

VILLAGE OF DOWNERS GROVE
REPORT FOR THE VILLAGE COUNCIL MEETING
MAY 1, 2007 AGENDA

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

SYNOPSIS

An ordinance has been prepared for the issuance of \$9,250,000 of General Obligation Bonds for the construction of Fire Station 2.

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

The adopted FY07 budget includes \$10 million in revenue in the Municipal Buildings Fund from the issuance of General Obligation Bonds. The adopted FY07 budget also includes \$723,000 in annual expenses in the Debt Service Fund beginning in FY 2008.

The principal amount of the bonds would be \$9,250,000. While the actual interest rate will not be known until the bids for the purchase of the bonds are received on May 1, 2007, the average interest rate is expected to be 4.04%. The projected debt service schedule (attached) includes a twenty year repayment. Annual principal and interest payments are expected to range from approximately \$692,000 to \$713,000 over the life of the bond. Future budgets will be prepared to provide funds in the Debt Service Payment funds consistent with the actual debt service schedule. The projected issuance cost for the bonds is \$41,131.

The total budget for the Fire Station 2 construction project is \$10.5 million with funding spanning three fiscal years (FY06, FY07 and FY08) in the Municipal Buildings Fund. The current total project cost estimate is \$9,547,567. There are sufficient funds in the FY07 and FY08 budgets to cover the cost of this contract. The balance of the project budget will be used to pay for items outside the scope of this contract. The following table summarizes the project budget and current project cost estimate.

	Project Budget	Current Project Cost Estimate
Professional Services	\$1,700,000	\$1,153,586
Building and Site	\$8,800,000	\$7,355,537
Furniture & Equipment	Included in Building & Site	\$588,444
Contingency	Included in Building & Site	\$450,000
Total	\$10,500,000	\$9,547,567

The current project cost estimate is \$9,547,567. Bond proceeds in the amount of \$9,250,000 will be used to cover the majority of the project costs. The balance of the project costs has previously been paid with funds from the FY06 Municipal Buildings fund.

UPDATE & RECOMMENDATION

This item was discussed at the April 23, 2007 Village Council Workshop. Approval is recommended on the May 1, 2007 active agenda.

BACKGROUND

In August 2006, the Village Council reviewed and approved the concept of issuing General Obligation Bonds to pay for the construction of Fire Station 2. The bonds would be a general obligation of the Village backed by the Village's full faith and credit. A portion of the one-half cent Home Rule Sales Tax in the Capital Fund will be used to pay the annual debt service. The bond issuance complies with the Village's Debt Management Policy adopted in 2005.

As recommended by the Village's Financial Advisor, Oppenheimer, the bonds will be sold using an electronic sealed bid process. Bids for the purchase of the bonds are due on Tuesday, May 1, 2007 at 11 AM.. The actual interest rate and debt service schedule will be presented to Council at the May 1, 2007 Council meeting.

Standard & Poors (S&P) recently issued the Village a bond rating of AA+. S&P has reviewed the proposed bond issuance and has affirmed the Village's AA+ rating.

Staff recommends that the principal amount of the bonds be \$9,250,000. This amount along with the funds previously spent will cover the total project cost.

ATTACHMENTS

Ordinance

Debt Service Schedule

Preliminary Official Statement

EXTRACT OF MINUTES of a regular public meeting of the Council of the Village of Downers Grove, DuPage County, Illinois, held at the Village Hall, 801 Burlington Avenue, in said Village, at 6:30 p.m., on the 1st day of May, 2007.

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

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

The following Commissioners were allowed by a majority of the Council in accordance with and to the extent allowed by rules adopted by the Council to attend the meeting by video or audio conference: _____

No Commissioner was not permitted to attend the meeting by video or audio conference.

The following Commissioners were absent and did not participate in the meeting in any manner or to any extent whatsoever: _____

The Council then discussed a proposed capital infrastructure improvement project for the Village, and considered an ordinance providing for the issuance of General Obligation Bonds, Series 2007, of the Village of Downers Grove, DuPage County, Illinois, and providing for the levy and collection of a direct annual tax for the payment of the principal of and interest on said bonds.

Thereupon, Commissioner _____ presented and the Village Attorney explained in full the following ordinance:

AN ORDINANCE providing for the issuance of General Obligation Bonds, Series 2007, of the Village of Downers Grove, DuPage County, Illinois, and providing for the levy and collection of a direct annual tax for the payment of the principal of and interest on said bonds.

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

The ordinance having been first read at a public meeting of the Council at least five days before the present meeting, Commissioner _____ moved and Commissioner _____ seconded the motion that the Bond Ordinance as presented be adopted.

A discussion of the matter followed. During the discussion, Commissioner _____ gave a public recital of the nature of the matter, 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 paying a portion of the costs of demolishing a fire station of the Village and building and equipping a new fire station on the same site, (2) that the bonds are issuable without referendum pursuant to the home rule powers of the Village, (3) that the ordinance provides for the levy of taxes to pay the bonds and (4) that the ordinance provides many details for the bonds, including provision for terms and form of the bonds, covenants relating to tax exemption and appropriations.

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

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

_____ and the following Commissioners voted NAY: _____ .

WHEREUPON, the Mayor declared the motion carried and the ordinance adopted, and henceforth did approve and sign the same in open meeting, and did direct the Village Clerk to record the same in full in the records of the Council of the Village of Downers Grove, DuPage County, Illinois.

Other business was duly transacted at said meeting.

Upon motion duly made and carried, the meeting adjourned.

Village Clerk

ORDINANCE NUMBER _____

AN ORDINANCE providing for the issuance of General Obligation Bonds, Series 2007, of the Village of Downers Grove, DuPage County, Illinois, and providing for the levy and collection of a direct annual tax for the payment of the principal of and interest on said bonds.

Adopted by the Council on the 1st day of
May, 2007.

TABLE OF CONTENTS

SECTION	HEADING	PAGE
PREAMBLES		1
SECTION 1.	DEFINITIONS	2
SECTION 2.	INCORPORATION OF PREAMBLES.....	4
SECTION 3.	DETERMINATION TO ISSUE BONDS.....	4
SECTION 4.	BOND DETAILS.	5
SECTION 5.	BOOK ENTRY PROVISIONS	7
SECTION 6.	EXECUTION; AUTHENTICATION	9
SECTION 7.	REDEMPTION.....	9
SECTION 8.	REDEMPTION PROCEDURE.	10
SECTION 9.	REGISTRATION AND EXCHANGE OR TRANSFER OF BONDS; PERSONS TREATED AS OWNERS.....	14
SECTION 10.	FORM OF BOND.....	15
SECTION 11.	SECURITY FOR THE BONDS.....	21
SECTION 12.	TAX LEVY; ABATEMENT.....	21
SECTION 13.	FILING WITH COUNTY CLERK	22
SECTION 14.	SALE OF BONDS	23
SECTION 15.	CREATION OF FUNDS AND APPROPRIATIONS.....	23
SECTION 16.	REIMBURSEMENT.....	25
SECTION 17.	NOT PRIVATE ACTIVITY BONDS.	26
SECTION 18.	REGISTERED FORM	26
SECTION 19.	FURTHER TAX COVENANTS.	26
SECTION 20.	QUALIFIED TAX EXEMPT OBLIGATIONS.....	28

SECTION 21.	OPINION OF COUNSEL EXCEPTION	29
SECTION 22.	RIGHTS AND DUTIES OF BOND REGISTRAR AND PAYING AGENT	29
SECTION 23.	DEFEASANCE.	29
SECTION 24.	CONTINUING DISCLOSURE UNDERTAKING.....	30
SECTION 25.	BOND INSURANCE.....	30
SECTION 26.	PUBLICATION OF ORDINANCE	31
SECTION 27.	SUPERSEDER.	31

ORDINANCE NUMBER _____

AN ORDINANCE providing for the issuance of General Obligation Bonds, Series 2007, of the Village of Downers Grove, DuPage County, Illinois, and providing for the levy and collection of a direct annual tax for the payment of the principal of and interest on said bonds.

WHEREAS, pursuant to the provisions of Section 6 of Article VII of the Constitution of the State of Illinois the Village of Downers Grove, DuPage County, Illinois (the "*Village*"), is a home rule unit and may exercise any power or perform any function pertaining to its government and affairs including, but not limited to, the power to tax and to incur debt; and

WHEREAS, pursuant to the provisions of said Section 6, the Village has the power to incur debt payable from ad valorem property tax receipts or from any other lawful source and maturing within 40 years from the time it is incurred without prior referendum approval; and

WHEREAS, the Council of the Village (the "*Corporate Authorities*") has heretofore and it hereby is determined that it is advisable, necessary and in the best interests of the Village and its residents that the Village undertake certain capital improvements to its public infrastructure systems, including, but not limited to, the demolition of an existing fire station and other existing structures and the construction and equipping of a new fire station with administrative offices on the same site in and for the Village (together with all necessary land and rights in land, professional, legal, engineering, electrical, financial and other services, costs of borrowing, reserves, capitalized interest, if any, and other related costs, the "*2007 Project*"); and

WHEREAS, the estimated costs of the 2007 Project are not less than \$9,250,000 and investment earnings thereon; and

WHEREAS, the Village has insufficient funds on hand and lawfully available to pay the costs of the 2007 Project, and it will be necessary to borrow said amount of \$9,250,000 to pay

the same, and in evidence of such borrowing to issue general obligation bonds of the Village in the amount of \$9,250,000 (the “*Bonds*”); and

WHEREAS, the Corporate Authorities have heretofore and it hereby is determined that it is advisable and necessary that such indebtedness be incurred in accordance with the Act as hereinafter defined, and without submitting the question of incurring such indebtedness to the electors of the Village for their approval:

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

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

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

Bonds

Corporate Authorities

2007 Project

Village

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

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

“*Bond*” or “*Bonds*” means one or more, as applicable, of the Bonds authorized to be issued by this Ordinance.

“Bond Counsel” means Chapman and Cutler LLP, Chicago, Illinois.

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

“Bond Moneys” means all moneys on deposit from time to time in the Bond Fund including investment income earned in the Bond Fund.

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

“Bond Registrar” means the Treasurer in his or her capacity as bond registrar for the Bonds, or successor or assigns.

“Business Day” means any day other than a day on which banks in the City of Chicago, Illinois, are required or authorized to close.

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

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

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

“Designated Officers” means the Mayor, Clerk, Treasurer/Interim Finance Director, or Manager of the Village, or successors or assigns.

“Ordinance” means this Ordinance, numbered as set forth on the title page hereof, and passed by the Corporate Authorities on the 1st day of May, 2007.

“Paying Agent” means the Treasurer in his or her capacity as paying agent for the Bonds, or successor or assigns.

“*Purchase Price*” means the purchase price paid for the Bonds as hereinafter authorized, to-wit, \$ _____, being par [plus original issue premium of \$ _____] net of \$ _____ Purchaser’s discount, plus accrued interest.

“*Purchaser*” means _____, _____, _____.

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

“*Stated Maturity*” means with respect to any Bond or interest thereon the date specified in such Bond as the fixed date on which the principal of such Bond or such interest is due and payable, whether by maturity or otherwise.

“*Tax-exempt*” means, with reference to the Bonds, the status of interest paid and received thereon as excludable from the gross income of the owners thereof for federal income tax purposes except to the extent that such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations.

“*Term Bonds*” means Bonds subject to mandatory redemption by operation of the Bond Fund and designated as term bonds herein.

“*Treasurer*” means the Treasurer of the Village or successors or assigns.

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

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

Section 3. Determination to Issue Bonds. It is necessary and in the best interests of the Village to undertake the 2007 Project and to pay all necessary costs thereof, to pay all related costs and expenses incidental thereto, and to borrow money and issue the Bonds for such

purposes. It is hereby found and determined that such borrowing of money is for a proper public purpose or purposes and is in the public interest, and is authorized pursuant to the Act; and these findings and determinations shall be deemed conclusive.

Section 4. Bond Details. For the purpose of providing for the costs of the 2007 Project, there shall be issued and sold the Bonds in the principal amount of \$9,250,000. The Bonds shall each be designated “*General Obligation Bond, Series 2007.*” The Bonds shall be dated May 1, 2007 (the “*Dated Date*”); and shall also bear the date of authentication thereof. The Bonds shall be in fully registered book-entry form (hereinafter “*Book Entry Form*”), shall be in denominations of \$5,000 or integral multiples thereof (but no single Bond shall represent principal maturing on more than one date), shall be numbered consecutively in such fashion as shall be determined by the Bond Registrar, and shall become due and payable (subject to prior redemption as hereinafter provided) on January 1 of the years and in the amounts and bearing interest at the rates percent per annum as follows:

YEAR	AMOUNT (\$)	RATE (%)
2009		
2010		
2011		
2012		
2013		
2014		
2015		
2016		
2017		
2018		
2019		
2020		
2021		
2022		
2023		
2024		
2025		
2026		
2027		
2028		

Each Bond shall bear interest from the later of its Dated Date as herein provided or from the most recent interest payment date to which interest has been paid or duly provided for, until the principal amount of such Bond is paid or duly provided for, such interest (computed upon the basis of a 360-day year of twelve 30-day months) being payable on January 1 and July 1 of each year, commencing on July 1, 2008. Interest on each Bond shall be paid by check or draft of the Paying Agent, payable upon presentation thereof in lawful money of the United States of America, to the person in whose name such Bond is registered at the close of business on the applicable Record Date, and mailed to the registered owner of the Bond as shown in the Bond Registrar or at such other address furnished in writing by such Registered Owner, or as otherwise may be agreed with the Depository. The principal of the Bonds shall be payable in lawful money of the United States of America upon presentation thereof at the office maintained for the purpose of the Paying Agent or at successor Paying Agent and locality.

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

With respect to Bonds registered in the Bond Register in the name of Cede & Co., as nominee of the Depository, none of the Village, the Treasurer, the Paying Agent or the Bond Registrar shall have any responsibility or obligation to any broker-dealer, bank or other financial institution for which the Depository holds Bonds from time to time as securities depository (each such broker-dealer, bank or other financial institution being referred to herein as a “*Depository Participant*”) or to any person on behalf of whom such a Depository Participant holds an interest in the Bonds. Without limiting the meaning of the immediately preceding sentence, the Village, the Treasurer, the Paying Agent and the Bond Registrar shall have no responsibility or obligation with respect to (a) the accuracy of the records of the Depository, Cede & Co., or any Depository

Participant with respect to any ownership interest in the Bonds, (b) the delivery to any Depository Participant or any other person, other than a registered owner of a Bond as shown in the Bond Register, of any notice with respect to the Bonds, including any notice of redemption, or (c) the payment to any Depository Participant or any other person, other than a registered owner of a Bond as shown in the Bond Register, of any amount with respect to principal of or interest on the Bonds. No person other than a registered owner of a Bond as shown in the Bond Register shall receive a Bond certificate with respect to any Bond. Upon delivery by the Depository to the Bond Registrar of written notice to the effect that the Depository has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions hereof with respect to the payment of interest to the registered owners of Bonds at the close of business on the applicable record date, the name “*Cede & Co.*” in this Ordinance shall refer to such new nominee of the Depository.

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

whatever name or names registered owners of Bonds transferring or exchanging Bonds shall designate, in accordance with the provisions hereof.

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

Section 7. Redemption. A. MANDATORY REDEMPTION. The Bonds coming due on January 1 of the following years are Term Bonds and are subject to mandatory redemption prior to maturity by operation of the Bond Fund on January 1 of the years and in the amounts as follows, at a redemption price of par plus accrued interest to the redemption date:

[Insert Term Bonds as needed]

If the Village purchases Term Bonds of any maturity and cancels the same from Bond Moneys as hereinafter described, then an amount equal to the principal amount of Term Bonds so purchased shall be deducted from the mandatory redemption requirement as provided for

Term Bonds of such maturity, first, in the current year of such requirement, until the requirement for the current year has been fully met, and then in any order of payment on the Term Bonds as due at maturity or subject to mandatory redemption in any year as the Village shall at such time determine. If the Village redeems pursuant to optional redemption or purchases Term Bonds of any maturity and cancels the same from moneys other than Bond Moneys, then an amount equal to the principal amount of Term Bonds so redeemed or purchased shall be deducted from the amount of Term Bonds as due at Stated Maturity or subject to mandatory redemption requirement in any year as the Village shall determine. The Village shall provide the Bond Registrar with written notice of such reduction, which notice shall be given within 30 days after such redemption or purchase, and the Bond Registrar shall promptly give written notice of the same to the Bondholders, in the manner hereinafter provided.

B. OPTIONAL REDEMPTION. The Bonds coming due on and after January 1, 20__, are subject to redemption at the option of the Village on January 1, 20__, and on any date thereafter, from any available monies, in whole or in part, and if in part, in such principal amounts and from such maturities as the Village shall determine and within any maturity by lot, at a redemption price of par plus accrued interest to the date fixed for redemption.

Section 8. Redemption Procedure. For a mandatory redemption, the Bond Registrar shall proceed to redeem Bonds without any further order or direction from the Village whatsoever. For optional redemption, the Village shall, at least 45 days prior to the redemption date (unless a shorter time period shall be satisfactory to the Bond Registrar), notify the Bond Registrar of such redemption date and of the maturities and principal amounts of Bonds to be redeemed. For purposes of any redemption of less than all of the Bonds of a single maturity, the particular Bonds or portions of Bonds to be redeemed shall be selected by lot not more than 60 days prior to the redemption date by the Bond Registrar for the Bonds of such maturity by such

method of lottery as the Bond Registrar shall deem fair and appropriate; *provided*, that such lottery shall provide for the selection for redemption of Bonds or portions thereof so that any \$5,000 Bond or \$5,000 portion of a Bond shall be as likely to be called for redemption as any other such \$5,000 Bond or \$5,000 portion.

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

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

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

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

(e) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the office maintained for the purpose by the Paying Agent.

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

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

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

Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Paying Agent at the redemption price. The procedure for the payment of interest due as part of the redemption price shall be as herein provided for payment of interest

otherwise due. Upon surrender for any partial redemption of any Bond, there shall be prepared for the registered owner a new Bond or Bonds of like tenor, of authorized denominations, of the same maturity, and bearing the same rate of interest in the amount of the unpaid principal.

If any Bond or portion of a Bond called for redemption shall not be so paid upon surrender thereof for redemption, the principal shall, until paid or duly provided for, bear interest from the redemption date at the rate borne by the Bond or portion of Bond so called for redemption. All Bonds which have been redeemed shall be canceled and destroyed by the Bond Registrar and shall not be reissued.

The Village agrees to provide such additional notice of redemption as it may deem advisable at such time as it determines to redeem Bonds, taking into account any requirements or guidance of the Securities and Exchange Commission, the Municipal Securities Rulemaking Board, the Government Accounting Standards Board, or any other federal or state agency having jurisdiction or authority in such matters; *provided, however*, that such additional notice shall be (1) advisory in nature, (2) solely in the discretion of the Village, and (3) not be a condition precedent of a valid redemption or a part of the Bond contract, and any failure or defect in such notice shall not delay or invalidate the redemption of Bonds for which proper official notice shall have been given. Reference is also made to the provisions of the Continuing Disclosure Undertaking of the Village with respect to the Bonds, which may contain other provisions relating to notice of redemption of Bonds.

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

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

Section 9. Registration and Exchange or Transfer of Bonds; Persons Treated as Owners. The Village shall cause the Bond Register to be kept at the office maintained for the purpose by 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 maintained for the purpose by the Bond Registrar, duly endorsed by or accompanied by a written instrument or instruments of transfer or exchange in form satisfactory to the Bond Registrar and duly executed by the registered owner or an attorney for such owner duly authorized in writing, the Village shall execute and the Bond Registrar shall authenticate, date and deliver in the name of the transferee or transferees or, in the case of an exchange, the registered owner, a new fully registered Bond or Bonds of like tenor, of the same maturity, bearing the same interest rate, of authorized denominations, for a like aggregate principal amount.

The Bond Registrar shall not be required to transfer or exchange any Bond during the period from the close of business on the Record Date for an interest payment to the opening of business on such interest payment date, nor to transfer or exchange any Bond after notice calling such Bond for redemption has been mailed, nor during a period of fifteen (15) days next preceding mailing of a notice of redemption of any Bonds.

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

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

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

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

[FORM OF BOND - FRONT SIDE]

REGISTERED
NO. _____

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF ILLINOIS
COUNTY OF DUPAGE
VILLAGE OF DOWNERS GROVE
GENERAL OBLIGATION BOND, SERIES 2007

See Reverse Side for
Additional Provisions.

Interest Maturity Dated
Rate: Date: January 1, _____ Date: May 1, 2007 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 political subdivision of the State of Illinois (the "Village"), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns as hereinafter provided, on the Maturity Date identified above (subject to right of prior redemption as hereinafter stated), 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 on January 1 and July 1 of each year, commencing July 1, 2008, until said Principal Amount is paid or duly provided for. The principal of this Bond is payable in lawful money of the United States of America upon presentation hereof at the office maintained for the purpose by the Treasurer of the Village of Downers Grove, Illinois, as paying agent (the "Paying Agent"). Payment of interest shall be made to the Registered Owner hereof as shown on the registration books of the

Village maintained by said Treasurer at said location, as bond registrar (the "*Bond Registrar*"), at the close of business on the applicable 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 Bond Registrar for so long as this Bond is held by The Depository Trust Company, New York, New York, the Depository, or nominee, in book-entry only form as provided for same.

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

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

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

The Village has designated the Bonds as “qualified tax-exempt obligations” under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

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

Mayor, Village of Downers Grove,
DuPage County, Illinois

ATTEST:

Village Clerk, Village of Downers Grove
DuPage County, Illinois

[SEAL]

Date of Authentication: _____, _____

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within-mentioned Ordinance and is one of the General Obligation Bonds, Series 2007, having a Dated Date of May 1, 2007, of the Village of Downers Grove, DuPage County, Illinois.

By _____
Village Treasurer

Bond Registrar and Paying Agent:

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

[FORM OF BOND - REVERSE SIDE]

This bond is one of a series of bonds (the “*Bonds*”) in the aggregate principal amount of \$9,250,000 issued by the Village for the purpose of paying costs of the 2007 Project, and of paying expenses incidental thereto, all as described and defined in the ordinance authorizing the Bonds (the “*Ordinance*”), pursuant to and in all respects in compliance with the applicable provisions of the Illinois Municipal Code, as supplemented and amended, and as further supplemented and, where necessary, superseded, by the powers of the Village as a home rule unit under the provisions of Section 6 of Article VII of the Illinois Constitution of 1970, (such code and powers being the “*Act*”), and with the Ordinance, which has been duly passed by the Council of the Village, approved by the Mayor, and published, in all respects as by law required.

This Bond is subject to provisions relating to registration, transfer and exchange; and such other terms and provisions relating to security and payment as are set forth in the Ordinance, to which reference is hereby expressly made, and to all the terms of which the Registered Owner hereof is hereby notified and shall be subject.

The Bonds coming due on and after _____, 20__, are subject to redemption prior to maturity at the option of the Village on _____, 20__, and any date thereafter, from any available monies, in whole or in part, and if in part, in such principal amounts and from such maturities as the Village shall determine, and within any maturity by lot, at a redemption price of par plus accrued interest, upon the terms and conditions and as otherwise provided in the Bond Ordinance.

[Insert Term Bond Provisions as needed.]

Add Insurance Legend Here

ASSIGNMENT

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

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

(Name and Address of Assignee)

the within Bond and does hereby irrevocably constitute and appoint

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

Dated: _____

Signature guaranteed: _____

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

Section 11. Security for the Bonds. The Bonds are a general obligation of the Village, for which the full faith and credit of the Village are hereby irrevocably pledged, and are payable from the levy of taxes on all of the taxable property in the Village, without limitation as to rate or amount.

Section 12. Tax Levy; Abatement. For the purpose of providing funds required to pay the interest on the Bonds promptly when and as the same falls due, and to pay and discharge the principal thereof at maturity, there is hereby levied upon all of the taxable property within the Village, in the years for which any of the Bonds are outstanding, a direct annual tax sufficient for that purpose; and there is hereby levied on all of the taxable property in the Village, in addition to all other taxes, the following direct annual taxes (the “*Pledged Taxes*”):

FOR THE YEAR	A TAX SUFFICIENT TO PRODUCE THE DOLLAR SUM OF:
2007	for principal and interest to and including January 1, 2009
2008	for principal and interest
2009	for principal and interest
2010	for principal and interest
2011	for principal and interest
2012	for principal and interest
2013	for principal and interest
2014	for principal and interest
2015	for principal and interest
2016	for principal and interest
2017	for principal and interest
2018	for principal and interest
2019	for principal and interest
2020	for principal and interest
2021	for principal and interest
2022	for principal and interest
2023	for principal and interest
2024	for principal and interest
2025	for principal and interest
2026	for principal and interest

The Pledged Taxes and other moneys on deposit in the Bond Fund shall be applied to pay principal of and interest on the Bonds.

Interest or principal coming due at any time when there are insufficient funds on hand from the 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.

The Village covenants and agrees with the Purchaser and registered owners of the Bonds that so long as any of the Bonds remain outstanding, the Village will take no action or fail to take any action which in any way would adversely affect the ability of the Village to levy and collect the foregoing tax levy. The Village and its officers will comply with all present and future applicable laws in order to assure that the Pledged Taxes may be levied, extended and collected as provided herein and deposited into the Bond Fund.

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

Section 13. Filing with County Clerk. Promptly, as soon as this Ordinance becomes effective, a copy hereof, certified by the Village Clerk of the Village, shall be filed with the County Clerk; and said County Clerk shall in and for each of the years 2007 to 2026, inclusive, ascertain the rate percent required to produce the aggregate Pledged Taxes hereinbefore provided to be levied in each of said years and subject to abatement as provided in said Section 12; and said County Clerk shall extend the same for collection on the tax books in connection with other taxes levied in said years in and by the Village for general purposes of the Village; and, subject

to abatement as stated hereinabove, in said years such annual tax shall be levied and collected by and for and on behalf of the Village in like manner as taxes for general purposes for said years are levied and collected, and in addition to and in excess of all other taxes.

Section 14. Sale of Bonds. The Bonds shall be executed as in this Ordinance provided as soon after the passage hereof as may be, shall be deposited with the Treasurer, and shall be delivered to the Purchaser upon the payment of the Purchase Price. The contract for the sale of the Bonds to the Purchaser is hereby in all respects ratified, approved and confirmed, it being hereby declared that no person holding any 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 such contract.

Upon the sale of the Bonds, the Designated Officers and any other officers of the Village as shall be appropriate, shall be and are hereby authorized and directed to approve or execute, or both, such documents of sale of the Bonds as may be necessary, including, without limitation, a Preliminary Official Statement, Official Statement, an Official Bid Form, and closing documents.

The distribution of the Preliminary Official Statement relating to the Bonds presented before this meeting is hereby in all respects authorized and approved, and the proposed use by the Purchaser of an Official Statement (in substantially the form of the Preliminary Official Statement but with appropriate variations to reflect the final terms of the Bonds) is hereby approved.

Section 15. Creation of Funds and Appropriations.

A. There is hereby created the “*General Obligation Bonds, Series 2007, Bond Fund*” (the “*Bond Fund*”), which shall be the fund for the payment of principal of and interest on the

Bonds. Accrued interest and premium, if any, received upon delivery of the Bonds shall be deposited into the Bond Fund and be applied to pay first interest coming due on the Bonds.

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

C. The sum necessary, as determined by the Designated Officers, of the principal proceeds of the Bonds shall be disbursed by the Purchaser to pay costs of issuance upon the delivery of the Bonds or, to the extent not so disbursed by the Purchaser, shall be deposited into a separate and segregated fund, hereby created, to be known as the "*Expense Fund*" (the "*Expense Fund*") and shall be used by the Treasurer to pay costs of issuance of the Bonds in accordance with normal Village disbursement procedures. Any funds remaining to the credit of the Expense Fund on the date which is six months following the date of delivery of the Bonds shall be transferred by the Treasurer to the Bond Fund.

D. From the principal proceeds of the Bonds, the sum necessary, as determined by the Designated Officers, shall be used to pay costs of the 2007 Project and to that end shall be

deposited into a separate and segregated account of the Village, hereby created, and to be known as the “2007 Project Fund” (the “Project Fund”). Monies on deposit in and to the credit of the Project Fund shall be disbursed from time to time as needed by the Treasurer, without further official action or direction of the Corporate Authorities, in accordance with normal Village procedures for disbursements of corporate funds for capital projects. Upon the completion of the 2007 Project, as certified to the Treasurer by the architect or engineer in responsible charge of the 2007 Project, remaining funds, if any, on deposit in and to the credit of the Project Fund shall be transferred by the Treasurer, without further official action of or direction by the Corporate Authorities, to the Bond Fund. Monies on deposit in and to the credit of the Project Fund may be invested by the Treasurer in any investments lawful under Illinois law for Village funds, without further official action of or direction by the Corporate Authorities.

Without further official action of or direction by the Corporate Authorities, if necessary to ensure the timely payment of principal of and interest on the Bonds, monies on deposit in the Project Fund may be transferred by the Treasurer at any time to the Bond Fund in anticipation of the collection of Pledged Taxes. Any amount so transferred shall be promptly repaid upon the collection of Pledged Taxes.

Section 16. Reimbursement. 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 construction of the 2007 Project or expenditures for which an intent to reimburse it was 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 2007 Project paid after the date hereof and prior to issuance of the Bonds.

Section 17. 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. No direct or indirect payments are to be made on any Bond with respect to any private business use by any person other than a state or local governmental unit.

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

C. No user of the 2007 Project, other than the Village or another governmental unit, will use the same on any basis other than the same basis as the general public; and no person other than the Village or another governmental unit will be a user of the 2007 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 arrangement.

Section 18. 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 19. Further Tax Covenants. The Village agrees to comply with all provisions of the Code which, if not complied with by the Village, would cause the Bonds not to be Tax-exempt. In furtherance of the foregoing provisions, but without limiting their generality, the Village agrees: (a) through its officers, to make such further specific covenants, representations as shall be truthful, and assurances as may be necessary or advisable; (b) to comply with all representations, covenants and assurances contained in certificates or agreements as may be prepared by Bond Counsel; (c) to consult with Bond Counsel and to comply with such advice as may be given; (d) to file such forms, statements and supporting documents as may be required

and in a timely manner; and (e) if deemed necessary or advisable by its officers, to employ and pay fiscal agents, financial advisors, attorneys and other persons to assist the Village in such compliance.

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

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

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

C. The Designated Officers shall cause to be established, at such time and in such manner as they may deem necessary or appropriate hereunder, a “2007 General Obligation Bonds Rebate [or Penalty, if applicable] Fund” (the “*148 Compliance Fund*”) for the Bonds, and such officers shall further, not less frequently than annually, cause to be transferred to the 148 Compliance Fund the amount determined to be the accrued liability under the Rebate Requirement or Penalty. Said Designated Officers shall cause to be paid to the United States Treasury, without further order or direction from the Corporate Authorities, from time to time as required, amounts sufficient to meet the Rebate Requirement or to pay the Penalty.

D. Interest earnings in the Bond Fund are hereby authorized to be transferred, without further order or direction from the Corporate Authorities, from time to time as required, to the 148 Compliance Fund for the purposes herein provided; and proceeds of the Bonds and other

funds of the Village are also hereby authorized to be used to meet the Rebate Requirement or to pay the Penalty, but only if necessary after application of investment earnings as aforesaid and only as appropriated by the Corporate Authorities.

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

Section 20. Qualified Tax Exempt Obligations. The Village further recognizes the provisions of Section 265(b)(3) of the Code which provide that a “qualified tax-exempt obligation” as therein defined may be treated by certain financial institutions as if it were acquired on August 7, 1986, as amended, for certain purposes. The Village hereby designates each of the Bonds as may be from time to time outstanding for purposes of said Section 265(b)(3) as a “qualified tax-exempt obligation” as provided therein.

In support of such designation, the Village certifies, represents and covenants as follows:

1. None of the Bonds is a “private activity bond” as defined in Section 141(a) of the Code.
2. Including the Bonds, the Village (including any entities subordinate thereto) does not reasonably expect to issue in excess of \$10,000,000 in Tax-exempt obligations during calendar year 2007.
3. Including the Bonds, not more than \$10,000,000 of obligations issued by the Village (including any entities subordinate thereto) during the calendar year 2007 will be designated by the Village for purposes of said Section 265(b)(3).

Section 21. Opinion of Counsel Exception. The Village reserves the right to use or invest moneys in connection with the Bonds in any manner, notwithstanding the tax-related covenants set forth in Sections 16 through 20 herein, *provided* it shall first have received an opinion from Bond Counsel (or, in the event that Bond Counsel is unable or unwilling to provide such opinion, then from another attorney or a firm of attorneys of nationally recognized standing as bond counsel) to the effect that use or investment of such moneys as contemplated is valid and proper under applicable law and this Ordinance and, further, will not adversely affect the Tax-exempt status for the Bonds.

Section 22. Rights and Duties of Bond Registrar and Paying Agent. The Bond Registrar and Paying Agent shall:

- (a) act as bond registrar, paying agent, authenticating agent, and transfer agent as provided herein;
- (b) maintain a list of Bondholders as set forth herein;
- (c) cancel and/or destroy Bonds which have been paid at maturity or submitted for exchange or transfer; and
- (d) furnish the Village at least annually an audit confirmation of Bonds paid, Bonds outstanding and payments made with respect to interest on the Bonds.

Section 23. Defeasance. Any Bond or Bonds which (a) are paid and canceled, (b) which have matured and for which sufficient sums been deposited with the Paying Agent to pay all principal and interest due thereon, or (c) for which sufficient funds and Defeasance Obligations have been deposited with the Paying Agent or similar institution having trust powers to pay, taking into account investment earnings on such obligations, all principal of and interest on such Bond or Bonds when due at maturity or as called for redemption, pursuant to an irrevocable escrow or trust agreement, shall cease to have any lien on or right to receive or be paid from the

Pledged Taxes hereunder and shall no longer have the benefits of any covenant for the registered owners of outstanding Bonds as set forth herein as such relates to lien and security of the outstanding Bonds. All covenants relative to the payment, registration, transfer, and exchange; are expressly continued for all Bonds whether outstanding Bonds or not. For purposes of this section, “*Defeasance Obligations*” means (a) direct and general full faith and credit obligations of the United States Treasury (“*Directs*”), (b) certificates of participation or trust receipts in trusts comprised wholly of Directs or (c) other obligations unconditionally guaranteed as to timely payment by the United States Treasury.

Section 24. Continuing Disclosure Undertaking. Any Designated Officer is hereby authorized to execute and deliver the Continuing Disclosure Undertaking, in customary form as previously executed by the Village and as provided by Bond Counsel, 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 25. Bond Insurance. The Bonds have been sold with the commitment of _____, _____, New York, to provide a [municipal bond] insurance policy for the Bonds. Said Commitment is attached hereto as EXHIBIT A. Any

Designated Officer is hereby expressly authorized to execute said commitment on behalf of the Village. Such Commitment shall be hereby incorporated into this Ordinance in full as though set out at this Section.

Section 26. Publication of Ordinance. A full, true and complete copy of this Ordinance shall be published within ten days after passage in pamphlet form by authority of the Corporate Authorities.

Section 27. Superseder. All ordinances, resolutions and orders, or parts thereof, in conflict herewith, are to the extent of such conflict hereby superseded; and this Ordinance shall be in full force and effect immediately upon its passage and approval.

ADOPTED: May 1, 2007

AYES: _____

NAYS: _____

ABSENT: _____

APPROVED: May __, 2007

Mayor, Village of Downers Grove,
DuPage County, Illinois

Published in pamphlet form by authority of the Council on May __, 2007.

ATTEST:

Village Clerk, Village of Downers Grove
DuPage County, Illinois

EXHIBIT A
COMMITMENT

STATE OF ILLINOIS)
) SS
COUNTY OF DUPAGE)

CERTIFICATION OF MINUTES AND ORDINANCE

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

I do further certify that the foregoing is a full, true and complete transcript of that portion of the minutes of the meeting of the Corporate Authorities held on the 1st day of May, 2007, insofar as the same relates to the adoption of an ordinance entitled:

AN ORDINANCE providing for the issuance of General Obligation Bonds, Series 2007, of the Village of Downers Grove, DuPage County, Illinois, and providing for the levy and collection of a direct annual tax for the payment of the principal of and interest on said bonds.

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

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

IN WITNESS WHEREOF I hereunto affix my official signature and the seal of the Village
this ____ day of May, 2007.

Village Clerk

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

STATE OF ILLINOIS)
) SS
COUNTY OF DUPAGE)

CERTIFICATE OF PUBLICATION IN PAMPHLET FORM

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

I do further certify that on the ____ day of May, 2007, there was published in pamphlet form, by authority of the Council, a true, correct and complete copy of an ordinance of the Village providing for the issuance of General Obligation Bonds, Series 2007, of the Village and that said ordinance as so published was on said date readily available for public inspection and distribution, in sufficient number to meet the needs of the general public, at my office as Village Clerk located in the Village.

IN WITNESS WHEREOF I have affixed hereto my official signature and the seal of the Village this ____ day of May, 2007.

Village Clerk

[SEAL]

STATE OF ILLINOIS)
) SS
COUNTY OF DUPAGE)

VIDEO/AUDIO ATTENDANCE CERTIFICATE

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, and that 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 “*Corporate Authorities*”) of the Village, and as such official I do further certify as follows:

1. That at the regular meeting of the Corporate Authorities on the 1st day of May, 2007 (the “*Meeting*”), the following Commissioner(s) attended the Meeting by video or audio conference, and that said Commissioner(s) was/were prevented from physically attending the Meeting because of the reason(s) as follows:

COMMISSIONER	REASON ¹
--------------	---------------------

2. That said Commissioner(s) notified me before the Meeting that he/she/they wished to attend the Meeting by video or audio conference.

3. That attached hereto as *Exhibit 1* is a true, correct and complete copy of the rules adopted by the Corporate Authorities for allowing a Commissioner to attend a meeting of the Corporate Authorities by video or audio conference.

4. That the Meeting was duly called, noticed and held in strict compliance with all of the provisions of the Open Meetings Act of the State of Illinois, as amended, the Municipal Code

¹ Section 7 of the Open Meetings Act of the State of Illinois, as amended, provides the following three reasons a person may be prevented from physically attending a meeting: (i) personal illness or disability; (ii) employment purposes or the business of the public body; or (iii) a family or other emergency.

of the State of Illinois, as amended, the Code of Ordinances of the Village, and the ordinances, resolutions, rules, regulations and proceedings of the Corporate Authorities.

IN WITNESS WHEREOF, I hereunto affix my official signature, this ____ day of May, 2007.

Village Clerk

[Clerk to attach electronic attendance rules of Council]

STATE OF ILLINOIS)
) SS
COUNTY OF DUPAGE)

CERTIFICATE OF FILING

I, the undersigned, do hereby certify that I am the duly qualified and acting County Clerk of The County of DuPage, Illinois, and as such officer I do hereby certify that on the ____ day of May, 2007, there was filed in my office a properly certified copy of an ordinance passed by the Council of the Village of Downers Grove, DuPage County, Illinois, on the 1st day of May, 2007, and entitled:

AN ORDINANCE providing for the issuance of General Obligation Bonds, Series 2007, of the Village of Downers Grove, DuPage County, Illinois, and providing for the levy and collection of a direct annual tax for the payment of the principal of and interest on said bonds.

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

IN WITNESS WHEREOF I have hereunto affixed my official signature and the seal of The County of DuPage, Illinois, at Wheaton, Illinois, this ____ day of May, 2007.

County Clerk of The County of
DuPage, Illinois

[SEAL]

Law Offices of

CHAPMAN AND CUTLER LLP

Theodore S. Chapman
1877-1943
Henry E. Cutler
1879-1959

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San Francisco, CA 94105
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Salt Lake City
201 South Main Street
Salt Lake City, Utah 84111
(801) 533-0066

Patricia M. Curtner
312-845-3815
312-516-1815 Fax
curtner@chapman.com

May 1, 2007

VIA EMAIL

Mr. David Fieldman
Deputy Village Manager
Village of Downers Grove
801 Burlington Avenue
Downers Grove, IL 60515-4776

Ms. Kathleen A. Thomas
Senior Vice President
Oppenheimer & Co., Inc.
500 W. Madison, Suite 4000
Chicago, IL 60661

Ms. Enza Petrarca
Village Attorney
Village of Downers Grove
801 Burlington Avenue
Downers Grove, IL 60515-4776

RE: Village of Downers Grove, DuPage County, Illinois
General Obligation Bonds, Series 2007

Ladies and Gentlemen:

We enclose a final form of authorizing ordinance for the captioned transaction incorporating sale results circulated this morning by Oppenheimer & Co., Inc. We understand that it will be presented to the Council and will be adopted at a regular meeting tonight.

Please do not hesitate to call if we can provide any additional assistance.

Very truly yours,

CHAPMAN AND CUTLER LLP

By 

Patricia M. Curtner

PMC:bha
Enclosure

BOND SUMMARY STATISTICS

GO Bonds
Series 2007 BQ Scale 20 Years

Dated Date	05/01/2007
Delivery Date	05/17/2007
Last Maturity	01/01/2028
Arbitrage Yield	4.025917%
True Interest Cost (TIC)	4.025917%
Net Interest Cost (NIC)	4.042886%
All-In TIC	4.025917%
Average Coupon	4.042886%
Average Life (years)	12.649
Duration of Issue (years)	9.682
Par Amount	9,250,000.00
Bond Proceeds	9,266,334.02
Total Interest	4,747,022.33
Net Interest	4,747,022.33
Total Debt Service	13,997,022.33
Maximum Annual Debt Service	712,525.83
Average Annual Debt Service	677,942.86
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	
Total Underwriter's Discount	
Bid Price	100.000000

Bond Component	Par Value	Price	Average Coupon	Average Life
Series 2007 BQ Scale 20 Years	9,250,000.00	100.000	4.043%	12.649
	9,250,000.00			12.649

	TIC	All-In TIC	Arbitrage Yield
Par Value	9,250,000.00	9,250,000.00	9,250,000.00
+ Accrued Interest	16,334.02	16,334.02	16,334.02
+ Premium (Discount)			
- Underwriter's Discount			
- Cost of Issuance Expense			
- Other Amounts			
Target Value	9,266,334.02	9,266,334.02	9,266,334.02
Target Date	05/17/2007	05/17/2007	05/17/2007
Yield	4.025917%	4.025917%	4.025917%

BOND DEBT SERVICE

GO Bonds
Series 2007 BQ Scale 20 Years

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
05/17/2007					
07/01/2008			428,768.08	428,768.08	
01/01/2009	100,000	3.630%	183,757.75	283,757.75	712,525.83
07/01/2009			181,942.75	181,942.75	
01/01/2010	335,000	3.660%	181,942.75	516,942.75	698,885.50
07/01/2010			175,812.25	175,812.25	
01/01/2011	350,000	3.680%	175,812.25	525,812.25	701,624.50
07/01/2011			169,372.25	169,372.25	
01/01/2012	360,000	3.700%	169,372.25	529,372.25	698,744.50
07/01/2012			162,712.25	162,712.25	
01/01/2013	375,000	3.740%	162,712.25	537,712.25	700,424.50
07/01/2013			155,699.75	155,699.75	
01/01/2014	390,000	3.780%	155,699.75	545,699.75	701,399.50
07/01/2014			148,328.75	148,328.75	
01/01/2015	400,000	3.830%	148,328.75	548,328.75	696,657.50
07/01/2015			140,668.75	140,668.75	
01/01/2016	420,000	3.880%	140,668.75	560,668.75	701,337.50
07/01/2016			132,520.75	132,520.75	
01/01/2017	435,000	3.910%	132,520.75	567,520.75	700,041.50
07/01/2017			124,016.50	124,016.50	
01/01/2018	450,000	3.940%	124,016.50	574,016.50	698,033.00
07/01/2018			115,151.50	115,151.50	
01/01/2019	470,000	3.970%	115,151.50	585,151.50	700,303.00
07/01/2019			105,822.00	105,822.00	
01/01/2020	490,000	4.000%	105,822.00	595,822.00	701,644.00
07/01/2020			96,022.00	96,022.00	
01/01/2021	500,000	4.030%	96,022.00	596,022.00	692,044.00
07/01/2021			85,947.00	85,947.00	
01/01/2022	525,000	4.050%	85,947.00	610,947.00	696,894.00
07/01/2022			75,315.75	75,315.75	
01/01/2023	550,000	4.080%	75,315.75	625,315.75	700,631.50
07/01/2023			64,095.75	64,095.75	
01/01/2024	570,000	4.100%	64,095.75	634,095.75	698,191.50
07/01/2024			52,410.75	52,410.75	
01/01/2025	595,000	4.120%	52,410.75	647,410.75	699,821.50
07/01/2025			40,153.75	40,153.75	
01/01/2026	620,000	4.140%	40,153.75	660,153.75	700,307.50
07/01/2026			27,319.75	27,319.75	
01/01/2027	645,000	4.150%	27,319.75	672,319.75	699,639.50
07/01/2027			13,936.00	13,936.00	
01/01/2028	670,000	4.160%	13,936.00	683,936.00	697,872.00
	9,250,000		4,747,022.33	13,997,022.33	13,997,022.33

NEW ISSUE

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

**\$9,250,000
General Obligation Bonds, Series 2007**

SEALED, FACSIMILE AND ELECTRONIC BIDS WILL BE RECEIVED UNTIL 11:00 A.M., C.D.T.

**Tuesday, May 1, 2007
500 W. Madison, Suite 4000
Chicago, IL 60661
Fax Bids to (312) 360-7115 or Electronic as Described Herein
Telephone (312) 360-5954**

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PRELIMINARY OFFICIAL STATEMENT DATED APRIL 16, 2007

NEW ISSUE
BOOK-ENTRY ONLY

RATING: Applied for

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.

\$9,250,000
VILLAGE OF DOWNERS GROVE
DUPAGE COUNTY, ILLINOIS
General Obligation Bonds, Series 2007

Dated: May 1, 2007

Due: January 1, as shown below

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 Treasurer, Downers Grove, Illinois, as bond registrar and paying agent (the "Registrar" or "Paying Agent"), 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. 1)</u>	<u>Principal</u> <u>Amounts</u>	<u>Interest</u> <u>Rates</u>	<u>Yields</u>	<u>Maturities</u> <u>(Jan. 1)</u>	<u>Principal</u> <u>Amounts</u>	<u>Interest</u> <u>Rates</u>	<u>Yields</u>
2009	\$100,000	%	%	2019*	\$470,000	%	%
2010	335,000			2020*	490,000		
2011	350,000			2021*	500,000		
2012	360,000			2022*	525,000		
2013	375,000			2023*	550,000		
2014	390,000			2024*	570,000		
2015	400,000			2025*	595,000		
2016	420,000			2026*	620,000		
2017*	435,000			2027*	645,000		
2018*	450,000			2028*	670,000		

⁽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.

In the opinion of Chapman and Cutler LLP, Bond Counsel, the Bonds will be a valid and legally binding general obligation of the Village, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion, and all taxable property in the Village will be subject to the levy of taxes to pay the same without limitation as to rate or amount.

The Village will furnish the written approving opinion of Chapman and Cutler LLP 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. Inc., 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 May 17, 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.)

OPPENHEIMER & CO. INC.
FINANCIAL ADVISOR

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold, nor may offers to buy them be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, these securities in any jurisdiction or sale would be unlawful prior to registration, qualification or filing under the securities laws of any such jurisdiction.

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 or 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 Advisor 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.

TABLE OF CONTENTS

<u>Page</u>	<u>Page</u>
Introduction.....	1
Description of the Bonds	1
Authorization and Purpose	1
The Project.....	1
Project Costs	1
Security.....	1
Maturities.....	1
Global Book-Entry Only System	2
Optional Redemption	3
Redemption Procedures	4
Registration, Transfer and Exchange	4
Continuing Disclosure for Secondary Market	
Purposes.....	5
The Undertaking.....	5
Certain Legal Matters.....	7
Litigation.....	7
Tax Exemption.....	7
Qualified Tax-Exempt Obligations	9
Financial Advisor	10
Rating.....	10
Miscellaneous.....	10
Appendix A - Supplemental Information	
Appendix B - Financial Statement, FY 2006	
Appendix C - Form of Bond Counsel Opinion	

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 16, 2007
Village of Downers Grove
DuPage County, Illinois

\$9,250,000 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 the home rule powers of the village under 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 administrative office building, 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

Building & Site Related Costs	\$7,355,537
Professional Services	1,153,586
Furniture, Fixtures & Equipment	588,444
Project Contingency	<u>450,000</u>
Total Estimated Project Cost	\$9,547,567

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 affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the 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 dated 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 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 certificates 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 certificates 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 coming due on January 1, 2017, and thereafter are subject to redemption prior to maturity at the option of the Village on January 1, 2016, and any date thereafter, in whole or in part and if in part in such principal amounts and from such maturities as the Village shall determine and within any maturity by lot at a redemption price of par plus accrued interest to the date fixed for redemption.

Redemption Procedures

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

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

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

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

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 office maintained for the purpose by the Registrar, 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 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 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 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." 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 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 and its Audited Financial Statements, if any (as described below), to any Nationally Recognized Municipal Securities Information Repository (a "NRMSIR") then recognized by the Commission for purposes of the Rule and to the repository, if any, designated by the State of Illinois as the state depository (the "SID") and recognized as such by the Securities and Exchange Commission for the purposes of the Rule. The Village is required to deliver such information so that such entities receive the information by the dates specified in the Undertaking.

"Annual Financial Information" means financial information and operating data of the type contained in Appendix A to this Official Statement under the following captions: Village Debt; Financial Matters - Equalized Assessed Valuations; Financial Matters - Village Tax Rate per \$100 of Equalized Assessed Valuation; Financial Matters - Taxes Extended and Collected; Financial Matters - Personal Property Replacement Tax; Financial Matters - Overlapping General Obligation Bonded Debt; Representative Tax Rate per \$100 of Equalized Assessed Valuation; Financial Matters - Pro Forma Financial Statement; and Financial Matters - Largest Taxpayers. Annual financial information exclusive of audited financial statements will be provided to each NRMSIR and to the SID, if any, by 210 days after the last day of the Village's fiscal year.

"Audited Financial Statements" means the financial statement of the Village as audited annual by independent certified public accountant. Audited financial statements will be prepared according to Generally Accepted Accounting Principles as applicable to governmental units.

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

The Village shall give notice in a timely manner to each NRMSIR or to the MSRB and to the SID, if any, of any failure to provide disclosure of Annual Financial Information and Audited Financial Statements when the same are due under the Undertaking.

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.

Amendment; Waiver

Notwithstanding any other provision of the Undertaking, the Village by resolution or 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 either by parties unaffiliated with the Village or obligated person (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.

Disclaimer

Neither Bond Counsel nor the Underwriter is obligated under the Undertaking, and neither has undertaken any responsibilities with respect to continuing disclosure of information concerning the Village.

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 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.

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.

In rendering its opinion, Bond Counsel will rely upon certifications of the Village with respect to certain material facts 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.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Bonds should consult their tax advisors as to the applicability of any such collateral consequences.

The issue price (the "*Issue Price*") for each maturity of the Bonds is the price at which a substantial amount of such maturity of the Bonds is first sold to the public. The Issue Price of each maturity of the Bonds is expected to be the amount corresponding to the yield set forth on the cover page hereof but is subject to change based on actual sales.

If the Issue Price of a maturity of the Bonds is less than the principal amount payable at maturity, the difference between the Issue Price of each such maturity, if any, of the Bonds (the "*OID Bonds*") and the principal amount payable at maturity is original issue discount.

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

For an investor who purchases an OID Bond in the initial public offering at the Issue Price for such maturity and who holds such OID Bond to its stated maturity, subject to the condition that the Village complies with the covenants discussed under "TAX EXEMPTION," (a) the full amount of original issue discount with respect to such OID Bond constitutes interest which is excludable from the gross income of the owner thereof for federal income tax purposes; (b) such owner will not realize taxable capital gain or market discount upon payment of such OID Bond at its stated maturity; (c) such original issue discount is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Code, but is taken into account in computing an adjustment used in determining the alternative minimum tax for certain corporations under the Code, as described above; and (d) the accretion of original issue discount in each year may result in an alternative minimum tax liability for corporations or certain other collateral federal income tax consequences in each year even though a corresponding cash payment may not be received until a later year. Based upon the stated position of the Illinois Department of Revenue under Illinois income tax law, accreted original issue discount on such Bonds is subject to taxation as it accretes, even though there may not be a corresponding cash payment until a later year. Owners of OID Bonds should consult their own tax advisors with respect to the state and local tax consequences of original issue discount on such OID Bonds.

Owners of Bonds who dispose of Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase Bonds in the initial public offering, but at a price different from the Issue Price or purchase Bonds subsequent to the initial public offering should consult their own tax advisors.

If a Bond is purchased at any time for a price that is less than the Bond's stated redemption price at maturity or, in the case of an OID Bond, its Issue Price plus accreted original issue discount (the "Revised Issue Price"), the purchaser will be treated as having purchased a Bond with market discount subject to the market discount rules of the Code (unless a statutory *de minimis* rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. Such treatment would apply to any purchaser who purchases an OID Bond for a price that is less than its Revised Issue Price. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Bonds.

An investor may purchase a Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as "bond premium" and must be amortized by an investor on a constant yield basis over the remaining term of the Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. The amortized bond premium is treated as a reduction in the tax-exempt interest received. As bond premium is amortized, it reduces the investor's basis in the Bond. Investors who purchased a Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Bond.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to Bonds issued prior to enactment. Prospective purchasers of the 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.

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.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, including the Bonds, are in most cases required to be reported to the IRS. Additionally, backup withholding may apply to any such payments to any Bond owner who fails to provide an accurate Form W-9 Payers Request for Taxpayer Identification Number, or a substantially identical form, or to any Bond owner who is notified by the IRS of a failure to report all interest and dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

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

QUALIFIED TAX-EXEMPT OBLIGATIONS

Subject to the Village's compliance with certain covenants, in the opinion of Bond Counsel, 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. Inc., 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.

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

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VILLAGE OF DOWNERS GROVE
DuPage County, Illinois

Brian Krajewski, Mayor
Initial Term 1999 Term Expires May 2007

Commissioners

	<u>Initial Term</u> <u>Commenced</u>	<u>Term Expires</u> <u>May</u>
Marilyn J. Schnell	1988	2009
Martin T. 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</i>	2006
	<i>Director/Treasurer</i>	
Enza Petrarca	<i>Village Attorney</i>	1998

Financial Advisor

Oppenheimer & Co. Inc., Chicago, Illinois

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. The police are represented by the Fraternal Order of Police 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. The public works employees are represented by Local 150 Operators 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 I 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 9 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. Midwestern University, founded in 1900, is located in the Village and consists of the following colleges: the Chicago College of Osteopathic Medicine, the Chicago College of Pharmacy, the College of Health Sciences, the Arizona College of Osteopathic Medicine, College of Pharmacy–Glendale, and the College of Dental Medicine. It is an independent, not-for-profit corporation organized primarily to provide undergraduate, graduate, and postgraduate education in the health sciences. The Downers Grove campus, located on 105 acres, has buildings that include academic classrooms, laboratories, a new state-of-the-art library and auditorium building, and student housing.

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 and Comcast for telephone and DSL service, Commonwealth Edison for electric service and by NICOR for gas service. Sanitary services are provided by the Downers Grove Sanitary District. 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.

In 2001, the Ogden Avenue TIF was created to revitalize this corridor. Ogden Avenue/Route 34 is a major roadway that traverses the Village and continues east into Chicago and west to the far western suburbs. Actions taken in this area to increase the equalized assessed valuation of properties include a completion of a comprehensive right-of-way plan, closing streets and curb cuts in conjunction with new developments and planned closing, amending development codes, changing design standards, improving the development review process and amending the Zoning Ordinance. Key projects include upgrades, expansion, new development and reconstruction for businesses such as Bill Kay Nissan, Gartner Saab, Luxury Motors, Mid American Bank, National City Bank, CVS, Jewel/Osco and McDonalds.

Services and Facilities

The Village provides many public services, including counseling and social services, community programs, a resource center, senior citizen programs, water 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.

The village is a member of the DuPage Water commission and provided Lake Michigan water to its customers. Lake Michigan water has been available in the Village since 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

<u>Income</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>
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

<u>Year</u>	<u>Residential</u>		<u>All Other Value</u>	<u>Total Value of Construction⁽¹⁾</u>
	<u>No. of Permits</u>	<u>Value (\$1000's)</u>		
1997	79	\$15,964	\$132,629	\$148,593
1998	73	12,954	67,674	80,628
1999	68	14,921	71,069	85,990
2000	65	14,578	124,422	139,000
2001	65	17,503	47,887	65,390
2002	88	37,009	79,201	116,210
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

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

<u>Value</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>
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	2,000
Midwestern University	Education	1,000
Axiom Corp.	Computer center and direct marketing	700
First Health Group Corp.	Health benefits provider	700
Sara Lee Food & Beverage	Headquarters, cakes and bakery products	700
Wackenhut Corporation	Security services	650
Donnelley & Sons Co.	Technical engineering facility, catalogue, book and magazine publishing	600
FTD Inc.	Direct flower and gift marketing	509
Pepperidge Farm, Baked Foods Division	Bread, rolls, stuffing	400

Source: 2007 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>	Downers Grove		DuPage County		State of Illinois	
	Number	Percent	Number	Percent	Number	Percent
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	5.0	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.

<u>Occupation</u>	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⁾.

<u>Year</u>	<u>Downers Grove</u>	<u>DuPage County</u>	<u>Chicago PMSA</u>	<u>State of Illinois</u>
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

<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>
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

	<u>Retail Business Tax Returns Filed With The State of Illinois</u>	<u>Estimated 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. The Village's outstanding bonds include the following:

<u>Issue</u>	<u>Original Amount</u>	<u>Amount Outstanding</u>	<u>Final Maturity</u>
G.O. Bonds, Series 1998	\$ 3,000,000	\$1,675,000	2014
G.O. Bonds, Series 1999	\$ 6,500,000	\$1,645,000	2013
G.O. Bonds, Series 2000	\$ 6,200,000	\$1,210,000	2014
G.O. Bonds, Series 2001	\$ 6,000,000	\$5,960,000	2021
G.O. Bonds, Series 2001A	\$ 4,000,000	\$2,250,000	2012
G.O. Bonds, Series 2002	\$ 6,000,000	\$5,895,000	2021
G.O. Bonds, Series 2003	\$ 6,265,000	\$5,475,000	2017
G.O. Bonds, Series 2003A	\$12,000,000	\$11,600,000	2021
G.O. Bonds, Series 2005	\$ 9,950,000	\$9,765,000	2020

Debt Structure

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

<u>Calendar Year</u>	<u>Outstanding Bonds</u>	<u>Series 2007</u>	<u>Total Bond Outstanding</u>	<u>Cumulative Rate Amount</u>	<u>of Retirement Percent</u>
2008	\$ 1,890,000		\$ 1,890,000	\$ 1,890,000	3.45%
2009	2,065,000	\$ 100,000	2,165,000	4,055,000	7.40
2010	2,580,000	335,000	2,915,000	6,970,000	12.72
2011	2,780,000	350,000	3,130,000	10,100,000	18.44
2012	3,015,000	360,000	3,375,000	13,475,000	24.60
2013	2,800,000	375,000	3,175,000	16,650,000	30.39
2014	3,105,000	390,000	3,495,000	20,145,000	36.77
2015	3,140,000	400,000	3,540,000	23,685,000	43.24
2016	3,245,000	420,000	3,665,000	27,350,000	49.93
2017	3,840,000	435,000	4,275,000	31,625,000	57.73
2018	3,590,000	450,000	4,040,000	35,665,000	65.11
2019	4,000,000	470,000	4,470,000	40,135,000	73.27
2020	4,465,000	490,000	4,955,000	45,090,000	82.31
2021	5,015,000	500,000	5,515,000	50,605,000	92.38
2022		525,000	525,000	51,130,000	93.34
2023		550,000	550,000	51,680,000	94.34
2024		570,000	570,000	52,250,000	95.38
2025		595,000	595,000	52,845,000	96.47
2026		620,000	620,000	53,465,000	97.60
2027		645,000	645,000	54,110,000	98.78
2028		670,000	670,000	54,780,000	100.00
	\$45,530,000	\$9,250,000	\$54,780,000		

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 additional Bonds this 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 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 Village changed its fiscal year from April 30 to December 31, effective as of December 31, 2006. Audited financial statements for Fiscal Year Ended April 30, 2006 are attached in Appendix B and audited financial statements for the partial fiscal year ended December 31, 2006, will be completed this summer.

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.

Illinois Municipal Retirement Fund (IMRF)

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. Pension benefits vest after eight years of service. For December 31, 2005, the village annual pension cost of \$1,187,439 was equal to the Village's required and actual contributions.

Three-Year Trend Information

<u>Year Ended</u> <u>December 31</u>	<u>Employer</u> <u>Contributions</u>	<u>Annual Pension</u> <u>Cost</u>	<u>Percentage</u> <u>Contributed</u>
2005	\$1,187,439	\$1,187,439	100%
2004	970,781	970,781	100%
2003	870,779	870,779	100%

Police and Firefighters Pension Funds

Actuarial Valuations for Fiscal Year Ended April 30, 2007
Actuarial Position of the Funds as of April 30, 2006

There were no changes with respect to Plan Provisions, Actuarial Methods or Actuarial Assumptions from the prior year. There were no unexpected changes with respect to the participants included in this actuarial valuation. There were no unexpected changes with respect to the value of the Fund's investments from the prior year.

Summary of Results as of May 1, 2006	Police	Firefighters
Village Normal Cost	\$ 430,096	\$ 641,703
Anticipated Employee Contributions	539,658	550,000
Accrued Liability	43,683,525	37,523,071
Actuarial Value of Assets	31,013,258	22,026,939
Unfunded Accrued Liability/(Surplus)	12,670,267	15,496,132
Amortization of Unfunded Accrued Liability/(Surplus)	660,793	808,170
Percent Funded	71.0%	58.7%
Annual Payroll	\$5,445,595	\$5,817,029
Net Pension Obligations	(920,369)	499,946

Real Property Assessment, Tax Levy and Collection

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.

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>
2002	\$217,288
2003	280,063
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

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	<u>398,620</u>	<u>434,235</u>	<u>381,834</u>	<u>373,145</u>	<u>345,292</u>
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 Valuation

	<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	\$.5162	\$.5042	\$.5982	\$.6426	\$.6079

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	\$.5162	\$.5042	\$.5982	\$.6426	\$.6079
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 ⁽¹⁾	.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, 2007⁽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>
			\$65,016,080

⁽¹⁾ Does not include alternate revenue Bonds.

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)	\$54,780,000
Percentage of Equalized Assessed Value	2.66%
Per Capita (2000: 48,724)	\$1,124.29
Overlapping General Obligation Bonded Debt	\$65,016,080
Direct and Overlapping General Obligation Debt	\$119,796,080
Percentage of Equalized Assessed Value	5.82%
Percentage of True Valuation	1.94%
Per Capita	\$2,458.67

Largest Taxpayers

<u>Taxpayer</u>	<u>Type of Business/ Property</u>	<u>2006 Equalized Assessed Value</u>	<u>% of Total Village EAV</u>
Hamilton Partners	Office buildings	\$ 46,333,130	2.25%
Wells REIT	Office buildings	28,704,420	1.40
PTA – K 225	Office buildings	21,749,700	1.06
Duke Realty	Office buildings and day care	21,651,400	1.05
Highland Land LLC	Office buildings	16,839,590	.82
CB Richards	Office buildings	16,584,980	.81
MJH Downers Grove LLC	Office buildings	15,511,140	.75
Corridors I & II	Office buildings	13,428,550	.65
TA Associates Realty	Office buildings	13,186,680	.64
Arun Enterprise	Shopping center, industrial park	<u>12,256,300</u>	<u>.60</u>
		\$212,527,960	10.02%

Source: DuPage County Assessor.

APPENDIX B

**Financial Statement Comparisons for General Fund
Balance Sheet, and Statement of Revenues, Expenditures
and Changes in Fund Balance
Fiscal Years Ended April 30, 2004 to 2006**

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

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**GENERAL FUND
BALANCE SHEET
FISCAL YEAR END APRIL 30***

ASSETS

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Cash and Cash Equivalents	\$ 3,730,725	\$ 2,204,079	\$ 935,023
Investments	4,936,132	2,890,515	519,472
Restricted Cash	37,051	37,051	37,051
Receivables			
Property Taxes	7,853,215	7,516,063	6,994,550
Sales Taxes	4,329,076	4,148,986	3,772,000
Accounts Receivable	44,013	16,963	1,549,734
Accrued Interest	53,907	24,047	4,382
Other	3,133,975	2,316,185	726,262
Due from Other Funds	2,878,815	1,915,040	1,394,021
Prepaid Items	1,647	6,263	1,358
Note Receivable	88,160	93,474	119,167
Long-Term Receivables	860,000	-	-
Total Assets	<u>\$ 27,946,716</u>	<u>\$ 21,168,666</u>	<u>\$ 16,053,020</u>

LIABILITIES AND FUND BALANCES

Liabilities

Vouchers and Accounts Payable	\$ 460,632	\$ 670,983	\$ 406,966
Accrued Payroll	452,230	477,628	460,429
Due to Other Funds	27,669	-	-
Compensated Absences Payable	-	-	1,360,229
Deposit Payable	-	-	-
Other Payables	241,341	182,623	331,884
Deferred Property Taxes	7,853,215	7,516,063	6,994,550
Other Deferred Revenue	860,000	-	-
	<u>\$ 9,895,087</u>	<u>\$ 8,847,297</u>	<u>\$ 9,554,058</u>

Fund Balances

Reserved

Long-Term Receivables	88,160	93,474	115,417
Public Safety	99,208	5,267	-
Prepaid Items	1,647	6,263	-
Drug Forfeitures	-	-	5,257
Unreserved-Designated	3,859	3,859	3,860
Unreserved-Undesignated	17,858,755	12,212,506	6,374,428
Total Fund Balances	<u>18,051,629</u>	<u>12,321,369</u>	<u>6,498,962</u>
Total Liabilities and Fund Balances	<u>\$ 27,946,716</u>	<u>\$ 21,168,666</u>	<u>\$ 16,053,020</u>

*The Village changed its fiscal year end from April 30 to December 31, effective as of December 31, 2006.
Financial statements for fiscal year May 1, 2006 through December 31, 2006 will be completed this summer.

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FISCAL YEAR END APRIL 30

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Revenues			
Taxes	\$ 17,502,816	\$ 17,233,817	\$ 25,704,924
Licenses and Permits	2,036,477	1,707,987	2,254,141
Intergovernmental	17,443,543	17,372,271	3,693,785
Charges for Services	3,074,426	2,446,081	4,384,659
Fines an Forfeits	870,595	559,403	1,293,190
Investment Income	552,725	163,486	80,457
Miscellaneous	50,565	96,999	54,221
Total Revenues	<u>\$ 41,531,147</u>	<u>\$ 39,580,044</u>	<u>\$ 37,465,377</u>
Expenditures			
Current			
General Government	\$ 4,021,602	\$ 1,984,596	\$ 4,519,185
Public Works	4,978,588	5,753,102	-
Community Development	810,801	1,461,713	-
Public Safety	23,068,487	22,015,512	22,283,909
Communtiy Services	2,342,377	2,431,193	-
Capital Outlay	159,158	86,515	-
Highways and Streets	-	-	8,303,956
Culture and Recreation	-	-	1,677,660
Debt Service			
Principal Retirement	18,333	18,333	-
Interest and Fiscal Charges	1,541	2,321	-
Total Expenditures	<u>\$35,400,887</u>	<u>\$33,753,285</u>	<u>\$36,784,710</u>
Other Financing Sources (Uses)			
Transfers Out	<u>(400,000)</u>	<u>(650,000)</u>	<u>-</u>
Transfers In	-	-	150,000
Bond Proceeds	-	-	55,000
Total Other Financing Sources	<u>(400,000)</u>	<u>(650,000)</u>	<u>205,000</u>
Fund Balances			
May 1, as previously stated	12,321,369	6,498,961	5,613,295
Prior Period Adjustment	<u>-</u>	<u>645,649</u>	<u>-</u>
May 1, as restated	<u>12,321,369</u>	<u>7,144,610</u>	<u>-</u>
April 30	<u>\$ 18,051,629</u>	<u>\$ 12,321,369</u>	<u>\$ 6,498,962</u>

*The Village changed its fiscal year end from April 30 to December 31, effective as of December 31, 2006. Financial statements for fiscal year May 1, 2006 through December 31, 2006 will be completed this summer.

APPENDIX C
Form of Bond Counsel Opinion

PROPOSED FORM OF OPINION OF BOND COUNSEL

[LETTERHEAD OF CHAPMAN AND CUTLER LLP]

[TO BE DATED CLOSING DATE]

We hereby certify that we have examined certified copies of the proceedings (the "Proceedings") of the Council of the Village of Downers Grove, DuPage County, Illinois (the "Village"), passed preliminary to the issuance by the Village of its fully registered General Obligation Bonds, Series 2007 (the "Bonds") to the amount of \$9,250,000, dated May 1, 2007, of the denomination of \$5,000 or authorized integral multiples thereof, and due serially [and as Term Bonds] on January 1 of the years and in the amounts and bearing interest at the rates percent per annum as follows:

YEAR	AMOUNT (\$)	RATE (%)
2009		
2010		
2011		
2012		
2013		
2014		
2015		
2016		
2017		
2018		
2019		
2020		
2021		
2022		
2023		
2024		
2025		
2026		
2027		
2028		

[Insert Term Bond Provisions as applicable.]

The Bonds coming due on January 1, 2017, and thereafter are subject to redemption prior to maturity at the option of the Village on January 1, 2016, and any date thereafter, from any available moneys, in whole or in part and if in part in such principal amounts and from such maturities as the Village shall determine and within any maturity by lot at a redemption price of par plus accrued interest to the date fixed for redemption.

From such examination, we are of the opinion that the Proceedings show lawful authority for the issuance of the Bonds under the laws of the State of Illinois now in force.

We further certify that we have examined the form of bond prescribed for said issue and find the same in due form of law, and in our opinion said issue, to the amount named, is valid and legally binding upon the Village and, except that the rights of the Bondholders and the enforceability of the Bonds may be limited by bankruptcy, reorganization, moratorium, insolvency and other similar laws relating to creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion, is payable from ad valorem property taxes levied against all of the taxable property within the Village without limitation as to rate or amount.

It is our opinion that, subject to the Village's compliance with certain covenants, 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 alternative minimum tax for individuals and corporations under the Internal Revenue Code of 1986, as amended (the "*Code*"), but is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Failure to comply with certain of such Village covenants could cause interest on the Bonds to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. Ownership of the Bonds may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

It is also our opinion that the Bonds are "qualified tax-exempt obligations" under Section 265(b)(3) of the Code.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Bonds.

In rendering this opinion, we have relied upon certifications of the Village with respect to certain material facts within the Village's knowledge. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.