69,125.00
Costs of Issuance	24,151.90	25,848.10	50,000.00
Gross Bond Insurance Premium	17,708.63	19,201.43	36,910.06
Deposit to Debt Service Fund	9,863.88	10,538.88	20,402.76
Deposit to Net Cash Escrow Fund	4,769,603.73	5,094,553.89	9,864,157.62
Rounding Amount	4,862.74	1,658.43	6,521.17
Total Uses	\$4,859,580.88	\$5,187,535.73	\$10,047,116.61

2004 TIF Refunding 11-23 | Issue Summary | 1/20/2005 | 10:00 AM

\$9,875,000

Village of Downer's Grove
DuPage County, Illinois (Bank Qualified)
General Obligation Refunding TIF Bonds, Series 2005

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
01/01/2006	50,000.00	2.200%	408,055.00	458,055.00
01/01/2007	60,000.00	2.400%	406,955.00	466,955.00
01/01/2008	60,000.00	2.500%	405,515.00	465,515.00
01/01/2009	60,000.00	2.700%	404,015.00	464,015.00
01/01/2010	60,000.00	3.000%	402,395.00	462,395.00
01/01/2011	60,000.00	3.100%	400,595.00	460,595.00
01/01/2012	60,000.00	3.400%	398,735.00	458,735.00
01/01/2013	65,000.00	3.550%	396,695.00	461,695.00
01/01/2014	885,000.00	4.000%	394,387.50	1,279,387.50
01/01/2015	1,160,000.00	4.000%	358,987.50	1,518,987.50
01/01/2016	1,360,000.00	4.250%	312,587.50	1,672,587.50
01/01/2017	1,510,000.00	4.250%	254,787.50	1,764,787.50
01/01/2018	1,745,000.00	4.250%	190,612.50	1,935,612.50
01/01/2019	1,840,000.00	4.250%	116,450.00	1,956,450.00
01/01/2020	900,000.00	4.250%	38,250.00	938,250.00
Total	\$9,875,000.00	-	\$4,889,022.50	\$14,764,022.50

Yield Statistics

Accrued Interest from 01/01/2005 to 01/19/2005	20,402.76
Bond Year Dollars	\$116,780.00
Average Life	11.826 Years
Average Coupon	4.1865238%
Net Interest Cost (NIC)	4.1158021%
True Interest Cost (TIC)	4.0902242%
Bond Yield for Arbitrage Purposes	4.0531395%
All Inclusive Cost (AIC)	4.1858595%

IRS Form 8038

Net Interest Cost	3.9969198%
Weighted Average Maturity	11.770 Years

\$9,875,000

Village of Downer's Grove
DuPage County, Illinois (Bank Qualified)
General Obligation Refunding TIF Bonds, Series 2005

Debt Service Comparison

Date	Total P+i	Existing D/S	Net New D/S	Old Net D/S	Savings
01/01/2006	458,055.00	331,880.00	789,935.00	823,983.76	34,048.76
01/01/2007	466,955.00	287,430.00	754,385.00	779,533.76	25,148.76
01/01/2008	465,515.00	365,865.00	831,380.00	857,968.76	26,588.76
01/01/2009	464,015.00	479,655.00	943,670.00	971,758.76	28,088.76
01/01/2010	462,395.00	541,595.00	1,003,990.00	1,033,698.76	29,708.76
01/01/2011	460,595.00	644,145.00	1,104,740.00	1,136,248.76	31,508.76
01/01/2012	458,735.00	684,805.00	1,143,540.00	1,176,908.76	33,368.76
01/01/2013	461,695.00	757,200.00	1,218,895.00	1,249,303.76	30,408.76
01/01/2014	1,279,387.50	-	1,279,387.50	1,307,103.76	27,716.26
01/01/2015	1,518,987.50	-	1,518,987.50	1,549,668.76	30,681.26
01/01/2016	1,672,587.50	-	1,672,587.50	1,702,368.76	29,781.26
01/01/2017	1,764,787.50	-	1,764,787.50	1,792,803.76	28,016.26
01/01/2018	1,935,612.50	-	1,935,612.50	1,964,353.76	28,741.26
01/01/2019	1,956,450.00	-	1,956,450.00	1,986,053.76	29,603.76
01/01/2020	938,250.00	-	938,250.00	956,585.00	18,335.00
Total	\$14,764,022.50	\$4,092,575.00	\$18,856,597.50	\$19,288,342.64	\$431,745.14

PV Analysis Summary (Net to Net)

Gross PV Debt Service Savings	326,887.80
Net PV Cashflow Savings @ 4.186%(AIC)	326,887.80
Accrued Interest Credit to Debt Service Fund	20,402.76
Contingency or Rounding Amount	6,521.17
Net Present Value Benefit	\$353,811.73
Net PV Benefit / \$9,155,000 Refunded Principal	3.865%
Net PV Benefit / \$9,875,000 Refunding Principal	3.583%

Refunding Bond Information

Refunding Dated Date	1/01/2005
Refunding Delivery Date	1/19/2005