

CONSENT AGENDA ITEM VIII-G



To: David A. Hulseberg, Village Manager

From: Timothy Sexton, Director of Finance

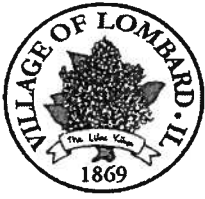
Date: February 19, 2013

Subject: Agenda Item/Ordinance Authorizing and Providing for an Installment Purchase Agreement (Installment purchase agreement for the purpose of financing the acquisition of real or personal property for municipal purposes and authorizing and providing for the issuance of General Obligation Debt Certificates (Limited Tax), Series 2013, not to exceed \$10,000,000.)

The ordinance before the Village Board on February 21, 2013 has been updated and reviewed by the Village Attorney. Revisions were required to amend the reference to "President" to "Acting President". This item is on the Village Board's Agenda this evening as **Item VIII-G**.

- c. Village President
- Village Board of Trustees
- Village Clerk
- Village Attorney

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ORDINANCE NUMBER _____

AN ORDINANCE of the Village of Lombard, DuPage County, Illinois, authorizing and providing for an Installment Purchase Agreement for the purpose of financing the acquisition of real or personal property for municipal purposes, and authorizing and providing for the issue of not to exceed \$10,000,000 General Obligation Debt Certificates (Limited Tax), Series 2013, evidencing the rights to payment under such Agreement, prescribing the details of the Agreement and Certificates, and providing for the security for and means of payment under the Agreement of the Certificates.

Adopted by the Acting President
and Board of Trustees of said
Village on the 21st day of
February, 2013

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PREAMBLES

WHEREAS

A. The Village of Lombard, DuPage County, Illinois (the "*Village*"), is a municipality and unit of local government of the State of Illinois (the "*State*") operating, *inter alia*, under and pursuant to the following laws:

1. the Illinois Municipal Code;
2. the Local Government Debt Reform Act of the State of Illinois (the "*Debt Reform Act*"), and in particular, the provisions of Section 17 of the Debt Reform Act (the "*Installment Purchase Provisions of the Debt Reform Act*"); and
3. all other Omnibus Bond Acts of the State;

in each case, as supplemented and amended (collectively, "*Applicable Law*").

B. The Acting President and Board of Trustees (the "*Corporate Authorities*") of the Village has considered the needs of the Village and, in so doing, the Corporate Authorities have deemed and do now deem it advisable, necessary, and for the best interests of the Village in order to promote and protect the public health, welfare, safety, and convenience of the residents of the Village to pay for the acquisition of certain real and personal property for municipal

purposes including, but not limited to, those projects described in *Exhibit A* (collectively, the “*Project*”).

C. The Corporate Authorities have determined the total cost of the Project and expenses incidental thereto, including financial and legal services related to the Agreement hereinafter provided for in this Ordinance (collectively “*Related Expenses*”), to be not more than \$10,000,000 plus estimated investment earnings which may be received on said sum prior to disbursement.

D. Sufficient funds of the Village are not available to pay the costs of the Project and Related Expenses, and it will, therefore, be necessary to borrow money in the amount of not to exceed \$10,000,000 for the purpose of paying such costs.

E. Pursuant to the Installment Purchase Provisions of the Debt Reform Act, as amended by Public Act 91-868 of the 91st General Assembly of the State of Illinois, the Village has the powers as follows:

The governing body of each governmental unit may purchase or lease either real or personal property, including investments, investment agreements, or investment services, through agreements that provide that the consideration for the purchase or lease may be paid through installments made at stated intervals for a period of no more than 20 years or another period of time authorized by law, whichever is greater *provided, however*, that investments, investments agreements or investment services purchased in connection with a bond issue may be paid through installments made at stated intervals for a period of time not in excess of the maximum term of such bond issue. Each governmental unit may issue certificates evidencing the indebtedness incurred under the lease or agreement. The governing body may provide for the treasurer, comptroller, finance officer, or other officer of the governing body charged with financial administration to act as counter-party to any such lease or agreement, as nominee lessor or seller. When the lease or agreement is executed by the officer of the governmental unit authorized by the governing body to bind the governmental unit thereon by the execution thereof and is filed with and executed by the nominee lessor or seller, the lease or agreement shall be

sufficiently executed so as to permit the governmental unit to issue certificates evidencing the indebtedness incurred under the lease or agreement. The certificates shall be valid whether or not an appropriation with respect thereto is included in any annual or supplemental budget adopted by the governmental unit. From time to time, as the governing body executes contracts for the purpose of acquiring and constructing the services or real or personal property that is a part of the subject of the lease or agreement, including financial, legal, architectural, and engineering services related to the lease or agreement, the governing body shall order the contracts filed with its nominee officer, and that officer shall identify the contracts to the lease or agreement; that identification shall permit the payment of the contract from the proceeds of the certificates; and the nominee officer shall duly apply or cause to be applied proceeds of the certificates to the payment of the contracts. The governing body of each governmental unit may sell, lease, convey, and reacquire either real or personal property, or any interest in real or personal property, upon any terms and conditions and in any manner, as the governing body shall determine, if the governmental unit will lease, acquire by purchase agreement, or otherwise reacquire the property, as authorized by this subsection or any other applicable law.

All indebtedness incurred under this subsection, when aggregated with the existing indebtedness of the governmental unit, may not exceed the debt limits provided by applicable law.

F. The Corporate Authorities find that it is desirable and in the best interests of the Village to avail of the provisions of the Installment Purchase Provisions of the Debt Reform Act, as quoted, as follows:

1. To authorize an Installment Purchase Agreement (the "*Agreement*") more particularly as described and provided below in the text of this Ordinance;
2. To name as counter-party to the Agreement the Village Treasurer (the "*Treasurer*"), as nominee-seller;
3. To authorize the Acting President of the Village (the "*Acting President*") and the Village Clerk (the "*Clerk*") to execute and attest, respectively, the Agreement on

behalf of the Village and to file same with the Clerk in his or her capacity as keeper of the records and files of the Village; and

4. To issue certificates evidencing the indebtedness incurred under the Agreement in the amount of not to exceed \$10,000,000, in form and having such details as set forth below in the text of this Ordinance.

NOW, THEREFORE, Be It Ordained by the Acting President and Board of Trustees of the Village of Lombard, DuPage County, Illinois, as follows:

Section 1. Definitions. Words and terms used in this Ordinance shall have the meanings given them unless the context or use clearly indicates another or different meaning is intended. Words and terms defined in the singular may be used in the plural and vice-versa. Reference to any gender shall be deemed to include the other and also inanimate persons such as corporations, where applicable.

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

Acting President

Agreement

Applicable Law

Clerk

Corporate Authorities

Debt Reform Act

Installment Purchase Provisions of the Debt Reform Act

Project

Related Expenses

State

Treasurer

Village

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

“Agreement” means the Installment Purchase Agreement, as referred to in the preambles of this Ordinance, for the purpose of purchasing and financing the Project and Related Expenses.

“Book Entry Form” means the form of the Certificates as fully registered and available in physical form only to the Depository.

“Certificates” means the not to exceed \$10,000,000 General Obligation Debt Certificates (Limited Tax), Series 2013, authorized to be issued by this Ordinance.

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

“Certificate Moneys” means moneys on deposit in the Certificate Fund.

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

“Certificate Registrar” means the certificate registrar and paying agent as set forth in the Certificate Notification.

“Certificate Notification” means the notification of sale as authorized to be executed by the Designated Representatives of the Village in Section 14 of this Ordinance and by which the final terms of the Certificates will be established.

“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 Representatives” means the Acting President and the Director of Finance of the Village.

“*Ordinance*” means this Ordinance, numbered as set forth on the title page hereof, and passed by the Corporate Authorities on the 21st day of February, 2013.

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

“*Purchase Contract*” is defined in Section 14.

“*Purchase Price*” means the price to be paid by the Purchaser pursuant to the Purchase Contract for the Certificates.

“*Purchaser*” means Wheaton Bank & Trust, Wheaton, Illinois, or an affiliate thereof.

“*Record Date*” means the date as set forth in the Certificate Notification.

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

C. Definitions also appear in the preambles hereto or in specific sections, as appear below. The headings in this Ordinance are for the convenience of the reader and are not a part of this Ordinance.

Section 2. Incorporation of Preambles. The Corporate Authorities hereby find that 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 Authorize and Enter into Agreement and to Issue Certificates. It is necessary and advisable for the public health, safety, welfare, and convenience of residents of the Village to pay the costs of acquisition of the Project, including all Related

Expenses and to borrow money and, in evidence thereof and for the purpose of financing same, enter into the Agreement and, further, to provide for the issuance and delivery of the Certificates evidencing the indebtedness incurred under the Agreement.

Section 4. Agreement is a General Obligation; Annual Appropriation. The Village hereby represents, warrants, and agrees that the obligation to make the payments due under the Agreement shall be a lawful direct general obligation of the Village payable from the corporate funds of the Village and such other sources of payment as are otherwise lawfully available, including the Pledged Bonds (as hereinafter defined). The Village represents and warrants that the total amount due the Seller under the Agreement, together with all other indebtedness of the Village, is within all statutory and constitutional debt limitations. The Village agrees to appropriate funds of the Village annually and in a timely manner so as to provide for the making of all payments when due under the terms of the Agreement.

Section 5. Pledge of Municipal Bonds. In order to further secure the Certificates, the Village, prior to closing, shall purchase municipal bonds secured by property taxes (the "Pledged Bonds") in an aggregate principal amount not less than the principal amount of the Certificates. The Pledged Bonds shall mature on approximately the same dates and in approximately the same amounts as the Certificates, and shall be purchased at the discretion of the Designated Representatives with the advice of Great Lakes Advisors, an affiliated investment manager of the Purchaser, or such other investment manager as is named in the Certificate Notification. The Pledged Bonds shall carry an unsecured or an underlying rating at the time of purchase of at least "A" by Standard & Poor's Ratings Services, "A2" by Moody's Investors Service or "A" by Fitch Ratings, and the interest on said Pledged Bonds shall be excludable from gross income of the owners thereof for federal income tax purposes and shall not be included as an item of tax preference in computing the alternative minimum tax for individuals and

corporations under the Code. The Pledged Bonds shall be held by the Purchaser or an affiliated institution approved by the Purchaser as set forth in the Certificate Notification.

The Pledged Bonds, and all payments received by the Village from the Pledged Bonds, are pledged to the repayment of the Certificates. The principal amount of Pledged Bonds that the Village shall be required to hold shall decrease by the corresponding principal amount of Certificates paid in each year. In the case of a payment default with respect to any of the Pledged Bonds, the Village shall promptly purchase substitute qualifying municipal bonds as Pledged Bonds.

Section 6. Execution and Filing of the Agreement From and after the effective date of this Ordinance, the Acting President and Clerk be and they are hereby authorized and directed to execute and attest, respectively, the Agreement, in substantially the form thereof set forth below in the text of this Ordinance, and to do all things necessary and essential to effectuate the provisions of the Agreement, including the execution of any documents and certificates incidental thereto or necessary to carry out the provisions thereof. Further, as nominee-seller, the Treasurer is hereby authorized and directed to execute the Agreement. Upon full execution, the original of the Agreement shall be filed with the Clerk and retained in the Village records and constitute authority for issuance of the Certificates. Subject to such discretion of the officers signatory to the document as described in the foregoing text, the Installment Purchase Agreement shall be in substantially the form as follows:

INSTALLMENT PURCHASE AGREEMENT for the purpose of paying a part of the cost of the acquisition of certain real and personal property for municipal purposes, dated the ____ day of _____, 2013, in and for the Village of Lombard, DuPage County, Illinois.

THIS INSTALLMENT PURCHASE AGREEMENT (this "*Agreement*") made as of the ____ day of _____, 2013 by and between the Treasurer of the Village, as Nominee-Seller (the "*Seller*"), and the Village of Lombard, DuPage County, Illinois, a municipality and unit of local government of the State of Illinois (the "*Village*"):

WITNESSETH

A. The Acting President and Board of Trustees (the "*Corporate Authorities*") of the Village has determined to acquire certain real and personal property for municipal purposes (the "*Project*"), all as previously approved by the Corporate Authorities and on file with the Village Clerk (the "*Clerk*").

B. Pursuant to the provisions of the Illinois Municipal Code; the Local Government Debt Reform Act of the State of Illinois (the "*Debt Reform Act*"), and, in particular, the provisions of Section 17 of the Debt Reform Act (the "*Installment Purchase Provisions of the Debt Reform Act*"); and all other Omnibus Bond Acts of the State of Illinois; in each case, as supplemented and amended (collectively "*Applicable Law*"); the Village has the power to purchase real or personal property through agreements that provide that the consideration for the purchase may be paid through installments made at stated intervals for a period of no more than 20 years and has the power to issue certificates evidencing indebtedness incurred under such agreements.

C. On the 21st day of February, 2013, the Corporate Authorities, pursuant to Applicable Law and the need to provide for the Project, adopted an ordinance (the "*Ordinance*"), numbered _____, authorizing the borrowing of money for the Project, the

execution and delivery of this Agreement to finance same, and the issuance of certificates evidencing the indebtedness so incurred.

D. The Ordinance is

- (a) incorporated herein by reference; and
- (b) made a part hereof as if set out at this place in full;

and each of the terms as defined in the Ordinance is also incorporated by reference for use in this Agreement.

E. The Seller, as nominee as expressly permitted by the Installment Purchase Provisions of the Debt Reform Act, has agreed to acquire the Project on the terms as hereinafter provided.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter contained and other valuable consideration, it is mutually agreed between the Seller and the Village as follows:

1. ACQUIRE PROJECT

The Seller agrees to acquire the Project in and for the benefit of the Village.

2. CONVEYANCE

The Seller agrees to convey the Project to the Village; and the Village agrees to purchase the Project from the Seller and pay for the Project the purchase price of \$_____; plus the amount of investment earnings which are earned on the amount deposited with the Treasurer from the sale of the Certificates and in no event shall the total aggregate principal purchase price to be paid pursuant to this Agreement exceed the sum of \$_____, plus the amount of investment earnings which are earned on the amount deposited with the Treasurer from the sale of the Certificates.

3. PAYMENTS

The payment of the entire sum of \$_____ of said purchase price shall:

- (a) be payable in installments due on the dates and in the amounts;
- (b) bear interest at the rates percent per annum which interest shall also be payable on the dates and in the amounts;
- (c) be payable at the place or places of payment, in the medium of payment, and upon such other terms, including prepayment (redemption) if any;

all as provided for payment of the Certificates in the Ordinance.

4. ASSIGNMENT

Rights to payment of the Seller as provided in this Agreement are assigned as a matter of law, under the Installment Purchase Provisions of the Debt Reform Act, to the owners of the Certificates. This Agreement and any right, title, or interest herein, shall not be further assignable. The Certificates, evidencing the indebtedness incurred hereby, are assignable (registrable) as provided in the Ordinance.

5. TAX COVENANTS

The covenants relating to the Tax-exempt status of the Certificates, as set forth in the Ordinance, insofar as may be applicable, apply to the work to be performed and the payments made under this Agreement.

6. TITLE

(a) *Vesting of Title.* Title in and to any part of the Project shall and does vest immediately in the Village.

(b) *Damage, Destruction, and Condemnation.* If, during the term of this Agreement, (i) all or any part of the Project shall be destroyed, in whole or in part, or damaged by fire or other casualty or event; or (ii) title to, or the temporary or permanent use of, all or any part of the Project shall be taken under the exercise of the power of eminent domain by any governmental

body or by any person, firm, or corporation acting under governmental authority; or (iii) a material defect in construction of all or any part of the Project shall become apparent; or (iv) title to or the use of all or any part of the Project shall be lost by reason of a defect in title; then the Village shall continue to make payments as promised herein and in the Certificates and to take such action as it shall deem necessary or appropriate to repair and replace the Project.

7. LAWFUL CORPORATE OBLIGATION

The Village hereby represents, warrants, and agrees that the obligation to make the payments due hereunder shall be a lawful direct general obligation of the Village payable from the corporate funds of the Village and such other sources of payment as are otherwise lawfully available, including the Pledged Bonds (as defined in the Ordinance). The Village represents and warrants that the total amount due the Seller hereunder, together with all other indebtedness of the Village, is within all statutory and constitutional debt limitations. The Village agrees to appropriate funds of the Village annually and in a timely manner so as to provide for the making of all payments when due under the terms of this Agreement.

8. GENERAL COVENANT AND RECITAL

It is hereby certified and recited by the Seller and the Village, respectively, that as to each, respectively, for itself, all conditions, acts, and things required by law to exist or to be done precedent to and in the execution of this Agreement did exist, have happened, been done and performed in regular and due form and time as required by law.

9. NO SEPARATE TAX

THE SELLER AND THE VILLAGE RECOGNIZE THAT THERE IS NO STATUTORY AUTHORITY FOR THE LEVY OF A SEPARATE TAX IN ADDITION TO OTHER TAXES OF THE VILLAGE OR THE LEVY OF A SPECIAL TAX UNLIMITED AS TO RATE OR AMOUNT TO PAY ANY OF THE AMOUNTS DUE HEREUNDER.

10. DEFAULT

In the event of a default in payment hereunder by the Village, the Seller or any Certificateholder may pursue any available remedy by suit at law or equity to enforce the payment of all amounts due or to become due under this Agreement, including, without limitation, an action for specific performance.

IN WITNESS WHEREOF the Seller has caused this Installment Purchase Agreement to be executed and attested, and his or her signature to be attested by the Clerk, and the Village has caused this Installment Purchase Agreement to be executed by its Acting President, and also attested by the Clerk, and the official seal of the Village to be hereunto affixed, all as of the day and year first above written.

SELLER: Signature: _____

[Here type name]: _____
as Nominee-Seller and the Treasurer

ATTEST:

[SEAL]

VILLAGE OF LOMBARD, DUPAGE COUNTY,
ILLINOIS

Acting President

ATTEST:

[SEAL]

STATE OF ILLINOIS)
) SS
COUNTY OF DUPAGE)

CERTIFICATE OF INSTALLMENT PURCHASE AGREEMENT FILING

I, the undersigned, do hereby certify that I am the duly qualified and acting Village Clerk of the Village of Lombard, DuPage County, Illinois (the "*Village*"), and as such officer I do hereby certify that on the ___ day of _____, 2013 there was filed in my office a properly certified copy of that certain document, executed by the Acting President of the Village, attested by me in my capacity as Village Clerk, and further executed, as Nominee-Seller, by the Village Treasurer of the Village, also attested by me, dated the ___ day of _____, 2013, and entitled "INSTALLMENT PURCHASE AGREEMENT for the purpose of paying a part of the cost of the acquisition of certain real and personal property for municipal purposes, dated the ___ day of _____, 2013, in and for the Village of Lombard, DuPage County, Illinois"; and supporting the issuance of certain General Obligation Debt Certificates (Limited Tax), Series 2013, of the Village; that attached hereto is a true and complete copy of said Agreement as so filed; and that the same has been deposited in the official files and records of my office.

IN WITNESS WHEREOF I have hereunto affixed my official signature and the seal of the Village of Lombard, DuPage County, Illinois at Lombard, Illinois, this ___ day of _____, 2013.

Village Clerk

[SEAL]

Section 7. Certificate Details. If issued for the purpose of providing for the Project, there shall be issued and sold the Certificates in the amount of not to exceed \$10,000,000. The Certificates shall be dated such date (not prior to February 20, 2013) as set forth in the Certificate Notification, and shall also bear the date of authentication, shall be in fully registered form, shall be in denominations of \$5,000 each or authorized integral multiples thereof (but no single Certificate shall represent installments of principal maturing on more than one date), and shall be numbered 1 and upward. The Certificates shall become due and payable serially or be subject to mandatory redemption (with option of prior optional redemption as hereinafter set forth) on the month and day of each of the years as set forth in the Certificate Notification (not later than 2022), in the amounts (not exceeding \$2,000,000 per year) and bearing interest at the rates per annum (not exceeding 9.00% per annum) as set forth in the Certificate Notification. The Certificates shall bear interest from their date or from the most recent interest payment date to which interest has been paid or duly provided for, until the principal amount of the Certificates is paid, such interest (computed upon the basis of a 360-day year of twelve 30-day months) being payable semi-annually commencing with the first interest payment date as set forth in the Certificate Notification and semi-annually thereafter on such months and days as set forth in the Certificate Notification each year thereafter to maturity.

Interest on each Certificate shall be paid by check or draft of the Certificate Registrar, payable upon presentation in lawful money of the United States of America, to the person in whose name such Certificate is registered as of the Record Date. The principal of and premium, if any, on the Certificates shall be payable in lawful money of the United States of America at the principal corporate trust office of the Certificate Registrar.

Section 8. Book Entry Provisions. If requested by the Purchasers, the Certificates shall be initially issued in the form of a separate single fully registered Certificate for each of the

maturities of the Certificates. Upon initial issuance, the ownership of each such Certificate shall be registered in the Certificate Register in the name of the Depository or a designee or nominee of the Depository (such depository or nominee being the "*Book Entry Owner*"). Except as otherwise expressly provided, all of the outstanding Certificates from time to time shall be registered in the Certificate Register in the name of the Book Entry Owner (and accordingly in Book Entry Form as such term is used in this Ordinance). Any Village officer, as representative of the Village, is hereby authorized, empowered, and directed to execute and deliver or to utilize a previously executed and delivered Letter of Representations or Blanket Letter of Representations (either being the "*Letter of Representations*") substantially in the form common in the industry, or with such changes therein as any officer executing the Letter of Representations on behalf of the Village shall approve, his or her execution thereof to constitute conclusive evidence of approval of such changes, as shall be necessary to effectuate Book Entry Form. Without limiting the generality of the authority given with respect to entering into such Letter of Representations, it may contain provisions relating to (a) payment procedures, (b) transfers of the Certificates 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 Certificates registered in the Certificate Register in the name of the Book Entry Owner, none of the Village, any of its financial officers, or the Certificate Registrar shall have any responsibility or obligation to any broker-dealer, bank, or other financial institution for which the Depository holds Certificates 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 Certificates. Without limiting the

meaning of the immediately preceding sentence, the Village, any of its financial officers, and the Certificate Registrar shall have no responsibility or obligation with respect to (a) the accuracy of the records of the Depository, the Book Entry Owner, or any Depository Participant with respect to any ownership interest in the Certificates, (b) the delivery to any Depository Participant or any other person, other than a registered owner of a Certificate as shown in the Certificate Register or as otherwise expressly provided in the Letter of Representations, of any notice with respect to the Certificates, including any notice of redemption, or (c) the payment to any Depository Participant or any other person, other than a registered owner of a Certificate as shown in the Certificate Register, of any amount with respect to principal of or interest on the Certificates. No person other than a registered owner of a Certificate as shown in the Certificate Register shall receive a certificate with respect to any Certificate. In the event that (a) the Village determines that the Depository is incapable of discharging its responsibilities described herein and in the Letter of Representations, (b) the agreement among the Village, the Certificate Registrar, and the Depository evidenced by the Letter of Representations 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 Certificates either that they be able to obtain certificated Certificates or that another depository is preferable, the Village shall notify the Depository, and the Depository shall notify the Depository Participants, of the availability of physical Certificates; and the Certificates shall no longer be restricted to being registered in the Certificate Register in the name of the Book Entry Owner. Alternatively, at such time, the Village may determine that the Certificates shall be registered in the name of and deposited with a successor depository operating a system accommodating Book Entry Form, 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 Certificates shall be registered in whatever name or names registered owners of Certificates

transferring or exchanging Certificates shall designate, in accordance with the provisions of this Ordinance.

Section 9. Execution; Authentication. The Certificates shall be executed on behalf of the Village by the manual or facsimile signature of its Acting President and attested by the manual or facsimile signature of its 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 Certificate shall cease to be such officer before the delivery of such Certificate, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery. All Certificates shall have thereon a certificate of authentication, substantially in the form hereinafter set forth, duly executed by the Certificate Registrar as authenticating agent of the Village and showing the date of authentication. No Certificate 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 Certificate Registrar by manual signature, and such certificate of authentication upon any such Certificate shall be conclusive evidence that such Certificate has been authenticated and delivered under this Ordinance. The certificate of authentication on any Certificate shall be deemed to have been executed by it if signed by an authorized officer of the Certificate Registrar, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Certificates issued hereunder.

Section 10. Registration of Certificates; Persons Treated as Owners. The Village shall cause books (the "*Certificate Register*" as herein defined) for the registration and for the transfer of the Certificates as provided in this Ordinance to be kept at the office maintained for such purpose by the Certificate Registrar, which is hereby constituted and appointed the registrar of the Village for the Certificates. The Village is authorized to prepare, and the Certificate

Registrar or such other agent as the Village may designate shall keep custody of, multiple Certificate blanks executed by the Village for use in the transfer and exchange of Certificates. Subject to the provisions of this Ordinance relating to the Certificates in Book Entry Form, any Certificate 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 Certificate at the office of the Certificate Registrar maintained for the purpose, duly endorsed by or accompanied by a written instrument or instruments of transfer or exchange in form satisfactory to the Certificate Registrar and duly executed by the registered owner or an attorney for such owner duly authorized in writing, the Village shall execute and the Certificate 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 Certificate or Certificates of like tenor, of the same maturity, bearing the same interest rate, of authorized denominations, for a like aggregate principal amount. The Certificate Registrar shall not be required to transfer or exchange any Certificate 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. The execution by the Village of any fully registered Certificate shall constitute full and due authorization of such Certificate; and the Certificate Registrar shall thereby be authorized to authenticate, date, and deliver such Certificate; *provided, however*, the principal amount of Certificates of each maturity authenticated by the Certificate Registrar shall not at any one time exceed the authorized principal amount of Certificates for such maturity less the amount of such Certificates which have been paid. The person in whose name any Certificate shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal or interest on any Certificate 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 Certificate to the extent of the sum or sums so paid. No service charge shall be made to any registered owner of Certificates for any transfer or exchange of Certificates, but the Village or the Certificate 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 Certificates.

Section 11. Redemption. (a) Mandatory Redemption. The Certificates maturing on the date or dates, if any, indicated in the Certificate Notification are subject to mandatory redemption, in integral multiples of \$5,000 selected by lot by the Certificate Registrar, at a redemption price of par plus accrued interest to the redemption date for the Bonds, on the month and day as set forth in the Certificate Notification of the years, if any, and in the principal amounts, if any, as indicated in the Certificate Notification.

The principal amounts of Certificates to be mandatorily redeemed in each year may be reduced through the earlier optional redemption thereof, with any partial optional redemptions of such Certificates credited against future mandatory redemption requirements in such order of the mandatory redemption dates as the Village may determine. In addition, on or prior to the 60th day preceding any mandatory redemption date, the Certificate Registrar may, and if directed by the Corporate Authorities shall, purchase Certificates required to be retired on such mandatory redemption date. Any such Certificates so purchased shall be cancelled and the principal amount thereof shall be credited against the mandatory redemption required on such next mandatory redemption date.

(b) Optional Redemption. All or a portion of the Certificates, if any, due on and after the date, if any, specified in the Certificate Notification shall be subject to redemption prior to maturity at the option of the Village from any available funds, as a whole or in part, and if in part in integral multiples of \$5,000 in any order of their maturity as determined by the Village (less

than all of the Certificates of a single maturity to be selected by the Certificate Registrar), on the date specified in the Certificate Notification, if any, and on any date thereafter, at the redemption price of par plus accrued interest to the date fixed for redemption.

The Certificates shall be redeemed only in the principal amount of \$5,000 and integral multiples thereof. The Village shall, at least forty-five (45) days prior to the redemption date (unless a shorter time period shall be satisfactory to the Certificate Registrar) notify the Certificate Registrar of such redemption date and of the principal amount and maturity or maturities of Certificates to be redeemed. For purposes of any redemption of less than all of the outstanding Certificates of a single maturity, the particular Certificates or portions of Certificates to be redeemed shall be selected by lot by the Certificate Registrar from the Certificates of such maturity by such method of lottery as the Certificate Registrar shall deem fair and appropriate; *provided* that such lottery shall provide for the selection for redemption of Certificates or portions thereof so that any \$5,000 Certificate or \$5,000 portion of a Certificate shall be as likely to be called for redemption as any other such \$5,000 Certificate or \$5,000 portion. The Certificate Registrar shall make such selection upon the earlier of the irrevocable deposit of funds with an escrow agent sufficient to pay the redemption price of the Certificates to be redeemed or the time of the giving of official notice of redemption.

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

Section 12. Redemption Procedure. Unless waived by any holder of Certificates to be redeemed, notice of the call for any such redemption shall be given by the Certificate Registrar on behalf of the Village by mailing the redemption notice by first class mail at least thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption to the registered

owner of the Certificate or Certificates to be redeemed at the address shown on the Certificate Register or at such other address as is furnished in writing by such registered owner to the Certificate Registrar.

All notices of redemption shall state:

- (1) the redemption date;
- (2) the redemption price;
- (3) if less than all outstanding Certificates are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Certificates to be redeemed;
- (4) that on the redemption date the redemption price will become due and payable upon each such Certificate or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date;
- (5) the place where such Certificates are to be surrendered for payment of the redemption price, which place of payment shall be the principal corporate trust office of the Certificate Registrar; and
- (6) such other information then required by custom, practice or industry standard.

Unless moneys sufficient to pay the redemption price of the Certificates to be redeemed at the option of the Village shall have been received by the Certificate Registrar prior to the giving of such notice of redemption, such notice may, at the option of the Village, state that said redemption shall be conditional upon the receipt of such moneys by the Certificate Registrar on or prior to the date fixed for redemption. If such moneys are not received, such notice shall be of no force and effect, the Village shall not redeem such Certificates, and the Certificate Registrar shall give notice, in the same manner in which the notice of redemption shall have been given,

that such moneys were not so received and that such Certificates will not be redeemed. Otherwise, prior to any redemption date, the Village shall deposit with the Certificate Registrar an amount of money sufficient to pay the redemption price of all the Certificates or portions of Certificates which are to be redeemed on that date.

Subject to the provisions for a conditional redemption described above, notice of redemption having been given as aforesaid, the Certificates or portions of Certificates 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 Certificates or portions of Certificates shall cease to bear interest. Upon surrender of such Certificates for redemption in accordance with said notice, such Certificates shall be paid by the Certificate Registrar at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Certificate, there shall be prepared for the registered holder a new Certificate or Certificates of the same maturity in the amount of the unpaid principal.

If any Certificate or portion of a Certificate 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 Certificate or portion of Certificate so called for redemption. All Certificates which have been redeemed shall be cancelled and destroyed by the Certificate Registrar and shall not be reissued.

Section 13. Form of Certificate. The Certificates shall be in substantially the form hereinafter set forth; *provided, however*, that if the text of the Certificates is to be printed in its entirety on the front side of the Certificates, 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 CERTIFICATE - FRONT SIDE]

REGISTERED
No. _____

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF ILLINOIS
COUNTY OF DUPAGE
VILLAGE OF LOMBARD

GENERAL OBLIGATION DEBT CERTIFICATE (LIMITED TAX), SERIES 2013

See Reverse Side for
Additional Provisions.

Interest Maturity Dated
Rate: _____% Date: _____, 20__ Date: _____ CUSIP: _____

Registered Owner:

Principal Amount:

KNOW ALL PERSONS BY THESE PRESENTS that the Village of Lombard, DuPage County, Illinois, a municipality and political subdivision of the State of Illinois (the "*Village*"), hereby acknowledges itself to owe and for value received promises to pay from the source and as hereinafter provided to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, the Principal Amount identified above and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on such Principal Amount from the later of the Dated Date of this Certificate 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 _____ and _____ of each year, commencing _____, 20__, until said Principal Amount is paid or duly provided for. The principal of this Certificate is payable in lawful money of the United States of America upon presentation hereof at the office maintained for such purpose of _____, _____, _____, as paying agent and registrar (the "*Certificate Registrar*"). Payment of interest shall be made to the Registered Owner hereof as shown on the registration books of the Village maintained by the Certificate Registrar at the close of business on the applicable Record Date (the "*Record Date*"). The Record Date shall be

the _____ of the month of any regular or other interest payment date occurring on the _____ of any month. Interest shall be paid by check or draft of the Certificate Registrar, 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 Certificate Registrar, or as otherwise agreed by the Village and the Certificate Registrar and a qualified securities clearing corporation as depository, or nominee, for so long as this Certificate shall be in Book Entry Form as provided for same.

Reference is hereby made to the further provisions of this Certificate 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 Certificate, including Applicable Law as defined herein, have existed and have been properly done, happened, and been performed in regular and due form and time as required by law; that the obligation to make payments due hereon are a lawful direct general obligation of the Village payable from the corporate funds of the Village and such other sources of payment as are otherwise lawfully available, including the Pledged Bonds (as described in the hereinafter defined Ordinance); that the total amount due under the Agreement, represented by the Certificates, together with all other indebtedness of the Village, is within all statutory and constitutional debt limitations; and that the Village shall appropriate funds annually and in a timely manner so as to provide for the making of all payments hereon when due. THE OWNER OF THIS CERTIFICATE ACKNOWLEDGES THAT THERE IS NO STATUTORY AUTHORITY FOR THE LEVY OF A SEPARATE TAX IN ADDITION TO OTHER TAXES OF THE VILLAGE OR THE LEVY OF A SPECIAL TAX UNLIMITED AS TO RATE OR AMOUNT TO PAY ANY OF THE AMOUNTS DUE HEREUNDER.

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

IN WITNESS WHEREOF the Village of Lombard, DuPage County, Illinois, by its Acting President and Board of Trustees, has caused this Certificate to be executed by the manual or duly authorized facsimile signature of its Acting President 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.

Acting President, Village of Lombard
DuPage County, Illinois

ATTEST:

Village Clerk, Village of Lombard
DuPage County, Illinois

[SEAL]

Date of Authentication: _____, _____

CERTIFICATE
OF
AUTHENTICATION

Certificate Registrar and Paying Agent:

_____, _____

This Certificate is one of the Certificates described in the within-mentioned Ordinance and is one of the General Obligation Debt Certificates (Limited Tax), Series 2013, having a Dated Date of _____, 2013, of the Village of Lombard, DuPage County, Illinois.

as Certificate Registrar

By _____
Authorized Officer

[FORM OF CERTIFICATE - REVERSE SIDE]

This Certificate is one of a series (the "*Certificates*") in the aggregate principal amount of \$_____ issued by the Village for the purpose of providing funds to pay part of the cost of the Project and Related Expenses, all as described and defined in the ordinance authorizing the Certificates (the "*Ordinance*"), pursuant to and in all respects in compliance with the applicable provisions of the Illinois Municipal Code, as supplemented and amended, and in particular as supplemented by the Local Government Debt Reform Act of the State of Illinois, as amended, and the other Omnibus Bond Acts of the State of Illinois ("*Applicable Law*"), and with the Ordinance, which has been duly passed by the Acting President and Board of Trustees of the Village on the 21st day of February, 2013, and approved by the Acting President, in all respects as by law required. The Certificates issued by the Village in connection with the Project have been issued in evidence of the indebtedness incurred pursuant to a certain Installment Purchase Agreement (the "*Agreement*"), dated as of the ___ day of _____, 2013, entered into by and between the Village and its Village Treasurer, as Seller-Nominee, to which reference is hereby expressly made for further definitions and terms and to all the provisions of which the holder by the acceptance of this certificate assents.

This Certificate is subject to provisions relating to registration, transfer, and exchange; [redemption and notice and procedure for redemption]; and such other terms and provisions relating to security and payment as are set forth in the Ordinance and the Certificate Notification; 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 Village and the Certificate Registrar may deem and treat the Registered Owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes, and neither the Village nor the Certificate Registrar shall be affected by any notice to the contrary.

ASSIGNMENT

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

[Here insert identifying number such as TID, SSN, or other]

(Name and Address of Assignee)

the within Certificate and does hereby irrevocably constitute and appoint

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

Dated: _____

Signature guaranteed: _____

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

Section 14. Sale of Certificates; Official Statement. The Designated Representatives are hereby authorized to proceed not later than the date a new board is constituted pursuant to the election to be held on the 9th day of April, 2013, without any further authorization or direction from the Corporate Authorities, to sell the Certificates upon the terms as prescribed in this Ordinance and to deliver them promptly thereafter. The Certificates hereby authorized shall be executed as in this Ordinance provided as soon after the delivery of the Certificate Notification as may be, and thereupon be deposited with the Treasurer, and after authentication thereof by the Certificate Registrar, be by said Treasurer delivered to the Purchaser, upon receipt of the purchase price therefor, the same being not less than 98% of the principal amount of the Certificates (and allowing for a commitment fee to the Purchaser of not greater than 0.25% of the

principal amount of the Certificates) as set forth in the Certificate Notification, plus accrued interest to date of delivery, if any, it being hereby found and determined that the sale of the Certificates to the Purchaser is in the best interests of the Village and that no person holding any office of the Village, either by election or appointment, is in any manner financially interested directly in his or her own name or indirectly in the name of any other person, association, trust or corporation, in the sale of the Certificates to the Purchaser.

Upon the sale of the Certificates, the Designated Representatives shall prepare a Certificate Notification, which shall include the pertinent details of sale as provided herein. In the Certificate Notification, the Designated Representatives shall find and determine that the Certificates have been sold at such price and bear interest at such rates that either the true interest cost (yield) or the net interest rate received upon the sale of the Certificates does not exceed the maximum rate otherwise authorized by applicable law. The Certificate Notification shall be entered into the records of the Village and made available to the Corporate Authorities at the next regular meeting thereof; but such action shall be for information purposes only, and the Corporate Authorities shall have no right or authority at such time to approve or reject such sale as evidenced in the Certificate Notification.

Upon the sale of the Certificates, as evidenced by the execution and delivery of the Certificate Notification by the Designated Representatives, the Acting President, Clerk and Treasurer 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 Certificates as may be necessary. Prior to the execution and delivery of any contract for the sale of the Certificates, the Designated Representatives shall find and determine that no person holding any office of the Village, either by election or appointment, is in any manner financially interested

directly in his or her own name or indirectly in the name of any other person, association, trust or corporation, in the contract for the sale of the Certificates.

The Certificates before being issued shall be registered, numbered and countersigned by the Treasurer, such registration being made in a book provided for that purpose, in which shall be entered the record of the ordinance authorizing the Corporate Authorities to borrow said money and a description of the Certificates issued, including the number, date, to whom issued, amount, rate of interest and when due.

The officials of the Corporate Authorities are hereby authorized to take any action as may be required on the part of the Village to consummate the transactions contemplated by the contract for the sale of the Certificates, this Ordinance and the Certificates.

Section 15. Creation of Funds and Appropriations.

A. There is hereby created the "*General Obligation Debt Certificates (Limited Tax), Series 2013, Certificate Fund*" (the "*Certificate Fund*"), which shall be the fund for the payment of the principal of and interest on the Certificates. Accrued interest received upon delivery of the Certificates, if any, shall be deposited into the Certificate Fund and be applied to pay the first interest coming due on the Certificates. Lawfully available funds of the Village for the purpose of paying the principal of and interest on the Certificates, including amounts available from the Pledged Bonds, shall be deposited into the Certificate Fund and used solely and only for such purpose. Interest income or investment profit earned in the Certificate Fund shall be retained in the Certificate Fund for payment of the principal of or interest on the Certificates 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. Moneys in the Certificate Fund shall be applied to pay interest when due and principal when due.

B. The amount necessary from the proceeds of the Certificates shall be used either to pay expenses directly at the time of issuance of the Certificates or be deposited into a separate

fund, hereby created, designated the “*Expense Fund*,” to be used to pay expenses of issuance of the Certificates. Disbursements from such fund shall be made from time to time as necessary. Moneys not disbursed from the Expense Fund within six (6) months shall be transferred by the appropriate financial officers for deposit into the Project Fund, and any deficiencies in the Expense Fund shall be paid by disbursement from the Project Fund.

C. The remaining proceeds of the Certificates shall be deposited into the Project Fund (the “*Project Fund*”), hereby created.

Moneys in the Project Fund shall be used to pay costs of the Project in accordance with the following procedures:

1. Contracts (“*Work Contracts*”) have been or shall be awarded, from time to time, by the Corporate Authorities for the work on the Project; and the Corporate Authorities represent and covenant that each Work Contract has been or will be let in strict accordance with the applicable laws of the State of Illinois, and the rules and procedures of the Village for same.

2. Pursuant to this Ordinance or subsequent ordinance or ordinances to be duly adopted, the Corporate Authorities shall identify all or a designated portion of each Work Contract to the Agreement. The Work Contracts attached hereto as *Exhibit 1* are hereby identified to the Agreement. This Ordinance, any such further ordinance and said Work Contracts shall be filed of record with the Village Clerk and the Treasurer. The adoption and filing of any such ordinance or ordinances and the Work Contracts with such officers shall constitute authority for the Treasurer to make disbursements from the Project Fund to pay amounts due under such Work Contracts from time to time, upon such further ordinances, resolutions, orders, vouchers, warrants, or other proceedings as are required under the applicable laws of the State of Illinois, and the rules and

procedures of the Village for same. No action need be taken by or with respect to the contractors under the Work Contracts as, pursuant to the Installment Purchase Provisions, the Treasurer acts as Nominee-Seller of the Project for all purposes, enabling the issuance of the Certificates.

D. Alternatively to the creation of the funds described above, the appropriate officers may allocate the Certificate Moneys or proceeds of the Certificates to one or more related funds of the Village already in existence and in accordance with good accounting practice; *provided, however,* that this shall not relieve such officers of the duty to account and invest the Certificate Moneys and the proceeds of the Certificates, as herein provided, as if such funds had in fact been created.

Section 16. Non-Arbitrage and Tax-Exemption. The Village hereby covenants that it will not take any action, omit to take any action or permit the taking or omission of any action within its control (including, without limitation, making or permitting any use of the proceeds of the Certificates) if taking, permitting or omitting to take such action would cause any of the Certificates to be an arbitrage bond or a private activity bond within the meaning of the Internal Revenue Code of 1986, as amended, or would otherwise cause the interest on the Certificates to be included in the gross income of the recipients thereof for federal income tax purposes. The Village acknowledges that, in the event of an examination by the Internal Revenue Service of the exemption from Federal income taxation for interest paid on the Certificates, under present rules, the Village may be treated as a “taxpayer” in such examination and agrees that it will respond in a commercially reasonable manner to any inquiries from the Internal Revenue Service in connection with such an examination.

The Village also agrees and covenants with the purchasers and holders of the Certificates from time to time outstanding that, to the extent possible under Illinois law, it will comply with

whatever federal tax law is adopted in the future which applies to the Certificates and affects the tax-exempt status of the Certificates.

The Board hereby authorizes the officials of the Village responsible for issuing the Certificates, the same being the Acting President and the Treasurer, to make such further covenants and certifications regarding the specific use of the proceeds of the Certificates as approved by the Corporate Authorities and as may be necessary to assure that the use thereof will not cause the Certificates to be arbitrage bonds and to assure that the interest on the Certificates will be exempt from federal income taxation. In connection therewith, the Village and the Corporate Authorities further agree: (a) through their 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 Certificates 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 Certificates; (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 17. Designation of Issue. The Village hereby designates each of the Certificates as a “qualified tax-exempt obligation” for the purposes and within the meaning of Section 265(b)(3) of the Code.

Section 18. Registered Form. The Village recognizes that Section 149(a) of the Code requires the Certificates to be issued and to remain in fully registered form in order that interest thereon is exempt from federal income taxation under laws in force at the time the Certificates are delivered. In this connection, the Village agrees that it will not take any action to permit the Certificates to be issued in, or converted into, bearer or coupon form.

Section 19. Intent to Reimburse. This Ordinance is a declaration of official intent under Treasury Regulation Section 1.150-2. In satisfaction of the requirements thereof:

(a) All or a portion of the expenditures relating to the Project (the “*Expenditures*”) (i) have been paid within the 60 days prior to the passage of this Ordinance or (ii) will be paid on or after the passage of this Ordinance;

(b) The Village reasonably expects to reimburse itself for a portion of the Expenditures with the proceeds of the Certificates; and

(c) The maximum principal amount of the Certificates expected to be issued for the Expenditures is \$10,000,000.

Section 20. Pertaining to the Certificate Registrar. If requested by the Certificate Registrar, any officer of the Village is authorized to execute a standard form of agreement between the Village and the Certificate Registrar with respect to the obligations and duties of the Certificate Registrar under this Ordinance. In addition to the terms of such agreement and subject to modification thereby, the Certificate Registrar by acceptance of duties under this Ordinance agrees (a) to act as registrar, paying agent, authenticating agent, and transfer agent as provided herein; (b) to maintain a list of Certificateholders as set forth herein and to furnish such list to the Village upon request, but otherwise to keep such list confidential to the extent permitted by law; (c) to cancel and/or destroy Certificates which have been paid at maturity or submitted for exchange or transfer; (d) to furnish the Village at least annually a certificate with respect to Certificates cancelled and/or destroyed; and (e) to furnish the Village at least annually an audit confirmation of Certificates paid, Certificates outstanding and payments made with respect to interest on the Certificates. The Village covenants with respect to the Certificate Registrar, and the Certificate Registrar further covenants and agrees as follows:

A. The Village shall at all times retain a Certificate Registrar with respect to the Certificates; it will maintain at the designated office(s) of such Certificate Registrar a place or places where Certificates may be presented for payment, registration, transfer, or exchange; and it will require that the Certificate Registrar properly maintain the Certificate Register and perform the other duties and obligations imposed upon it by this Ordinance in a manner consistent with the standards, customs, and practices of the municipal securities industry.

B. The Certificate Registrar shall signify its acceptance of the duties and obligations imposed upon it by this Ordinance by executing the certificate of authentication on any Certificate, and by such execution the Certificate Registrar shall be deemed to have certified to the Village that it has all requisite power to accept and has accepted such duties and obligations not only with respect to the Certificate so authenticated but with respect to all the Certificates. Any Certificate Registrar shall be the agent of the Village and shall not be liable in connection with the performance of its duties except for its own negligence or willful wrongdoing. Any Certificate Registrar shall, however, be responsible for any representation in its certificate of authentication on Certificates.

C. The Village may remove the Certificate Registrar at any time. In case at any time the Certificate Registrar shall resign, shall be removed, shall become incapable of acting, or shall be adjudicated a bankrupt or insolvent, or if a receiver, liquidator, or conservator of the Certificate Registrar or of the property thereof shall be appointed, or if any public officer shall take charge or control of the Certificate Registrar or of the property or affairs thereof, the Village covenants and agrees that it will thereupon appoint a successor Certificate Registrar. The Village shall give notice of any such appointment

made by it to each registered owner of any Certificate within twenty days after such appointment in the same manner. Any Certificate Registrar appointed under the provisions of this Section shall be a bank, trust company, or national banking association maintaining its principal corporate trust office in Illinois and having capital and surplus and undivided profits in excess of \$100,000,000. The Village Clerk is hereby directed to file a certified copy of this Ordinance with the Certificate Registrar and the Certificate Registrar.

Section 21. Defeasance. Any Certificate or Certificates which (a) are paid and cancelled, (b) which have matured and for which sufficient sums been deposited with the Certificate Registrar to pay all principal and interest due thereon, or (c) for which sufficient United States of America dollars and direct United States Treasury obligations have been deposited with the Certificate Registrar or similar institution to pay, taking into account investment earnings on such obligations, all principal of and interest on (and redemption premium, if any, on) such Certificate or Certificates when due at maturity or as called for redemption, if applicable, pursuant to an irrevocable escrow or trust agreement, shall cease to have any lien on or right to receive or be paid from the Certificate Moneys hereunder and shall no longer have the benefits of any covenant for the registered owners of outstanding Certificates as set forth herein as such relates to lien and security of the outstanding Certificates. All covenants relative to the Tax-exempt status of the Certificates; and payment, registration, transfer, and exchange; are expressly continued for all Certificates whether outstanding Certificates or not.

Section 22. Record-Keeping Policy and Post-Issuance Compliance Matters. It is necessary and in the best interest of the Village to maintain sufficient records to demonstrate compliance with its covenants and expectations to ensure the appropriate federal tax status for

the Certificates and other debt obligations of the Village, the interest on which is excludable from “gross income” for federal income tax purposes (including the Certificates, the “*Tax-Exempt Obligations*”). Further, it is necessary and in the best interest of the Village that (i) the Corporate Authorities adopt policies with respect to record-keeping and (ii) the Compliance Officer (as hereinafter defined) shall at least annually review the Village’s Contracts (as hereinafter defined) to determine whether the Tax-Exempt Obligations comply with the federal tax requirements applicable to each issue of the Tax-Exempt Obligations.

(a) *Compliance Officer Is Responsible for Records.* The Director of Finance (the “*Compliance Officer*”) is hereby designated as the keeper of all records of the Village with respect to each issue of the Tax-Exempt Obligations, and such officer shall report to the Corporate Authorities at least annually that he/she has all of the required records in his/her possession, or is taking appropriate action to obtain or recover such records.

(b) *Closing Transcripts.* For each issue of Tax-Exempt Obligations, the Compliance Officer shall receive, and shall keep and maintain, a true, correct and complete counterpart of each and every document and agreement delivered in connection with the issuance of the Tax-Exempt Obligations, including without limitation (i) the proceedings of the Village authorizing the Tax-Exempt Obligations, (ii) any offering document with respect to the offer and sale of the Tax-Exempt Obligations, (iii) any legal opinions with respect to the Tax-Exempt Obligations delivered by any lawyers, and (iv) all written representations of any person delivered in connection with the issuance and initial sale of the Tax-Exempt Obligations.

(c) *Arbitrage Rebate Liability.* The Compliance Officer shall review the agreements of the Village with respect to each issue of Tax-Exempt Obligations and shall prepare a report for the Corporate Authorities stating whether or not the Village has any rebate liability to the U.S. Treasury, and setting forth any applicable exemptions that each issue of Tax-Exempt Obligations may have from rebate liability. Such report shall be updated annually and delivered to the Corporate Authorities.

(d) *Recommended Records.* The Compliance Officer shall review the records related to each issue of Tax-Exempt Obligations and shall determine what requirements the Village must meet in order to maintain the tax-exemption of interest paid on the Tax-Exempt Obligations. The Compliance Officer shall then prepare a list of the contracts, requisitions, invoices, receipts and other information that may be needed in order to establish that the interest paid on the Tax-Exempt Obligations is entitled to be excluded from “gross income” for federal income tax purposes. Notwithstanding any other policy of the Village, such retained records shall be kept for as long as the

Tax-Exempt Obligations relating to such records (and any obligations issued to refund the Tax-Exempt Obligations) are outstanding, plus three years, and shall at least include:

(i) complete copies of the bond transcripts delivered when any issue of Tax-Exempt Obligations is initially issued and sold;

(ii) copies of account statements showing the disbursements of all bond proceeds for their intended purposes;

(iii) copies of account statements showing all investment activity of any and all accounts in which the proceeds of any issue of Tax-Exempt Obligations has been held;

(iv) copies of all bid requests and bid responses used in the acquisition of any special investments used for the proceeds of any issue of Tax-Exempt Obligations, including any swaps, swaptions, or other financial derivatives entered into in order to establish that such instruments were purchased at *fair market value*;

(v) copies of any subscriptions to the U.S. Treasury for the purchase of State and Local Government Series (SLGS) obligations;

(vi) any calculations of liability for *arbitrage rebate* that is or may become due with respect to any issue of Tax-Exempt Obligations, and any calculations prepared to show that no arbitrage rebate is due, together, if applicable, with account statements or cancelled checks showing the payment of any rebate amounts to the U.S. Treasury together with any applicable IRS Form 8038-T; and

(vii) copies of all contracts and agreements of the Village, including any leases (the "*Contracts*"), with respect to the use of any property owned by the Village and acquired or financed with the proceeds of the Tax-Exempt Obligations, any part of which property is used by a private person at any time when such Tax-Exempt Obligations are or have been outstanding.

(e) *IRS Examination.* In the event the IRS commences an examination of any issue of Tax-Exempt Obligations, the Compliance Officer shall inform the Corporate Authorities of such event, and is authorized to respond to inquiries of the IRS, and to hire outside, independent professional counsel to assist in the response to the examination.

(f) *Annual Review.* The Compliance Officer shall conduct an annual review of the Contracts and other records to determine for each issue of Tax-Exempt Obligations then outstanding whether each such issue complies with the federal tax requirements applicable to such issue, including restrictions on private business use, private payments and private loans. The Compliance Officer is expressly authorized, without further official action of the Corporate Authorities, to hire outside, independent professional

counsel to assist in such review. To the extent that any violations or potential violations of federal tax requirements are discovered incidental to such review, the Compliance Officer may make recommendations or take such actions as the Compliance Officer shall reasonably deem necessary to assure the timely correction of such violations or potential violations through remedial actions described in the United States Treasury Regulations, or the Tax Exempt Bonds Voluntary Closing Agreement Program described in Treasury Notice 2008-31 or similar program instituted by the IRS.

(g) *Training.* The Compliance Officer shall undertake to maintain reasonable levels of knowledge concerning the rules related to tax-exempt bonds (and build America bonds and tax credit bonds to the extent the Village has outstanding build America bonds or tax-credit bonds) so that such officer may fulfill the duties described in this Section. The Compliance Officer may consult with counsel, attend conferences and presentations of trade groups, read materials posted on various web sites, including the web site of the Tax-Exempt Bond function of the IRS, and use other means to maintain such knowledge. Recognizing that the Compliance Officer may not be fully knowledgeable in this area, the Compliance Officer may consult with outside counsel, consultants and experts to assist him or her in exercising his or her duties hereunder. The Compliance Officer will endeavor to make sure that the Village's staff is aware of the need for continuing compliance. The Compliance Officer will provide copies of this Ordinance and the Tax Exemption Certificate and Agreement or other applicable tax documents for each series of Tax-Exempt Obligations then currently outstanding (the "*Tax Agreements*") to staff members who may be responsible for taking actions described in such documents. The Compliance Officer will review this Ordinance and each of the Tax Agreements periodically to determine if there are portions that need further explanation and, if so, will attempt to obtain such explanation from counsel or from other experts, consultants or staff.

(h) *Amendment and Waiver.* The Village may amend this Section and any provision of this Section may be waived, without the consent of the holders of any Tax-Exempt Obligations and as authorized by passage of an ordinance by the Corporate Authorities.

Section 23. Severability. If any section, paragraph, clause or provision of this Ordinance shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance.

Section 24. Superseder and Effective Date. 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 upon its passage and approval as provided by law.

ADOPTED by the Corporate Authorities on the 21st day of February, 2013.

Aye: _____

Nay: _____

Absent: _____

APPROVED by me, as Acting President of the Village of Lombard, DuPage County, Illinois, the 21st day of February, 2013.

Acting President

PASSED by the Acting President and Board of Trustees of the Village of Lombard, DuPage County, Illinois, the 21st day of February, 2013.

Attest: _____
Village Clerk

EXHIBIT A

PROJECT DESCRIPTIONS

EXTRACT OF MINUTES of the regular public meeting of the Acting President and Board of Trustees of the Village of Lombard, DuPage County, Illinois, held in the Village Hall Board Room, 255 East Wilson Avenue, Lombard, Illinois, in said Village, at 7:30 p.m., on the 21st day of February, 2013.

The meeting was called to order by the Acting President, and upon the roll being called, William Ware, the Acting President, and the following Trustees were physically present at said location:

The following Trustees were allowed by a majority of the members of the Acting President and Board of Trustees in accordance with and to the extent allowed by rules adopted by the Acting President and Board of Trustees to attend the meeting by video or audio conference: _____

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

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

The Village Board then discussed the proposed financing of certain capital projects within the Village.

Thereupon, _____ presented, and there was placed before each Trustee in full the following ordinance:

AN ORDINANCE of the Village of Lombard, DuPage County, Illinois, authorizing and providing for an Installment Purchase Agreement for the purpose of financing the acquisition of real or personal property for municipal purposes, and authorizing and providing for the issue of not to exceed \$10,000,000 General Obligation Debt Certificates (Limited Tax), Series 2013, evidencing the rights to payment under such Agreement, prescribing the details of the Agreement and Certificates, and providing for the security for and means of payment under the Agreement of the Certificates.

(the "*Certificate Ordinance*").

Trustee _____ moved and Trustee _____ seconded the motion that the Certificate Ordinance as presented be adopted.

A Board discussion of the matter followed. During the Village Board discussion, the Acting President gave a public recital of the nature of the matter, which included a complete reading of the title of the Certificate Ordinance.

The Acting President directed that the roll be called for a vote upon the motion to adopt the Certificate Ordinance.

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

and the following Trustees voted NAY: _____.

WHEREUPON the Acting President declared the motion carried and the Certificate Ordinance adopted and did direct the Village Clerk to record the same in full in the records of the Acting President and Board of Trustees of the Village of Lombard, DuPage County, Illinois.

Other business was duly transacted at said meeting.

Upon motion duly made and carried, the meeting adjourned.

Village Clerk

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 Lombard, 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 Acting President and Board of Trustees (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 (the "*Meeting*") of the Corporate Authorities held on the 21st day of February, 2013 insofar as the same relates to the adoption of an ordinance, numbered _____, and entitled:

AN ORDINANCE of the Village of Lombard, DuPage County, Illinois, authorizing and providing for an Installment Purchase Agreement for the purpose of financing the acquisition of real or personal property for municipal purposes, and authorizing and providing for the issue of not to exceed \$10,000,000 General Obligation Debt Certificates (Limited Tax), Series 2013, evidencing the rights to payment under such Agreement, prescribing the details of the Agreement and Certificates, and providing for the security for and means of payment under the Agreement of the Certificates.

(the "*Ordinance*") a true, correct, and complete copy of which Ordinance as adopted at the Meeting appears in the foregoing transcript of the minutes of the meeting.

I do further certify that the deliberations of the Corporate Authorities on the adoption of the Ordinance were taken openly; that the vote on the adoption of the Ordinance was taken openly; that the Meeting was held at a specified time and place convenient to the public; that notice of the Meeting was duly given to all newspapers, radio or television stations, and other news media requesting such notice; that an agenda for the Meeting was posted at the location

where the Meeting was held and at the principal office of the Corporate Authorities at least 48 hours in advance of the holding of said Meeting; that a true, correct and complete copy of said agenda as so posted is attached hereto as Exhibit A; and that the 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 have complied with all of the provisions of said Act and said Code and with all of the procedural rules of the Corporate Authorities in the adoption of the Ordinance.

IN WITNESS WHEREOF I hereunto affix my official signature and the seal of the Village this 21st day of February, 2013.

Village Clerk

[SEAL]

[Attach Agenda hereto as Exhibit A]

STATE OF ILLINOIS)
) SS
COUNTY OF DUPAGE)

CERTIFICATE OF FILING

We, the undersigned, do hereby certify that we are, respectively, the duly qualified and acting Village Clerk and Village Treasurer of the Village of Lombard, DuPage County, Illinois (the "*Village*"), and as such officers we do hereby certify that on the 21st day of February, 2013 there was filed with each of us, respectively, and placed on deposit in our respective records, a properly certified copy of Ordinance Number _____, passed by the Acting President and Board of Trustees of the Village, on the 21st day of February, 2013, and approved by the Acting President, and entitled:

AN ORDINANCE of the Village of Lombard, DuPage County, Illinois, authorizing and providing for an Installment Purchase Agreement for the purpose of financing the acquisition of real or personal property for municipal purposes, and authorizing and providing for the issue of not to exceed \$10,000,000 General Obligation Debt Certificates (Limited Tax), Series 2013, evidencing the rights to payment under such Agreement, prescribing the details of the Agreement and Certificates, and providing for the security for and means of payment under the Agreement of the Certificates.

and that the same has been deposited in, and all as appears from, the official files and records of our respective offices.

IN WITNESS WHEREOF we have hereunto affixed our official signatures and the seal of the Village, at Lombard, Illinois, this 21st day of February, 2013.

[SEAL]

Village Clerk

Village Treasurer