

VILLAGE OF DOWNERS GROVE
COUNCIL ACTION SUMMARY

INITIATED: Dir. of Finance **DATE:** December 18, 2001
(Name)

RECOMMENDATION FROM: _____ **FILE REF:** _____
(Board or Department)

NATURE OF ACTION:

- Ordinance
- Resolution
- Motion
- Other

STEPS NEEDED TO IMPLEMENT ACTION:

Motion to Adopt "An Ordinance authorizing and providing for the issuance of \$4,000,000 General Obligation Water Bonds, Series 2001A, of the Village of Downers Grove, DuPage County, Illinois, for the purpose of paying the cost of improving the existing waterworks system of the Village, prescribing all the details of said bonds and providing for the imposition of taxes to pay the same.", as presented.

SUMMARY OF ITEM:

03

Adoption of the attached ordinance shall authorize the issuance of \$4,000,000 General Obligation Water Bonds, Series 2001A in order to pay for improvements to the existing waterworks system.

RECORD OF ACTION TAKEN:

EXTRACT OF MINUTES of a regular public meeting of the Council of the Village of Downers Grove, DuPage County, Illinois, held at Village Hall in said Village, located at 801 Burlington, Downers Grove, Illinois, at 6:30 p.m., on the 18th day of December, 2001.

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

Upon roll call, the following answered present: _____,

Mayor, and Commissioners _____

The following Commissioners were absent: _____

The Mayor announced that the Council would next consider the adoption of an ordinance entitled:

AN ORDINANCE authorizing and providing for the issuance of \$4,000,000 General Obligation Water Bonds, Series 2001A, of the Village of Downers Grove, DuPage County, Illinois, for the purpose of paying the cost of improving the existing waterworks system of the Village, prescribing all the details of said bonds and providing for the imposition of taxes to pay the same.

such ordinance being before the Council in words and figures as follows:

ORDINANCE NUMBER _____

AN ORDINANCE authorizing and providing for the issuance of \$4,000,000 General Obligation Water Bonds, Series 2001A, of the Village of Downers Grove, DuPage County, Illinois, for the purpose of paying the cost of improving the existing waterworks system of the Village, prescribing all the details of said bonds and providing for the imposition of taxes to pay the same.

Adopted by the Council on
the 18th day of December,
2001

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This Table of Contents is for convenience only and is not a part of the ordinance.

ORDINANCE NUMBER _____

AN ORDINANCE authorizing and providing for the issuance of \$4,000,000 General Obligation Water Bonds, Series 2001A, of the Village of Downers Grove, DuPage County, Illinois, for the purpose of paying the cost of improving the existing waterworks system of the Village, prescribing all the details of said bonds and providing for the imposition of taxes to pay the same.

WHEREAS, the Village of Downers Grove, DuPage County, Illinois (the "*Village*"), is a duly organized and existing municipality and home rule unit incorporated and existing under the provisions of the laws of the State of Illinois, is now operating under the provisions of the Illinois Municipal Code, as amended (the "*Municipal Code*"), as supplemented by Division 6 of Article VII of the 1970 Constitution of the State of Illinois (collectively, the "*Act*"), and for many years has owned and operated a municipally-owned waterworks system (the "*System*") as set forth in Division 129 of Article 11 of the Municipal Code; and

WHEREAS, the Council of the Village (the "*Council*") has heretofore determined that it is advisable, necessary and in the best interests of the Village, its residents, and the users of the System, in order to promote the public health, welfare, safety and convenience, to undertake a public capital infrastructure project, including the construction, acquisition and installation of certain improvements to and extensions of the System, being improvements to the waterworks meter reading system, together with all electrical mechanical or other services necessary, useful or advisable to such acquisition, construction and installation (the "*2001A Project*"), at an estimated cost, including expenses and contingencies, of not less than \$4,000,000 plus investment earnings thereon, for which there are no funds of the Village on hand and lawfully available for the purpose, and the entire \$4,000,000 will need to be obtained through the borrowing of money and the issuance of bonds; and

WHEREAS, the expenses and contingencies related to the 2001A Project (the "*2001A Project Purpose*") include legal, financial, accounting services related to the accomplishment of

the 2001A Project and the issuance of bonds therefor, bond discount, capitalized bond interest, bond registrar, paying agent, and other and similar banking fees, printing and publication costs, and other miscellaneous costs; and

WHEREAS, pursuant to the Act the Village is authorized to issue its general obligation full faith and credit bonds to pay the costs of the 2001A Project without right of petition or referendum; and

WHEREAS, the Council is now authorized to issue the 2001A Bonds to the amount of \$4,000,000 in accordance with the provisions of the Act, and the Council hereby determines that it is necessary and desirable that there be issued at this time 2001A Bonds as necessary for the 2001A Project, and that the amount of bonds so required to be issued is \$4,000,000; and

WHEREAS, the 2001A Bonds to be issued will be payable from the Pledged Revenues and the Pledged Taxes, both as hereinafter defined; and

WHEREAS, the Village has heretofore issued and there are now outstanding no obligations secured, in whole or in part, by the revenues derived by the Village from the operation of the System; and

WHEREAS, the Council has heretofore and it is herein more explicitly determined that the Revenues, as hereinafter defined, will be sufficient to provide or pay in each year to final maturity of the 2001A Bonds all of the following (1) Operation and Maintenance Costs as hereinafter defined, but not including depreciation, said Operation and Maintenance Costs being payable solely from the Revenues, as hereinafter defined, (2) other contractual or tort liability obligations, if any, payable from the Revenues as hereinafter defined, and (3) in each year, an amount equal to the debt service of the 2001A Bonds proposed to be issued:

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. The words and terms used in this Ordinance shall have the meanings set forth and defined for them herein unless the context or use clearly indicates another or different meaning is intended, including the words and terms as follows:

"Additional Bonds" means any Bonds issued in the future in accordance with the provisions of the Act on a parity with and sharing equally in the Pledged Revenues with the Bonds.

"Council" means the Council of the Village.

"Bond" or *"Bonds"* or *"2001A Bonds"* means one or more, as applicable, of the \$4,000,000 General Obligation Water Bonds, Series 2001A, authorized to be issued by this Ordinance.

"Bond Fund" means the 2001A Bond Fund established hereunder and further described by Section 12 of this Ordinance.

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

"Bond Registrar" or *"Paying Agent"* means the Village Treasurer or successors and assigns, duly authorized to do business as a bond registrar as herein required.

"Code" means the Internal Revenue Code of 1986, as amended.

"County Clerk" means the County Clerk of The County of DuPage, Illinois.

"Depository" means The Depository Trust Company, New York, New York, or success depository duly qualified to hold securities in a book-entry only system, and assigns.

"Designated Officers" means the Mayor, Clerk, Treasurer or Manager of the Village, or successors or assigns, or any of them acting together.

"Expense Fund" means the fund established hereunder and further described by Section 20 of this Ordinance.

"Fiscal Year" means that twelve-calendar month period selected by the Council as the Fiscal Year for the Village.

"Future Revenue Bonds" means (a) any bonds issued in the future payable solely from the Revenues; (b) any bonds issued in the future on a parity with respect to any Future Revenue Bonds which shall then previously have been issued; (c) any bonds payable from the Revenues used to refund Outstanding Revenue Bonds at such time and in such manner that none of said Outstanding Revenue Bonds remains "outstanding" as such term is defined in the applicable authorizing Revenue Bond Ordinance after such refunding; and (d) any subordinate lien revenue bonds issued under the terms of any Revenue Bond ordinance, but not including Bonds or Additional Bonds as defined in this Ordinance.

"Maximum Annual Debt Service," means an amount of money equal to the highest future principal and interest requirement of all Outstanding Revenue Bonds required to be deposited into the Bond and Interest Account heretofore created and expressly continued by this Ordinance, in any Fiscal Year, including and subsequent to the Fiscal Year in which the computation is made. Any Outstanding Revenue Bonds required to be redeemed pursuant to mandatory redemption from said Bond and Interest Account shall be treated as falling due on the date required to be redeemed (except in the case of failure to make any such mandatory redemption) and not on the stated maturity date of such Outstanding Revenue Bonds.

"Municipal Code" means the Illinois Municipal Code, as supplemented and amended.

"Net Revenues" means Revenues less Operation and Maintenance Costs.

"Operation and Maintenance Costs" means all costs of operating, maintaining and routine repair of the System, including wages, salaries, costs of materials and supplies, power, fuel, insurance, taxes, including rebate of excess arbitrage profits to the U.S. government, and purchase of water or sewage treatment services (including all payments by the Village pursuant to long term contracts for such services); but excluding debt service, depreciation, capital improvements or replacements (including meter replacements) or engineering expenses in anticipation thereof or in connection therewith, or any reserve requirements; and otherwise determined in accordance with generally accepted accounting principles for municipal enterprise funds.

"Ordinance" means this ordinance as supplemented or amended from time to time.

"Outstanding" or *"outstanding"* when used with reference to the Bonds and any Additional Bonds means such of those bonds which are outstanding and unpaid; *provided, however*, such term shall not include Bonds or Additional Bonds (i) which have matured and for which moneys are on deposit with proper paying agents or are otherwise sufficiently available to pay all principal thereof and interest thereon or (ii) the provision for payment of which has been made by the Village by the deposit in an irrevocable trust or escrow of funds or direct, full faith and credit obligations of the United States of America, the principal of and interest on which will be sufficient to pay at maturity or as called for redemption all the principal of, redemption premium, if any, and interest on such Bonds or Additional Bonds.

"Outstanding Revenue Bonds" means any Future Revenue Bonds which are outstanding and unpaid; *provided, however*, such term shall not include any Future

Revenue Bonds (i) which have matured and for which moneys are on deposit with proper paying agents or are otherwise sufficiently available to pay all principal thereof and interest thereon or (ii) the provision for payment of which has been made by the Village by the deposit in an irrevocable trust or escrow of funds or direct, full faith and credit obligations of the United States of America, the principal of and interest on which will be sufficient to pay at maturity or as called for redemption all the principal of, redemption premium, if any, and interest on any Future Revenue Bonds.

"Paying Agent" means the Village Treasurer, or successors and assigns, duly authorized to do business as a paying agent as herein required.

"Pledged Moneys" means, collectively, Pledged Revenues and Pledged Taxes as both are defined herein.

"Pledged Revenues" means the moneys deposited to the credit of the Surplus Account of the Revenue Fund, said Surplus Account consisting of the funds remaining in said Revenue Fund after the required monthly deposits and credits, if any, have been made under the Revenue Bond Ordinances to the hereinafter created Operation and Maintenance Account, the Bond and Interest Account, the Bond Reserve Account, and the Depreciation Account, and also any further accounts as may be created in the future of said Revenue Fund.

"Pledged Taxes" means the ad valorem taxes levied against all of the taxable property in the Village without limitation as to rate or amount, pledged hereunder by the Village as security for the Bonds.

"2001A Project" means the capital improvements to the System as defined in the preambles hereto and as provided herein.

"Purchase Price" means \$_, __, __. __ plus accrued interest.

"Purchaser" means _____, Chicago, Illinois.

"Qualified Investments" means any investment authorized under Illinois law for Village investment of public funds.

"Record Date" means the fifteenth day of the month next preceding any regularly scheduled interest payment date.

"Reform Act" means the Local Government Debt Reform Act of the State of Illinois, as supplemented and amended.

"Representation Letter" means the written letter or agreement by and between the Village and the Depository and necessary to effectuate a book-entry only system for the Bonds.

"Revenue Bond Ordinances" means any ordinances of the Village authorizing the issuance of and providing the terms for Outstanding Revenue Bonds.

"Revenue Fund" means the Waterworks Fund hereinafter created by the Village.

"Revenues" means all income from whatever source derived from the System, including (a) operating revenues and receipts; (b) investment income on all accounts of the Revenue Fund; (c) connection, permit and inspection fees and the like; (d) penalties and delinquency charges; (e) capital development, reimbursement, or recovery charges and the like and any service charges insofar as designated by the Council as paid for System service; but excluding expressly (i) non-recurring income from the sale of property of the System; (ii) governmental or other grants; (iii) advances or grants made from the Village; and as otherwise determined in accordance with generally accepted accounting principles for municipal enterprise funds.

"System" means all of the property and facilities of the waterworks system of the Village, whether lying within or without the boundaries of the Village, as now existing or

as may hereafter be acquired, improved or extended while any Bonds or Additional Bonds remain outstanding, including all improvements, additions and extensions thereto or replacements thereof hereafter constructed, installed or acquired by purchase, contract or otherwise, all contracts, rights, agreements, leases and franchises of every nature owned by the Village and used or useful or held for use in the operation of the System or any part or portion thereof.

"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.

"Village" means the Village of Downers Grove, DuPage County, Illinois.

Section 2. Incorporation of Preambles; Acceptance of Report. The Council hereby finds that the recitals contained in the preambles to this Ordinance are true and correct 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 for the Village to undertake the 2001A Project for the public health, safety and welfare of its residents, and to issue the Bonds to enable the Village to pay the costs thereof.

Section 4. Determination of Useful Life. The Council does hereby determine the period of usefulness of the System and the 2001A Project to be not less than 20 years from the date hereof.

Section 5. Bond Details. For the purpose of providing for the payment of part of the costs of the 2001A Project, there shall be issued and sold the Bonds in the principal amount of

\$4,000,000. The Bonds shall each be designated "General Obligation Water Bond, Series 2001A," and be dated December 1, 2001, and shall also bear the date of authentication thereof. The Bonds shall be in fully registered form, shall be in denominations of \$5,000 or authorized integral multiples thereof (but no single Bond shall represent principal maturing on more than one date), shall be numbered in such reasonable fashion as may be selected by the Bond Registrar, and shall mature serially on January 1 of the years, in the amounts and bearing interest at the rates percent per annum as follows (without right of prior redemption):

YEAR	AMOUNT (\$)	RATE (%)
2003	225,000	
2004	365,000	
2005	375,000	
2006	385,000	
2007	400,000	
2008	415,000	
2009	430,000	
2010	450,000	
2011	470,000	
2012	485,000	

Each Bond shall bear interest from the later of its Dated Date as herein above 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 semiannually on each January 1 and July 1, commencing on July 1, 2002. 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 Record Date, or as otherwise agreed by the Village and the Depository while the Bonds remain in book-entry only form as hereinafter provided. The principal of the Bonds shall be payable in lawful money of the United States of America upon presentation thereof at the

principal corporate trust office of the Paying Agent in Downers Grove, Illinois, or at successor Paying Agent and address.

Section 6. Execution; Authentication. The Bonds shall be executed on behalf of the Village with the manual or duly authorized facsimile signature of the Village Mayor and attested with the manual or duly authorized facsimile signature of the Village Clerk, as they may determine, and shall have impressed or imprinted thereon the corporate seal or facsimile thereof of the Village. In case any 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. The certificate of authentication on any Bond shall be deemed to have been executed by it if signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds issued hereunder.

Section 7. Book-Entry System Authorized; Registration of Bonds; Owners. (A) BOOK-ENTRY SYSTEM AUTHORIZED. The Bonds shall be initially issued in the form of a separate single fully registered Bond for each maturity. Upon initial issuance, the ownership of each such Bond shall be registered in the Bond Register therefor 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. Any Designated Officer is authorized to execute and deliver on behalf of the Village a Representation Letter. Without limiting the generality of the authority given to such Designated Officer 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 interest therein, (c) redemption notices or 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, the Village and the Bond Registrar shall have no responsibility or obligation to any broker-dealer, bank or other financial institutions 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 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, or 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 15th day of the month next preceding the applicable interest payment 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 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 beneficial owners of the Bonds that they be able to obtain certificated Bonds, the Village shall notify the Depository 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, and if the Village does not select such alternate book-entry system, then the Bonds may be registered in whatever name or names registered owners of Bonds transferring or exchanging Bonds shall designate, in accordance with the provisions hereof. Notwithstanding any other provision of this Ordinance to the contrary, so long as any Bond is registered in the name of CEDE & Co., as nominee of the Depository, all payments with respect to principal of and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, in the manner provided in the Representation Letter.

In the event that the Bonds ever become generally registrable, as aforesaid, the Village Treasurer may, in his or her discretion at such time, designate a bank with trust powers or trust

company, duly authorized to do business as a bond registrar, paying agent, or both, to act in one or both such capacities hereunder, in the event that the Village Treasurer shall determine it to be advisable. Notice shall be given to the registered owners of any such designation in the same manner, as near as may be practicable, as for a notice of redemption of Bonds, and as if the date of such successor taking up its duties were the redemption date.

(B) REGISTRATION. The Village shall cause the Bond Register to be kept at the principal 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 relevant Record Date or the giving of notice of

redemption of Bonds to the opening of business on such interest payment date or to transfer or exchange any Bond all or a portion of which has been called for redemption.

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*, 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 the owner's 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 8. 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.

[Form of Bond - Front Side]

REGISTERED
No.

REGISTERED
\$

UNITED STATES OF AMERICA

STATE OF ILLINOIS

COUNTY OF DUPAGE

VILLAGE OF DOWNERS GROVE

GENERAL OBLIGATION WATER BOND
SERIES 2001A

See Reverse Side for
Additional Provisions

Interest	Maturity	Dated	
Rate:	Date:	Date: December 1, 2001	CUSIP

Registered Owner: CEDE & CO.

Principal Amount: Dollars

KNOW ALL PERSONS BY THESE PRESENTS that the Village of Downers Grove, DuPage County, Illinois, a municipality, home rule unit and unit of local government and political subdivision of the State of Illinois (the "*Village*"), hereby acknowledges itself to owe and for value received promises to pay (without right of prior redemption) to the Registered Owner identified above, or registered assigns as hereinafter provided, on the Maturity Date identified above, the Principal Amount identified above and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on such Principal Amount from the later of the Dated Date of this Bond identified above or from the most recent interest payment date to which interest has been paid or duly provided for at the Interest Rate per annum identified above, such interest to be payable semiannually on January 1 and July 1 of each year, commencing on July 1, 2002, until the Principal Amount is paid or duly provided for. The Principal Amount of this Bond is payable in lawful money of the United States of America upon presentation at the

principal office of the Village Treasurer, at 801 Burlington, Downers Grove, Illinois, as paying agent and bond registrar (the "*Paying Agent*" or "*Bond Registrar*"). Payment of interest shall be made to the Registered Owner hereof, as shown on the registration books of the Village maintained by Bond Registrar at the close of business on the Record Date. Interest shall be paid by check or draft of the Paying Agent, payable upon presentation in lawful money of the United States of America, mailed to the address of such Registered Owner as it appears on such registration books or at such other address furnished in writing by such Registered Owner to the Bond Registrar, or as otherwise agreed by the Village and the Depository for so long as this Bond remains in book-entry only form.

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 acts, conditions and things required to be done precedent to and in the issuance of this Bond have been done and have happened and have been performed in regular and due form of law; that the indebtedness of the Village, including the issue of Bonds of which this is one, does not exceed any limitation imposed by law; that provision has been made for the collection of the Pledged Revenues, the levy and collection of the Pledged Taxes, and the segregation of the Pledged Moneys to pay the interest hereon as it falls due and also to pay and discharge the principal hereof at maturity; and that the Village hereby covenants and agrees that it will properly account for said Pledged Moneys and will comply with all the covenants of and maintain the funds and accounts as provided by the Ordinance. For the prompt payment of this Bond, both principal and interest at maturity, the full faith, credit and resources of the Village are hereby irrevocably pledged.

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 with 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

ATTEST:

Village Clerk, Village of Downers Grove,
DuPage County, Illinois

[SEAL]

CERTIFICATE OF AUTHENTICATION

Date of Authentication: _____, _____

This Bond is one of the Bonds described in the within-mentioned Ordinance and is one of the General Obligation Water Bonds, Series 2001A, of the Village of Downers Grove, DuPage County, Illinois.

Village Treasurer, as Bond Registrar

[Form of Bond - Reverse Side]

Village of Downers Grove, DuPage County, Illinois

General Obligation Water Bond

Series 2001A

This bond and the bonds of the series of which it forms a part ("*Bond*" and "*Bonds*" respectively) are of an authorized issue of \$4,000,000 of like dated date and tenor except as to maturity and rate of interest, and are issued pursuant to the Illinois Municipal Code, as supplemented and amended, and particularly as supplemented by the home rule powers of the Village under Division 6 of Article VII of the 1970 Constitution of the State of Illinois (collectively, the "*Act*"), for the purpose of paying the costs of improving the existing waterworks system (the "*System*") of the Village as more fully described in the Ordinance as herein below defined. The Bonds are issued pursuant to an ordinance adopted by the Council of the Village on the 17th day of December, 2001 (the "*Ordinance*"), to which reference is hereby expressly made for further definitions and terms and to all the provisions of which the Registered Owner by the acceptance of this Bond assents.

The Bonds are secured by a pledge of certain Net Revenues on deposit in the Surplus Account of the Waterworks Fund of the Village in the priority of lien and as otherwise provided in the Ordinance (the "*Pledged Revenues*"). The Bonds are also payable from ad valorem taxes levied against all of the taxable property in the Village without limitation as to rate or amount (the "*Pledged Taxes*") (the available Pledged Revenues and the Pledged Taxes being collectively called the "*Pledged Moneys*"), all in accordance with the provisions of the Act.

Under the Act and the Ordinance, the Revenues from the operation of the System shall be deposited into the Waterworks Fund, which shall be used only and may hereafter be pledged for paying Operation and Maintenance Cost of the System, paying the principal of and interest on all bonds of the Village that are payable by their terms from the Revenues, providing an adequate

depreciation fund for the System, and in making all payments required to maintain the accounts established under the Ordinance. This Bond is a subordinate lien bond payable only from the Surplus Account of the Waterworks Fund. Bonds may be issued in the future to share in the Revenues of the System on a parity as to lien with the Outstanding Bonds (including this issue) or having a lien senior to the lien of the Bonds.

Under the Applicable Law and the Ordinance, available Revenues shall be deposited to the credit of the Waterworks Fund, as created by the Ordinance. Moneys on deposit in said Fund shall be used and are pledged for paying the principal of and interest on the Bonds and for any further purposes as provided by the terms of the Ordinance.

The Bonds are not subject to redemption prior to maturity.

This 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 the Ordinance.

The Village, the Paying Agent and the Bond Registrar may deem and treat the Registered Owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes, and neither the Village, the Paying Agent nor the Bond Registrar shall be affected by any notice to the contrary.

This Bond is a "qualified tax-exempt obligation" under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns and transfers unto

[Identifying Numbers]

(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 9. Security for the Bonds. The Bonds are general obligations of and secured by the full faith and credit of the Village and are further secured by the Pledged Revenues. The Village hereby pledges the Pledged Taxes and the Pledged Revenues to the payment of the Bonds.

Section 10. The Revenue Fund. Upon the issuance of any of the Bonds, the System shall be operated on a Fiscal Year basis. All of the Revenues shall be set aside as collected and be deposited into the Revenue Fund, hereby expressly created. The Revenue Fund shall constitute a trust fund for the sole purpose of carrying out the covenants, terms, and conditions of any Revenue Bond Ordinances and this Ordinance, and shall be used only in paying Operation

and Maintenance Costs, providing an adequate depreciation fund, paying the principal of and interest on all Outstanding Revenue Bonds, and providing for the establishment of and expenditure from the respective accounts as described in any Revenue Bond Ordinances and this Ordinance.

Section 11. Operation of Revenue Fund. A. Flow of Funds. There shall be and there are hereby expressly created separate accounts in the Waterworks Fund to be known as the "Operation and Maintenance Account," the "Bond and Interest Account," the "Bond Reserve Account," the "Depreciation Account," and the "Surplus Revenue Account," to which there shall be credited on or before the first day of each month by the financial officer of the Village, without any further official action or direction, in the order in which said accounts are hereinafter mentioned and without commingling with any other funds of the Village, all moneys held in the Waterworks Fund, in accordance with the following provisions:

1. **Operation and Maintenance Account:**

There shall be credited to the Operation and Maintenance Account an amount sufficient, when added to the amount then on deposit in said Account, to establish a balance to an amount not less than the amount necessary to pay Operation and Maintenance Costs for the next succeeding month and including 1/12 of all such expenses on an annualized basis.

Amounts in said Account shall be used to pay Operation and Maintenance Costs.

2. **Bond and Interest Account:**

There next shall be credited to the Bond and Interest Account and held, in cash and investments, a fractional amount of the interest becoming due on the next succeeding interest payment date on all Outstanding Revenue Bonds and also a fractional amount of the principal becoming due on the next succeeding principal maturity date of all of the Outstanding Revenue Bonds until there shall have been accumulated and held, in cash and investments, in the Bond and Interest Account on or before the month preceding such

maturity date of interest or maturity date of principal, an amount sufficient to pay such principal or interest, or both.

In computing the fractional amount to be set aside each month in the Bond and Interest Account, the fraction shall be so computed that a sufficient amount will be set aside in said Account and will be available for the prompt payment of such principal of and interest on all Outstanding Revenue Bonds and shall be not less than one-sixth of the interest becoming due on the next succeeding interest payment date and not less than one-twelfth of the principal becoming due on the next succeeding principal payment date on all Outstanding Revenue Bonds until there is sufficient money in said Account to pay such principal or interest, or both.

Credits to the Bond and Interest Account may be suspended in any Fiscal Year at such time as there shall be a sufficient sum, held in cash and investments, in said Account to meet principal and interest requirements in said Account for the balance of such Fiscal Year, but such credits shall again be resumed at the beginning of the next Fiscal Year.

All moneys in said Account shall be used only for the purpose of paying interest on and principal of Outstanding Revenue Bonds.

3. Bond Reserve Account:

There shall be credited to the Bond Reserve Account and held, in cash and investments, such amount as may be required for any Future Revenue Bonds until the credit balance of said Account aggregates the amount required under any Revenue Bond Ordinances. In the event of a withdrawal from the Bond Reserve Account, the Village covenants to replenish the Bond Reserve Account at the rate of 1/12 of the difference between the amount to the credit of said account immediately following such withdrawal and maximum annual debt service, but in no case less than any larger amount as may be required for any Future Revenue Bonds.

Amounts to the credit of the Bond Reserve Account shall be used to pay principal of or interest on the Outstanding Revenue Bonds at any time when there are insufficient funds available in the Bond and Interest Account to pay the same.

4. Depreciation Account:

There shall be credited and held, in cash and investments, such amount as may be required for any Future Revenue Bonds until the

credit balance of said Account aggregates the sum required under any Revenue Bond Ordinances. No additional funds need be credited to said Account, except that whenever for any reason the amount on deposit to the credit of said Account is less than said required aggregate sum, credits into said Account shall be resumed in such amount as may be required for Future Revenue Bonds and continued until the amount on deposit to the credit of said Account is once again equal to said required aggregate sum.

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

Whenever an amount is withdrawn from such Account for the purpose stated in clause (ii) of the preceding paragraph, the amount so transferred shall be added to the amount to be next and thereafter credited to said Depreciation Account until full reimbursement to said Account has been made.

5. *Surplus Account.* All moneys remaining in the Fund, after crediting the required amounts to the respective accounts herein above provided for, and after making up any deficiency in the accounts described in subsections (1) to (4), inclusive, shall be credited each month to the Surplus Account. Funds in the Surplus Account shall be used, first, to make up any subsequent deficiencies in any of the accounts hereinabove named; and then, the remainder of all surplus Revenues shall be deposited to a separate and segregated account to be held by the Paying Agent and designated the "2001A Bond and Interest Subaccount of the Surplus Account" (the "*2001A Bond and Interest Subaccount*"), as follows:

(a) Upon the delivery of any of the Bonds there shall be transmitted to the Paying Agent for deposit into the 2001A Bond and Interest Subaccount from cash on hand and lawfully available an amount (net of any capitalized interest) which is equal to,

and thereafter there shall be transmitted to the Paying Agent for deposit into the 2001A Bond and Interest Subaccount in each month after the required payments have been made into the Accounts above described an amount which is equal to, a fractional amount of the interest becoming due on the next succeeding interest payment date on all Outstanding Bonds and a fractional amount of the principal becoming due or subject to mandatory redemption on the next succeeding principal maturity or mandatory redemption date of all Outstanding Bonds. Such deposits shall be made each month until there shall have been accumulated in the 2001A Bond and Interest Subaccount on or before the month preceding such maturity date of interest or maturity or mandatory redemption date of principal, an amount sufficient to pay such principal or interest, or both, of all Outstanding Bonds.

(b) In computing the fractional amount to be set aside each month in said 2001A Bond and Interest Subaccount, the fraction shall be so computed that sufficient funds will be set aside in said Subaccount and will be available for the prompt payment of such principal of and interest on all Outstanding Bonds as the same will become due and shall be not less than one-sixth of the interest becoming due on the next succeeding interest payment date and not less than one-twelfth of the principal becoming due or subject to mandatory redemption on the next succeeding principal or mandatory redemption payment date on all Outstanding Bonds until there is sufficient money in said Subaccount to pay such principal or interest or both.

(c) Credits to the 2001A Bond and Interest Subaccount may be suspended in any Fiscal Year at such time as there shall be a sufficient sum, held in cash and investments, in said Subaccount to meet principal and interest requirements in said

Subaccount for the balance of such Fiscal Year, but such credits shall be resumed at the beginning of the next Fiscal Year.

(d) All moneys in said Subaccount shall be used by the Paying Agent only for the purpose of paying interest on and principal of Outstanding Bonds and Additional Bonds.

Any funds remaining in the Surplus Account after making all of the aforesaid deposits to the 2001A Bond and Interest Account, at the discretion of the Council, shall then be used for one or more of the following purposes without any priority among them:

(e) For the purpose of constructing or acquiring repairs, replacements, improvements or extensions to the System; or

(f) For the purpose of calling and redeeming Outstanding Revenue Bonds or Outstanding Bonds or both, which are callable at the time; or

(g) For the purpose of purchasing Outstanding Revenue Bonds or Outstanding Bonds which are in the open market at a price not to exceed par plus accrued interest to the date of purchase if the Bonds are not callable, or not to exceed par and accrued interest and any applicable call premium to the date of purchase by solicitation or tender at a time and price determined by the Council; or

(h) For the purpose of paying principal of and interest on any subordinate bonds or obligations issued for the purpose of acquiring or constructing repairs, replacements, improvements or extensions to the System; or

(i) For any other lawful corporate purpose.

B. *Investments.* Except as otherwise expressly provided, moneys to the credit of the Revenue Fund may be invested pursuant to any authorization granted to municipal corporations by Illinois statute or court decision.

Moneys on deposit in the Revenue Fund and to the credit of the 2001A Bond and Interest Account shall be invested by the Paying Agent at the written direction of the Village Treasurer, but only in Qualified Investments. Such investments may be sold from time to time by the Treasurer as funds may be needed for the purpose for which said respective Accounts have been created.

Monies in the Bond and Interest Account and the Bond Reserve Account shall be kept in accounts separate from the other accounts.

Subject to the provisions of any Revenue Bond Ordinance, investments in the Accounts of the Revenue Fund shall mature or be subject to redemption at the option of the holder thereof prior to the time when needed, and, in any event, within the times as follows:

ACCOUNT	TIME
Operation and Maintenance	45 days
Bond and Interest	1 year
Bond Reserve	3 years
Depreciation	5 years
Surplus:	
2001A Bond and Interest Subaccount	1 year
Remainder	5 years

After making provision for the payment of any amount of excess arbitrage profits, as provided in the Code, attributable to investment earnings or profits to a Rebate Fund created for an issue or issues of Outstanding Bonds, all earnings or profit on any funds so invested in the Bond and Interest Account shall be retained therein. After making provision for the payment of any amount of excess arbitrage profits, as provided in the Code, attributable to investment earnings or profits to a Rebate Fund created for an issue or issues of Outstanding Revenue Bonds, all earnings or profit on any funds so invested in the Bond Reserve Account shall be credited upon receipt to the Bond and Interest Account. After making provision for the payment of any amount of excess arbitrage profits, as provided in the Code, attributable to investment

earnings or profits to the hereinafter created Rebate Fund for the Outstanding Bonds, all earnings or profit on any funds so invested in the 2001A Bond and Interest Subaccount shall be retained therein. The Village may take credit for such earnings or profits (not transferred to a Rebate Fund) in its final monthly accounting for the Accounts of the Revenue Fund in any Fiscal Year.

Subject to the provisions of any Revenue Bond Ordinances, all interest or profit earned on any funds so invested in other Accounts of the Revenue Fund shall be retained and credited to the Account for which invested.

Moneys in any of said Accounts shall be invested by the Treasurer, if necessary, in investments restricted as to yield, which investments may be in United States Treasury Obligations—State and Local Government Series, if available, and to such end the Treasurer shall refer to any investment restrictions covenanted by the Village or any Designated Officer thereof as part of the transcript of proceedings for the issuance of the Bonds, and to appropriate opinions of counsel.

C. *Account Excesses.* Any amounts to the credit of the Accounts of the Revenue Fund in excess of the then current requirements therefor may be transferred at any time by the Council to such other Account or Accounts of the Revenue Fund as it may in its sole discretion designate.

Section 12. 2001A Bond Fund. There is hereby created a special fund of the Village, which fund shall be held by the Paying Agent separate and apart from all other funds and accounts of the Village and be known as the “2001A Bond Fund” (the “*Bond Fund*”). The purpose of the Bond Fund is to provide a fund to receive and disburse Pledged Taxes for any (or all) of the Bonds. All payments made with respect to the Bonds from the Pledged Revenues shall be made by the Paying Agent directly from the 2001A Bond and Interest Subaccount of the Revenue Fund. All Pledged Taxes shall be deposited to the credit of the Bond Fund. The Bond

Fund constitutes a trust fund established for the purpose of carrying out the covenants, terms and conditions imposed upon the Village by this Ordinance.

Pledged Taxes on deposit to the credit of the Bond Fund shall be fully spent to pay the principal of and interest on the Bonds prior to use of any moneys on deposit in the 2001A Bond and Interest Subaccount of the Revenue Fund.

Section 13. Pledged Taxes; Tax Levy. For the purpose of providing funds to pay the principal of and interest on the Bonds, 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 for each of the years while the Bonds or any of them are Outstanding, in amounts sufficient for that purpose, and there be and there hereby is levied upon all of the taxable property in the Village the following direct annual taxes (the "*Pledged Taxes*"):

FOR THE YEAR	A TAX SUFFICIENT TO PRODUCE THE SUM OF (\$):
2001	for principal and interest up to and including January 1, 2003
2002	for principal and interest
2003	for principal and interest
2004	for principal and interest
2005	for principal and interest
2006	for principal and interest
2007	for principal and interest
2008	for principal and interest
2009	for principal and interest
2010	for principal and interest

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

Section 14. Filing with County Clerk. After this Ordinance becomes effective, a copy hereof, certified by the Village Clerk, shall be filed with the County Clerk. The County Clerk shall in and for each of the years required ascertain the rate percent required to produce the aggregate Pledged Taxes hereinbefore provided to be levied in each of said years; and the 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 corporate purposes of the Village; and in said years the Pledged Taxes shall be levied and collected by and for and on behalf of the Village in like manner as taxes for general corporate purposes of the Village for said years are levied and collected, and in addition to and in excess of all other taxes. The Pledged Taxes are hereby irrevocably pledged to and shall be used only for the purpose of paying principal of and interest on the Bonds.

Section 15. Abatement of Pledged Taxes. Upon the terms and conditions set forth in Section 11 hereof, whenever the Pledged Revenues shall have been determined by the Council to provide an amount not less than an amount equal to debt service on the Bonds, the Council or such officers of the Village acting with proper authority shall direct the deposit of such amount into the Bond Fund and shall then direct the abatement of the Pledged Taxes by the amount so deposited, and proper notification of such abatement shall be filed with the County Clerk in a timely manner to effect such abatement.

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

A. The Village covenants and agrees to provide for, collect and apply Pledged Revenues to the payment of the Bonds payable from such Pledged Revenues as hereinabove provided.

B. The Village will punctually pay or cause to be paid from the 2001A Bond and Interest Subaccount and from the Bond Fund the principal of and interest on 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.

C. The Village will pay and discharge, or cause to be paid and discharged, from the 2001A Bond and Interest Subaccount and the Bond Fund any and all lawful claims which, if unpaid, might become a lien or charge upon the Pledged Moneys, or any part thereof, or upon any funds in the hands of the Paying Agent, 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.

D. 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 System, the Pledged Moneys, the Revenue Fund and the Bond Fund.

E. The Village will preserve and protect the security of the Bonds and the rights of the registered owners of the Bonds, 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.

F. 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 registered owners of the Bonds of the rights and benefits provided in this Ordinance.

G. As long as any Bonds are Outstanding, the Village will continue to deposit and apply the Pledged Revenues and, if applicable, the Pledged Taxes as provided herein. The Village covenants and agrees with the purchasers of the Bonds and with the registered owners thereof that so long as any 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 the Pledged Taxes and to collect and to segregate the Pledged Moneys. The Village and its officers will comply with all present and future applicable laws in order to assure that the Pledged Taxes can be levied and extended and that the Pledged Revenues and the Pledged Taxes may be collected and deposited into the 2001A Bond and Interest Subaccount and the Bond Fund, respectively, as provided herein.

H. The Outstanding Bonds shall be and forever remain until paid or defeased the general obligation of the Village, for the payment of which its full faith and credit are pledged, and shall be payable, in addition to from the Pledged Revenues, as herein provided, from the levy of the Pledged Taxes.

I. The Village will maintain the System in good repair and working order, will operate the same efficiently and faithfully, and will punctually perform all duties with respect thereto required by State and Federal law.

J. The Village will establish and maintain at all times reasonable fees, charges, and rates for the use and service of the System and will provide for the collection thereof and the segregation and application of the Revenues in the manner provided by this Ordinance, sufficient at all times to pay for the System, Operation and Maintenance Costs, to provide an adequate depreciation fund, to pay the principal of and interest on all Outstanding Revenue Bonds and to provide for the creation and maintenance and funding

of the respective accounts as provided in Section 13 of this Ordinance. It is hereby expressly provided that the pledge and establishment of rates or charges for use of the System shall constitute a continuing obligation of the Village with respect to such establishment and a continuing appropriation of the amounts received.

K. There shall be charged against all users of the System, such rates and amounts for services as shall be adequate to meet the requirements of this Ordinance. Charges for services rendered to the Village shall be made against the Village, and payment for the same shall be made monthly from the corporate funds into the Fund as revenues derived from the operation of the System; *provided however*, that the Village need not charge itself for such services if in the previous Fiscal Year Revenues not including any payments made by the Village shall have met the requirements of this Ordinance.

Whenever money in the Bond Reserve Account is used to pay principal of or interest on Outstanding Revenue Bonds, the Village covenants promptly to have prepared a rate study for the System by an independent consultant employed for that purpose, and further, to send a copy of such study, when completed, to the original purchaser of the Prior Bonds along with a letter indicating what action the Village has taken responsive to such study.

L. Within six months following the close of each Fiscal Year, the Village will cause the books and accounts of the Fund to be audited by independent certified public accountants in accordance with appropriate audit standards. Said audit will be available for inspection by the registered owners of any of the Bonds.

Section 17. Future Revenue Bonds and Additional Bonds. A. The Village reserves the right to issue Future Revenue Bonds without limit.

B. The Village reserves the right to issue Additional Bonds from time to time payable from the Pledged Revenues, and any such Additional Bonds shall share ratably and equally in the Pledged Revenues with the Bonds.

Section 18. Defeasance. Bonds which are no longer Outstanding Bonds as defined in this Ordinance shall cease to have any lien on or right to receive or be paid from Pledged Moneys 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 Bonds in the Pledged Moneys.

Section 19. Sale of the Bonds. The Bonds hereby authorized shall be sold and executed as in this Ordinance provided as soon after the passage hereof as may be, and thereupon be deposited with the Treasurer of the Village, and be by said Treasurer delivered to the Purchaser upon receipt of the Purchase Price. The bond purchase agreement for the sale of the Bonds presented to the Council at this time is hereby approved and confirmed, it being hereby found and determined that said agreement is in the best interests of the Village and that no person holding an office of the Village either by election or appointment, is in any manner financially interested, either directly in his own name or indirectly in the name of any other person, association, trust or corporation, in said contract for the purchase of the Bonds. The Designated Officers are hereby authorized to execute such closing certificates, documents and agreements as in their reasonable judgment shall be necessary to provide for the issuance of the Bonds.

Section 20. Use of Proceeds. The proceeds received from the sale of the Bonds shall be used as follows:

A. Accrued interest and capitalized interest, if any, shall be credited to the 2001A Bond and Interest Subaccount and applied to pay first interest due on the Bonds.

B. The amount necessary of the proceeds of the Bonds shall be deposited into a separate fund, hereby created, designated the "*Expense Fund*" to be used to pay expenses

of issuance of Bonds. Disbursements from such fund may be made upon the delivery of the Bonds and shall be made from time to time by the Treasurer of the Village without further action of the Council. Any excess in said fund shall be deposited into the 2001A Bond and Interest Subaccount after six months from the date of issuance of the Bonds.

C. The remainder of the proceeds shall be deposited into a separate and segregated fund, hereby created, to be known as the "2001A Waterworks Capital Improvement Fund" (the "2001A Project Fund"). The 2001A Project Fund shall be held by the Village Treasurer who shall disburse monies therefrom from time to time to pay the costs of the 2001A Project, in accordance with the Village's customary and usual procedures for the disbursement for funds for capital projects. Funds to the credit of the 2001A Project Fund shall be invested from time to time by the Village Treasurer in Qualified Investments without further direction of the Council.

Section 21. Bond Registrar Covenants. If requested by the Bond Registrar, the Designated Officers are authorized to execute a Bond Registrar's agreement by and between the Village and the Bond Registrar with respect to the obligations and duties of the Bond Registrar hereunder. Such duties shall include the following:

- (a) to act as bond registrar, authenticating agent, paying agent and transfer agent as provided herein;
- (b) 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) to give notice, if any, of redemption of Bonds as provided herein;
- (d) to cancel and/or destroy Bonds which have been paid at maturity or upon earlier redemption or submitted for exchange or transfer;

(e) to furnish the Village at least annually a certificate with respect to Bonds cancelled and/or destroyed; and

(f) to furnish the Village at least annually an audit confirmation of Bonds paid, Outstanding Bonds and payments made with respect to interest on the Bonds.

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

Section 22. Not Private Activity Bonds. None of the bonds is a "*private activity bond*" as defined in Section 141(a) of the Code. In support of such conclusion, the Village certifies, represents and covenants as follows:

A. None of the proceeds of the Bonds is to be used, directly or indirectly, in any trade or business carried on by any person other than a state or local governmental unit.

B. No direct or indirect payments are to be made on any Bond with respect to any private business use of the 2001A Project by any person other than a state or local governmental unit.

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

D. No user of the System or the 2001A Project other than the Village will use the same on any basis other than the same basis as the general public; and no person other than the Village will be a user of the System or the 2001A Project as a result of (i) ownership or (ii) actual or beneficial use pursuant to a lease, a management or incentive payment contract, or (iii) any other similar arrangement.

Section 23. General Tax Covenants; Rebate Requirement; Qualified Tax-Exempt Obligations; No Reimbursement. The Village represents and certifies as follows with respect to the Bonds:

A. Except for the 2001A Bond and Interest Subaccount and the Bond Fund, the Village has not created or established and will not create or establish any sinking fund, reserve fund or any other similar fund to provide for the payment of the Bonds. The 2001A Bond and Interest Subaccount and the Bond Fund have been established and will be funded in a manner primarily to achieve a proper matching of tax revenues and debt service, and will be collectively depleted at least annually to an amount not in excess of 1/12 the particular annual debt service on the Bonds. Money deposited therein will be spent within a 13-month period beginning on the date of deposit, and investment earnings therein will be spent or withdrawn within a one-year period beginning on the date of receipt.

B. The investment of proceeds or funds related to the Bonds by the Designated Officers at a yield which is restricted to a lower yield than otherwise obtainable in order to meet any covenants relating to the Tax-exempt status of the Bonds, as advised by bond counsel, or as otherwise determined to be necessary for such purpose, is expressly authorized and directed.

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:

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

D. Relating to applicable exceptions, the Designated Officers are hereby authorized to make such elections under the Code as such officers, or any of them, 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.

E. The Designated Officers shall cause to be established, at such time and in such manner as they may deem necessary or appropriate hereunder, the Rebate Fund for the Bonds, and such officers shall further, not less frequently than annually, cause to be transferred to the Rebate 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.

F. Interest earnings in the 2001A Bond and Interest Subaccount and 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 Rebate 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 purchasers 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.

None of the proceeds of the Bonds will be used to pay, directly or indirectly, in whole or in part, for an expenditure that has been paid by the Village prior to the date hereof except architectural or engineering costs incurred prior to commencement of any of the 2001A Project or expenditures for which an intent to reimburse it as properly declared under Treasury Regulations Section 1.150-2 This Ordinance is in itself a declaration of official intent under Treasury Regulations Section 1.150-2 as to all costs of the 2001A Project paid after the date hereof and prior to issuance of the Bonds.

Section 24. 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 counsel approving the Bonds; (c) to consult with such counsel and to comply with such advice as may be given; (d) to pay to the United States, if necessary, such sums of money representing required rebates of excess arbitrage profits relating to the Bonds; (e) to file such forms, statements and supporting documents as may be required and in a timely manner; and (f) 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.

Section 25. 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 26. Opinion of Counsel Exception. The Village reserves the right to use or invest moneys in connection with the Bonds in any manner, or to use, treat or contract with respect to the System, notwithstanding the covenants in Sections 22 to 25 herein, provided it shall first have received an opinion from an attorney or a firm of attorneys of nationally recognized standing relating to Tax-exempt bonds to the effect that use or investment of such moneys, or use of the System, as contemplated will not result in any adverse effect on the Tax-exempt status of interest on the Bonds.

Section 27. Continuing Disclosure Undertaking. The Designated Officers are hereby authorized to execute and deliver the Continuing Disclosure Undertaking, in substantially the form attached hereto as EXHIBIT A, 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 28. This Ordinance a Contract. The provisions of this Ordinance shall constitute a contract between the Village and the registered owners of the Bonds, and the Escrow

Agent under the Escrow Agreement, each in accordance with terms hereof; and no changes, additions or alterations of any kind shall be made hereto.

Section 29. Municipal Bond Insurance. In the event that the Bonds are sold with municipal bond insurance, the provisions of any commitment issued in connection therewith shall be attached hereto as EXHIBIT B and incorporated herein by this reference.

Section 30. Severability. If any section, paragraph, clause or provision of this Ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this Ordinance.

Section 31. Repealer. All ordinances, resolutions or orders, or parts thereof, in conflict with the provisions of this Ordinance are to the extent of such conflict hereby repealed.

Section 32. Publication; Effective Date. This ordinance shall be published once within ten days of adoption in pamphlet form and shall be effective immediately upon its passage and approval.

PASSED by the Council on December 18, 2001.

APPROVED: December ____, 2001.

Mayor

AYES:

NAYS:

ABSENT:

RECORDED in the Village Records on December 18, 2001.

Published in pamphlet form by authority of the Council on December 18, 2001, at
__:__ P.M.

ATTEST:

Village Clerk

[SEAL]

EXHIBIT A
CONTINUING DISCLOSURE UNDERTAKING

EXHIBIT B
COMMITMENT FOR MUNICIPAL BOND INSURANCE

Commissioner _____ moved and Commissioner _____ seconded the motion that said ordinance as presented by the Mayor be adopted.

The Mayor then gave a public recital of the nature and purpose of the ordinance, which included a reading of the title of the ordinance and statements (1) that the ordinance provided for the issuance of general obligation bonds for the purpose of providing funds for the payment of costs of improving and extending the existing waterworks system of said Village , (2) that the bonds are issuable pursuant to authority of the Illinois Municipal Code and the Local Government Debt Reform Act, (3) that the ordinance provides for the bonds to be paid by revenues of the waterworks system, but there is also a back-up levy of taxes to pay the bonds, and (4) that the ordinance provides many details for the bonds, including tax-exempt status covenants, provision for terms and form of the bonds, and appropriations.

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

Upon the roll being called, the following Commissioners voted:

AYE: _____

NAY: _____
ABSENT: _____

Whereupon the Mayor declared the motion carried and the ordinance adopted, and did direct the Village Clerk to record the same in full in the records of the Council, which was thereupon done.

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

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

Village Clerk

STATE OF ILLINOIS)
) SS
COUNTY OF DUPAGE)

CERTIFICATION OF ORDINANCE AND MINUTES

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 officer I am the keeper of the books, records, files, and journal of proceedings of the Village and of the Council (the "*Council*") thereof.

I do further certify that the foregoing constitutes a full, true and complete transcript of the minutes of the legally convened meeting of the Council held on the 18th day of December, 2001, insofar as same relates to the adoption of an ordinance numbered _____ and entitled:

AN ORDINANCE authorizing and providing for the issuance of \$4,000,000 General Obligation Water Bonds, Series 2001A, of the Village of Downers Grove, DuPage County, Illinois, for the purpose of paying the cost of improving the existing waterworks system of the Village, prescribing all the details of said bonds and providing for the imposition of taxes to pay the same.

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 of the news media requesting such notice of said meeting was duly given to all of the news media requesting such notice; that an agenda for the meeting was posted at least 48 hours before the meeting at the location where said meeting was held and at the principal office of the Council; that said meeting was called and held in strict accordance with the provisions of the Illinois Municipal Code and the Open Meetings Act of the State of Illinois,

as amended; and that the Council has complied with all of the applicable provisions of said laws and its own procedural rules in the adoption of said ordinance.

IN WITNESS WHEREOF I have hereunto affixed my official signature and the seal of the Village, this 18th day of December, 2001.

[SEAL]

Village Clerk

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 18th day of December, 2001, there was published in pamphlet form, by authority of the Council, a true, correct and complete copy of Ordinance Number _____ of the Village entitled:

AN ORDINANCE authorizing and providing for the issuance of \$4,000,000 General Obligation Water Bonds, Series 2001A, of the Village of Downers Grove, DuPage County, Illinois, for the purpose of paying the cost of improving the existing waterworks system of the Village, prescribing all the details of said bonds and providing for the imposition of taxes to pay the same.

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 at Village Hall, Downers Grove, Illinois.

IN WITNESS WHEREOF I have affixed hereto my official signature and the seal of the Village this 18th day of December, 2001.

Village Clerk

[SEAL]

STATE OF ILLINOIS)
) SS
COUNTY OF DUPAGE)

FILING CERTIFICATE

I, the undersigned, do hereby certify that I am the duly qualified and acting County Clerk of The County of DuPage, Illinois (the "*County*"), and as such officer I do hereby certify that on the ____ day of December, 2001, there was filed in my office a duly certified copy of an ordinance numbered ____ and entitled:

AN ORDINANCE authorizing and providing for the issuance of \$4,00,0000 General Obligation Water Bonds, Series 2001A, of the Village of Downers Grove, DuPage County, Illinois, for the purpose of paying the cost of improving the existing waterworks system of the Village, prescribing all the details of said bonds and providing for the imposition of taxes to pay the same.

passed by the Council of the Village of Downers Grove, DuPage County, Illinois, on the 17th day of December, 2001, and approved by the Mayor of said Village; and that the same has been deposited in the official files and records of my office.

IN WITNESS WHEREOF I have hereunto affixed my official signature and the seal of the County this ____ day of December, 2001.

County Clerk of The County of
DuPage, Illinois

[SEAL]