

ITEM ORD 2015-6093

VILLAGE OF DOWNERS GROVE
Report for the Village Council Meeting
3/10/2015

SUBJECT:	SUBMITTED BY:
Parameters Ordinance	Judy Buttny Finance Director

SYNOPSIS

An ordinance authorizing the issuance of bonds to fund water projects and bond refundings pursuant to specific parameters has been prepared.

STRATEGIC PLAN ALIGNMENT

The goals for 2011-2018 identified *Steward of Financial and Environmental Sustainability* and *Top Quality Infrastructure*.

FISCAL IMPACT

Pursuant to the attached bond issuance parameters ordinance, the annual principal and interest payments would not exceed \$1.6 million and the principal amount of the bond issuance would not exceed \$10 million. The potential refunding opportunity identified for the Stormwater bonds could save the Village \$400,000 or about 10.0% (net present value savings).

UPDATE & RECOMMENDATION

This item was discussed at the March 3, 2015 Village Council meeting. Staff recommends approval on the March 10, 2015 Active Agenda.

BACKGROUND

Pursuant to the Long Range Plan and the FY15 budget, the Village will be issuing bonds to pay for needed water system improvements. The debt service payments and the bonds will be made using revenues from the water rates. This bond issuance is consistent with the 2010 Water Rate Study, the Long Range Plan and the FY15 budget. At the February 17, 2015 Council meeting, the Village Council approved a Reimbursement Resolution which allowed the Village to utilize bond proceeds for expenses related to the water system improvements that were incurred within sixty days prior to the passage of the resolution.

In addition, staff has been made aware of a potential opportunity for an advance refunding of existing debt for a net present value savings to the Village estimated at \$400,000. The proposed Parameters Ordinance would allow the Village to proceed with both the issuance of new bonds and the refunding using a negotiated sale. Combining these two bonds into one debt issuance will save money on issuance costs.

The proposed Bond Refunding Parameters Ordinance establishes the conditions under which authorized Village officials can sell the GO bonds and refund existing bond issuances that achieve established minimum savings to the Village. Approving the Parameters Ordinance will allow the Village to refund bonds via a negotiated sale at the time the Village's Financial Advisor feels the market conditions are most favorable to the Village. The ordinance outlines the following parameters:

Water Bond Issuance

- Method of Sale shall be Negotiated Sale
- Maximum Annual Debt Service Payments of \$1.6 million.
- Maximum Principal Amount of \$5.0 million
- Bond Sale to be completed by April 30, 2015
- Mayor is Authorized to Execute the Bond Purchase Agreement

Bond Refunding

- Minimum Net Present Value Savings to the Village of 3.0%
- Maximum Size of Refunding of \$5.0 million
- The Parameters Ordinance expires April 30, 2015
- Mayor is Authorized to Execute the Refunding Agreement

Northern Trust, the Village's Financial Advisor (FA), has been monitoring the Stormwater debt issue for the Village. There are several fee components related to this refunding; however, the 3% savings will still be met net of all fees. The fees are as follows:

- FA charges for this refunding would be \$10,000 plus \$0.90 per \$1,000 par amount of bonds issued. Ice Miller will serve as bond counsel on this refunding for a fee of \$8,000.
- The fee from the ratings agency for this refunding is expected to be approximately \$13,000.
- Robert W. Baird will serve as underwriter on the deal. Underwriter's fees are not to exceed \$6.25 per bond.

Key Steps for the Issuance and Refunding of GO Bonds through a Negotiated Sale

1. Village Council Approval of a Parameters Ordinance
2. Obtain a Rating from Standard & Poors – Northern Trust will work with Standard & Poors, the Village's bond rating agency, to establish a bond rating for the proposed bond refunding.
3. Prepare and Distribute the Preliminary Official Statement – Northern Trust will prepare and distribute the Preliminary Official Statement (POS) to potential bond purchasers. The POS will provide information about the Village and the bond issuance to entities interested in purchasing the bonds.
4. Price the Bond Issue – Northern Trust and the bond underwriters will establish the principal, interest and debt service payment schedule for the bond issuance.
5. Execute the Bond Purchase Agreement –The authorized Village officials will execute the Bond Purchase Agreement. The agreement must conform to all criteria included in the Parameters Ordinance.
6. Close on the Bond Purchase Agreement – The authorized Village officials will execute all documents necessary to close on the Bond Purchase Agreement. The documents must conform to all criteria included in the Parameters Ordinance.

Pursuant to the Village Council's Debt Management Policy, the Village should consider refunding debt when financially advantageous. A net present value savings of 3% or greater must be achieved.

ATTACHMENTS

Parameters Ordinance

VILLAGE OF DOWNERS GROVE
COUNCIL ACTION SUMMARY

INITIATED: Finance Director DATE: March 10, 2015
(Name)

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

NATURE OF ACTION:

STEPS NEEDED TO IMPLEMENT ACTION:

- Ordinance
- Resolution
- Motion
- Other

Motion to Adopt "AN ORDINANCE PROVIDING FOR THE ISSUANCE OF GENERAL OBLIGATION BONDS, SERIES 2015, AND ONE OR MORE SERIES OF GENERAL REFUNDING OBLIGATION BONDS AND EXECUTION OF AGREEMENTS AND COMPLETION OF OBLIGATIONS AND PAYMENTS IN CONNECTION THEREWITH", as presented.



SUMMARY OF ITEM:

Adoption of this ordinance shall provide for the issuance of General Obligation Series 2015 and General Obligation Refunding Bonds and approval of all costs associated with 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 10th day of March, 2015.

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 2015, of the Village of Downers Grove, DuPage County, Illinois, in one or more series 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 2015, of the Village of Downers Grove, DuPage County, Illinois, in one or more series 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 construction, renovation, equipping, rehabilitation and/or improvement of certain infrastructure within the Village, including, but not limited to, certain infrastructure projects related to the Village's Waterworks System, and to advance refund a portion of the Village's outstanding General Obligation Bonds, Series 2008A, (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 2015, of the Village of Downers Grove, DuPage County, Illinois, in one or more series 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 10th day of
March, 2015.

TABLE OF CONTENTS

SECTION	HEADING	PAGE
PREAMBLES	1
SECTION 1.	DEFINITIONS	3
SECTION 2.	INCORPORATION OF PREAMBLES.....	5
SECTION 3.	DETERMINATION TO ISSUE BONDS.....	5
SECTION 4.	BOND DETAILS	5
SECTION 5.	BOOK ENTRY PROVISIONS	7
SECTION 6.	EXECUTION; AUTHENTICATION	9
SECTION 7.	REDEMPTION.....	9
SECTION 8.	REGISTRATION AND EXCHANGE OR TRANSFER OF BONDS; PERSONS TREATED AS OWNERS	13
SECTION 9.	FORM OF BOND	14
SECTION 10.	SECURITY FOR THE BONDS.....	20
SECTION 11.	SALE OF BONDS	20
SECTION 12.	TAX LEVY; ABATEMENT.....	21
SECTION 13.	FILING WITH COUNTY CLERK	22
SECTION 14.	THE REFUNDING AND COSTS OF ISSUANCE	23
SECTION 15.	ACCRUED INTEREST.....	23
SECTION 16.	CREATION OF FUNDS AND APPROPRIATIONS.....	23
SECTION 17.	REIMBURSEMENT.....	25
SECTION 18.	NOT PRIVATE ACTIVITY BONDS	26
SECTION 19.	ADDITIONAL FUNDS AND ACCOUNTS AND ABATEMENT OF TAXES FOR SERIES 2008A BONDS.....	26
SECTION 20.	REGISTERED FORM	27
SECTION 21.	TAX COVENANTS.....	27
SECTION 22.	FURTHER TAX COVENANTS	29
SECTION 23.	NONCOMPLIANCE WITH TAX COVENANTS	31
SECTION 24.	OPINION OF COUNSEL EXCEPTION	31
SECTION 25.	RIGHTS AND DUTIES OF BOND REGISTRAR AND PAYING AGENT	32
SECTION 26.	DEFEASANCE	32
SECTION 27.	CONTINUING DISCLOSURE UNDERTAKING.....	33
SECTION 28.	PUBLICATION OF ORDINANCE	33
SECTION 29.	SUPERSEDER	33

ORDINANCE NUMBER _____

AN ORDINANCE providing for the issuance of General Obligation Bonds, Series 2015, of the Village of Downers Grove, DuPage County, Illinois, in one or more series 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 Village has previously issued its General Obligation Bonds, Series 2008A (the "*Series 2008A Bonds*") and the Series 2008A Bonds are, by their terms, subject to redemption; 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 the (i) construction, renovation, equipping, rehabilitation and/or improvement of certain infrastructure within the Village, including, but not limited to, certain infrastructure projects related to the Village's Waterworks System (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 "*Project*"), (ii) advance refunding of a portion of the Village's outstanding Series 2008A Bonds

(the “*Refunding*”), and (iii) payment of costs associated with the issuance of the Bonds (as hereinafter defined); and

WHEREAS, the Mayor and the Corporate Authorities have received reports which indicate that the Refunding will effect a benefit to the Village; and

WHEREAS, the estimated costs of the Project and the Refunding are not more than \$10,000,000 and investment earnings thereon; and

WHEREAS, the Village has insufficient funds on hand and lawfully available to pay the costs of the Project and the Refunding, and it will be necessary to borrow said amount of not to exceed \$10,000,000 to pay the same, and in evidence of such borrowing to issue general obligation bonds of the Village in the amount of not to exceed \$10,000,000 in one or more series (the “*Bonds*”); and

WHEREAS, the Bonds shall be payable from a direct annual ad valorem tax levied against all taxable property in the Village, without limitation as to rate or amount; and

WHEREAS, the County Clerk of DuPage County, Illinois is herein authorized to extend and collect said tax so levied for the payment of the Bonds without limitation as to rate or amount; 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

Project

Refunding

Village

Series 2008A Bonds

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 16 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 as set forth in each applicable Bond Order.

"*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/ 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 ___ day of March, 2015.

"*Paying Agent*" means the Treasurer in his or her capacity as paying agent for the Bonds, or successor or assigns as set forth in each applicable Bond Order.

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

Section 4. Bond Details. For the purpose of providing for the costs of the Project and the Refunding, there shall be issued and sold the Bonds in the principal amount of not to exceed \$10,000,000. The Bonds shall each be designated "*General Obligation [Refunding] Bond, Series 2015[A]/[B]*." The Bonds shall be dated the date of delivery (the "*Dated Date*") specified in each applicable Bond Order executed by the Mayor (the "*Bond Order*"); 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 specified in each applicable Bond Order.

The Bonds shall be sold at a price of not less than 100% of the issued amount thereof. The Bonds shall bear interest at a rate or rates not exceeding 5.50% per annum and shall mature annually on January 1 of each year over a period ending no later than January 1, 2038, in such amounts as shall be specified in each applicable Bond Order. The Mayor is hereby given the full authority to execute and deliver a Bond Order for and on behalf of the Village as herein provided, provided such applicable Bond Order is executed no later than April 30, 2015. The Bond Order shall be made a part of the transcript of the proceedings related to the issuance of the Bonds.

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, 2016. Interest on each Bond shall be paid by check or draft of the Paying Agent, payable upon presentation thereof in lawful money of the United States of America, to the person in whose name such Bond is registered at the close of business on the applicable Record Date, and mailed to the registered owner of the Bond as shown in the Bond Registrar or at such other address furnished in writing by such Registered Owner, or as otherwise

may be agreed with the Depository. The principal of the Bonds shall be payable in lawful money of the United States of America upon presentation thereof at the office maintained for the purpose of the Paying Agent or at successor Paying Agent and locality.

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

With respect to Bonds registered in the Bond Register in the name of Cede & Co., as nominee of the Depository, none of the Village, the Treasurer, the Paying Agent or the Bond Registrar shall have any responsibility or obligation to any broker-dealer, bank or other financial institution for which the Depository holds Bonds from time to time as securities depository (each such broker-dealer, bank or other financial institution being referred to herein as a "*Depository*")

Participant") or to any person on behalf of whom such a Depository Participant holds an interest in the Bonds. Without limiting the meaning of the immediately preceding sentence, the Village, the Treasurer, the Paying Agent and the Bond Registrar shall have no responsibility or obligation with respect to (a) the accuracy of the records of the Depository, Cede & Co., or any Depository Participant with respect to any ownership interest in the Bonds, (b) the delivery to any Depository Participant or any other person, other than a registered owner of a Bond as shown in the Bond Register, of any notice with respect to the Bonds, including any notice of redemption, or (c) the payment to any Depository Participant or any other person, other than a registered owner of a Bond as shown in the Bond Register, of any amount with respect to principal of or interest on the Bonds. No person other than a registered owner of a Bond as shown in the Bond Register shall receive a Bond certificate with respect to any Bond. Upon delivery by the Depository to the Bond Registrar of written notice to the effect that the Depository has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions hereof with respect to the payment of interest to the registered owners of Bonds at the close of business on the applicable record date, the name "*Cede & Co.*" in this Ordinance shall refer to such new nominee of the Depository.

In the event that (a) the Village determines that the Depository is incapable of discharging its responsibilities described herein and in the Representation Letter, (b) the agreement among the Village, the Paying Agent and Bond Registrar, and the Depository evidenced by the Representation Letter shall be terminated for any reason or (c) the Village determines that it is in the best interests of the Village or of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, the Village shall notify the Depository and the Depository shall notify the Depository Participants of the availability of Bond certificates, and

the Bonds shall no longer be restricted to being registered in the Bond Register in the name of Cede & Co., as nominee of the Depository. The Village may determine that the Bonds shall be registered in the name of and deposited with a successor depository operating a book-entry system, as may be acceptable to the Village, or such depository's agent or designee, but if the Village does not select such alternate book-entry system, then the Bonds shall be registered in whatever name or names registered owners of Bonds transferring or exchanging Bonds shall designate, in accordance with the provisions hereof.

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

Section 7. Redemption. If any Bonds are sold as term bonds and/or subject to optional redemption as set forth in each applicable Bond Order, the following provisions shall

apply. For any such redemptions, the Village shall, at least 45 days prior to the redemption date (unless a shorter time period shall be satisfactory to the Registrar), notify the Registrar of such redemption date and of the principal amount of Bonds to be redeemed. In the event of the redemption of less than all the Bonds of like series and maturity, the aggregate amount thereof to be redeemed shall be \$5,000 of the principal amount or any integral multiple thereof, and the Registrar shall assign to each Bond of such series and maturity a distinctive number for each \$5,000 principal amount, as the case may be, of such Bond and shall select by lot from the numbers so assigned as many numbers as, at \$5,000 for each number, shall equal the principal amount of such Bonds to be redeemed. The Bonds to be redeemed shall be the Bonds to which were assigned the numbers so selected; provided that only so much of the principal amount of each Bond shall be redeemed as shall equal \$5,000 for each number assigned to it and so selected.

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

Unless waived by the registered owner of Bonds to be redeemed, official notice of any such redemption shall be given by the Registrar on behalf of the Village by mailing the redemption notice by registered or certified 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 Registrar.

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

- (a) the redemption date;
- (b) the redemption price;

(c) if less than all of the outstanding Bonds of a particular maturity are to be redeemed, the identification (and, in the case of partial redemption of Bonds within such maturity, the respective principal amounts) of the Bonds to be redeemed;

(d) a statement that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption and that interest thereon shall cease to accrue from and after said date; and

(e) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal office of the Registrar.

Prior to any redemption date, the Village shall deposit with the Registrar 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 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 or portions being redeemed shall be paid by the Registrar at the redemption price. If the

redemption date is an interest payment date, 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 and premium (if any) 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 Registrar and shall not be reissued.

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

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

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.

Section 8. 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 9. 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.

_____, 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 _____, 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 2015[A][B], having a Dated Date of _____, 2015, of the Village of Downers Grove, DuPage County, Illinois.

_____, as Bond Registrar and Paying Agent

By _____

Its _____

Bond Registrar and Paying Agent:

[FORM OF BOND – REVERSE SIDE]

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

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

The Bonds coming due on and after January 1, 20__, are subject to redemption prior to maturity at the option of the Village on January 1, 20__, and any date thereafter, from any available monies, in whole or in part, and if in part, in such principal amounts and from such

maturities as the Village shall determine, and within any maturity by lot, at a redemption price of par plus accrued interest, upon the terms and conditions and as otherwise provided in the Bond Ordinance.

The Bonds due on January 1, 20__ 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:

Year of Maturity Principal Amount

(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 10. 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 (the “*Pledged Taxes*”).

Section 11. 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 Paying Agent, and shall be delivered to the purchaser as provided in each applicable Bond Order no later than April 30, 2015 upon the payment of the purchase price as provided in each applicable Bond Order. The contract for the sale of the Bonds to the purchaser as provided in each applicable Bond Order 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.

As an additional limitation on the sale of the Bonds, The Northern Trust Company, financial advisor of the Village, must provide a certificate delivered at closing of the Bonds that the Refunding will provide to the Village present value debt service savings equal to three percent (3%) or more of the principal amount of Series 2008A Bonds to be refunded. For this purpose, present value debt service savings shall be determined by using as the discount rate, the yield on the Bonds.

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 other documents, as provided in each applicable Bond Order, 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, as applicable.

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 12. Tax Levy; Abatement. In order to provide for the collection of a direct annual tax sufficient 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 shall be levied upon all of the taxable property within the Village a direct annual tax for each of the years while the Bonds are outstanding, in amounts sufficient for that purpose. The Mayor is hereby directed to file with the Clerk of DuPage County, Illinois (the "County Clerk"), each applicable Bond Order providing that there be levied upon all of the taxable property in the Village, a direct annual tax not to exceed the amount of \$1,600,000 per year in each of the tax levy years 2015 to 2034 in an amount sufficient to produce the sums necessary to pay interest on the Bonds as it falls due and pay and discharge the principal thereof at maturity; and there is hereby levied on all of the taxable property in the Village, in addition to all other taxes, direct annual taxes as fully detailed in each applicable Bond Order.

Principal or interest coming due at any time when there are not sufficient funds on hand from the foregoing tax levy to pay the same shall be paid from current funds on hand of the Village, and the fund from which such payment was made shall be reimbursed out of the taxes hereby levied when the same shall be collected.

The Village covenants and agrees with the purchaser and the holders of the Bonds that so long as 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, unless the abatement of any particular tax levy amount has been provided for through the deposit of moneys in a segregated account, and the Village and its officers will comply with all present and future applicable laws in order to assure that the foregoing taxes will be levied, extended and collected as provided herein and deposited in the applicable Bond Fund (as such term is hereinafter defined) established to pay the principal of and interest on the Bonds.

The funds derived from the tax levy be and the same are hereby appropriated and set aside for the sole and only purpose of paying principal and interest on said Bonds when and as the same become due. The funds from the sale of said Bonds be and they are hereby appropriated and set aside for the purpose hereinbefore set out.

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 2015 to 2034, 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. The Refunding and Costs of Issuance. In order to enact the Refunding, the Treasurer shall deposit certain cash from the proceeds of the Bonds with the Paying Agent in an amount sufficient to provide moneys for the payment of redemption, interest and redemption premium, if any, on the Series 2008A Bonds to be called for redemption on the dates provided in each applicable Bond Order which shall be no later than April 30, 2015.

Costs of issuance of the Bonds not otherwise paid shall be paid from the remaining proceeds by the Village. When all the costs of issuance of the Bonds have been paid, the Village shall then transfer any amount then remaining from the proceeds of the Bonds to the Bond Fund as herein provided.

Section 15. Accrued Interest. The accrued interest, if any, received at the time of delivery of the Bonds, if any, shall be deposited in each applicable Bond Fund.

Section 16. Creation of Funds and Appropriations.

A. There is hereby created the "*General Obligation Bonds, Series 2015[A][B], 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 applicable 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 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 "2015 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 Project, as certified to the Treasurer by the architect or engineer in responsible charge of the 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 17. Reimbursement. A portion 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 Project or expenditures for which an intent to reimburse it was properly declared under Treasury Regulations Section 1.150-2. Ordinance No. ____ adopted by the Corporate Authorities on March __, 2015, is a declaration of official intent under Treasury Regulations Section 1.150-2 as to all costs of the Project paid after the date hereof and prior to issuance of the Bonds.

Section 18. 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 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 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 19. Additional Funds and Accounts and Abatement of Taxes for Series 2008A Bonds. In addition to the funds established hereunder, the Mayor is hereby authorized and directed to establish, and the Treasurer is further authorized to hold, any and all funds and/or accounts they deem necessary or convenient to the accomplishment of the purposes set forth in this ordinance.

The Mayor, Village Clerk and Village Treasurer of the Corporate Authorities who receives the taxes of the Village be and the same are hereby directed to prepare and file with the County Clerk, a Certificate of Reduction of Taxes Heretofore Levied for the Payment of Bonds showing the portion of the Series 2008A Bonds that make up the Refunding and directing the abatement of the taxes heretofore levied to pay said portion.

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

Section 21. Tax Covenants. In order to preserve the exclusion of interest on the Bonds from gross income for federal tax purposes under Section 103 of the Internal Revenue Code of 1986 as existing on the date of issuance of the Bonds (the "Code") and as an inducement to purchasers of the Bonds, the Village represents, covenants and agrees that:

(a) No more than 10% of the payment of the principal of or interest on the Bonds will be (under the terms of the Bonds, this Ordinance or any underlying arrangement), directly or indirectly, (i) secured by any interest in property used or to be used for a private business use or payments in respect of such property or (ii) derived from payments (whether or not to the Village) in respect of such property or borrowed money used or to be used for a private business use.

(b) No more than 5% of the Bond proceeds will be loaned to any entity or person other than a state or local governmental unit. No more than 5% of the Bond proceeds will be transferred, directly or indirectly, or deemed transferred to a nongovernmental person in any manner that would in substance constitute a loan of the Bond proceeds.

(c) The Village reasonably expects, as of the date hereof, that the Bonds will not meet either the private business use test described in paragraph (a) above or the private loan test described in paragraph (b) above during the entire term of the Bonds.

(d) No more than 5% of the proceeds of the Bonds will be attributable to private business use as described in (a) and private security or payments described in (b) attributable to unrelated or disproportionate private business use. For this purpose, the private business use test

is applied by taking into account only use that is not related to any government use of proceeds of the issue (Unrelated Use) and use that is related but disproportionate to any governmental use of those proceeds (Disproportionate Use).

(e) The Village will not take any action or fail to take any action with respect to the Bonds that would result in the loss of the exclusion from gross income for federal tax purposes on the Bonds pursuant to Section 103 of the Code, nor will the Village act in any other manner which would adversely affect such exclusion.

(f) It shall not be an event of default under this ordinance if the interest on any Bond is not excludable from gross income for federal tax purposes or otherwise pursuant to any provision of the Code which is not currently in effect and in existence on the date of issuance of the Bonds.

(g) The Village represents that:

- (1) The Bonds are not private activity bonds as defined in Section 141 of the Code;
- (2) The Village hereby designates the Bonds as qualified tax-exempt obligations for purposes of Section 265(b) of the Code; and
- (3) The reasonably anticipated amount of qualified tax-exempt obligations (including 501(c)(3) obligations and tax-exempt leases but excluding other private activity bonds) which will be issued by the Village and all entities subordinate to the Village during 2015 does not exceed \$10,000,000.
- (4) The Village has not designated more than \$10,000,000 of qualified tax-exempt obligations during 2015.

Therefore, the Bonds are “qualified tax exempt obligations” under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

(h) These covenants are based solely on current law in effect and in existence on the date of delivery of such Bonds.

The Village hereby authorizes the officials of the Village responsible for issuing the Bonds, the same being the Mayor and Village Clerk of the Village, to make such further covenants and certifications as may be necessary to assure that the use thereof will not cause the Bonds to be arbitrage bonds and to assure that the interest on the Bonds will be excludable from gross income for federal income tax purposes. In connection therewith, the Village further 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 consult with counsel approving the Bonds and to comply with such advice as may be given; (c) to pay to the United States, as necessary, such sums of money representing required rebates of excess arbitrage profits relating to the Bonds as required pursuant to Section 148 of the Code and the regulations promulgated thereunder; (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 their officers, to employ and pay fiscal agents, financial advisors, attorneys, and other persons to assist the Village in such compliance.

Section 22. 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 "2015 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 23. Noncompliance with Tax Covenants. Notwithstanding any other provisions of this ordinance, the covenants and authorizations contained in this ordinance (the "Tax Sections") which are designed to preserve the exclusion of interest on the Bonds from gross income under federal law (the "Tax Exemption") need not be complied with if the Village receives an opinion of nationally recognized bond counsel that any Tax Section is unnecessary to preserve the Tax Exemption.

Section 24. 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 17 through 23 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 25. 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 26. 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 27. 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 28. 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 29. 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: March __, 2015

AYES: _____

NAYS: _____

ABSENT: _____

APPROVED: March __, 2015

Mayor, Village of Downers Grove,
DuPage County, Illinois

Published in pamphlet form by authority of the Council on March __, 2015.

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 ___ day of March, 2015, insofar as the same relates to the adoption of an ordinance entitled:

AN ORDINANCE providing for the issuance of General Obligation Bonds, Series 2015, of the Village of Downers Grove, DuPage County, Illinois, in one or more series and providing for the levy and collection of a direct annual tax for the payment of the principal of and interest on said bonds

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

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

IN WITNESS WHEREOF I hereunto affix my official signature and the seal of the Village
this __ day of March, 2015.

Village Clerk

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

STATE OF ILLINOIS)
) SS
 COUNTY OF DUPAGE)

CERTIFICATE OF PUBLICATION IN PAMPHLET FORM

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

I do further certify that on the __ day of March, 2015, 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 2015, of the Village in one or more series and that said ordinance as so published was on said date readily available for public inspection and distribution, in sufficient number to meet the needs of the general public, at my office as Village Clerk located in the Village.

IN WITNESS WHEREOF I have affixed hereto my official signature and the seal of the Village this __ day of March, 2015.

 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 ___ day of March, 2015 (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

REASON¹

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 ___ day of March, 2015.

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 _____, 2015, 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 __ day of March, 2015, and entitled:

AN ORDINANCE providing for the issuance of General Obligation Bonds, Series 2015, of the Village of Downers Grove, DuPage County, Illinois, in one or more series 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 _____, 2015.

 County Clerk of The County of
 DuPage, Illinois

[SEAL]