

VILLAGE OF DOWNERS GROVE
REPORT FOR THE VILLAGE COUNCIL MEETING
APRIL 3, 2007 AGENDA

SUBJECT:	TYPE:	SUBMITTED BY:
Preliminary Official Statement for the General Obligation Bonds for the Construction of Fire Station 2	Resolution Ordinance Motion <input checked="" type="checkbox"/> Discussion Only	David Fieldman Deputy Village Manager

SYNOPSIS

The Preliminary Official Statement for the issuance of General Obligation Bonds for the construction of Fire Station 2 is attached for review by the Village Council. Bond Counsel requires transmittal of the Preliminary Official Statement to the Council, no action is required until presentation of the bond issuance which is scheduled for the April 23, 2007 Workshop meeting.

STRATEGIC PLAN ALIGNMENT

The Five Year Plan and Goals for 2006-2011 identified *Top Quality Village Infrastructure and Facilities*. A supporting objective of this goal is *Improved Fire and Emergency Medical Services Delivery*.

FISCAL IMPACT

FY07 Municipal Budget included the issuance of bonds for the construction of a new Fire Station 2. Specifically, Fund 223, Major Buildings, which is classified as a Capital Projects Fund, includes \$10 million in expenditures over two fiscal years for the new Fire Station 2 (specifically, \$7.5 million in FY07 and \$2.5 million in FY08). These expenditures would include site/building costs, professional fees, furnishings/fixtures and equipment (FF&E). The source of revenue would be bond proceeds transferred from the Debt Service Fund.

RECOMMENDATION

Staff recommends that the Village Council review the Preliminary Official Statement.

BACKGROUND

Staff and the Village's Financial Advisor, Oppenheimer, and the Village's Bond Counsel, Chapman & Cutler, are preparing for the issuance of General Obligation Bonds to be used for the construction of Fire Station 2. The first step in the issuance of the bonds is to prepare a Preliminary Official Statement (POS). The POS contains information about the size, type and structure of the bond issuance and financial, organizational and demographic information about the Village. The POS will be sent to potential bidders on the bond issuance and the bond rating agency, Standard & Poor's.

The information about the size, type and structure of the bond issuance is preliminary. The final information will not be known until the contract bids are received and the Village Council reviews and approves the award of contract and the issuance of the bonds. A Final Official Statement will be prepared and issued at that time.

On August 8, 2006 the Village Council discussed options for funding the construction of the new Fire Station 2. The Council supported the issuance of General Obligation (G.O.) bonds to finance the Fire Station 2 project over twenty years with a portion of the one-half cent Home Rule Sales Tax in the Capital Fund being used to pay the annual debt service. Generally, the project bond would be an estimated \$10

million issue and require annual Principal and Interest (P&I) payments of \$723,000 at a 3.8% average interest rate over twenty years. The Fire Station will have a useful life in excess of thirty years.

On January 16, 2007, the Village Council adopted the reimbursement resolution which expresses the Village's intent to issue General Obligation bonds and allows the Village to reimburse itself for all or a portion of the expenditures relating to the Fire Station 2 project that have been paid up to 60 days prior to adoption of the reimbursement resolution or that will be paid after the adoption of the resolution.

The planning for a new Fire Station 2 began in 1987 when the Fire Department identified the reconstruction of this station in its annual plan. In 1999, the Village commissioned R.W. Bassett and Associates to analyze all Fire Department facilities. They concluded that Fire Station 2 should be reconstructed on land owned by the Village surrounding the existing site. In 2006, the Council has authorized a contract with William's Architects for design services related to the proposed facility and a contract with Owner Services Group, Inc., for an owner's representative for the proposed construction.

On June 20, 2006, staff reviewed with the Village Council in a public meeting a Fire and Emergency Medical Services strategy to verify the Village's plan to proceed with replacement of Fire Station 2 is necessary and that it should occur at the proposed location in order to meet the Village's current and future needs. As a part of the staff recommendation presented at that time the following was noted:

A new Fire Station 2 should be constructed to replace the existing Station 2 on the land owned by the Village located at the northwest corner of 55th Street and Main Street. Specifically, constructing a new Station 2 would:

- Improve the response time and coverage for the ladder truck. By designing a new Station 2 that can accommodate the ladder truck, the Village could relocate the existing ladder truck to a new Station 2 and improve service to achieve the desired response time for a greater portion of the Village.
- Centralize the management and administrative staff. By designing a new Station 2 to accommodate all management and administrative staff, the Village could relocate these employees and improve administrative/management services. This design should include training areas at Station 2. These functions are currently provided at Village Hall and Station 3 in space that has functional limitations.
- Replace the obsolete existing Station 2. The new Station 2 would meet the needs of current fire and emergency medical services operations. It would create an improved working environment and provide adequate space for the firefighters assigned to this station. It would allow the Village to house key apparatus in the center area of the Village.

Following the June 20, 2006 presentation, staff has worked as a group (called the Fire Station 2 Design Team) as noted above to finalize the space needs program and develop a schematic design for Fire Station 2.

The "space program" was approved by the Village Council on July 11, 2006. The schematic design was adopted by the Village Council on September 18, 2006 and established the site plan, the floor plan and elevation of the proposed facility based upon the parameters of total square footage established in the adopted space program which determined the appropriate uses and size of the station at 30,300 square feet. Material selection (both exterior and interior) was additionally selected as a part of schematic design adopted by the Village Council. It should also be noted that the schematic design was presented in an open house forum to all Fire Department employees in August as well as to the public.

Following approval of the schematic design, detailed construction drawings were developed.

On October 24, 2006, Council was presented a detailed review of how Fire and EMS services will be delivered during construction. On March 20, 2007, the Council executed an intergovernmental agreement with the Darien-Woodridge Fire Protection District for the temporary use of their Station 2. The Public Safety Committee will meet in April 2007 to review the temporary operating plan.

ATTACHMENTS

Preliminary Official Statement

Fire Station 2 Development Schedule

NEW ISSUE

**VILLAGE OF DOWNERS GROVE
DU PAGE COUNTY, ILLINOIS**

**\$10,000,000
General Obligation Bonds, Series 2007**

BIDS WILL BE RECEIVED UNTIL 11:00 A.M., C.D.S.T.

**Tuesday, May 1, 2007
500 W. Madison, Suite 4000
Chicago, IL 60661
Fax Bids to (312) 360-7115 or Bid on-line
Telephone (312) 360-5954**

NEW ISSUE

Subject to compliance by the Village with certain covenants, in the opinion of Chapman and Cutler LLP, Bond Counsel, under present law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. See "TAX EXEMPTION" herein for a more complete discussion. Interest on the Bonds is not exempt from present Illinois income taxes. The Bonds are "qualified tax-exempt obligations" under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. See "QUALIFIED TAX-EXEMPT OBLIGATIONS" herein.

\$10,000,000
Village of Downers Grove
DuPage County, Illinois
General Obligation Bonds, Series 2007

Dated: May 1, 2007

Due: January 1, as shown below
Callable

The General Obligation Bonds, Series 2007 (the "Bonds"), will be issued by the Village of Downers Grove, DuPage County, Illinois (the "Village") in fully registered form and will be registered initially only in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchasers of the Bonds will not receive Bonds representing their interests in the Bonds purchased. Ownership by the beneficial owners of the Bonds will be evidenced by book-entry only. Principal of and interest on the Bonds will be paid by the Village of Downers Grove, Illinois, as bond registrar and paying agent (the "Registrar"), to DTC, which in turn will remit such payments to its participants for subsequent disbursement to the beneficial owners of the Bonds. As long as Cede & Co. is the registered owner as nominee of DTC, payments on the Bonds will be made to such registered owner, and disbursement of such payments will be the responsibility of DTC and its participants. Interest on the Bonds (computed on the basis of a 360-day year) will be payable semiannually on each January 1 and July 1, commencing July 1, 2008.

MATURITIES SCHEDULE ⁽¹⁾

<u>Maturities</u> <u>(Jan)</u>	<u>Principal</u> <u>Amounts</u>	<u>Interest</u> <u>Rates</u>	<u>Yields</u> <u>Yields</u>	<u>Maturities</u> <u>(Jan)</u>	<u>Principal</u> <u>Amounts</u>	<u>Interest</u> <u>Rates</u>	<u>Yields</u> <u>Yields</u>
2009	\$,000	%	%	2019*	\$,000	%	%
2010	,000			2020*	,000		
2011	,000			2021*	,000		
2012	,000			2022*	,000		
2013	,000			2023*	,000		
2014	,000			2024*	,000		
2015	,000			2025*	,000		
2016	,000			2026*	,000		
2017	,000			2027*	,000		
2018*	,000						

⁽¹⁾Any consecutive maturities may be aggregated into no more than three term Bonds at the option of the bidder, in which case the mandatory redemption provisions shall be on the same schedule as above.

*The Bonds due on and after January 1, 2017 are callable beginning January 1, 2016, as described herein.

The Bonds, the opinion of Chapman and Cutler, Chicago, Illinois, will constitute valid and legally binding general obligations of the Village of Downers Grove, DuPage County, Illinois (the "Village"), payable both as to principal and interest from ad valorem taxes levied against all taxable property in the Village without limitation as to rate, all except as limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws relating to the enforcement of creditors' rights and subject to the exercise of judicial discretion.

The Village will furnish the written approving opinion of Chapman and Cutler LLP ("Bond Counsel") as to the legality of the Bonds and the exemption of interest on the Bonds from federal income taxes. Such opinion is to be based on Bond Counsel's examination of the law and a certified copy of the record of proceedings relating to the issuance of the Bonds.

This Official Statement has been prepared under the authority of the Village Council of the Village, by Oppenheimer & Co, Chicago, Illinois, financial advisor to the Village (the "Financial Advisor").

It is expected that the Bonds will be available for delivery in Chicago, Illinois on or about ____, 2007.

(THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.)

For purposes of compliance with rule 15c2-12 of the Securities and Exchange Commission ("Rule 15c2-12), this document, as the same may be supplemented or corrected by the Village from time to time (collectively, the "Preliminary Official Statement"), may be treated as a Preliminary Official Statement with respect to the Bonds described herein, and is deemed final as of the date hereof (or any such supplement of correction) by the Village.

The Preliminary Official Statement, when further supplemented by an addendum or addenda specifying the maturity dates, principal amounts and interest rates of the Bonds, together with any other information required by law or deemed appropriate by the Village shall constitute a "Final Official Statement" of the Village with respect to the Bonds, as that term is defined in Rule 15c2-12. Any such addendum shall, on and after the date thereof, be fully incorporated herein and made a part hereof by reference.

No dealer, broker, salesman or other person has been authorized by the Village or the Financial Advisor, as defined herein, to give any information or to make any representation other than as contained in this Official Statement, and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information contained in this Official Statement has been furnished by the Village and other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Financial Consultants or the Underwriter. Unless otherwise indicated, the Village is the source of all tables of statistical, financial, and other information contained in this Official Statement. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement, nor any sale made hereunder, shall under any circumstances create any implication that there has been no change in the affairs of the Village.

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PRELIMINARY OFFICIAL STATEMENT DATED MARCH 23, 2007

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

\$10,000,000 General Obligation Bonds, Series 2007

INTRODUCTION

The purpose of this Preliminary Official Statement, which includes the cover page and appendices, is to set forth certain information regarding the Village of Downers Grove, DuPage County, Illinois (the "Village") and its General Obligation Bonds, Series 2007, dated May 1, 2007 (the "Bonds"), as authorized in an ordinance (the "Bond Ordinance") to be adopted by the Village Council of the Village (the "Village Council").

DESCRIPTION OF THE BONDS

Authorization and Purpose

The Bonds are being issued pursuant to Section 6 of Article VII of the 1970 Constitution of the State of Illinois, as supplemented by applicable provisions of the Illinois Municipal Code, as amended (the "Municipal Code"), and the Omnibus Bond Acts, as amended, and pursuant to the Bond Ordinance. The Bonds are being issued to construct a new fire station and to pay costs of issuance.

The Project

The project consists of a new Fire Station #2 and administrative office building. The new facility will be located in place of the existing fire station and other Village owned properties forming a parcel that includes the entire eastern portion of the block bounded by Main Street on the east, 55th Street on the south, Summit Street on the north and Carpenter Street on the west. The new fire station will be a 30,522 square foot, four-bay, two-story facility with a partial basement including offices, training room, kitchen, dining, day room, male and female toilet rooms, exercise room, generator and mezzanine. Site work includes a new parking lot, landscaping, site lighting and underground stormwater detention.

Project Costs

Demolition	
Building	8,800,000
Professional Services	1,700,000
Total Estimated Project Cost	\$10,742,235

Security

The Bonds are general obligations of the Village payable from ad valorem taxes to be levied on all taxable property within the boundaries of the Village without limitation as to rate or amount, except as limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws relating to the enforcement of creditors' rights and subject to exercise of judicial discretion.

Maturities

The Bonds shall be dated May 1, 2007, and will mature on January 1 of the years and in the amounts shown on the cover page hereof. Interest is payable semi-annually on January 1 and July 1, commencing July 1, 2008.

Each Bond shall bear interest from its date, or from the most recent interest payment date to which interest has been paid or provided for, computed on the basis of a 360-day year consisting of twelve 30-day months. The principal of the Bonds shall be payable in lawful money of the United States of America upon presentation and surrender thereof at the corporate trust office of the Registrar maintained for the purpose. Interest on each Bond shall be paid by check or draft of the Registrar payable upon presentation 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 15th day of the calendar month next preceeding the interest payment date.

Global Book-Entry Only System

The information contained in the following paragraphs of this subsection "Book-Entry Only System" has been extracted from a schedule prepared by Depository Trust Company ("DTC") entitled "SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING BOOK-ENTRY ONLY ISSUANCE." The Village makes no representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

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

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market investment from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC.

DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities Bonds. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

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

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

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

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

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

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Village of Paying Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the Village, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Village or the Paying Agent, disbursements of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

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

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

NEITHER THE VILLAGE, THE PAYING AGENT, ANY BORROWER NOR THE UNDERWRITER WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DTC PARTICIPANT OR ANY INDIRECT PARTICIPANT; (2) THE PAYMENT BY DTC, ANY DTC PARTICIPANT OR ANY INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS; (3) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDHOLDERS; (4) ANY CONSENT GIVEN BY DTC OR OTHER ACTION TAKEN BY DTC AS BONDHOLDER; OR (5) THE SELECTION BY DTC, ANY DTC PARTICIPANT OR ANY INDIRECT PARTICIPANT OF ANY BENEFICIAL OWNER TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF BONDS.

Optional Redemption

Bonds maturing on and after January 1, 2017, shall be subject to redemption prior to maturity at the option of the Village on January 1, 2016, and on any date thereafter, as a whole or in part, and if in part, in such principal amounts and from such maturities determined by the Village and within any maturity by lot, in an amount equal to \$5,000 or an integral multiple thereof, at a redemption price of par plus accrued interest.

Redemption Procedures

In the event of a partial redemption of Bonds of a given maturity, the particular Bonds or portions thereof to be redeemed shall be selected by lot by the Registrar not less than 30 nor more than 60 days prior to the redemption date. In the event of the redemption of less than all the Bonds of a like maturity, the aggregate principal amount thereof to be redeemed shall be \$5,000 or an integral multiple thereof and the Registrar shall assign to each Bond of such series and maturity a distinctive number for each \$5,000 principal amount of such Bond and shall select by lot from the numbers so assigned as many numbers as, allocating \$5,000 to each number, shall equal the principal amount of such Bonds to be redeemed on the applicable redemption date. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected; provided that only so much of the principal amount of each Bond shall be redeemed as shall equal \$5,000 for each number assigned to it and so selected.

The Registrar shall promptly notify the Village 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. All notices of redemption will include the redemption date and the redemption price.

Notice of such a redemption shall be sent by first class mail not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for redemption to the Registered Owner of each Bond to be redeemed at the address shown on the registration books of the Village maintained by the Registrar or at such other address as is furnished in writing by such registered owner to the Registrar. When so called for redemption, each such Bond will cease to bear interest on the specified redemption date, provided funds for redemption are on deposit at the place of payment at that time.

Registration, Transfer and Exchange

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 the Bond Ordinance. Upon surrender for transfer or exchange of any Bond at the corporate trust office of the Registrar maintained for the purpose, duly endorsed by or accompanied by a written instrument or instruments of transfer or exchange in form satisfactory to the 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 Registrar shall not be required to transfer or exchange any Bond during the period from the close of business on the 15th day of the calendar month next preceding an interest payment date on the Bonds to the opening of business on such interest payment date nor to transfer or exchange any Bond during the period of 15 days preceding the giving of notice of redemption of the Bonds 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 Registrar shall thereby be authorized to authenticate, date and deliver such Bond; provided that the principal amount of Bonds of each maturity authenticated by the 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, premium, if any, 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 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 except in the case of the exchange of a Bond for the unredeemed portion of a Bond surrendered for redemption.

CONTINUING DISCLOSURE FOR SECONDARY MARKET PURPOSES

The Village will enter into a Continuing Disclosure Undertaking (the "Undertaking") for the benefit of the beneficial owners of the Bonds to send certain information annually and to provide notice of certain events to certain information repositories pursuant to the requirements of Section (b)(5) of Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and a summary of other terms of the Undertaking, including termination, amendment and remedies, are set forth below under the caption "The Undertaking".

The Village is in compliance with each and every undertaking previously entered into by it pursuant to the Rule. A failure by the Village to comply with the Undertaking will not constitute a default under the Bond Resolution and beneficial owners of the Bonds are limited to the remedies described in the Undertaking. See "The Undertaking - Consequences of Failure of the Village to Provide Information." A failure by the Village to comply with the Undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

Bond Counsel expresses no opinion as to whether the Undertaking complies with the requirements of Section (b)(5) of the Rule.

The Village represents that it is in compliance with each and every undertaking previously entered into by it pursuant to the Rule.

A failure by the Village to comply with the Undertaking will not constitute a default under the Bond Ordinance and beneficial owners of the Bonds are limited to the remedies described in the Undertaking. See "THE UNDERTAKING - Consequences of Failure of the Village to Provide Information". Bond Counsel expresses no opinion as to whether the Undertaking complies with the requirements of Section (b)(5) of the Rule.

THE UNDERTAKING

The following is a brief summary of certain provisions of the Undertaking of the Village and does not purport to be complete. The statements made under this caption are subject to the detailed provisions of the Undertaking, a copy which is available upon request from the Village.

Annual Financial Information Disclosure

The Village covenants that it will disseminate its Annual Financial Information (as described below) upon request to any person or at least annually, to the SID, if any.

"Annual Financial Information" means those audited financial statements of the Village prepared in accordance with Generally Accepted Accounting Principles.

Events Notification; Material Events Disclosure

The Village covenants that it will disseminate to each Nationally Recognized Municipal Securities Information Repository (a "NRMSIR") or to the Municipal Securities Rulemaking Board (the "MSRB") and to the SID, if any, in a timely manner the disclosure of the occurrence of an Event (as described below) with respect to the Bonds that is material, as materiality is interpreted under the Securities Exchange Act of 1934, as amended. The "Events" are:

1. principal and interest payment delinquencies;
2. non-payment related defaults;
3. unscheduled draws on debt service reserves reflecting financial difficulties;
4. unscheduled draws on credit enhancements reflecting financial difficulties;
5. substitution of credit or liquidity providers, or their failure to perform;
6. adverse tax opinions or events affecting the tax-exempt status of the security;

7. modification to the rights of security holders;
8. Bond calls;
9. defeasances;
10. release, substitution or sale of property securing repayment of the securities; and
11. rating changes.

Contact Person

Financial Information and notices of Material Events can be obtained from the Village, 801 Burlington, Downers Grove, Illinois, 60515, 630/434-5500.

Consequences of Failure of the Village to Provide Information

In the event of a failure of the Village to comply with any provision of the Undertaking, the beneficial owner of any Bond may seek mandamus or specific performance by court order, to cause the Village to comply with its obligations under the Undertaking. A default under the Undertaking shall not be deemed a default under the Bond Ordinance, and the sole remedy under the Undertaking in the event of any failure of the Village to comply with the Undertaking shall be an action to compel performance.

Amendments; Waiver

Notwithstanding any other provision of the Undertaking, the Village by ordinance authorizing such amendment or waiver, may amend the Undertaking, and any provision of the Undertaking may be waived, if:

- (a) the amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Village, or type of business conducted;
- (b) The Undertaking, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- (c) The amendment or waiver does not materially impair the interests of the beneficial owners of the Bonds, as determined by parties unaffiliated with the Village (such as Bond Counsel).

Termination of Undertaking

The Undertaking shall be terminated if the Village shall no longer have any legal liability for any obligation on or relating to repayment of the Bonds under the Bond Ordinance. The Village shall give notice to each NRMSIR or to the MSRB and to the SID, if any, in a timely manner if this paragraph is applicable.

Additional Information

Nothing in the Undertaking shall be deemed to prevent the Village from disseminating any other information, using the means of dissemination set forth in the Undertaking or any other means of communication, or including any other information in any Annual Financial Information or Audited Financial Statements or notice of occurrence of a material Event, in addition to that which is required by the Undertaking. If the Village chooses to include any information from any document or notice of occurrence of a material Event in addition to that which is specifically required by the Undertaking, the Village shall have no obligation under the Undertaking to update such information or include it in any future disclosure or notice of occurrence of a material Event.

Dissemination Agent

The Village may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under the Undertaking, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

CERTAIN LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving legal opinion of Chapman and Cutler LLP, Chicago, Illinois, as Bond Counsel (the "Bond Counsel") who has been retained by, and acts as, Bond Counsel to the Village. Bond Counsel has not been retained or consulted on disclosure matters and has not undertaken to review or verify the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds and assumes no responsibility for the statements or information contained in or incorporated by reference in this Official Statement except that in its capacity as Village as Bond Counsel, Chapman and Cutler LLP has, at the request of the Financial Advisor, supplied the information under the captions "TAX EXEMPTION" and "QUALIFIED TAX-EXEMPT OBLIGATIONS".

LITIGATION

There is no controversy or litigation of any nature now pending against the Village, or to the knowledge of its officers, threatened, seeking to restrain or enjoin the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any proceedings of the Village taken with respect to the issuance or sale thereof, or the pledge or application of any moneys or security provided for the payment of the Bonds, or the existence of the Village or any of its powers, or the use of the proceeds of the Bonds.

There is no controversy of any nature now pending against the Village, or to the knowledge of its officers, threatened, which, if successful, would materially adversely affect the operations or financial condition of the Village.

TAX EXEMPTION

Federal tax law contains a number of requirements and restrictions which apply to the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of Bond proceeds and the facilities financed therewith, and certain other matters. The Village has covenanted to comply with all requirements that must be satisfied in order for the interest on the Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Bonds to become includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

Subject to the Village's compliance with the above-referenced covenants, under present law, in the opinion of Bond Counsel, interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes, and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations. Interest on the Bonds is taken into account, however, in computing an adjustment used in determining the federal alternative minimum tax for certain corporations and in computing the "branch profits tax" imposed on certain foreign corporations.

In rendering its opinion, Bond Counsel will rely upon certifications of the Village with respect to certain material facts solely within the Village's knowledge. Bond Counsel's opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such an opinion and is not a guarantee of result.

The Internal Revenue Code of 1986, as amended (the "Code"), includes provisions for an alternative minimum tax ("AMT") for corporations in addition to the corporate regular tax in certain cases. The AMT, if any, depends upon the corporation's alternative minimum taxable income ("AMTI"), which is the corporation's taxable income with certain adjustments. One of the adjustment items used in computing the AMTI of a corporation (with certain exceptions) is an amount equal to 75% of the excess of such corporation's "adjusted current earnings" over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). "Adjusted current earnings" would include all tax-exempt interest, including interest on the Bonds.

Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

Interest on the Bonds is not exempt from present Illinois income taxes.

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures, the Service will treat the Village as the taxpayer and the Bond holders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of the ultimate outcome.

QUALIFIED TAX-EXEMPT OBLIGATIONS

The Bonds are "qualified tax-exempt obligations" under the small issuer exception provided under Section 265(b)(3) of the Code, which affords banks and certain other financial institutions more favorable treatment of their deduction for interest expense than would otherwise be allowed under Section 265(b)(2) of the Code.

FINANCIAL ADVISOR

The Village has retained Oppenheimer & Co, Chicago, Illinois, as financial advisor (the "Financial Advisor") in connection with the issuance of the Bonds. In preparing the Official Statement, the Financial Advisor has relied upon governmental officials, and other sources, who have access to relevant data to provide accurate information for the Official Statement, and the Financial Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information. The Financial Advisor is not a public accounting firm and has not been engaged by the Village to compile, review, examine or audit any information in the Official Statement in accordance with accounting standards. The Financial Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities and therefore will not participate in the underwriting of the Bonds.

RATING

The Village has made application to Standard & Poor's for an investment grade rating. A rating reflects only the view of the rating organization, and an explanation of the significance of such rating may be obtained from the rating agency at the following address: Standard & Poor's, 130 East Randolph Street, Suite 2900, Chicago, Illinois 60601. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if in the judgment of the rating agency circumstances so warrant. Any downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds. The Village will provide appropriate periodic credit information to the rating service to maintain a rating on the Bonds.

MISCELLANEOUS

The Village has furnished all information in this Official Statement relating to the Village. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact.

The summaries of the provisions of the Bonds and references to other materials not purporting to be quoted in full are only brief outlines of certain provisions thereof and do not constitute complete statements of such documents or provisions, and reference is hereby made to the complete documents relating to such matters for further information.

If requested, the officials of the Village will provide to the purchaser of the Bonds at delivery thereof, a Bond confirming that to the best of their knowledge and belief the information in the Official Statement, including any addenda thereto, was at the time of acceptance of the bid and at the delivery, true and correct in all material respects and

does not include any untrue statement of a material fact, nor does it omit the statement of any material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

The execution and delivery of this Preliminary Official Statement has been duly authorized by the Village.

VILLAGE OF DOWNERS GROVE
DuPage County, Illinois

By: Brian Krajewski
Mayor

APPENDIX A

Supplemental Information

VILLAGE OF DOWNERS GROVE
DuPage County, Illinois

Brian Krajewski, Mayor
Initial Term 1999 Term Expires 2007

Commissioners

	<u>Initial Term</u> <u>Commenced</u>	<u>Term Expires</u>
Marilyn Schnell	1988	2009
Martin Tully	2001	2009
Ron Sandack	2003	2007
Stan Urban	2003	2007
William Waldack	2005	2009
Sean Patrick Durkin	2006*	2007

*Sean Patrick Durkin was appointed in September, 2006 to fill a vacancy.

Appointed Positions

		<u>Initial Village</u> <u>Employment</u>
Cara Pavlicek	<i>Village Manager</i>	2005
April Holden	<i>Village Clerk</i>	1996
David Fieldman	<i>Deputy Village Manager</i>	2005
Judy Buttny	<i>Acting Finance Director</i>	2006
Enza Petrarca	<i>Village Attorney</i>	1998

Financial Advisor
Oppenheimer & Co. Inc.

THE VILLAGE

Government

The Village is a home rule unit of government settled in 1832 and incorporated in 1873. The Village operates under the council/manager form of government with a mayor and six commissioners who comprise the Village Council. The Village Council is the policy-making body that authorizes a professional manager to oversee the daily operations in the Village. The Mayor and Village Council are elected for staggered terms at large every four years.

Employee Relations and Benefits

The Village has 376 full-time employees. Of these employees, 198 are unionized (63 police, 60 public works, 75 fire). The Village provides police protection through its Police Department which consists of 81 sworn officers and 34 civilian employees. Employees are represented by the FOP union. The Village provides fire protection through the Downers Grove Fire Department which operates out of four stations. This department consists of 90 full-time firefighters and 6.5 civilian employees. They are represented by the IAFF union. There is no history of work stoppages and the Village considers its relations with all employees to be good.

General Description of the Village

The Village is located in DuPage County, 22 miles southwest of downtown Chicago and encompasses an area of approximately 12 square miles. The Village's location puts it at the hub of two major tollways that serve the Chicago area, I-88 and I-355. Easy access to the Village is provided by numerous interstates and state roads, I-55, I-294, and Illinois Routes 34, 56, 53 and 83, allowing for travel throughout the Chicago area and all over the state. Air travel is available at O'Hare International Airport Midway Airport and DuPage County Airport, all within 15 miles of the Village. Rail and bus service is provided by Metra and Pace with three train stops in the Village for travel to Chicago and multiple bus routes for local travel.

Over the years, the Village has developed plans for redevelopment of its downtown and completed an initial \$12 million renovation in 2001. The Village Council approved the Strategic Plan 2006, 2011, 2021 in July 2006 which provides for five year plan goals and Vision 2021. The plan addresses services provided by the Village, economic development and infrastructure needs in all areas of the Village. There are 12 business districts and more than 3,000 businesses providing jobs and drawing customers from all over the Chicago area. The ten leading property tax payers in the Village are from a diverse economic base and account for only 10.3% of the total tax base. The make up of the property tax base is 72% residential, 25% commercial and 3% industrial.

The Downers Grove Economic Development Corporation was established in 2005 to attract new business and retain existing businesses. It is a separate entity from the Village with a seven member executive committee and 26 member corporation board. A recent announcement by the Corporation was for Sara Lee Corporation's plan to build The Kitchens of Sara Lee, a multi-million dollar research and development campus at the site of the company's corporate headquarters. The campus will consist of 150,000 square feet and will be completed in 2009.

The Village is home to a diverse group of businesses along its major commercial corridors, which includes headquarters for recognizable firms as FTD, Arrow Gear, and Pepperidge Farms. Other well-established firms such as Sara Lee, RR Donnelly, Blue Cross Blue Shield, Armour Swift Ekrich, and Microsoft all have locations in the Village. Office and industrial space is available for business and the existing office building inventory is approximately 5.3 million square feet. The Village has two national hotels in its boundaries, Marriott Suites and Doubletree Guest Suites and Conference Center. Good Samaritan Hospital is located in the Village and is a Level 1 Trauma Center and has neonatal, cardiac, cancer and wellness departments.

Village residents are served by the Downers Grove Park District, created in 1946, for recreational needs. It provides numerous programs, facilities, parks, open space and natural areas in its 600 acres. Facilities include the Recreation and Fitness center which offers diverse classes, a 19,800 square-foot gymnasium for multiple activities and a 2,070 multipurpose room; the Lincoln Community Center which has an auditorium, gymnasium and kitchen; and the Downers Grove Golf Course Clubhouse and 18-hole course. The course also has a driving range, putting green, sand trap and chipping area. The District has a museum as well providing residents with a history of the community.

Village residents are served by public school districts 58 and 61 for grade school and District 99 for high school, and by six private schools. College of DuPage, District 502, offers higher education in neighboring Glen Ellyn, Illinois, Benedictine in Lisle, and IIT in Wheaton. Library services are provided by the Downers Grove Library, which is part of the Village, with a circulation of over 900,000. It has its own board. It offers reference and information services, books, computer access, a children's services department and a technical services department.

The Village is served by AT & T for telephone and DSL service, Commonwealth Edison for electric service and by NICOR for gas service. There are 16 banks located in the Village.

Major Initiatives

The Village established a Tax Increment Finance (TIF) District on December 12, 1997, to provide additional resources for the redevelopment of the central business district. Projects in the TIF have included replacement of water mains, storm and sanitary sewers, sidewalks and streets, along with streetscape enhancements. A new town home development was completed in the 2004 fiscal year and a new parking deck was completed in the fall of 2004. Other development includes, office small retail and condominiums which are expected to be completed around 2009.

Services and Facilities

The Village provides many public services, including counseling and social services, community programs, a resource center, senior citizen programs, water and sanitary sewer service, police protection, fire protection, street repair and maintenance, emergency 911 dispatch service, paramedic services, a commuter and residential parking system and library services. Residents have the opportunity to participate in the numerous board and commissions to get involved in their community. The Village also contracts for residential refuse collection on behalf of its citizens. The police department is located across the parking lot from Village Hall and the Downers Grove Fire Department operates out of four stations.

Water is provided to residents by the DuPage Water Commission, which started pumping in 1992.

SOCIO-ECONOMIC CHARACTERISTICS

a. Population Growth 1980 - 2000

	<u>1980</u>	<u>1990</u>	<u>2000</u>	<u>% Change 1980 - 2000</u>
Village of Downers Grove	42,690	46,858	48,724	14.1%
DuPage County	658,876	781,666	904,161	37.2
State of Illinois	11,426,518	11,430,602	12,419,293	8.7

Source: U.S. Department of Commerce, Census Bureau

b. Income Statistics -- 2000 U.S. Census

Composite Socio-Economic Statistics

	<u>Village of Downers Grove</u>	<u>DuPage County</u>	<u>State of Illinois</u>
% Below Poverty -Families	1.3%	3.7%	7.8%
Per Capita Income	\$31,580	\$31,315	\$23,104
Median Family Income	\$80,604	\$79,314	\$55,545
Median Value Specified Owner-Occupied Housing Units	\$205,900	\$295,500	\$130,800

Source: 2000 U.S. Census.

Family Income

Income	Downers Grove		DuPage County		State of Illinois	
	Number	Percent	Number	Percent	Number	Percent
Under \$10,000	118	.9%	3,638	1.5%	383,299	8.3%
\$10,000 to \$14,999	145	1.1	2,696	1.1	252,485	5.5%
\$15,000 to \$24,999	434	3.3	9,018	3.8	517,812	11.3%
\$25,000 to \$34,999	952	7.3	13,780	5.8	545,962	11.9%
\$35,000 to \$49,999	1,326	10.2	26,249	11.1	745,180	16.2%
\$50,000 to \$74,999	2,804	21.6	53,517	22.7	952,940	20.7%
\$75,000 to \$99,999	2,617	20.1	46,148	19.5	531,760	11.6%
\$100,000 to \$149,999	2,937	22.6	48,349	20.5	415,348	9.0%
\$150,000 to \$199,999	887	6.8	16,011	6.8	119,056	2.6%
\$200,000 or more	782	6.0	16,846	7.1	128,898	2.8%
Total	13,002	100%	236,252	100%	4,592,740	100%

c. Construction and Housing

Building activity and value of construction (exclusive of land costs) for the Village for the last 10 fiscal years have been as follows:

CONSTRUCTION ACTIVITY

Year	Residential		All Other Value	Total Value of Construction ⁽¹⁾
	No. of Permits	Value (\$1000's)		
1997	424	18,461		
1998	496	47,221		
1999	493	24,692		
2000	523	18,273		
2001	490	24,489		
2002	632	30,386		
2003	120	38,680	95,842	134,522
2004	115	43,831	47,558	91,389
2005	140	55,852	77,014	132,866
2006	100	44,152	83,033	127,184

Source: Village of Downers Grove, Village's Code Enforcement

The average value of residential construction (exclusive of land costs) has ranged from \$200,000 to \$2,000,000 between 1996 and 2006.

Value of Specified Owner-Occupied Housing Units

Value	Downers Grove		DuPage County		State of Illinois	
	Number	Percent	Number	Percent	Number	Percent
Under \$50,000	32	.2%	901	.4%	230,049	9.3%
\$50,000 to \$99,999	169	1.3	5,891	2.7	651,605	26.4
\$100,000 to \$149,999	1,697	13.3	41,867	19.1	583,409	23.6
\$150,000 to \$199,999	4,128	33.2	67,059	30.5	429,311	17.4
\$200,000 to \$299,999	4,822	37.7	64,209	29.2	344,651	14.0
\$300,000 to \$499,999	1,700	13.3	29,363	13.4	163,254	6.6
\$500,000 to \$999,999	242	1.9	8,755	4.0	55,673	2.3
\$1,000,000 or more	13	.1	1,666	.8	12,386	.05
Total	12,803	100%	219,711	100%	2,470,338	100%

Source: 2000 U.S. Census.

d. Employment

The largest employers in the Village of Downers Grove are listed below.

<u>Name</u>	<u>Type of Business, Property</u>	<u>Approximate Number of Employees</u>
Good Samaritan Hospital	Hospital	2,500
GCA Services	School maintenance	1,500
Midwestern University	Education	1,000
Acxiom Corp.	Computer center and direct marketing	700
First Health Group Corp.	Health benefits provider	700
Wackenhut Corporation	Security services	650
Donnelley & Sons Co.	Technical engineering facility	600
FTD Inc.	Direct flower and gift marketing	500
Tricon Industries, Inc.	Welding projects	500

Source: 2006 Illinois Manufacturer's and Services Directories.

The Village is a community with a wide range of occupations of its residents. The following table is a representation of occupations for residents 16 years of age and older.

<u>Occupation</u>	<u>Downers Grove</u>		<u>DuPage County</u>		<u>State of Illinois</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Management, professional and related	12,378	49.0%	208,257	43.7%	1,993,671	34.2%
Service	2,042	8.1	44,807	9.4	813,479	13.9
Sales and office	7,630	30.2	143,957	30.2	1,609,939	27.6
Farming, fishing and forestry	8	.0	264	.1	17,862	.3
Construction, extraction and maintenance	1,270	.50	30,743	6.5	480,418	8.2
Production, transportation and material moving	<u>1,952</u>	<u>7.7</u>	<u>48,144</u>	<u>10.1</u>	<u>917,816</u>	<u>15.7</u>
Total	25,280	100.0%	476,172	100.0%	5,833,185	100.0%

Source: 2000 U.S. Census

The Village is a community with a wide range of industries for its residents. The following table is a representation of industries for residents 16 years of age and older.

Occupation	Downers Grove		DuPage County		State of Illinois	
	Number	Percent	Number	Percent	Number	Percent
Agriculture, forestry fishing, hunting and mining	36	.1%	800	.2%	66,481	1.1%
Construction	1,140	4.5	25,308	5.3	334,176	5.7
Manufacturing	3,023	12.0	71,402	15.0	931,162	16.0
Wholesale trade	1,274	5.0	25,410	5.3	222,990	3.8
Retail trade	2,689	10.6	55,298	11.6	643,472	11.0
Transportation, warehousing and utilities	1,389	5.5	26,374	5.5	352,193	6.0
Information	972	3.8	19,161	4.0	172,629	3.0
Finance, insurance, real estate, rental and leasing	2,900	11.5	46,314	9.7	462,169	7.9
Professional, scientific, management, administrative and waste management	3,930	15.5	63,254	13.3	590,913	10.1
Educational, health and social	4,965	19.6	81,608	17.1	1,131,987	19.4
Arts, entertainment, recreation accommodation and food	1,304	5.2	29,678	6.2	417,406	7.2
Other (except public admin.)	1,102	4.4	20,541	4.3	275,901	4.7
Public administration	556	2.2	11,024	2.3	231,706	4.0
Total	25,280	100.0%	476,172	100.0%	5,833,185	100.0%

Source: 2000 U.S. Census

Annual Average Unemployment Rates

The following are the yearly average unemployment statistics for the Village compared to DuPage County, the State of Illinois and the Chicago PMSA⁽¹⁾.

Year	Downers Grove	DuPage County	Chicago PMSA	State of Illinois
1996	3.4%	3.5%	5.4%	5.3%
1997	2.9	3.1	4.9	4.8
1998	2.9	2.8	4.5	4.5
1999	3.0	2.9	4.5	4.5
2000	3.3	3.3	4.5	4.5
2001	4.5	4.4	5.6	5.4
2002	5.6	5.5	6.9	6.5
2003	5.6	5.6	6.9	6.7
2004	5.2	5.0	6.3	6.2
2005	4.8	4.7	5.0	5.7
2006	3.0	3.4	4.4	4.5
2007 ⁽²⁾	3.1	3.7	4.9	5.2

(1) Refers to the Chicago, Naperville, Joliet, Illinois Metropolitan Statistical Area.

(2) Estimated rate for January 2007.

Source: State of Illinois, Bureau of Employment Security.

e. Educational Attainment – Population 25 Years and Over

Occupation	Downers Grove		DuPage County		State of Illinois	
	Number	Percent	Number	Percent	Number	Percent
Less than 9 th grade	743	2.2%	22,993	3.9%	597,684	7.5%
9 th to 12 th grade, no diploma	1,589	4.8	35,698	6.1	882,759	11.1
High school graduate	6,809	20.4	121,375	20.6	2,212,291	27.7
Some college, no degree	6,796	20.3	126,548	21.5	1,720,386	21.6
Associate degree	2,004	6.0	37,054	6.3	482,502	6.1
Bachelor's degree	9,458	28.3	158,151	26.8	1,317,182	16.5
Graduate or professional	6,043	18.1	87,301	14.8	760,867	9.5
Total	33,442	100.0%	589,120	100.0%	7,973,671	100.0%
% High school or higher		93.0%		90.0%		16.5%
% Bachelor's or higher		46.4%		41.7%		26.1%

Source: 2000 U.S. Census

RETAIL ACTIVITY

	Retail Business Tax Returns Filed With The <u>State of Illinois</u>	Estimated <u>Retail Sales</u>
2002	1,642	\$1,169,661,377
2003	1,679	1,144,441,707
2004	1,615	1,251,369,328
2005	1,719	1,289,014,883
2006	1,760	1,327,533,581

Source: County/Municipal Retailers and Service Occupation and Use Tax Reports, Illinois Department of Revenue.

VILLAGE DEBT

Debt Limitation

The Village is a home rule community so there is not debt limitation.

Debt Structure

The table that follows presents information as to all of the Village's outstanding general obligation bonds after issuance of the Bonds.

Calendar <u>Year</u>	Outstanding <u>Bonds</u>	Series 2007A	Cumulative Rate of Retirement	
			<u>Total</u>	<u>Amount</u>
2008	\$ 1,890,000		\$ -	0.00%
2009	2,065,000		-	0.00%
2010	2,580,000		-	0.00%
2011	2,780,000		-	0.00%
2012	3,015,000		-	0.00%
2013	2,800,000		-	0.00%
2014	3,050,000		-	0.00%
2015	3,140,000		-	0.00%
2016	3,245,000		-	0.00%
2017	3,840,000		-	0.00%
2018	3,590,000		-	0.00%
2019	4,000,000		-	0.00%
2020	4,465,000		-	0.00%
2021	5,015,000		-	0.00%
	\$ 45,475,000			

(1) Outstanding Bonds include the following:

Series 1998, \$1,675,000
Series 1999, \$1,645,000
Series 2000 TIF, \$1,210,000
Series 2001 TIF, \$5,960,000
Series 2001A Water, \$2,250,000
Series 2002 TIF, \$5,895,000
Series 2003, \$5,475,000
Series 2003A, \$11,600,000
Series 2005 TIF Refunding, \$9,765,000

Interim Borrowings

The Village has never issued tax anticipation warrants or notes, and does not anticipate issuing any in the future.

Future Borrowings

The Village does not anticipate selling debt Bonds within the next year.

FINANCIAL MATTERS

Financial Organization

The Village's financial structure is managed by a professionally trained and experienced Treasurer who is appointed by the Village Council. The Treasurer has an accountant and staff who assist with the financial matters. The Village has annual audits performed by independent certified public accountants. Management of the Village is responsible for establishing and maintaining a system of internal controls designed to ensure that the assets of the government are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statement in conformity with generally accepted accounting principles. Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met.

Accounting Principles

The financial statements of the Village have been prepared in accordance with accounting principles generally accepted in the United State of America (GAAP) as applied to governmental units. The Downers Grove Public Library is a component unit of the Village and its financial data is included in the Financial Statements. It is reported in a separate column to emphasize that it is legally separate from the Village

The Village uses funds to report on its financial position and the results of its operations. Fund accounting is designed to determine legal compliance and to aid financial management by segregating transactions related to certain governments' functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. Funds are classified into the following categories: governmental, proprietary and fiduciary, which are more fully discussed and are presented in the attached audit for fiscal year ending April 30, 2006.

The government-wide financial statements report information on all of the non-fiduciary activities of the Village. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business—type activities, which rely to a significant extent on fees and charges for support. These financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund statements except for agency funds which do not have a measurement focus. Revenues and additions are recorded when earned and expenses and deductions are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are available. Expenditures generally are recorded when a fund liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded when payment is due.

The Village has received the Bond of Achievement for Excellence in Financial Reporting from the Illinois Government Finance Officers Association for its fiscal year ended April 30, 2006 and has received this award since its first submittal of the Comprehensive Annual Financial Report for the fiscal year ended April 30, 1984. This award is presented to government units whose comprehensive annual financial reports achieve the highest standards in government accounting and financial reporting.

Pension Obligations

The Village contributes to three defined benefit pension plans, the Illinois Municipal Retirement Fund ("IMRF"), an agent-multiple-employer public employee retirement system, the Police Pension Plan, which is a single-employer pension plan, and the Firefighters' Pension Plan, which is also a single-employer pension plan. The benefits, benefit levels, employee contributions and employer contributions for all three plans are governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly.

Net Pension Obligation (Asset) as of April 30, 2004, most recent available. More detailed information on these plans is in the attached financial statements for fiscal year ended April 30, 2006.

	Net Pension (Asset) <u>Obligation</u>
Police Pension Fund	\$(885, 440)
Firefighters' Pension Fund	\$ 500,698

Real Property Assessment, Tax Levy and Collection

Tax Levy and Collection Procedures

Local Assessment Officers determine the assessed valuation of taxable real property and railroad property not held or used for railroad operations. The Illinois Department of Revenue (the "Department") assesses certain other types of taxable property, including railroad property held or used for railroad operations. Local Assessment Officers' valuation determinations are subject to review at the county level and then, in general, to equalization by the Department. Such equalization is achieved by applying to each county's assessments a multiplier determined by the Department. The purpose of equalization is to provide a common basis of assessments among counties by adjusting assessments toward the statutory standard of 33-1/3% of fair cash value. Farmland is assessed according to a statutory formula which takes into account factors such as productivity and crop mix. Taxes are extended against the assessed values after equalization.

Property tax levies of each taxing body are filed in the office of the county clerk of each county in which territory of that taxing body is located. The county clerk computes the rates and amount of taxes applicable to taxable property subject to the tax levies of each taxing body and determines the dollar amount of taxes attributable to each respective parcel of taxable property. The county clerk then supplies to the appropriate collecting officials within the county the information needed to bill the taxes attributable to the various parcels therein. After the taxes have been collected, the collecting officials distribute to the various taxing bodies their respective shares of the taxes collected. Taxes levied in one calendar year are due and payable in two installments during the next calendar year. Taxes that are not paid when due, or that are not paid by mail and postmarked on or before the due date, are subject to a penalty of 1-1/2% per month until paid. Unpaid property taxes, together with penalties, interest and costs, constitute a lien against the property subject to the tax.

Exemptions

An annual General Homestead Exemption provides that the Equalized Assessed Valuation ("EAV") of certain property owned and used for residential purposes ("*Residential Property*") may be reduced by the amount of any increase over the 1977 EAV, up to a maximum reduction of \$3,500 for taxable years prior to tax year 2004 in

counties with less than 3,000,000 inhabitants, and a maximum reduction of \$5,000 for taxable year 2004 and thereafter (the "General Homestead Exemption").

The Homestead Improvement Exemption applies to Residential Properties that have been improved or rebuilt in the 2 years following a catastrophic event. The exemption is limited to \$45,000 through December 31, 2003, and \$75,000 per year beginning January 1, 2004 and thereafter, to the extent the assessed value is attributable solely to such improvements or rebuilding.

Additional exemptions exist for senior citizens. The Senior Citizens Homestead Exemption operates annually to reduce the EAV on a senior citizen's home for taxable years prior to 2004 by \$2,000 in counties with less than 3,000,000 inhabitants. For taxable years 2004 through 2005, the maximum reduction is \$3,000 in all counties. For taxable years 2006 and thereafter, the maximum reduction is \$3,500 in all counties. Furthermore, beginning with assessment year 2003, for taxes payable in 2004, property that is first occupied as a residence after January 1 of any assessment year by a person who is eligible for the Senior Citizens Homestead Exemption must be granted a pro-rata exemption for the assessment year based on the number of days during the assessment year that the property is occupied as a residence by a person eligible for the exemption.

A Senior Citizens Assessment Freeze Homestead Exemption freezes property tax assessments for homeowners who are 65 and older and have annual incomes of \$35,000 or less prior to taxable year 1999, \$40,000 or less in taxable years 1999 through 2003, \$45,000 or less in taxable years 2004 and 2005, and \$50,000 or less in taxable year 2006 and thereafter. In general, the Exemption limits the annual real property tax bill of such property by granting to qualifying senior citizens an exemption as to a portion of the valuation of their property. Through taxable year 2005, the exempt amount is the difference between (i) the current EAV of their residence and (ii) the base amount, which is the EAV of a senior citizen's residence for the year prior to the year in which he or she first qualifies and applies for the Exemption (plus the EAV of improvements since such year). For taxable year 2006 and thereafter, the amount of the exemption phases out as the amount of household income increases. The amount of the exemption is calculated by using the same formula as above, and then multiplying that answer by a ratio that varies according to household income.

Another exemption available to disabled veterans operates annually to exempt up to \$70,000 of the Assessed Valuation of property owned and used exclusively by such veterans or their spouses for residential purposes. Lastly, certain property is exempt from taxation on the basis of ownership and/or use, such as public parks, not-for-profit schools and public schools, churches, and not-for-profit hospitals and public hospitals.

Property Tax Extension Limitation Law

The Property Tax Extension Limitation Law, as amended (the "Limitation Law"), limits the annual growth in the amount of property taxes to be extended for certain Illinois non-home-rule units, including the Issuer. In general, the annual growth permitted under the Limitation Law is the lesser of 5% or the percentage increase in the Consumer Price Index during the calendar year preceding the levy year. Taxes can also be increased due to new construction, referendum approval of tax rate increases, mergers and consolidations.

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

The Village has the authority to levy taxes for many different purposes without limitation. The ceiling at any particular time on the rate at which these taxes may be extended for the Village is either (i) unlimited (as provided by statute), (ii) initially set by statute but permitted to be increased by referendum, (iii) capped by statute, or (iv) limited to the rate approved by referendum. Public Act 94-0976, effective June 30, 2006, provides that the only ceiling on a particular tax rate is the ceiling set by statute above, at which the rate is not permitted to be further increased by referendum or otherwise. Therefore, taxing districts (such as the Village) will have increased flexibility to levy taxes for the purposes for which they most need the money.

Truth in Taxation Law

Legislation known as the Truth in Taxation Law (the "Law") limits the aggregate amount of certain taxes which can be levied by, and extended for, a taxing district to 105% of the amount of taxes extended in the preceding year unless specified notice, hearing and certification requirements are met by the taxing body. The express purpose of the Law is to require published disclosure of, and hearing upon, an intention to adopt a levy in excess of the specified levels.

Personal Property Tax Replacement Tax

All ad valorem taxes levied on personal property in Illinois were abolished as of January 1, 1979. A Personal Property Tax Replacement Tax was enacted, effective July 1, 1979. The Personal Property Tax Replacement Tax is in the form of (i) an additional income tax for corporations (including certain utilities) and trusts; (ii) a new income tax for partnerships and Subchapter S corporations; and (iii) a tax on invested capital for public utilities providing gas, communications, electrical and water service. Revenues collected under the Personal Property Tax Replacement Tax are held in a special fund in the State Treasury called the Personal Property Tax Replacement Fund. Moneys are distributed to the Units in eight payments annually. Taxes are distributed to local governments in the County based upon the ratio of actual personal property taxes collected by each taxing district to total personal property taxes collected in the County for the 1976 tax year.

<u>Calendar Year</u>	<u>Personal Property Replacement Taxes Received</u>
2004	\$313,483
2005	430,914
2006	462,532

Source: Illinois Department of Revenue

Taxes Extended and Collected

<u>Tax Levy Year/ Collection Year</u>	<u>Taxes Extended Levy Amount</u>	<u>Amount Collected⁽¹⁾</u>	<u>Percent Collected</u>
2001/02	\$6,496,041	\$6,489,011	99.89%
2002/03	8,192,416	8,171,525	99.75
2003/04	9,091,510	9,076,230	99.83
2004/05	9,695,850	9,679,643	99.83
2005/06	10,090,659	10,074,908	99.84

(1) Collections are current tax collections only and do not include payments on delinquencies from prior years, but do include investment earnings paid by the County.

Source: DuPage County Treasurer's Office.

Equalized Assessed Valuation

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Residential	\$1,018,660,526	\$1,102,277,929	\$1,215,329,035	\$1,323,442,153	\$1,483,717,879
Commercial	421,479,461	469,012,670	467,555,723	494,624,634	505,236,060
Industrial	65,942,155	63,794,320	64,409,960	66,794,600	68,323,460
Farm	19,281	17,060	15,353	13,819	12,266
Railroad	398,620	434,235	381,834	373,145	345,292
Total	<u>\$1,506,500,043</u>	<u>\$1,635,536,214</u>	<u>\$1,747,691,905</u>	<u>\$1,885,248,351</u>	<u>\$2,057,634,957</u>

Source: DuPage County Clerk's Office

Village Tax Rate Per \$100 of Equalized Assessed Valuations

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Corporate	\$.0916	\$.0911	\$.1341	\$.1350	\$.1237
Bond & Interest	—	.0812	.0494	.0526	.0429
Firefighter's Pension	.0715	.0716	.0749	.0769	.0764
Police Pension	.0406	.0391	.0509	.0465	.0532
Fire Protection	.0850	.0845	.1274	.1283	.1175
Library	<u>.2275</u>	<u>.2179</u>	<u>.2109</u>	<u>.2033</u>	<u>.1942</u>
Total	\$ <u>.5162</u>	\$ <u>.5042</u>	\$ <u>.5982</u>	\$ <u>.6426</u>	\$ <u>.6079</u>

Source: DuPage County Clerk's office.

Representative Tax Rate Per \$100 of Equalized Assessed Valuation

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Village of Downers Grove	\$ <u>.5162</u>	\$ <u>.5042</u>	\$ <u>.5982</u>	\$ <u>.6426</u>	\$ <u>.6079</u>
DuPage County	.2353	.2154	.1999	.1850	.1797
DuPage County Forest Pres. Dist.	.1654	.1534	.1419	.1358	.1271
DuPage Airport	.0271	.0248	.0230	.0213	.0198
Downers Grove Township	.0850	.0810	.0765	.0724	.0694
Downers Grove Park District	.4311	.3828	.3489	.3322	.3188
Downers Grove Sanitary Dist.	.0383	.0366	.0355	.0339	.0326
School District 58	2.0881	1.9765	1.8523	1.7721	1.7049
High School District 99	1.7972	1.7204	1.6696	1.5914	1.5365
Community College 502	<u>.1930</u>	<u>.2179</u>	<u>.2097</u>	<u>.1972</u>	<u>.1874</u>
Total Representative Tax Rate	<u>5.5767</u>	<u>\$5.3130</u>	<u>\$5.1555</u>	<u>\$5.0533</u>	<u>\$4.7841</u>

(1) Includes rate for Township, and Road District.

Source: DuPage County Clerk's Office.

Overlapping General Obligation Bonded Debt as of March 13, 1007⁽¹⁾

<u>Issuing Body</u>	<u>Outstanding Debt</u>	<u>Applicable to Village</u>	
		<u>Percent</u>	<u>Amount</u>
DuPage County	\$52,835,000	5.91%	\$3,122,549
DuPage County Forest Preserve Dist	\$242,126,311	5.91	14,309,665
DuPage Water Commission	46,275,000	6.16	2,850,540
Butterfield Park District	651,000	19.29	125,578
Downers Grove Park District	-0-	99.67	-0-
Lisle Park District	9,317,830	.34	31,681
Woodridge Park District	4,540,000	.01	454
School District 44	8,570,000	4.10	351,370
School District 58	5,830,000	80.20	4,675,660
School District 61	5,635,000	10.40	586,040
School District 66	6,175,000	4.06	250,705
School District 68	12,415,000	2.11	261,957
School District 89	3,700,000	.04	1,480
High School District 87	42,860,000	.87	372,882
High School District 99	59,504,796	50.01	29,758,348
Unit School District 201	1,890,000	.56	10,584
Unit School District 202	15,515,000	.32	49,648
Community College 502	155,135,000	5.32	8,253,182
Indian Prairie Library District	2,890,000	.13	<u>3,757</u>

(1) Does not include alternate revenue Bonds.

\$65,016,080

Source: DuPage County Clerk's Office

Pro Forma Financial Statement

Estimated True Valuation (2005)	\$ 6,172,904,871
Equalized Assessed Valuation (2005)	\$ 2,057,634,957
Direct General Obligation Bonded Debt (Including the Bonds)	\$55,475,000
Percentage of Equalized Assessed Value	2.70%
Per Capita (2000: 48,724)	\$1,138.56
Self-Supporting Debt	
Percentage of Equalized Assessed Value	
Per Capita (2000: 48,724)	
Overlapping General Obligation Bonded Debt	\$65,016,080
Direct and Overlapping General Obligation Debt	
Percentage of Equalized Assessed Value	
Percentage of True Valuation	
Per Capita	

Largest Taxpayers

<u>Taxpayer</u>	<u>Type of Business/ Property</u>	<u>2005 Equalized Assessed Value</u>	<u>% of Total Village EAV</u>
Hamilton Partners		\$ 48,204,340	2.34%
Duke Realty		29,940,060	1.46
Wells REIT		27,680,400	1.35
PTA - K 225		21,749,700	1.06
Highland Land LLC		15,893,670	.77
MJH Downers Grove LLC		15,511,140	.75
CB Richards		15,470,810	.75
Corridors I & II		13,428,550	.65
TA Associates Realty		12,392,990	.60
Arun Enterprise		<u>12,256,300</u>	<u>.60</u>
		\$212,527,960	10.33%

Source: DuPage County Assessor.

APPENDIX B

**Financial Statement
Fiscal Year Ended April 30, 2006**

APPENDIX C
Form of Bond Counsel Opinion

Fire Station 2 Development Schedule

Item	Status
Approval of Architect & Owners Rep Contracts	✓ Council Approved
Space Programming	✓ Council Approved
Fire Station 2 Public Open House	✓ Completed on August 26, 2006
Schematic Design Plans Approved by Council	✓ Council Approved
Discussion & Approval of Project Budget and Financing (Part of FY 2007 Village Budget Approval)	✓ Council Approved
Zoning Approval Process	✓ Council Approved
Design Development Plans Completed	✓ Council Approved
Construction Documents/Plans Completed	✓ Council Approved
Final Project Cost Estimate Completed	✓ Completed on March 28, 2007
Approval of Bids/Contractor Selection	Apr-07
Start of Construction	May-07
Complete Construction	May-08
Project Close-out	Jul-08