

VILLAGE OF DOWNERS GROVE
REPORT FOR THE VILLAGE COUNCIL MEETING
APRIL 17, 2012 AGENDA

SUBJECT:	TYPE:	SUBMITTED BY:
Issuance of General Obligation Bonds for Road and Water System Improvements	✓ Resolution Ordinance Motion Discussion Only	Judy Buttny Finance Director

SYNOPSIS

An ordinance has been prepared for the issuance of \$35,000,000 of General Obligation Bonds for Road and Water System Improvements.

STRATEGIC PLAN ALIGNMENT

The Goals for 2011 to 2018 include *Top Quality Infrastructure* and *Steward of Financial and Environmental Sustainability* and *Exceptional Municipal Services*. This bond issue is a High Priority Action Item for 2012.

FISCAL IMPACT

The adopted FY12 budget includes \$25 million in revenue in the Capital Fund, and \$10 million in revenue in the Water Fund from the issuance of General Obligation Bonds. The principal amount of the bonds will be \$35 million. While the actual interest rate will not be known until the bids for the purchase of the bonds are received on April 17, 2012, the current interest rate is 3.67% for the Road Construction bonds and 3.19% for the Water bonds. The projected issuance cost for the bonds is \$81,000. This bond issuance is consistent with the 2008 bond issuance plan, the 2010 Water Rate Study Report, the Long Range Financial Plan and the FY12 budget.

UPDATE & RECOMMENDATION

This item was discussed at the April 10, 2012 Village Council meeting. At the meeting, the Village Council requested that staff provide the links to Long Range Financial Plan and Debt Service information. The Debt Service Summary and the Debt Capacity Chart are attached. Additional information on the Long Range Financial Plan is available online at: <http://www.downers.us/govt/long-range-financial-plan-lrfp/long-range-financial-plan-2012-2014>.

On April 17, 2012, the Village received the bids for the \$35 million of General Obligation bond issuance. A total of eight bids were received. Bank of America Merrill Lynch was the lowest bidder at the following interest rates:

Road Construction	\$25 million	3.487%
Water System Improvements	\$10 million	3.101%

The bond ordinance that follows has been updated to reflect the bid results. An updated Council Action Summary, updated debt service schedule and a chart showing the final detailed costs of issuance are attached. Staff recommends approval on the April 17, 2012 Active Agenda.

BACKGROUND

Pursuant to the Long Range Financial Plan, Strategic Plan and the FY12 budget, the Village will be issuing bonds to pay for needed improvements to the street system and water system. The 2012 bond issuance will total approximately \$35 million. Approximately \$25 million will be used for street reconstruction projects and \$10 million for watermain replacement projects and other water system improvements. The debt service payments on the \$25 million bonds for streets will be made using the home rule sales tax and property tax revenues that were put in place in 2008 and remain in place today. The debt service payments on the \$10 million bonds will be made using revenues from the water rates. The recent rate restructuring and increases to the water rates are sufficient to make the debt service payments. This bond issuance is consistent with the 2008 bond issuance plan, the 2010 Water Rate Study Report, the Long Range Financial Plan and the FY12 budget.

As recommended by the Village's Financial Advisor, Northern Trust, the bonds will be sold using a competitive process. Bids for the purchase of the bonds are due Tuesday April 17, 2012 at 10:00 a.m. The actual interest rate and debt service schedule will be presented to Council at the April 17, 2012 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. (See attached.)

ATTACHMENTS

Ordinance
Debt Service Schedule
Preliminary Official Statement
S&P Rating

VILLAGE OF DOWNERS GROVE
COUNCIL ACTION SUMMARY

INITIATED: Village Manager **DATE:** April 17, 2012
(Name)

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

NATURE OF ACTION:

- Ordinance
- Resolution
- Motion
- Other

STEPS NEEDED TO IMPLEMENT ACTION:

Motion to Adopt "AN ORDINANCE PROVIDING FOR THE ISSUANCE OF GENERAL OBLIGATION BONDS, SERIES 2012, 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 APPROVAL OF COSTS OF ISSUANCE", as presented.

SUMMARY OF ITEM:

Adoption of the resolution shall provide for the issuance of General Obligation Bonds, Series 2012 and approval of the costs of issuance.

RECORD OF ACTION TAKEN:

EXTRACT OF MINUTES of a regular public meeting of the Council of the Village of Downers Grove, DuPage County, Illinois, held at the Village Hall, 801 Burlington Avenue, in said Village, at 7:00 p.m., on the 17th day of April, 2012.

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 2012, 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 2012, 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 the reconstruction of roadways and water main replacements in the Knottingham Subdivision, Concorde Square Unit 2 Subdivision, Valley View Estates Subdivision, Clyde Estates Subdivision, Esterbrook Subdivision, Oak Grove Unit III, Brooke and Centre, Barneswood Area at Lacey Creek and other various neighborhoods, (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 2012, 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 17th day of
April, 2012.

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ORDINANCE NUMBER _____

AN ORDINANCE providing for the issuance of General Obligation Bonds, Series 2012, 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 reconstruction of roadways and water main replacements in the Knottingham Subdivision, Concorde Square Unit 2 Subdivision, Valley View Estates Subdivision, Clyde Estates Subdivision, Esterbrook Subdivision, Oak Grove Unit III, Brooke and Centre, Barneswood Area at Lacey Creek and other various neighborhoods (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 "*2012 Project*"); and

WHEREAS, the estimated costs of the 2012 Project are not less than \$35,000,000 and investment earnings thereon; and

WHEREAS, the Village has insufficient funds on hand and lawfully available to pay the costs of the 2012 Project, and it will be necessary to borrow said amount of \$35,000,000 to pay the same, and in evidence of such borrowing to issue general obligation bonds of the Village in the amount of \$35,000,000 (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

2012 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 Ice Miller 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 17th day of April, 2012.

"*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, \$35,000,000, being par plus premium of \$435,474.30 and less Underwriter's discount of \$172,200.00 plus accrued interest of \$-0-, for a total of \$35,263,274.30.

"*Purchaser*" means Merrill Lynch Pierce Fenner & Smith Incorporated.

"*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 2012 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 2012 Project, there shall be issued and sold the Bonds in the principal amount of \$35,000,000. The Bonds shall each be designated "*General Obligation Bond, Series 2012.*" The Bonds shall be dated May 3, 2012 (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 (%)
2013	\$2,460,000	3.000%
2014	2,145,000	3.000%
2015	2,210,000	3.000%
2016	990,000	3.000%
2017	1,020,000	3.000%
2018	1,050,000	3.000%
2019	1,080,000	3.000%
2020	1,110,000	3.000%
2021	1,145,000	3.000%
2022	1,180,000	3.000%
2023	1,215,000	3.000%
2024	1,255,000	3.000%
2025	1,290,000	3.000%
2026	1,330,000	3.125%
2027	1,370,000	3.250%
2028	1,415,000	3.250%
2029	1,460,000	3.375%
2030	1,505,000	3.375%
2031	1,560,000	3.500%
2032	1,615,000	3.500%
2035	3,105,000	4.000%
2038	3,490,000	4.000%

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 January 1, 2013. 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 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:

The Bonds due on January 1, 2035 are subject to mandatory redemption, in integral multiples of \$5,000 selected by lot by the Registrar, at a redemption price of par plus accrued interest to the redemption date, on January 1 of the years and in the principal amounts as follows:

<u>Year of Maturity</u>	<u>Principal Amount</u>
2033	\$995,000
2034	1,035,000
2035	1,075,000

The Bonds due on January 1, 2038 are subject to mandatory redemption, in integral multiples of \$5,000 selected by lot by the Registrar, at a redemption price of par plus accrued interest to the redemption date, on January 1 of the years and in the principal amounts as follows:

<u>Year of Maturity</u>	<u>Principal Amount</u>
2036	\$1,120,000
2037	1,160,000
2038	1,210,000 (final maturity)

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, 2023, are subject to redemption at the option of the Village on January 1, 2022, 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 2012

See Reverse Side for
Additional Provisions.

Interest Maturity Dated
Rate: Date: January 1, _____ Date: May 3, 2012 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 January 1, 2013, 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.

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 2012, having a Dated Date of May 3, 2012, 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 \$35,000,000 issued by the Village for the purpose of paying costs of the 2012 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 January 1, 2023, are subject to redemption prior to maturity at the option of the Village on January 1, 2022, 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.

The Bonds due on January 1, 2035 are subject to mandatory redemption, in integral multiples of \$5,000 selected by lot by the Registrar, at a redemption price of par plus accrued interest to the redemption date, on January 1 of the years and in the principal amounts as follows:

<u>Year of Maturity</u>	<u>Principal Amount</u>
2033	\$995,000
2034	1,035,000
2035	1,075,000

The Bonds due on January 1, 2038 are subject to mandatory redemption, in integral multiples of \$5,000 selected by lot by the Registrar, at a redemption price of par plus accrued interest to the redemption date, on January 1 of the years and in the principal amounts as follows:

<u>Year of Maturity</u>	<u>Principal Amount</u>
2036	\$1,120,000
2037	1,160,000
2038	1,210,000 (final maturity)

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:
2012	3,222,768.76	for principal and interest to and including January 1, 2014
2013	3,223,418.76	for principal and interest
2014	1,937,118.76	for principal and interest
2015	1,937,418.76	for principal and interest
2016	1,936,818.76	for principal and interest
2017	1,935,318.76	for principal and interest
2018	1,932,918.76	for principal and interest
2019	1,934,618.76	for principal and interest
2020	1,935,268.76	for principal and interest
2021	1,934,868.76	for principal and interest
2022	1,938,418.76	for principal and interest
2023	1,935,768.76	for principal and interest
2024	1,937,068.76	for principal and interest
2025	1,935,506.26	for principal and interest
2026	1,935,981.26	for principal and interest
2027	1,934,993.76	for principal and interest
2028	1,930,718.76	for principal and interest
2029	1,934,925.00	for principal and interest
2030	1,935,325.00	for principal and interest
2031	1,258,800.00	for principal and interest
2032	1,259,000.00	for principal and interest
2033	1,257,600.00	for principal and interest
2034	1,259,600.00	for principal and interest
2035	1,254,800.00	for principal and interest
2036	1,258,400.00	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 2012 to 2036, 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 2012, 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 2012 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 "2012 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 2012 Project, as certified to the Treasurer by the architect or engineer in responsible charge of the 2012 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 2012 Project or expenditures for which an intent to reimburse it was properly declared under Treasury Regulations Section 1.150-2. Resolution Number 4835 adopted by the Corporate Authorities on March 20, 2012, is a declaration of official intent under Treasury Regulations Section 1.150-2 as to all costs of the 2012 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 2012 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 2012 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 "2012 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. 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 19 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 21. 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 22. 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 23. 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 24. 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 25. 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: April 17, 2012

AYES: _____

NAYS: _____

ABSENT: _____

APPROVED: April 17, 2012

Mayor, Village of Downers Grove,
DuPage County, Illinois

Published in pamphlet form by authority of the Council on April 17, 2012.

ATTEST:

Village Clerk, Village of Downers Grove
DuPage County, Illinois

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 17th day of April, 2012, insofar as the same relates to the adoption of an ordinance entitled:

AN ORDINANCE providing for the issuance of General Obligation Bonds, Series 2012, 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 17th day of April, 2012.

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 17th day of April, 2012, 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 2012, 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 17th day of April, 2012.

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 17th day of April, 2012 (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.

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.

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 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 17th day of April, 2012.

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, 2012, 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 17th day of April, 2012, and entitled:

AN ORDINANCE providing for the issuance of General Obligation Bonds, Series 2012, 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, 2012.

County Clerk of The County of
DuPage, Illinois

[SEAL]

Maturity	Road Improvements			Water			Total Series 2012		
	Principal	Interest	Total DS	Principal	Interest	Total DS	Principal	Interest	Total DS
1/1/2013	1,990,000	553,429	2,543,429	470,000	207,886	677,886	2,460,000	761,315	3,221,315
1/1/2014	1,770,000	777,419	2,547,419	375,000	300,350	675,350	2,145,000	1,077,769	3,222,769
1/1/2015	1,820,000	724,319	2,544,319	390,000	289,100	679,100	2,210,000	1,013,419	3,223,419
1/1/2016	590,000	669,719	1,259,719	400,000	277,400	677,400	990,000	947,119	1,937,119
1/1/2017	605,000	652,019	1,257,019	415,000	265,400	680,400	1,020,000	917,419	1,937,419
1/1/2018	625,000	633,869	1,258,869	425,000	252,950	677,950	1,050,000	886,819	1,936,819
1/1/2019	640,000	615,119	1,255,119	440,000	240,200	680,200	1,080,000	855,319	1,935,319
1/1/2020	660,000	595,919	1,255,919	450,000	227,000	677,000	1,110,000	822,919	1,932,919
1/1/2021	680,000	576,119	1,256,119	465,000	213,500	678,500	1,145,000	789,619	1,934,619
1/1/2022	700,000	555,719	1,255,719	480,000	199,550	679,550	1,180,000	755,269	1,935,269
1/1/2023	720,000	534,719	1,254,719	495,000	185,150	680,150	1,215,000	719,869	1,934,869
1/1/2024	745,000	513,119	1,258,119	510,000	170,300	680,300	1,255,000	683,419	1,938,419
1/1/2025	765,000	490,769	1,255,769	525,000	155,000	680,000	1,290,000	645,769	1,935,769
1/1/2026	790,000	467,819	1,257,819	540,000	139,250	679,250	1,330,000	607,069	1,937,069
1/1/2027	815,000	443,131	1,258,131	555,000	122,375	677,375	1,370,000	565,506	1,935,506
1/1/2028	840,000	416,644	1,256,644	575,000	104,338	679,338	1,415,000	520,981	1,935,981
1/1/2029	870,000	389,344	1,259,344	590,000	85,650	675,650	1,460,000	474,994	1,934,994
1/1/2030	895,000	359,981	1,254,981	610,000	65,738	675,738	1,505,000	425,719	1,930,719
1/1/2031	925,000	329,775	1,254,775	635,000	45,150	680,150	1,560,000	374,925	1,934,925
1/1/2032	960,000	297,400	1,257,400	655,000	22,925	677,925	1,615,000	320,325	1,935,325
1/1/2033	995,000	263,800	1,258,800				995,000	263,800	1,258,800
1/1/2034	1,035,000	224,000	1,259,000				1,035,000	224,000	1,259,000
1/1/2035	1,075,000	182,600	1,257,600				1,075,000	182,600	1,257,600
1/1/2036	1,120,000	139,600	1,259,600				1,120,000	139,600	1,259,600
1/1/2037	1,160,000	94,800	1,254,800				1,160,000	94,800	1,254,800
1/1/2038	1,210,000	48,400	1,258,400				1,210,000	48,400	1,258,400
	<u>25,000,000</u>	<u>11,549,547</u>	<u>36,549,547</u>	<u>10,000,000</u>	<u>3,569,211</u>	<u>13,569,211</u>	<u>35,000,000</u>	<u>15,118,759</u>	<u>50,118,759</u>

Reflects interest rates as of April 17, 2012.

\$35,000,000

Village of Downer's Grove
Dupage County, Illinois
General Obligation Bonds, Series 2012

Detail Costs Of Issuance

Dated 05/03/2012 | Delivered 05/03/2012

COSTS OF ISSUANCE DETAIL

Financial Advisor	\$41,500.00
Bond Counsel	\$18,500.00
Rating Agency Fee	\$20,000.00
Bond Printing	\$2,500.00
TOTAL	\$82,500.00

Series 2012 PRICING | SINGLE PURPOSE | 4/17/2012 | 11:12 AM

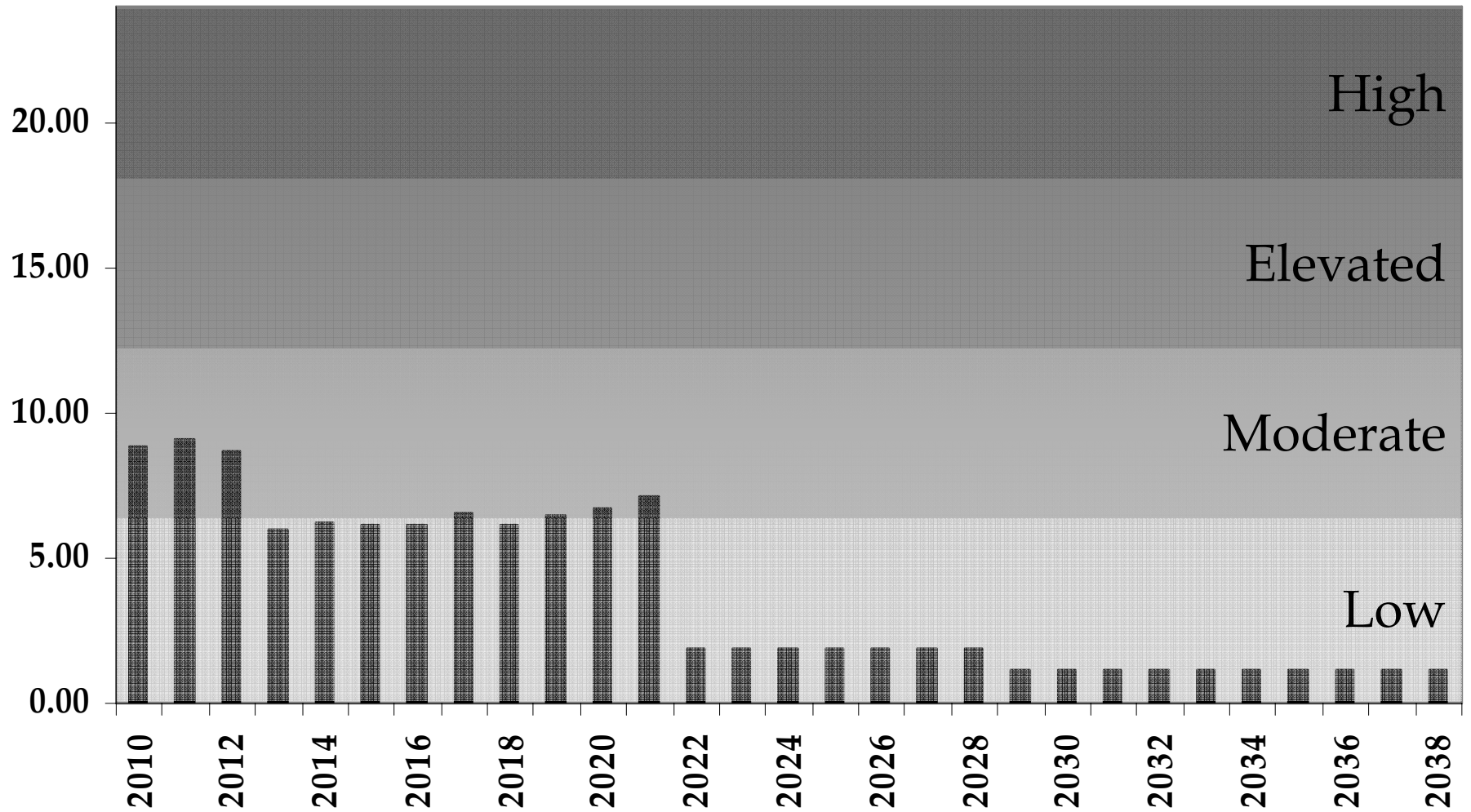
DEBT SERVICE SUMMARY

	Series 2002	Series 2005	Series 2008B	Series 2009	Series 2010A	Series 2010B
Type	G.O.	G.O.	G.O.	G.O.	G.O.	G.O.
Auth. Issue	6,000,000	9,950,000	3,900,000	9,030,000	5,805,000	5,150,000
Outstanding Principal	120,000	9,485,000	3,550,000	7,205,000	5,575,000	5,150,000
Purpose	Downtown TIF Improvements	Refund 1999 & 2000 Bonds	Refund '99, '00, '03 Bonds	Refund '03 Bonds	Refund '00, '01 Bonds	Refund 2002 Bonds
Funding Source	TIF Increment (Prop. Taxes)	TIF Increment (Prop. Taxes)	TIF Increment (Prop. Taxes)	TIF Increment (Prop. Taxes)	TIF Increment (Prop. Taxes)	TIF Increment (Prop. Taxes)
Remaining Debt Service Payments (Principal & Interest):						
FY 2012	122,700	425,150	770,713	1,118,250	238,700	197,800
FY 2013	-	422,350	842,176	1,113,100	238,700	197,800
FY 2014	-	1,166,250	153,788	1,112,400	490,513	394,800
FY 2015	-	1,465,694	108,000	832,250	405,138	566,100
FY 2016	-	1,610,268	108,000	959,263	385,550	416,800
FY 2017	-	1,698,608	108,000	1,033,025	434,925	741,600
FY 2018	-	1,869,420	108,000	1,028,388	413,200	840,900
FY 2019	-	1,888,198	108,000	1,025,100	538,000	949,900
FY 2020	-	902,036	1,136,624	-	1,710,400	1,058,200
FY 2021	-	-	1,132,624	-	2,757,250	1,234,200
Totals	122,700	11,447,973	4,575,925	8,221,775	7,612,375	6,598,100
Subtotal TIF						
Type	Series 1998	Series 2001A	Series 2007	Series 2008A	Total	
Type	G.O.	G.O.	G.O.	G.O.		
Auth. Issue	3,000,000	4,000,000	9,250,000	25,000,000		
Outstanding Principal	31,085,000	800,000	485,000	8,465,000	19,200,000	60,035,000
Purpose	Fairview Ave. Improvements	Installation of AMR System	Construct Fire Station #2	Stormwater Improvements		
Funding Source	\$.015/ gallon Gasoline Tax	Water Fund Revenues	Capital Proj. Fund Revenues	Stormwater Fund Revenues		
Remaining Debt Service Payments (Principal & Interest):						
FY 2012	2,873,313	200,000	496,155	700,108	3,463,763	7,733,339
FY 2013	2,814,126	200,000	-	700,408	1,147,050	4,861,584
FY 2014	3,317,751	200,000	-	700,108	1,144,800	5,362,659
FY 2015	3,377,181	200,000	-	691,308	1,146,187	5,414,676
FY 2016	3,479,880	75,000	-	688,758	1,146,087	5,389,725
FY 2017	4,016,158	-	-	684,051	1,145,387	5,845,596
FY 2018	4,259,908	-	-	682,345	1,144,087	6,086,340
FY 2019	4,509,198	-	-	684,748	1,140,037	6,333,983
FY 2020	4,807,260	-	-	686,268	1,142,913	6,636,441
FY 2021	5,124,074	-	-	677,085	1,139,663	6,940,822
FY 2022	-	-	-	681,835	1,140,287	1,822,122
FY 2023	-	-	-	685,335	1,139,663	1,824,998
FY 2024-2028	-	-	-	3,421,508	5,680,045	9,101,553
FY 2029-2038	-	-	-	-	11,291,250	11,291,250
Totals	38,578,848	875,000	496,155	11,683,865	33,011,219	84,645,087

Fiscal Year 2012 Adopted Budget

Debt Capacity

Debt Service Future Payments (in millions)



New Issue – Global Book Entry

Ratings: Standard & Poor's: AA+

Subject to compliance by the Village with certain covenants, in the opinion of Bond Counsel, under present law, interest on the Bonds is excludible from gross income of the owners thereof for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, but is taken into account in determining adjusted current earnings for the purpose of computing the federal alternative minimum tax imposed on certain corporations. Interest on the Bonds is not exempt from present State of Illinois income taxes. See "TAX EXEMPTION" herein for a more complete discussion.

\$35,000,000*
Village of Downers Grove
DuPage County, Illinois
General Obligation Bonds, Series 2012

Dated: Date of Delivery

Due: January 1 as shown on inside of front cover

The Bonds will be issued as fully registered bonds and will initially be registered in the name of Cede & Co., the nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as the securities depository for the Bonds. Purchases will be made in book-entry form through DTC participants only in denominations of \$5,000 and any authorized integral multiple thereof and no physical delivery of bonds will be made to purchasers of beneficial interests (the "Beneficial Owners") in the Bonds. Interest on the Bonds will be payable on January 1 and July 1, commencing January 1, 2013. So long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, principal of, if any and interest on the Bonds will be paid by the Village Treasurer as paying agent for the Bonds, to DTC, which in turn will remit such payments to DTC participants for subsequent distribution to the Beneficial Owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM" herein.

The Bonds are subject to redemption prior to maturity as described herein. See "DESCRIPTION OF THE BONDS".

The Bonds are direct and general obligations of the Village of Downers Grove, DuPage County, Illinois (the "Village"), for which its full faith and credit have been irrevocably pledged and are payable from ad valorem taxes to be levied on all taxable property in the Village, without limitation as to rate or amount.

The Bonds are offered when, as, and if issued by the Village, subject to the delivery of the legal opinion of Ice Miller LLP, Chicago, Illinois, Bond Counsel. A copy of the proposed legal opinion of the Bond Counsel relating to the Bonds is set forth in Appendix C of this Official Statement. It is expected that the Bonds will be available for delivery to The Depository Trust Company in New York, New York on or about May 3, 2012.

Northern Trust Securities, Inc.
Financial Advisor

**subject to change*

MATURITY SCHEDULE

\$35,000,000*

**Village of Downers Grove
DuPage County, Illinois
General Obligation Bonds, Series 2012**

Maturity January 1	Amount*	Rate	Price or Yield	Maturity January 1	Amount*	Rate	Price or Yield
2013	\$2,755,000	%	%	2026	\$1,280,000	%	%
2014	2,465,000	%	%	2027	1,315,000	%	%
2015	2,475,000	%	%	2028	1,345,000	%	%
2016	1,085,000	%	%	2029	1,385,000	%	%
2017	1,095,000	%	%	2030	1,425,000	%	%
2018	1,100,000	%	%	2031	1,465,000	%	%
2019	1,115,000	%	%	2032	1,515,000	%	%
2020	1,135,000	%	%	2033	925,000	%	%
2021	1,150,000	%	%	2034	955,000	%	%
2022	1,170,000	%	%	2035	990,000	%	%
2023	1,195,000	%	%	2036	1,025,000	%	%
2024	1,225,000	%	%	2037	1,060,000	%	%
2025	1,250,000	%	%	2038	1,100,000	%	%

**subject to change.*

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

The 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 to give any information or to make any representations with respect to the Bonds other than as contained in the Official Statement and, if given or made, such other information or representations must be relied upon as having been authorized by the Village. Certain information contained in the Official Statement may have been obtained from sources other than records of the Village and, while believed to be reliable, is not guaranteed as to accuracy or completeness. **THE INFORMATION AND EXPRESSIONS OF OPINION IN THE OFFICIAL STATEMENT AND THE FINAL OFFICIAL STATEMENT ARE SUBJECT TO CHANGE WITHOUT NOTICE, AND NEITHER THE DELIVERY OF THE OFFICIAL STATEMENT OR THE FINAL OFFICIAL STATEMENT NOR ANY SALE MADE UNDER EITHER SUCH DOCUMENT SHALL CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE VILLAGE SINCE THE DATE THEREOF.**

Reference herein to laws, rules, regulations, resolutions, agreements, reports and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. Where full texts have not been included as appendices to the Official Statement they will be furnished on request.

Village of Downers Grove

DuPage County, Illinois

Mayor

Martin T. Tully

Commissioners

Robert Barnett

Sean Patrick Durkin

Geoff Neustadt

Becky Rheintgen

Marilyn Schnell

William Waldack

Village Manager

David Fieldman

Village Treasurer/Finance Director

Judy Buttny

Village Clerk

April Holden

Bond Counsel

Ice Miller, LLP
Chicago, Illinois

Financial Advisor

Northern Trust Securities, Inc.
Chicago, Illinois

**Village of Downers Grove, Illinois
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Appendix A – Village Of Downers Grove

Appendix B – General Purpose Financial Statements

Appendix C – Legal Opinion

OFFICIAL NOTICE OF SALE

Village of Downers Grove DuPage County, Illinois

\$35,000,000* General Obligation Bonds, Series 2012

* subject to change

PUBLIC NOTICE IS HEREBY GIVEN that the Village of Downers Grove, Illinois (the "Village") will receive competitive bids for the purchase of the Village's General Obligation Bonds, Series 2012 (the "Bonds") via BiDCOMP/PARITY's electronic service in the manner described below on:

April 17, 2012 at _____

The Bonds:

TBD A.M. Central Time

Bids must be submitted electronically via BiDCOMP/PARITY in accordance with this Official Notice of Sale. For further information about BiDCOMP/PARITY, potential bidders may contact BiDCOMP/PARITY at 212-404-8102. Hard copy bids will not be accepted.

No other method of submitting bids will be accepted. The use of BiDCOMP/PARITY shall be at the bidder's risk and expense, and neither the Village, its Financial Advisor nor Bond Counsel shall have any liability with respect thereto. Electronic bids via BiDCOMP/PARITY must be submitted in accordance with BidCOMP/PARITY's Rules of Participation, as well as the provisions of this Official Notice of Sale. To the extent that provisions of this Official Notice of Sale conflict with BiDCOMP/PARITY's Rules of Participation or any instruction or directions set forth by BidCOMP/PARITY, the provisions of this Official Notice of Sale shall control.

No bid will be received after the time for receiving bids specified above. The date and time of the sale may be changed at the discretion of the Village, and the Village also reserves the right to make other changes to the provisions of this Official Notice prior to the date and time of the sale; any such changes may be posted through BiDCOMP/PARITY. Prospective bidders are advised to check for such BiDCOMP/PARITY postings prior to the stated sale time. Bids must be submitted via BiDCOMP/PARITY by the date and hour specified above (or other date and time specified through BiDCOMP/PARITY) as specified in "BIDDING CONDITIONS" below.

DESCRIPTION OF BONDS

General

The Bonds are dated as the same date as the date of delivery and mature on January 1 of the years listed on the inside cover page of the Official Statement. Interest on the Bonds is payable on January 1 and July 1, commencing on January 1, 2013. Each Bond will bear interest from the later of its dated date or most recent interest payment date to which interest has not been paid or for which interest has been fully provided.

The Bonds are issuable only in fully registered form. The Depository Trust Company, New York, New York (“DTC”), will act as securities depository of the Bonds and its nominee, Cede & Co., will be registered owner of the Bonds. Individual purchases of the Bonds must be in the principal amount of \$5,000 or any integral multiple thereof, and will be recorded on a book-entry system operated by DTC. (Principal of and interest on the Bonds are also payable to DTC, who will remit such principal and interest to DTC's Participants for payment to the Beneficial Owners of the Bonds.)

INFORMATION AVAILABLE FROM PRELIMINARY OFFICIAL STATEMENT:

This Official Notice of Sale is not to be treated as a complete disclosure of all relevant information with respect to the Bonds. The information set forth herein is subject to the more complete information as to the Bonds and the Village set forth in a Preliminary Official Statement (the “Preliminary Official Statement”), and reference is made to the Preliminary Official Statement for information as to the authorization and purpose of the Bonds; security for the Bonds; the book-entry system, transfer, exchange and place of payment of the Bonds; and other information relating to the Bonds and the Village.

Optional Redemption

The Bonds maturing on January 1, 2023 and thereafter are subject to redemption prior to maturity at the option of the Village in whole or in part in such principal amounts and from such maturities as the Village shall select and by lot within a single maturity in integral multiples of \$5,000 on January 1, 2022 and on any date thereafter at the redemption price of par plus accrued interest to date fixed for redemption.

BIDDING CONDITIONS

No Bid From the Financial Advisor

Northern Trust Securities, Inc. shall not be permitted to bid, either alone or as a member of a syndicate, to purchase the Bonds. As the Financial Advisor to the Village, Northern Trust Securities, Inc. will be paid a fee when the Bonds are actually sold and delivered, which fee is contingent upon such sale and delivery.

Type of Bids and Interest Rates

Bidders are invited to submit bids for the purchase of the Bonds fixing the interest rate or rates that the Bonds will bear. Interest rates bid shall be in multiples of 1/8 or 1/100 of one percent, or both. No more than one rate of interest may be fixed for any one maturity. Bids providing a zero or supplemental interest rates will not be considered. The interest rates bid for maturities shall be in non-descending order.

The Bonds will be sold, all or none, at a price of not less than 98.0% and not greater than 110.0% of par value plus accrued interest from date of the Bonds to date of delivery. Bidders are requested to specify the rate or rates of interest that the Bonds will bear.

Please see Bid Form for pricing parameters. At the Bidder's option, maturities after January 1, 2022 can be combined as term bonds (no more than two term bonds). Mandatory sinking fund payments for such term bonds would be the same as the maturities shown on the Bid Form.

Adjustment of Principal Amounts Before Bid Opening

Bidders are advised that the Village may increase or decrease the total principal amount of either or both series of the Bonds and/or the amounts of individual maturities stated in this Official Notice of Bond Sale prior to the bidding. If such changes are made, they will be reflected in the Official Bid Forms to be made available through BiDCOMP/PARITY.

Bidding Process

By submitting an electronic bid for any or all series of the Bonds, each bidder thereby agrees to the following terms and conditions:

(i) If any provision in this Official Notice of Bond Sale conflicts with information or terms provided to or required of the bidder by BiDCOMP/PARITY, this Official Notice of Sale and the applicable Official Bid Form shall control. Information provided by BiDCOMP/PARITY to bidders shall form no part of any bid or of any contract between the successful bidder and the Village unless that information is included in this Official Notice of Sale or in the applicable Official Bid Form to be made available by the Village.

(ii) The bidder is solely responsible for making necessary arrangements to access BiDCOMP/PARITY for purposes of submitting a timely bid that is in compliance with the requirements of this Official Notice of Sale and with the applicable Official Bid Form.

(iii) The Village shall have no duty or obligation to provide or assure access to BiDCOMP/PARITY, and shall not be responsible for the proper operation of BiDCOMP/PARITY or have any liability for any delays or interruptions of, or any damages caused by, use or attempted use of BiDCOMP/PARITY.

(iv) BiDCOMP/PARITY is not the Village's agent, but rather is the bidder's agent in submitting its bid to the Village.

(v) The Village will regard the electronic transmission of each bid it receives through BiDCOMP/PARITY (including information regarding the purchase price of the Bonds and interest rates for any maturity of the Bonds) as being submitted on the Official Bid Form to be made available by the Village and executed on behalf of the named bidder by a duly authorized signatory.

(vi) If an electronic bid for the Bonds is accepted by the Village, this Official Notice of Sale, the applicable Official Bid Form to be made available by the Village and the information regarding the purchase price of each series of the Bonds, any Term Bonds specified, and the interest rates for each maturity of each series of the Bonds that is submitted electronically to the Village through BiDCOMP/PARITY shall form a contract between the bidder and the Village, and the bidder shall be bound by the terms of such contract whether or not such bidder in fact attempted or intended to submit a bid on those terms.

Good Faith Deposit

Each bid shall be accompanied by a certified wire transfer. The Good Faith Deposit (the "Deposit" requirement for the Bonds is **\$350,000**).

The Deposit of the successful bidder will be retained by the Village pending delivery of the Bonds and all others will be promptly returned. Should the successful bidder fail to take up and pay for the Bonds when tendered in accordance with this Official Notice of Sale and said bid, said Deposit shall be retained as full and liquidated damages to the Village caused by failure of the bidder to carry out the offer of purchase. Such Deposit will otherwise be applied

on the purchase price upon delivery of the Bonds. No interest will accrue on the Good Faith Deposit.

The Wire instructions are as follows:

[Village Will Provide Wiring Instructions]

In addition, an email must be sent to the Financial Advisor at cts3@ntrs.com. The email must contain: (i) federal reference number, time and date for the wire; and (ii) return wire instructions.

Award

The Bonds will be sold to the bidder making a bid conforming to the terms of the offering and which, on the basis of the Village's determination of the lowest true interest cost, is the best bid. The true interest cost to the Village will be the rate that, when used to discount to the date of the applicable series of the Bonds all future payments of principal and interest (using semiannual compounding and a 30/360 day basis), produces an amount equal to the bid amount, without regard to the interest accrued to the date of delivery of such series of the Bonds. The true interest cost calculations for any bids received will be performed by the Village's Financial Advisor, and the Village will base its determination of the best bid for the Bonds solely on such calculations. If there are two or more equal bids for the Bonds and those bids are the best bids received, the Village Manager will determine by lot which bid will be presented to the Village Council.

The Village reserves the right to reject any or all bids submitted and to waive any formality or irregularity in any bid or the bidding process. If all bids of the Bonds are rejected, then such series of the Bonds may be sold in the manner provided by law. Any bid presented after the time specified for the receipt of bids will not be accepted, and any bid not backed by the required good faith deposit will not be considered by the Village Council. The successful bid for each series of the Bonds shall remain in effect until 9:00 p.m., Central Time, on the day of such bid opening.

Issue Price Certificate

To provide information to the village, thus enabling it to comply with certain conditions of the Internal Revenue Code of 1986, (relating to the exclusion of interest on the Bonds from gross income for Federal income tax purposes) the successful bidder will be required to complete, execute and deliver to the Village a certification regarding "issue price." Each bidder, by submitting its bids, agrees to complete, execute, and deliver such a certificate if its bid is accepted by the Village. It will be the responsibility of the successful bidder to institute such syndicate reporting requirements, to make such investigation, or otherwise to ascertain the facts necessary to enable it to make such certification with reasonable certainty. Any questions concerning such certification should be directed to Bond Counsel.

DELIVERY OF BONDS

CUSIP Numbers

It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such number on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the Purchaser to accept delivery of any pay for the Bonds in accordance with the terms of this Official Notice of Sale and the terms of the Official Bid Form. All expenses in relation to the printing of CUSIP numbers on the Bonds shall be paid by the Village; provided, however, that the CUSIP Service Bureau charge for the assignment of the numbers shall be the responsibility of and shall be paid for by the Purchaser.

Delivery of Bonds

Delivery of the Bonds will be made through the facilities of DTC, and is expected to take place on or about May 3, 2012. Payment for the Bonds must be made in immediately available funds for unconditional credit to the Village, or as otherwise directed by the Village. The Purchaser will be given five (5) business days notice of the date fixed for delivery of the Bonds. If for any reason the Village is unable to make delivery on or before May 3, 2012 then the Village shall immediately contact the Purchaser and allow the Purchaser to extend his offer for an additional thirty days. If the Purchaser does not elect to extend his offer within six days thereafter, then the Good Faith Deposit will be returned, and both the Village and the Purchaser shall be relieved of any further obligation.

Tax Exemption

The delivery of the Bonds are subject to an opinion of Ice Miller LLP, Chicago, Illinois, Bond Counsel, to the effect that interest on the Bonds is excludable from gross income for Federal income tax purposes under existing law and not treated as an item of tax preference for purposes of the alternative minimum tax bonds. See "TAX EXEMPTION" in the Official Statement for a complete description of Bond Counsel's opinion.

No Litigation Certificate

The Village will furnish, without cost to the Purchaser, a Certificate signed by the Mayor and Village Clerk of the Village which will recite, among other things, that, except as disclosed in the Official Statement, no litigation of any nature has been filed or is now pending to restrain or enjoy the issuance or delivery of the Bonds or which would affect the provision made for their payment or security, or in any other manner questioning the proceedings or authority concerning the issuance of the Bonds, and that so far as is known and believed, no such litigation is threatened.

Certification as to Official Statement

At the time of payment for and delivery of the Bonds, the Village will furnish the Purchaser a certificate signed by the Mayor of the Village, to the effect that the Official Statement does not contain an untrue statement of a material fact or omit to state a material fact required to be stated herein or necessary to make the statements herein in the light of the circumstances under which they were made, not misleading.

GENERAL

Paying Agent and Registrar

The Village Treasurer will be the paying agent and bond registrar. The Village reserves the right to appoint a replacement paying agent and registrar in the future.

Not an Offer to Sell

This Official Notice of Sale does not alone constitute an offer to sell the Bonds. This Official Notice of Sale, the Official Bid Form and the Official Statement collectively constitute the offer to sell the Bonds. Prospective purchasers are urged to carefully examine the Official Statement and to make other investigations they deem necessary to determine the investment quality of the Bonds.

Continuing Disclosure

The Village covenants and agrees to enter into a written agreement or contract, constituting an undertaking (the "Undertaking") to provide ongoing disclosure about the Village for the benefit of the beneficial owners of the Bonds on or before the date of delivery of the Bonds as required under Section (b)(5) of the Rule. The Undertaking shall be as described in the Official Statement, with such changes as may be agreed in writing by the Underwriter.

Official Statement

The accompanying Official Statement is in a form deemed final as of its date within the meaning of SEC Rule 15c2-12(b)(1). The Purchaser is responsible for informing Northern Trust Securities, Inc., Financial Advisors to the Village, of the initial offering yields on the Bonds on the next business day after award of the Bonds is made. The Village will prepare a Supplement to the Official Statement describing these offering yields, the interest rates on the Bonds and other terms relating to the initial reoffering of the Bonds. The Village will furnish to the Purchaser within seven (7) business days from the sale of the Bonds to the Purchaser, up to 100 copies of the Official Statement together with a like number of the Supplement at no cost to the Purchaser. The Purchaser shall be responsible for the printing costs of copies of the Official Statement and Supplement in excess of 100 and the cost of a reprinted Official Statement with the information contained in the above-mentioned Supplement incorporated therein, if requested by the Purchaser. Except as noted above, the Village assumes no responsibility or obligation for the distribution or delivery of any copies of the Official Statement in connection with the offering or reoffering of the Bonds.

BID FORM

Village of Downers Grove, DuPage County, Illinois

RE: \$35,000,000* General Obligation Bonds, Series 2012

DATED: May 3, 2012

For all or none of the above Bonds, in accordance with the Notice of Sale and terms of the Global Book-Entry System as stated in this Preliminary Official Statement, we will pay you \$_____ (not less than \$_____ nor more than \$_____) for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

Maturity	Principal Amount*	Coupon	Reoffering Price	Maximum Price
1/1/2013	\$2,755,000	_____ %	_____ %	110.00%
1/1/2014	2,465,000	_____ %	_____ %	110.00%
1/1/2015	2,475,000	_____ %	_____ %	110.00%
1/1/2016	1,085,000	_____ %	_____ %	110.00%
1/1/2017	1,095,000	_____ %	_____ %	110.00%
1/1/2018	1,100,000	_____ %	_____ %	110.00%
1/1/2019	1,115,000	_____ %	_____ %	110.00%
1/1/2020	1,135,000	_____ %	_____ %	110.00%
1/1/2021	1,150,000	_____ %	_____ %	110.00%
1/1/2022	1,170,000	_____ %	_____ %	110.00%
1/1/2023	1,195,000	_____ %	_____ %	110.00%
1/1/2024	1,225,000	_____ %	_____ %	110.00%
1/1/2025	1,250,000	_____ %	_____ %	110.00%
1/1/2026	1,280,000	_____ %	_____ %	110.00%
1/1/2027	1,315,000	_____ %	_____ %	110.00%
1/1/2028	1,345,000	_____ %	_____ %	110.00%
1/1/2029	1,385,000	_____ %	_____ %	110.00%
1/1/2030	1,425,000	_____ %	_____ %	110.00%
1/1/2031	1,465,000	_____ %	_____ %	110.00%
1/1/2032	1,515,000	_____ %	_____ %	110.00%
1/1/2033	925,000	_____ %	_____ %	110.00%
1/1/2034	955,000	_____ %	_____ %	110.00%
1/1/2035	990,000	_____ %	_____ %	110.00%
1/1/2036	1,025,000	_____ %	_____ %	110.00%
1/1/2037	1,060,000	_____ %	_____ %	110.00%
1/1/2038	1,100,000	_____ %	_____ %	110.00%

*The Village reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

We have received and reviewed the Preliminary Official Statement and have submitted our requests for additional information or corrections to the Final Official Statement. As Syndicate Manager, we agree to provide the Village with the reoffering price of the Bonds within 24 hours of the bid acceptance.

Account Manager: _____ By: _____

Account Members:

Award will be on a net true interest cost basis as described herein. According to our computations (the correct computation being controlling in the award), the total dollar interest cost (including any discount or less any premium) computed from May 3, 2012 of the above bid is \$_____ and the net true interest cost (NTIC) is _____.%

The foregoing offer is hereby accepted by and on behalf of the Village Council of the Village of Downers Grove, DuPage County, Illinois on May 3, 2012.

By: _____ By: _____

Title: _____ Title: _____

OFFICIAL STATEMENT

Village of Downers Grove
DuPage County, Illinois
\$35,000,000*
General Obligation Bonds, Series 2012

* subject to change

INTRODUCTION

The purpose of this Official Statement, including the cover page and the appendices hereto, is to set forth certain information in conjunction with the sale of \$35,000,000 General Obligation Bonds, Series 2012 (the “Bonds”) of the Village of Downers Grove, DuPage County, Illinois (the “Village”). The Bonds are authorized and issued pursuant to Section 6 of Article VII of the Illinois Constitution of 1970 and by virtue of an ordinance adopted by the Council of the Village on April 17, 2012 (the “Bond Ordinance”). Factors that may affect an investment decision concerning the Bonds are described throughout this Official Statement. Persons considering a purchase of the Bonds should read this Official Statement in its entirety.

DESCRIPTION OF BONDS

The Bonds are dated as of the delivery date and mature on January 1 of the years listed on the inside front cover page of the Official Statement. Interest on the Bonds is payable on January 1 and July 1, commencing on January 1, 2013. Each Bond will bear interest from the later of its dated date or most recent interest payment date to which interest has not been paid or for which interest has been fully provided.

The Bonds are issuable only in fully registered form. The Depository Trust Company, New York, New York (“DTC”), will act as securities depository of the Bonds and its nominee, Cede & Co., will be registered owner of the Bonds. Individual purchases of the Bonds must be in the principal amount of \$5,000 or any integral multiple thereof, and will be recorded on a book-entry system operated by DTC. (Principal of and interest on the Bonds are also payable to DTC, who will remit such principal and interest to DTC's Participants for payment to the Beneficial Owners of the Bonds.)

Purpose

The purpose of the Bonds are as follows:

- (i) to finance the reconstruction of roadways and water main replacements in the Knottingham Subdivision, Concorde Square Unit 2 Subdivision, Valley View Estates Subdivision, Clyde Estates Subdivision, Esterbrook Subdivision, Oak Grove Unit III, Brooke and Centre, Barneswood Area at Lacey Creek and other various neighborhoods;
- (ii) to pay cost of issuance associated with the transaction.

Security

The Bonds are general obligations of the Village. Ad valorem taxes unlimited as to rate or amount will be levied upon all taxable property in the Village for payment of the interest on

the Bonds and the principal thereof when due. The full faith and credit of the Village are irrevocably pledged for the prompt payment of the principal of and the interest on the Bonds.

Sources and Uses

The following table set forth the sources and uses of the proceeds of the Bonds:

Sources:	
Principal Amount of Bonds	
Reoffering Premium	
Total	<hr/> <hr/>
Uses:	
Deposit to Project Construction Fund	
Cost of Issuance and Underwriter's Discount	
Total	<hr/> <hr/>

Book-Entry-Only System

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered bonds 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 certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities 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 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (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 bond transactions in deposited bonds, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of bond certificates. 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 is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. bond 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 a Standard & Poor's rating of AA+. 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.

Purchases of Bonds 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. Beneficial Owners are, however, 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 and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates 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 Direct 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 DTC 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 Direct and Indirect 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 the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond 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 an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI 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).

Redemption proceeds, distributions, and dividend 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 detailed information from the Village or the Registrar, on 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 bonds 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 Registrar, or the Village, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments 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 Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Registrar, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records to the Registrar. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Registrar's DTC account.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Village or the Registrar. Under such circumstances, in the event that a successor 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 only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Village believes to be reliable, but the Village takes no responsibility for the accuracy thereof.

Transfer of Bonds

So long as Cede & Co., as nominee of DTC, is the registered owner of the Bonds, beneficial ownership interests in the Bonds may only be transferred through a DTC Participant or Indirect Participant and recorded on the book-entry-only system operated by DTC.

Optional Redemption

The Bonds maturing December 1, 2023 and thereafter are subject to redemption prior to maturity at the option of the Village in whole or in part in such principal amounts and from such maturities as the Village shall select and by lot within a single maturity in integral multiples of \$5,000 on December 1, 2022 and on any date thereafter at the redemption price of par plus accrued interest to date fixed for redemption.

General Provisions of the Bonds When Not in Book-Entry

The Village may, at any time in its sole discretion, determine that the Depository is incapable of discharging its responsibilities or that it is in the best interest of the Village or the Holders of the Bonds that such Bonds no longer be registered in the name of the Depository or its nominee but that the Beneficial Owners of the Bonds should be able instead to obtain

certificates for the Bonds. The Village and the Bond Registrar shall then deliver certificates for the Bonds as described in the Ordinance. If certificates of the Bonds are issued, the provisions of the Ordinance will apply to, among other things, the transfer and exchange of Bond certificates and the method of payment of principal and interest on the Bonds, as described in the following paragraphs.

During the period in which the Bonds are not registered in the name of the Depository or its nominee, the principal of the Bonds shall be payable at the principal office of the Paying Agent for the Bonds. Interest on the Bonds payable on any interest payment date shall be payable by check or draft mailed by the Paying Agent to the registered owners of the Bonds at their addresses as shown on the registration books of the Village maintained by the Bond Registrar. The interest payable on the Bonds on each interest payment date will be paid to the persons in whose names the Bonds are registered at the close of business on the 15th day of the calendar month next preceding that interest payment date.

The Bonds may be transferred or exchanged for the same total principal amount of Bonds of other authorized denominations upon surrender at the principal office of the Bond Registrar, together with an assignment executed by the Holder or by the Holder's duly authorized agent. Payment of any tax, fee or other governmental charge arising from any transfer or exchange of Bonds may be required to be paid by the Holder as a condition for exercising the privilege. The Bond Registrar will not be required, however, to transfer any Bond which has been called for redemption, after the selection by the Bond Registrar of such Bonds for redemption. The provisions of the Illinois Bond Replacement Act shall govern the replacement of lost, destroyed or defaced Bonds.

TAX EXEMPTION

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 (i) is excludable from the gross income of the owners thereof for federal income tax purposes, and (ii) is not treated as an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, but is taken into account in determining adjusted current earnings for the purpose of computing the federal alternative minimum tax imposed on certain corporations.

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 opinion and is not a guarantee of a result.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the alternative minimum

tax, 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 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 a maturity of the Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the inside cover page hereof.

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.

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 above, (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 owners of OID Bonds should consult their own tax advisors as to whether original issue discount is taken into account in computing adjusted current earnings, which is used in determining the alternative minimum tax for certain corporations under the Code; 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 OID 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 purchase 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 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 includable 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 may treat the Village as a taxpayer and the Obligation 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 certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Bond owner who is notified by the Service of a failure to report any interest or 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 State of Illinois income taxes. Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Bonds. Prospective purchasers of the Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

LEGAL MATTERS

Legal matters incidental to the authorization and issuance of the Bonds by the Village are subject to the approval of Ice Miller LLP, Chicago, Illinois, Bond Counsel, whose approving opinion will be delivered with the Bonds.

PENDING LITIGATION

No litigation is now pending or threatened against the Village affecting the issuance or delivery of the Bonds, or in any way contesting the validity or enforceability of the Bonds. A "no litigation" certificate of the Village will be included with the customary closing papers when the Bonds are delivered.

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 of which is available upon request from the Village.

Financial Information Disclosure

The Village covenants that it will disseminate its Audited Financial Statements, if any (as described below) electronically through the Electronic Municipal Market Access ("EMMA") system established by the Municipal Securities Rule Making Board (the "MSRB") in accordance with the rules and procedures established by the MSRB, as hereinafter provided. The Village is required to deliver such information so that the information is received by the dates specified in the Undertaking.

Audited Financial Statements. To the MSRB electronically through the EMMA system, when and if available, the audited financial statements of the Village for each twelve (12) month period, beginning with the twelve (12) month period ending December 31, 2011 together with the opinion of such independent certified public accountants engaged by the Village and all notes thereto, within sixty (60) days of receipt from said accountants.

The information to be contained in the Annual Report will consist of the annual audited financial statements of the Village and updated information with respect to the statements in the Official Statement as follows:

1. All of the tables under the heading PROPERTY TAX INFORMATION within this Official Statement;
2. All of the tables under the heading DEBT INFORMATION within this Official Statement.

Disclosure

The Village shall disclose the following events, in a timely manner within 10 business days of the occurrence of any of the following events, if material (which determination of

materiality shall be made by the Village in accordance with the standards established by federal securities laws), electronically to the MSRB through the EMMA system:

- non-payment related defaults;
- modifications to rights of Bondholders;
- bond calls;
- release, substitution or sale of property securing repayment of the Bonds;
- the consummation of a merger, consolidation, or acquisition, or certain asset sales, involving the obligated person, or entry into or termination of a definitive agreement relating to the foregoing; and
- appointment of a successor or additional trustee or the change of name of a trustee.

The Village shall disclose the following events, in a timely manner within 10 business days of the occurrence of any of the following events, regardless of materiality, electronically to the MSRB through the EMMA system:

- principal and interest payment delinquencies;
- unscheduled draws on debt service reserves reflecting financial difficulties;
- unscheduled draws on credit enhancements reflecting financial difficulties;
- substitution of credit or liquidity providers, or their failure to perform;
- defeasances;
- rating changes;
- adverse tax opinions or other material events affecting the tax exempt status of the Bonds; the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the securities;
- tender offers; and
- bankruptcy, insolvency, receivership or similar event of the obligated person.

Consequences of Failure of the Village to Provide Information

The Village shall give notice in a timely manner to the MSRB through the EMMA system, of any failure to provide disclosure of 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 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; Modification

Notwithstanding any other provision of the Undertaking, the Village may amend or modify the Undertaking, if either:

(a) (i) The amendment or modification 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;

(ii) The Undertaking, as amended or modified, would have complied with the requirements of the SEC Rule on the date hereof, after taking into account any amendments or interpretations of the SEC Rule, as well as any change in circumstances; and

(iii) The amendment or modification does not materially impair the interests of the beneficial owners of the Bonds, as determined by any person selected by the Village that is unaffiliated with the Village or Bond Counsel; or

(b) such amendment or modification (including an amendment or modification which rescinds this Agreement) is permitted by the SEC Rule, as then in effect.

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.

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 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, at its sole discretion, utilize an agent (the "Dissemination Agent") in connection with the dissemination of any information required to be provided by the Village pursuant to the terms of the SEC Rule and this Agreement. Further, the Village may, at its sole discretion, retain counsel or others with expertise in securities matters for the purpose of assisting the Village in making judgments with respect to the scope of its obligations.

RATINGS

Ratings by Standard & Poor's Ratings Group have been requested for the Bonds. Any explanation of the significance of each rating may be obtained only from said rating service. Certain information and materials concerning the Bonds, the Village, and overlapping agencies and entities were furnished to each rating service by the Village and others. There is no assurance that such rating will be maintained for any given period of time or that the rating will not be raised, lowered or withdrawn entirely by the rating service issuing such rating, if in its judgment circumstances so warrant. Any change in or withdrawal of such rating may have an effect on the price at which the Bonds may be resold.

FINANCIAL ADVISOR

Northern Trust Securities, Inc., Chicago, Illinois (the "Financial Advisor"), has been retained by the Village to provide certain financial advisory services to the Village. The Financial Advisor is not obligated to undertake any independent verification of or to assume any responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement, nor is the Financial Advisor obligated by the Village's continuing disclosure undertaking. The Financial Advisor's fees are expected to be paid from Bond proceeds.

UNDERWRITING

The underwriter, _____ has agreed to purchase the Bonds from the Village for an aggregate price of \$_____ reflecting an underwriting spread of \$_____ and an original issue premium of \$_____. The reoffering price to the public is \$_____.

AUTHORIZATION AND CERTIFICATION

The Village has authorized the issuance of this Official Statement.

At the time of payment for the delivery of the Bonds, the Village will furnish a certificate, executed by authorized officers of the Village, acting in their official capacity, to the effect that to the best of their knowledge and belief this Official Statement does not contain an untrue statement of a material fact or omit to state a material fact required to be stated herein or necessary to make the statements herein in the light of the circumstances under which they were made, not misleading.

This Official Statement has been duly approved, executed and delivered by the following Officer on behalf of the Village.

/s/ _____
Mayor
Village of Downers Grove
Downers Grove, Illinois

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APPENDIX A
VILLAGE OF DOWNERS GROVE

APPENDIX A

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THE VILLAGE

General Information

The Village was incorporated in 1873. The Village is located in DuPage County 23 miles southwest of Chicago's Loop and covers an area of approximately 14.4 square miles. The Village is a home rule unit of government under the 1970 Illinois Constitution and operates under the council/manager form of government. The Village has a central location close to major expressways and the tollway system.

Village Government and Services

As a home rule unit of government under the 1970 Illinois Constitution, the Village has no tax rate limit or debt limit, nor is it required to seek referendum approval to raise its tax rate or to issue debt. A mayor and six commissioners who collectively form the Village Council govern the Village. The Council sets policy for the Village, adopts ordinances and resolutions, approves the annual budget and approves all expenditures and disbursements. The Village employs a total of 329 full-time equivalent employees.

The Downers Grove Police Department consists of 74 sworn officers and 37 civilian employees, which provide police protection. The Police Department operates 42 vehicles.

Fire protection is provided by the Downers Grove Fire Department and operates out of five stations. The Fire Department consists of 70 full-time firefighters and 14 civilian employees.

Police and Fire Dispatch consist of 15 dispatchers due to consolidation of dispatch centers with Westmont, IL into the village, as well as one supervisor of operations.

Parks and Recreation

The Village is served by the Downers Grove Park District (the "Park District"). The Park District manages 49 park sites, which encompass an area of over 600 acres. A few of the amenities include 24 playgrounds, 17 baseball and softball fields, 17 lighted tennis courts, 8 basketball courts, 3 fishing ponds, 9 picnic shelters, lighted horseshoe and sand volleyball courts, walking and jogging trails, a nine-hole miniature golf course, concession facilities, community garden plots, and a Downers Grove historical museum. In addition, the DuPage County Forest Preserve has over 4,500 acres of open space within close proximity of the Village.

Transportation

The Village is located approximately 23 miles southwest of downtown Chicago. Commuter travel to and from Chicago's downtown is available via the Burlington-Northern Railway. Also easily accessible to Downers Grove are Interstate 290, Interstate 88, Interstate 355 and Interstate 55. Air travel is also available for residents and corporations. The Village is within 15 miles distance of O'Hare International Airport, Midway Airport and DuPage County Airport.

Population

The following table shows the population growth for the Village.

	1980	1990	2000	2010	% Change from Previous Census
Village of Downers Grove	42,690	46,858	48,724	47,818	-2.1%
DuPage County	658,876	781,666	904,161	918,764	2.2%
State of Illinois	11,426,518	11,430,602	12,419,293	12,843,166	3.7%

Source: U.S. Bureau of the Census

Income

The following summarizes the per capita income trend for the Village compared to DuPage County and the State of Illinois.

	1985	1990	2000	2010	% Change 2000-2010
Village of Downers Grove	\$ 16,160	\$ 20,891	\$ 31,580	\$ 41,486	31.4%
DuPage County	15,292	21,155	31,315	35,302	12.7%
State of Illinois	11,302	15,201	23,104	27,325	18.3%
Village as % of State	143.0%	137.4%	136.7%	151.8%	

Source: U.S. Bureau of the Census

The following table shows the population and housing characteristics for the Village.

	2000			2010		
	Village	State	U.S.	Village	State	U.S.
Population						
Median Age	39.1	34.7	35.3	42.6	36.6	37.2
% under 18	26.7	29.1	28.6	22.8	33.5	26.9
% working age	59.0	59.0	58.9	70.2	58.6	63.9
% 65 and over	14.4	12.1	12.4	13.4	12.5	13.0
No. persons/household	2.5	2.6	2.6	2.5	3.3	2.6
Income						
Median family income	\$ 80,604	\$ 55,545	\$ 50,046	\$ 106,773	\$ 65,417	\$ 60,609
% below poverty level	1.3	7.8	9.2	2.9	10.1	11.3
Per capita income	\$ 31,580	\$ 23,104	\$ 21,587	\$ 41,486	\$ 27,325	\$ 26,059
Housing						
% owner occupied	79.2	67.3	66.2	77.2	67.7	87.3
% built before 1939	11.8	22.6	14.0	10.5	23.2	13.9
% built since last census	9.3	10.5	17.0	9.4	11.6	13.6
Owner occupied median value	\$ 205,900	\$ 130,800	\$ 120,496	\$ 351,600	\$ 191,800	\$ 187,500
Median gross rent	\$ 768	\$ 605	\$ 602	\$ 928	\$ 848	\$ 850
Occupied housing units	18,979	4,591,779	105,480,101	18,480	4,836,972	114,596,927

Source: U.S. Bureau of the Census

Sales Receipts

The following table shows the amounts reported and remitted by retailers in the Village from State fiscal years 2005 through 2009. These sales tax receipt numbers provide an indication of consumer spending by individuals and companies only.

Sales Tax Receipts

State Fiscal Year	Number of Taxpayers	Automotive	Other	Total
2005	1,719	\$ 3,600,006	\$ 9,290,143	\$ 12,890,149
2006	1,760	3,501,370	9,773,966	13,275,336
2007	1,718	3,304,115	9,802,900	13,107,015
2008	1,338	3,025,930	8,903,650	11,929,580
2009	1,287	2,417,351	8,446,807	10,864,158
2010	1,288	2,433,056	8,480,754	10,913,810
2011	1,819	2,556,567	8,583,853	11,140,420

Source: Illinois Department of Revenue. State fiscal year runs January 1 - December 31.

Trend in Building Permits

New Construction and Total Building Permits Issued (within the Village of Downers Grove)

Year	Residential		All Other Value (1)	Total (1)
	No. of Permits	Value (1)		
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	85,842	124,522
2004	115	43,831	47,558	91,389
2005	140	55,852	77,014	132,866
2006	100	44,152	83,033	127,185
2007	80	39,724	140,258	179,982
2008	40	24,696	81,258	105,954
2009	24	13,670	102,758	116,428
2010	20	8,690	44,999	53,689
2011	43	15,970	106,998	122,968

Source: Village of Downers Grove

1) Value in \$1,000's.

Employment

The diversity of employment within the Village is reflected in a wide variety of employers and employment opportunities located within the Village. The following is a list of large employers located in or immediately surrounding the Village.

Principal Employers

Name	Product or Service	Number of Employees	% of Total Village Population
Advocate Good Samarital Hospital	Hospital and health care services	2,700	5.6%
GCA Services	School maintenance	1,500	3.1%
University Subscription Services/Unique Mailing Svc Inc.	News publication	1,050	2.2%
Midwestern University	Education	1,000	2.1%
Sara Lee Food & Beverage	Headquarters, cakes and bakery products	1,000	2.1%
Acxion/may & Speh Inc.	Data processing and preparation of direct mail ad svcs	700	1.5%
DeVry Inc.	Education	700	1.5%
RR Donnelley & Sons Co.	Technical engineering facility, catalogue, book and magazine publishing	600	1.3%
Ftd. Inc.	Direct flower and gift marketing	500	1.0%
Dover Corporation	Industrial technology global manufacturer	400	0.8%
Total		10,150	21.2%

Source: Downers Grove Economic Development Corporation

Employment by Industry

	Number of Persons	% of Total Employed
Educational services, and health/social assistance	5,264	21.0%
Professional, scientific, and management	3,263	13.0%
Finance, Insurance and Real Estate	2,837	11.3%
Retail Trade	2,795	11.1%
Manufacturing	2,740	10.9%
Arts, entertainment, and recreation	2,024	8.1%
Agriculture, Forestry, Mining and Construction	1,305	5.2%
Wholesale Trade	1,268	5.1%
Other services	1,136	4.5%
Transportation, Communications and Utilities	1,075	4.3%
Information	729	2.9%
Public Administration	647	2.6%
Total	25,083	100.0%

Source: U. S. Census Bureau

Employment by Category

	Number of Persons	% of Total Employed
Managerial and professional specialty	12,455	49.7%
Sales and office occupations	7,499	29.9%
Service occupations	2,230	8.9%
Production, transportation, and material moving occupations	1,664	6.6%
Natural resources, construction, and maintenance occupations	1,235	4.9%
Total	<u>25,083</u>	<u>100.0%</u>

Source: U. S. Census Bureau

Unemployment Rates

Year	Village of Downers Grove	DuPage County	State of Illinois
2001	3.4%	4.4%	4.7%
2002	4.7%	5.5%	5.8%
2003	4.3%	5.5%	6.0%
2004	5.2%	5.0%	5.5%
2005	4.8%	4.7%	5.1%
2006	4.1%	3.4%	4.6%
2007	4.9%	3.8%	4.6%
2008	7.1%	5.8%	7.3%
2009	10.6%	8.6%	10.9%
2010	9.4%	8.3%	10.3%
2011	6.5%	7.3%	9.8%

Source: U.S. Census Bureau and Bureau of Labor Statistics

DEBT INFORMATION

General

The Village is a home-rule unit of government under the 1970 Illinois Constitution and has no tax rate or debt limit. As a home rule unit, the Village is not required to seek referendum approval to raise its tax rate or to issue debt.

Direct and Overlapping Debt

As of April 30, 2012
(\$ in thousands)

	Gross Debt	Applicable to the Village (1)	Village's Share of Debt
Direct Debt:			
Village of Downers Grove	\$ 57,635,000	100.0%	\$ 57,635,000
The Bonds	35,000,000	100.0%	35,000,000
Total Direct Debt	<u>\$ 92,635,000</u>	100.0%	<u>\$ 92,635,000</u>
Overlapping Debt :			
DuPage County (2)	\$ 49,480,000	5.9%	\$ 2,909,424
DuPage County Forest Preserve (3)	239,683,369	5.9%	14,093,382
DuPage Water Commission	-	6.5%	-
Downers Grove Park District	13,090,000	97.7%	12,791,548
Downers Grove Public Library	2,950,000	98.0%	2,891,000
Grade School			-
District 44	14,855,000	4.5%	672,932
District 58	10,000,000	77.9%	7,788,000
District 61	3,210,000	10.2%	325,815
District 66	2,780,000	4.1%	112,868
District 68	4,185,000	5.1%	212,598
High School			-
District 87	38,225,000	1.0%	374,605
District 99 (3)	48,569,206	49.5%	24,061,185
Unit School District			-
District 201	4,310,000	0.6%	24,567
District 202	11,460,000	5.8%	658,950
Total Overlapping	<u>\$ 442,797,575</u>		<u>\$ 66,916,873</u>
Total Direct and Overlapping	<u>\$ 535,432,575</u>		<u>\$ 159,551,873</u>

1) Determined by ratio of assessed valuation of property subject to taxation in the Village to valuation or property subject to taxation in overlapping unit.

2) Excludes Alternate Revenue Bonds.

3) Includes accreted value of capital appreciation bonds.

Retirement of Bonds Schedule

Maturity (January 1)	Outstanding Bonds	The Bonds	Total Outstanding Bonds	Bond Balance	Percent of Retirement
2013	\$ 3,175,000	\$ 2,755,000	\$ 5,930,000	\$92,635,000	6.4%
2014	3,785,000	2,465,000	6,250,000	86,705,000	13.1%
2015	3,965,000	2,475,000	6,440,000	80,455,000	20.1%
2016	4,090,000	1,085,000	5,175,000	74,015,000	25.7%
2017	4,705,000	1,095,000	5,800,000	68,840,000	31.9%
2018	4,475,000	1,100,000	5,575,000	63,040,000	38.0%
2019	4,905,000	1,115,000	6,020,000	57,465,000	44.5%
2020	5,420,000	1,135,000	6,555,000	51,445,000	51.5%
2021	5,980,000	1,150,000	7,130,000	44,890,000	59.2%
2022	1,025,000	1,170,000	2,195,000	37,760,000	61.6%
2023	1,075,000	1,195,000	2,270,000	35,565,000	64.1%
2024	1,120,000	1,225,000	2,345,000	33,295,000	66.6%
2025	1,175,000	1,250,000	2,425,000	30,950,000	69.2%
2026	1,225,000	1,280,000	2,505,000	28,525,000	71.9%
2027	1,285,000	1,315,000	2,600,000	26,020,000	74.7%
2028	1,340,000	1,345,000	2,685,000	23,420,000	77.6%
2029	705,000	1,385,000	2,090,000	20,735,000	79.9%
2030	740,000	1,425,000	2,165,000	18,645,000	82.2%
2031	780,000	1,465,000	2,245,000	16,480,000	84.6%
2032	820,000	1,515,000	2,335,000	14,235,000	87.2%
2033	860,000	925,000	1,785,000	11,900,000	89.1%
2034	900,000	955,000	1,855,000	10,115,000	91.1%
2035	950,000	990,000	1,940,000	8,260,000	93.2%
2036	995,000	1,025,000	2,020,000	6,320,000	95.4%
2037	1,045,000	1,060,000	2,105,000	4,300,000	97.6%
2038	1,095,000	1,100,000	2,195,000	2,195,000	100.0%

PROPERTY TAX INFORMATION

Assessment

The township assessor of each of the townships in DuPage County is responsible for the assessment of all taxable real property within the township except for certain railroad property and certified pollution control facilities, which are assessed directly by the State. The township assessors reassess the County every fourth year. After the township assessors establish the fair market value of a parcel of land, the value, as revised by the county supervisor of assessments, is multiplied by 33-1/3% to arrive at the assessed valuation (“Assessed Valuation”) for that parcel. Each township assessor and the county supervisor of assessments may revise the Assessed Valuation pursuant to requests of taxpayers. Taxpayers can also petition for review of their assessments by the DuPage County Board of Review. In addition, limited judicial review of assessments is available during the tax collection process, when the County Collector presents the Warrant Books (defined below) to the Circuit Court for judgment, or by appeal to the State Property Tax Appeal Board.

Equalization

After the township assessors and the county supervisor of assessments have established the Assessed Valuation for each parcel for a given year and township multipliers have been established, and following the DuPage County Board of Review revisions, the Illinois Department of Revenue is required by statute to review the Assessed Valuations. The Department of Revenue establishes an equalization factor (commonly called the “multiplier”) for each county, to make all valuations uniform among the 102 counties in the State.

Once the equalization factor is established, the Assessed Valuation determined by the assessors, as revised by the Board of Review, are multiplied by the equalization factor to determine the Equalized Assessed Valuations. The Equalized Assessed Valuations are the final property valuation used for determination of tax liability.

The aggregate Equalized Assessed Valuation for all parcels in any taxing body's jurisdiction, including the valuation of certain railroad property and certified pollution control facilities assessed directly by the State and the valuation of farms assessed under the direction of the State, constitutes the total real estate tax base for that unit, and is the figure utilized to calculate tax rates.

Exemptions

The Annual Homestead Exemption provides that the Equalized Assessed Valuation for certain property owned and used exclusively for residential purposes may be reduced for each year by the amount of any increase over the 1977 Equalized Assessed Valuation, up to a maximum reduction of \$3,500.

The Home Improvement Exemption allows owners of single family residences to make up to \$25,000 in home improvements without increasing the Assessed Valuation of their property for at least four years.

The Homestead Exemption for Senior Citizens permits the assessor annually to reduce the Equalized Assessed Valuation on a senior citizen's home by \$2,000. The Homestead Exemption for Disabled Veterans exempts, on an annual basis, up to \$30,000 of the Assessed Value of property owned and used exclusively for residential purposes.

Tax Levy

There are over 250 units of local government in (or partly in) DuPage County which have real estate taxing powers (the "Units"). As part of the annual budget process of the Units, the governing body of each Unit adopts ordinances or resolutions, in each year in which they determine to levy real estate taxes. These tax levy ordinances or resolutions impose their respective real estate taxes in terms of a dollar amount. Each Unit certifies its real estate tax levy, as established by ordinance or resolution, to the County Clerk's Office. The remaining administration and collection of the real estate taxes are statutorily assigned to the County Clerk and the County Treasurer who also serves as the County Collector.

After the Units file their annual tax levies, the County Clerk computes the annual tax rate for each Unit. This computation is made by dividing the levy of each Unit by the Equalized Assessed Valuation of the respective Unit. If any tax rate thus calculated exceeds any applicable statutory rate limit, the County Clerk disregards the excessive rate and applies the maximum rate permitted by law. Taxes levied for debt service on the Bonds are not subject to any statutory limit.

The County Clerk then computes the total tax rate applicable to each parcel of real property by aggregating the tax rates of all of the Units having jurisdiction over that particular parcel. The County Clerk enters the tax determined by multiplying that total tax rate by the Equalized Assessed Valuation of that parcel in the books prepared for the County Collector (the "Warrant Books") along with the tax rates, the Assessed Valuation and the Equalized Assessed Valuation. These books are the Collector's authority for the collection of taxes and are used by the Collector as the basis for issuing tax bills to all property owners.

On July 29, 1981, legislation known as the Truth in Taxation Act became effective, which requires additional procedures in connection with the annual levying of property taxes. Notice in prescribed form must be published if the aggregate annual levy is estimated to exceed 105% of the aggregate extension of the preceding year, exclusive of election costs and debt service costs. A public hearing must also be held. No amount in excess of 105% of the preceding year's extension may be levied unless the levy is accompanied by a certification of compliance with the foregoing procedures. The express purpose of the legislation is to require disclosure of a levy in excess of specified levels. However, the legislation does not impose any limitation on the rate or the amount of the levies extended to pay principal of or interest on the Bonds.

Collection

The DuPage County Collector who remits to the taxing districts of the County its share of the collections collects property taxes. Taxes levied for one calendar year become payable during the following calendar year in two equal installments, the first on the later of June 1 or 30 days after the mailing of the tax bills and the second on or about the later of September 1.

Unpaid taxes accrue penalties at the rate of one half of one percent (1% for agricultural property) per month from their due date, until the date of payment. During periods of peak collections, tax receipts are forwarded to each taxing district on a daily basis.

At the end of each calendar year, the Collector presents the Judgement record to the Circuit Court, and applies for a judgment for all unpaid taxes. The Court order resulting from that application for judgment provides for a sale of all property with unpaid taxes shown on that year's Judgement record. A public sale is held, at which time successful bidders pay the unpaid taxes plus penalties. Taxpayers can redeem their property by paying the tax buyer the amount paid at the sale, plus a penalty. If no redemption is made within two years, the tax buyer can petition the court for a deed to the property.

Equalized Assessed Valuation

Levy Year	Residential Property	Commercial Property	Industrial Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated	Estimated
						Actual Taxable Value	Actual Taxable Value
2001	\$ 1,018,665,526	\$ 421,897,362	\$ 65,942,155	\$1,506,505,043	0.29	\$ 4,519,500,129	33.33%
2002	1,102,277,929	469,463,965	63,794,320	1,635,536,214	0.37	4,906,608,642	33.33%
2003	1,215,329,035	467,952,910	64,409,960	1,747,691,905	0.44	5,243,075,715	33.33%
2004	1,323,442,153	495,011,598	66,794,600	1,885,248,351	0.44	5,655,745,053	33.33%
2005	1,483,717,879	505,593,618	68,323,460	2,057,634,957	0.41	6,172,904,871	33.33%
2006	1,624,870,481	526,745,115	71,259,570	2,222,875,166	0.38	6,668,625,498	33.33%
2007	1,801,439,088	539,361,723	72,243,603	2,413,044,414	0.46	7,239,133,242	33.33%
2008	1,928,792,310	542,102,539	76,659,327	2,547,554,176	0.44	7,642,662,528	33.33%
2009	1,938,204,827	535,619,097	76,008,514	2,549,832,438	0.50	7,649,497,314	33.33%
2010	1,831,191,815	503,177,630	71,922,788	2,406,292,233	0.56	7,218,876,699	33.33%

Source: Office of the County Clerk

Note: Property in the Village is reassessed each year. Property is assessed at 33% of actual value.

Tax Rates Per \$100 of Assessed Valuation

	2006	2007	2008	2009	2010
Village Direct Rates					
Corporate	\$0.1156	\$ 0.1146	\$ 0.1068	\$ 0.1264	\$ 0.1601
Firefighter's Pension	0.0712	0.0427	0.0626	0.0785	0.0925
Police Pension	0.0496	0.0479	0.0501	0.0676	0.0790
Debt Service	0.0335	0.0330	-	-	-
Fire Protection	0.1100	0.1158	0.1138	0.1137	0.1205
Stormwater	-	0.1090	0.1090	0.1090	0.1104
Total Direct Rate	\$0.3799	\$ 0.4630	\$ 0.4423	\$ 0.4952	\$ 0.5625
Overlapping Rates					
Library District	\$0.1870	\$ 0.1795	\$ 0.1773	\$ 0.1832	\$ 0.1966
Downers Grove Park District	0.3062	0.2932	0.2781	0.2699	0.2900
Downers Grove Sanitary District	0.0316	0.0303	0.0301	0.0305	0.0336
Special Service Area #1	0.0573	-	-	-	-
Special Service Area #2	1.5000	1.4161	1.5000	1.5000	1.5000
Special Service Area #3	0.3379	0.3315	0.3140	0.3151	0.3366
Downers Grove Township	0.0268	0.0256	0.0254	0.0256	0.0281
Downers Grove Township Road	0.0401	0.0382	0.0379	0.0382	0.0420
DuPage County	0.1713	0.1651	0.1557	0.1554	0.1659
DuPage County Forest Preserve	0.1303	0.1187	0.1206	0.1217	0.1321
DuPage Airport Authority	0.0183	0.0170	0.0160	0.0148	0.0158
College DuPage	0.1929	0.1888	0.1858	0.2127	0.2349
Grade School District #58	1.6523	1.5816	1.5713	1.6304	1.6991
Grade School District #99	1.4884	1.4269	1.4214	1.4679	1.6105
Total Overlapping Rates	\$6.1404	\$ 5.8125	\$ 5.8336	\$ 5.9654	\$ 6.2852

Source: Office of the County Clerk

Tax Extensions and Collections

Levy Year	Tax Levied	Total Collections		Subsequent Collections	Total	
		Amount	Percent		Amount	Percent
2001	\$ 4,570	\$ 4,584	100.00%	-	\$ -	0.00%
2002	6,243	6,389	100.00%	-	-	0.00%
2003	7,867	7,855	99.85%	40	7,895	100.00%
2004	8,595	8,504	98.94%	54	8,558	99.57%
2005	8,745	8,731	99.84%	59	8,790	100.00%
2006	8,679	8,679	100.00%	63	8,706	100.00%
2007	11,148	11,116	99.71%	38	11,154	100.00%
2008	11,133	11,211	100.00%	-	11,211	100.00%
2009	12,478	12,591	100.00%	-	12,591	100.00%
2010	13,376	*	*	*	*	*

Source: Office of the County Clerk

* First installment of property taxes due June 1, 2011.

Subsequent collection data for levy years 2001-2002 are unavailable; excludes library.

Principal Taxpayers

<u>Taxpayer</u>	<u>2010 EAV</u>	<u>% of Total EAV</u>
Hamilton Partners	\$ 48,088,546	2.00%
Real Estate Advisors	24,137,000	1.00%
PTS-K-225	22,055,070	0.92%
Highland Owner LLC	13,533,330	0.56%
Bristol Club LP	13,238,740	0.55%
Corridors I & II	13,025,930	0.54%
Wells REIT II/Lincoln	12,923,180	0.54%
Amar Real Estate LLC	12,773,040	0.53%
GLL BVK Properties	12,739,560	0.53%
MJH Downers Grove LLC	12,600,000	0.52%
	<u>\$ 185,114,396</u>	<u>7.69%</u>

Source: Office of the County Clerk

Personal Property Tax Replacement

The Illinois General Assembly, pursuant to section 5(c) of Article IX of the 1970 Constitution of the State of Illinois, abolished all ad valorem personal property taxes as of January 1, 1979, and to replace the lost revenue, adopted a Personal Property Tax Replacement Income Tax. Such tax is measured by the net income, as defined, of every corporation, partnership and trust for each taxable year ending after June 30, 1979, and also by the invested capital, as defined, of certain public utilities. Collection of said replacement taxes are deposited and held in a Personal Property Tax Replacement Fund for distribution to taxing districts eight times per year.

Moneys received by any taxing district from the Personal Property Tax Replacement Fund shall be first applied toward payment of the proportionate amount of debt service which was previously levied and collected from extensions against personal property on bonds outstanding as of December 31, 1978 and next applied toward payment of the proportionate share of the pension or retirement obligations of the taxing district which were previously levied and collected from extensions against personal property, and any funds remaining may be used for any corporate purpose for which personal property taxes were used.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - Fund Accounting

The government uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into the following categories: governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate “fund types.”

Government Funds

Government funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital projects funds), and the servicing of general long-term debt (debt service funds). The general fund is used to account for all activities of the general government not accounted for in some other fund.

Proprietary Funds

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds).

Fiduciary Funds

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. When these assets are held under the terms of a formal trust agreement, either a pension trust fund, a nonexpendable trust fund, or an expendable trust fund is used. The terms “nonexpendable” and expendable” refer to whether or not the government is under an obligation to maintain the trust principal. Agency funds generally are used to account for assets that the government holds on behalf of others as their agent.

Basis Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All government funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities

generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds, nonexpendable trust and pension trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

All governmental fund types and agency funds use the modified accrual basis of accounting. Under the modification accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period. The government recognizes property taxes when they become both measurable and available in accordance with GASB Codification Section P70. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

Those revenues susceptible to accrual are property taxes, franchise taxes, licenses, interest revenue, and charges for services. Sales, income, and motor fuel taxes collected and held by the state at year-end on behalf of the government also are recognized as revenue. Fines and permits revenues are not susceptible to accrual because generally they are not measurable until received in cash.

Proprietary fund types, pension trust funds, and nonexpendable trust funds utilize the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The government reports deferred revenue on its combined balance sheet. Deferred revenues arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred revenues also arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

Budgets

Budgets are adopted on a basis consistent with generally accepted account principles. Annual appropriated budgets are adopted for the general, special revenue, debt service, capital projects, and enterprise funds. All annual appropriations lapse at fiscal year end.

RETIREMENT FUND COMMITMENTS

Illinois Municipal Retirement System

All employees hired into positions that meet or exceed the prescribed hourly standard, except police and firemen, must enroll in the Illinois Municipal Retirement System (IMRF). Pension benefits vest after eight years of service. Participating members who retire at or after age 60 with 8 years of service are entitled to an annual retirement benefit payable monthly for life, in an amount equal to 1 2/3% of their final rate (average of the highest 48 consecutive months' earnings during the last 10 year years) of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter. IMRF also provides death and disability benefits. These benefit provisions and Illinois Complied Statues establish all other requirements.

Participating members are required to contribute 4.5% of their annual salary to IMRF. The Village Government is required to contribute the remaining amounts necessary to fund the coverage of its own employees in the System, using the actuarial basis specified by state statute (entry age normal).

Police and Firefighter's Pension Fund

Police covers police and fire sworn personnel and Firefighters' Pension Plans, which are defined, benefit single-employer plans. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution's levels are governed by Illinois Complied Statutes (Chapter 40-Article 5/3) and may be amended only by Illinois legislature. The Government accounts for the plans as pension trust funds.

Unfunded Pension Benefit Obligation

The following summarizes the unfunded pension benefit obligation for each plan covering Village employees as follows:

	IMRF	Police	Firefighters	Total
	12/31/2010	12/31/2010	12/31/2010	
Actuarial Accrued Liability	\$ 36,891,606	\$58,929,756	\$54,836,758	\$ 150,658,120
Net Assets Available for Benefits	25,667,439	37,680,654	32,098,166	95,446,259
Unfunded (Overfunded) Pension Benefit Obligation	\$ 11,224,167	\$21,249,102	\$22,738,592	\$ 55,211,861
Funded Percentage	69.6%	63.9%	58.5%	63.4%

SUMMARY OF OPERATING RESULTS

Operating results and balance sheets for the past five fiscal years for the Village's general fund are summarized from the Village's audited financial statements on the following pages. The complete general-purpose financial statements for fiscal year 2010 are included in Appendix B.

Balance Sheet General Fund Fiscal Year ended December 31

	<u>2008</u>	<u>2009</u>	<u>2010</u>
Assets:			
Cash and Investments	\$ 10,793,231	\$ 8,987,669	\$ 7,823,719
Restricted cash	20,359	24,251	37,162
Property taxes receivable	8,875,704	10,215,311	11,408,049
Sales taxes receivable	2,947,303	2,917,273	3,532,359
Other taxes receivable	2,165,150	2,005,488	2,578,042
Accounts receivable	146,993	138,578	148,517
Other receivable	629,593	603,673	725,408
Advance to other funds	-	-	1,970,520
Due from other funds	1,800,403	1,976,067	-
Note receivable	69,729	66,153	62,230
Prepays	19,194	-	-
Interest receivable	161,835	47,614	97,095
Total Assets	<u>\$ 27,629,494</u>	<u>\$ 26,982,077</u>	<u>\$ 28,383,101</u>
Liabilities and Fund Equity:			
Liabilities:			
Accounts payable	\$ 1,485,559	\$ 913,567	\$ 902,919
Accrued payroll	929,778	286,601	237,162
Advance from other funds	-	-	-
Due to other funds	250	372	-
Other payables	604,813	222,706	204,659
Deferred revenue	8,832,627	10,115,621	11,356,528
Total Liabilities	<u>\$ 11,853,027</u>	<u>\$ 11,538,867</u>	<u>\$ 12,701,268</u>
Fund Balance:			
Reserved for:			
Long-term receivables	\$ -	\$ 66,153	\$ 2,026,245
Prepaid items	19,194	-	-
Note receivable	69,728	-	-
Unreserved, reported in			
General fund	<u>15,687,544</u>	<u>15,377,057</u>	<u>13,655,588</u>
Total Fund Equity	<u>15,776,466</u>	<u>15,443,210</u>	<u>15,681,833</u>
Total Liabilities and Fund Equity	<u>\$ 27,629,493</u>	<u>\$ 26,982,077</u>	<u>\$ 28,383,101</u>

Statement of Revenues and Expenditures
General Fund
Fiscal Year ended December 31

	<u>2008</u>	<u>2009</u>	<u>2010</u>
Revenues			
Sales tax	\$ 11,251,420	\$10,300,409	\$11,280,258
Property tax	8,251,411	9,174,755	10,530,941
Utility tax	7,028,219	5,694,903	5,395,373
Income tax	4,612,408	3,960,237	3,834,683
Other taxes	2,141,046	1,738,771	1,869,633
Licences and permits	1,344,934	1,148,160	1,439,331
Intergovernmental	353,103	95,997	123,225
Charges for services & fees	3,869,403	4,345,198	3,561,805
Fines & forfeitures	1,264,219	1,246,286	1,106,241
Investment income	636,168	299,304	285,101
Contributions & donations	82,411	76,521	10,739
Total Revenue	<u>\$ 40,834,742</u>	<u>\$38,080,541</u>	<u>\$39,437,330</u>
Expenditures:			
General Government	\$ 5,221,387	\$ 4,106,150	\$ 3,880,120
Public works	6,471,737	5,692,304	5,437,655
Community development	2,354,237	2,170,863	2,023,004
Public safety	25,986,222	25,481,390	26,792,600
Community services	1,966,025	1,831,063	865,336
Total Expenditures	<u>\$ 41,999,608</u>	<u>\$39,281,770</u>	<u>\$38,998,715</u>
Excess (Deficiency) of Revenues			
Over Expenditures	(1,164,866)	(1,201,229)	438,615
Other Financing Source (Uses):			
Transfers In	\$ 133,193	\$ 830,070	\$ -
Transfers Out	(250,000)	-	(199,992)
Proceeds from disposal of capital assets	7,371	37,903	-
Total Other financing sources (uses)	<u>(\$109,436)</u>	<u>\$867,973</u>	<u>(\$199,992)</u>
Net changes in fund balances	(1,274,302)	(333,256)	238,623
Fund Balance, Beginning of Year	<u>\$ 17,050,768</u>	<u>\$15,776,466</u>	<u>\$15,443,210</u>
Fund Balance, End of Year	<u>\$ 15,776,466</u>	<u>\$15,443,210</u>	<u>\$15,681,833</u>

APPENDIX B
GENERAL PURPOSE FINANCIAL STATEMENTS

APPENDIX C
LEGAL OPINION

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Summary:

**Downers Grove, Illinois; General
Obligation**

Primary Credit Analyst:

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Rationale

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Related Criteria And Research

Summary:

Downers Grove, Illinois; General Obligation

Credit Profile

US\$35.0 mil GO bnds ser 2012 due 01/01/2038

<i>Long Term Rating</i>	AA+/Stable	New
Downers Grove Vill GO		
<i>Long Term Rating</i>	AA+/Stable	Affirmed

Rationale

Standard & Poor's Ratings Services has assigned its 'AA+' long-term rating to the Village of Downers Grove, Ill.'s series 2012 general obligation (GO) bonds and affirmed its 'AA+' long-term rating and underlying rating (SPUR) on the village's existing GO bonds. The outlook is stable.

The 'AA+' ratings reflect our assessment of the village's:

- Participation in the Chicago metropolitan area's deep and diverse economy;
- Diverse local economy consisting of a good mix of residential and commercial properties;
- Very strong income levels and extremely strong market value per capita;
- Very strong reserves supported by strong financial management practices; and
- Low-to-moderate overall debt burden.

The series 2012 GO bonds are a full faith and credit obligation of the village, payable from ad valorem property taxes levied against all taxable property, without limitation as to rate or amount. Management intends to use bond proceeds to fund various road and storm water improvements throughout the village.

Downers Grove is situated about 23 miles southwest of downtown Chicago, in eastern DuPage County ('AAA' GO debt rating). The village's proximity to several highways and commuter rail lines provides residents easy and quick access to ample employment opportunities in downtown Chicago and across the metropolitan area. Given its location and transportation access, the village also boasts a large corporate office and commercial retail presence. According to the 2010 U.S. Census, the village's population is 47,818, but we understand the daytime population reaches more than 100,000 due to inbound commuters and retail shoppers. According to officials, commercial vacancy remains strong and continues to grow. Retail sales per capita in the village equal 136% of national levels, a figure we consider strong.

The village experienced steady tax base growth for most of the past decade. Growth has slowed during the recession, however, demonstrated by a 0.1% increase in equalized assessed value (AV) in levy year 2009 and a 5.6% decrease in levy year 2010, dropping equalized AV to \$2.4 billion. Officials are forecasting additional decreases over the next few years as housing values continue to adjust. Residential properties represent the bulk of equalized AV (76%), followed by commercial (21%) and industrial (3%) properties. The 10 leading taxpayers combine to represent a very diverse 7.7% of the tax base. Total market value is \$7.2 billion, or what we consider an extremely strong \$150,966 per capita. Income levels, measured as median household and per capita effective buying income, are very strong, in our view, at 130% and 131% of national levels, respectively. The median home value in the

village is \$283,297, which is 164% of national levels.

Downers Grove continues to maintain a very strong financial position, despite the softening of revenues in recent years. The village experienced drawdowns amounting to \$1.6 million across fiscals 2008 and 2009, at the onset of the recession, but has since returned the budget to a structurally balanced position. Fiscal 2010 closed with a \$238,000 surplus, increasing the general fund balance to \$15.7 million, of which \$13.7 million, or a very strong 35% of fund expenditures, is unreserved. Management's unaudited figures indicate another \$1.5 million addition to fund balance for fiscal 2011.

The village has a diverse revenue mix consisting mostly of sales (29% of general fund revenues), property (27%), utility (14%), and income (10%) taxes. Sales taxes started decreasing in fiscal 2008, followed by decreases in income and utility taxes beginning in 2009. In response, the village outlined a multiple-year plan to first reduce expenditures, followed with supplemental increases in revenues where needed. We understand that the village has cut more than \$5 million from the budget over the past few years, which includes staff reductions through attrition, changes in health care providers, and service consolidations, among others. The village considers all of these reductions to be recurring savings. In addition, the village increased its home-rule sales tax by a quarter of a percent to 1% and increased the property tax two years in a row. As a home-rule community, the village has the authority to increase its operating levies without voter approval. The village is currently emphasizing a shift to a more property-tax-reliant budget from a more sales-tax-reliant one, as it views property taxes as more reliable and stable. The fiscal 2012 budget was balanced without the use of reserves, and officials fully expect to continue to maintain reserves in line with the village's two- to four-month cash reserve policy.

Downers Grove's financial management practices are considered "strong" under Standard & Poor's Financial Management Assessment, indicating that practices are strong, well embedded, and likely sustainable. The village develops its budget using various sources of data, both historical and current, to support its revenue and expense assumptions. It monitors its revenues and expenditures, and investments, carefully and provides monthly reports to elected officials. Downers Grove's long-term financial plan and capital improvement plan both span at least three years and are updated annually. A formal debt management policy provides parameters for debt issuance and a formal reserve policy outlines minimum permitted cash levels.

The village's overall debt burden, including overlapping debt, is low at 2.4% of market value, yet moderate on a per capita basis at \$3,577. Net of refundings, debt service carrying charges have historically been low and in the range of 5% to 8% of total governmental funds expenditures, less capital outlays. Debt amortization is average, with 62% of principal scheduled to mature in 10 years and 87% in 20 years. The village anticipates the issuance of up to \$35 million in additional GO bonds by 2015 to continue funding its long-term street and storm water improvement plan.

Village employees participate in numerous pension plans, including the Illinois Municipal Retirement Fund, an agent-multiple-employer public employee retirement system, and the Police and Fire Pension plans, both single-employer plans. Funded ratios for the three plans range from 59% to 70%, with a total unfunded actuarial accrued liability of approximately \$55 million. Annual pension contributions amount to \$5.5 million, or 11% of total governmental funds expenditures, less capital outlay. The city also pays retiree health care benefits on a pay-as-you-go basis, but has recently changed its plan so that those hired after Sept. 1, 2009, pay 100% of their premiums. Management expects this change to bring down its \$11.1 million unfunded actuarial accrued liability for these benefits.

Outlook

The stable outlook reflects Standard & Poor's expectation that Downers Grove will continue to maintain balanced operations and very strong reserves. The village has consistently demonstrated an ability to make structural budget adjustments in response to adverse conditions, and we expect this to continue. The village's close monitoring of daily operations, combined with an emphasis on identifying long-term budget challenges and strategies, supports our expectation that balanced operations will continue. Given these factors, we do not expect the rating to change during the two-year outlook horizon. The village's participation in the diverse Chicago metropolitan area economy further supports the outlook, particularly as it supports a firm foundation for employment and tax base stability.

Related Criteria And Research

USPF Criteria: GO Debt, Oct. 12, 2006

Ratings Detail (As Of April 2, 2012)		
Downers Grove Vill go		
<i>Unenhanced Rating</i>	AA+(SPUR)/Stable	Affirmed
Downers Grove Vill GO		
<i>Unenhanced Rating</i>	AA+(SPUR)/Stable	Affirmed
Many issues are enhanced by bond insurance.		

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