

VILLAGE OF LOMBARD
REQUEST FOR BOARD OF TRUSTEES ACTION
For Inclusion on Board Agenda

 X Resolution or Ordinance (Blue) X *Waiver of First Requested*
 Recommendations of Boards, Commissions & Committees (Green)
 Other Business (Pink)

TO: PRESIDENT AND BOARD OF TRUSTEES

FROM: Scott Niehaus, Village Manager

DATE: September 18, 2018 (COW)(B of T) September 20, 2018

TITLE: An Ordinance authorizing and providing for the issuance of approximately \$3,900,000 General Obligation Bonds (Alternate Revenue Source) for the purpose of paying the costs of improving the waterworks and sewerage system of said Village, prescribing the details of said bonds and the revenues pledged to the payment thereof and the levy of taxes sufficient to pay said bonds if such revenues are insufficient for such payment, providing for the sale of said bonds to Robert W. Baird & Co., Incorporated, Naperville, Illinois, and authorizing the execution and delivery of an escrow agreement for the collection and disposition of the revenues and taxes pledged to the payment thereof.

SUBMITTED BY: Timothy Sexton, Director of Finance

BACKGROUND/POLICY IMPLICATIONS:

The attached **draft** ordinance has been prepared by our bond counsel, Kent Floros of the firm of Chapman and Cutler LLP, in the form necessary for the issuance of \$3,900,000 in General Obligation Bonds (Alternate Revenue Source) to fund a portion of Village costs for capital improvements for repurposing the Cental Station Reservoir and rehabilitating three sections of water mains on Elizabeth Street, Lynne Lane and Grace Street.

The attached ordinance is presented for information and review. The **final** ordinance will be completed and given to the Villagge Board Thursday evening after the underwriter secures buyrers for the bonds on Thursday morning. Funding for the repayment of the debt related to these projects will come from the Water and Sewer Capital Reserve Fund, and has likewise been provided for in the capital improvements budget.

Waiver of First reading is requested in order to expedite the bond closing process.

Review (as necessary):

Village Attorney X _____ Date _____
Finance Director X _____ Date _____
Village Manager X _____ Date _____

NOTE: All materials must be submitted to and approved by the Village Manager's Office by 12:00 noon, Wednesday, prior to the Agenda Distribution.

MINUTES of a regular public meeting of the President and Board of Trustees of the Village of Lombard, DuPage County, Illinois, held at the Village Hall, 255 East Wilson Avenue, Lombard, Illinois, in said Village, at 7:00 o'clock P.M., on the 20th day of September, 2018.

* * *

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

Upon the roll being called, Keith Giagnorio, the President, and the following Trustees were physically present at said location: _____

The following Trustees were allowed by a majority of the members of the President and Board of Trustees in accordance with and to the extent allowed by rules adopted by the 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 President announced that a proposal had been received from Robert W. Baird & Co., Incorporated, Naperville, Illinois, for the purchase of \$_____ general obligation alternate revenue bonds for the purpose of paying the costs of providing certain improvements to the waterworks and sewerage system of the Village, and that the President and Board of Trustees of the Village would consider the adoption of an ordinance providing for the issue of said bonds, the revenues pledged to the payment thereof and the levy of a direct annual tax sufficient to pay the principal and interest thereon. The President then summarized the pertinent terms of said

proposal, including the length of maturity, rates of interest, purchase price and tax levy for said bonds.

Whereupon _____ presented and the Village Clerk read by title an ordinance as follows, a copy of which was provided to the President and to each Trustee prior to said meeting and to everyone in attendance at said meeting who requested a copy:

ORDINANCE NO. _____

AN ORDINANCE authorizing and providing for the issuance of \$ _____ General Obligation Bonds (Alternate Revenue Source) of the Village of Lombard, DuPage County, Illinois, for the purpose of paying the costs of improving the waterworks and sewerage system of said Village, prescribing the details of said bonds and the revenues pledged to the payment thereof and the levy of taxes sufficient to pay said bonds if such revenues are insufficient for such payment, providing for the sale of said bonds to Robert W. Baird & Co., Incorporated, Naperville, Illinois, and authorizing the execution and delivery of an escrow agreement for the collection and disposition of the revenues and taxes pledged to the payment thereof.

* * *

WHEREAS, the Village of Lombard, DuPage County, Illinois (the "*Village*"), is a duly organized and existing municipality incorporated and existing under the provisions of the laws of the State of Illinois, is now operating under the provisions of the Illinois Municipal Code, as amended (the "*Municipal Code*"), and for many years has owned and operated a municipally-owned combined waterworks and sewerage system (the "*System*") as set forth in Division 139 of Article 11 of the Code; and

WHEREAS, the President and Board of Trustees of the Village (the "*Board*") has determined that it is advisable, necessary and in the best interests of the public health, safety and welfare of the Village to pay the costs of improving the System including (a) the repurposing of the existing Central Station Reservoir and (b) the rehabilitation of three sections of watermains on Elizabeth Street, Lynne Lane and Grace Street (the "*Project*"), all in accordance with the estimate of costs therefor on file in the office of the Village Clerk of the Village (the "*Village Clerk*"); and

WHEREAS, the estimated costs of the Project, including legal, financial, bond discount, printing and publication costs and other expenses is not less than \$ _____, and there are insufficient funds on hand and lawfully available to pay such costs; and

WHEREAS, pursuant to and in accordance with the provisions of the Municipal Code, the Village is authorized to issue its waterworks and sewerage revenue bonds for the purpose of providing funds to pay the costs of the Project; and

WHEREAS, as provided in Section 15 of the Local Government Debt Reform Act of the State of Illinois, as supplemented and amended (the "*Debt Reform Act*"), whenever revenue bonds have been authorized to be issued pursuant to the Municipal Code, the Village may issue its general obligation bonds in lieu of such revenue bonds as authorized, and such general obligation bonds may be referred to as "*alternate bonds*"; and

WHEREAS, for the purpose of providing funds to pay the costs of the Project and in accordance with the provisions of the Debt Reform Act, the Board, on the 21st day of June, 2018, adopted Ordinance No. 7543 (the "*Authorizing Ordinance*"), authorizing the issuance of waterworks and sewerage revenue bonds, being bonds payable from the revenues derived from the operation of the System authorized pursuant to Division 139 of Article 11 of the Municipal Code (the "*Revenue Bonds*"), in the aggregate principal amount of \$3,900,000 or in lieu thereof, authorizing the issuance of General Obligation Bonds (Alternate Revenue Source) (the "*Alternate Revenue Bonds*"), as provided in the Debt Reform Act, in an aggregate principal amount of \$3,900,000, for the purpose of paying the costs of the Project; and

WHEREAS, on the 28th day of June, 2018, the Authorizing Ordinance, together with a separate notice in statutory form, was published in the *Daily Herald*, the same being a newspaper of general circulation in the Village, and an affidavit evidencing the publication of the

Authorizing Ordinance and said notice of intent have heretofore been presented to the Board and made a part of the permanent records of the Board; and

WHEREAS, more than thirty (30) days have expired since the date of publication of the Authorizing Ordinance and said notice, and no petition with the requisite number of valid signatures thereon has been filed with the Village Clerk requesting that the question of the issuance of the Revenue Bonds or the Alternate Revenue Bonds be submitted to referendum; and

WHEREAS, the Project constitutes a lawful corporate purpose within the meaning of the Debt Reform Act; and

WHEREAS, the Board hereby determines that (i) the Village is authorized to issue the Revenue Bonds to the amount of \$3,900,000, or, in lieu thereof, the Alternate Bonds to the amount of \$3,900,000 in accordance with the provisions of the Debt Reform Act and the Municipal Code, (ii) none of the Revenue Bonds or the Alternate Revenue Bonds have heretofore been issued and (iii) it is necessary and advisable that there be issued at this time \$ _____ of the Alternate Revenue Bonds so authorized to pay costs of the Project (the "*Bonds*"); and

WHEREAS, the Bonds will be payable from (a) the Pledged Revenues and (b) the Pledged Taxes, each as hereinafter defined; and

WHEREAS, other than outstanding revenue bonds evidencing loan agreements with the IEPA (as defined herein) payable from the System Revenues, there are not currently outstanding any obligations payable from the Pledged Revenues; and

WHEREAS, the Board has heretofore and it is hereby determined that the Revenues (as defined herein) will be sufficient to provide or pay in each year to final maturity of the Bonds all of the following (1) Operation and Maintenance Costs (as hereinafter defined), but not including depreciation, (2) debt service on any outstanding revenue bonds payable from the Revenues, (3) all amounts required to meet any fund or account requirements with respect to any

outstanding revenue bonds, (4) other contractual or tort liability obligations, if any, payable from the Revenues, and (5) together with the Sales Tax Revenues (as defined herein), in each year, an amount not less than 1.25 times debt service of the Bonds; and

WHEREAS, the determination of the sufficiency (the "*Determination of Sufficiency*") of the Pledged Revenues, as required by the Debt Reform Act, is supported by reference to the report (the "*Report*") of Speer Financial, Inc., Chicago, Illinois (the "*Feasibility Analyst*"), which Report has been presented to and accepted by the Board and is now on file with the Village Clerk; and

WHEREAS, the Board hereby finds and determines that the Feasibility Analyst (i) is not otherwise involved in the Project being funded with the proceeds of the Bonds and (ii) has a national reputation for expertise in such matters as those included in the Report; and

WHEREAS, pursuant to and in accordance with the provisions of the Bond Issue Notification Act of the State of Illinois, as amended, the President of the Village (the "*President*"), on the 21st day of June, 2018, executed an Order calling a public hearing (the "*Hearing*") for the 19th day of July, 2018, concerning the intent of the Board to sell the Bonds; and

WHEREAS, notice of the Hearing was given (i) by publication at least once not less than seven (7) nor more than thirty (30) days before the date of the Hearing in the *Daily Herald*, and (ii) by posting at least 48 hours before the Hearing a copy of said notice at the principal office of the Board; and

WHEREAS, the Hearing was held on the 19th day of July, 2018, and at the Hearing, the Board explained the reasons for the proposed bond issue and permitted persons desiring to be heard an opportunity to present written or oral testimony within reasonable time limits; and

WHEREAS, the Hearing was finally adjourned on the 19th day of July, 2018; and

WHEREAS, in order to enhance the marketability of the Bonds, the Board does hereby find and determine that it is in the best interests of the Village to enter into an escrow agreement (the "*Escrow Agreement*") with Amalgamated Bank of Chicago, Chicago, Illinois (the "*Escrow Agent*") and to provide for the deposit of the Pledged Revenues and the Pledged Taxes into the escrow account (the "*Escrow Account*") created pursuant to the Escrow Agreement; and

WHEREAS, in accordance with Section 13 of the Debt Reform Act, a "qualified governmental unit" is authorized to direct the State Comptroller and the Department of Revenue of the State of Illinois, as may be necessary (together, the "*State Entities*"), to deposit "any amount of grants or other revenues or taxes expected to be received by a qualified governmental unit, in accordance with the authorization of the qualified governmental unit, directly into a designated escrow account established by the qualified governmental unit at a trust company or bank having trust powers;" and

WHEREAS, a "qualified governmental unit" in accordance with Section 13 of the Debt Reform Act means a governmental unit (i) that has issued not less than \$6,000,000 principal amount of bonds, including the principal amount of bonds to be secured by the deposit into the designated escrow account, during the 24 months preceding the adoption of the ordinance authorizing the deposit, (ii) whose bonds secured by the deposit into the designated escrow account are rated without regard to any credit enhancement within the 3 highest general rating classifications established by a rating service of nationally recognized expertise in rating bonds of states and political subdivisions of states, (iii) that has received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (the "*IGFOA Award*") or the equivalent award from the Association of School Business Officials International during the 24 months preceding the adoption of the ordinance authorizing the deposit, or (iv) that represents a population in excess of 300,000; and

WHEREAS, the Village received the IGFOA Award with respect to its Comprehensive Annual Financial Report issued with respect to the fiscal year ended December 31, 2016; and

WHEREAS, the Board hereby determines that it is a “qualified governmental unit” in accordance with the Debt Reform Act and is authorized to direct the State Entities to deposit the Sales Tax Revenues directly with the Escrow Agent in accordance with Section 13 of the Debt Reform Act; and

WHEREAS, the Board hereby finds and determines that it is the best interests of the Village that the State Entities be directed to deposit the Sales Tax Revenues directly into the Escrow Account held by the Escrow Agent pursuant to the Escrow Agreement; and

WHEREAS, Section 20-90 of the Illinois Property Tax Code, as amended (“*Section 20-90*”), authorizes the Village to direct the County Collector of The County of DuPage, Illinois (the “*County Collector*”), to deposit tax levy proceeds of the Village directly into a designated escrow account established by the Village to repay specific bonded indebtedness; and

WHEREAS, the Board hereby further finds and determines that it is in the best interests of the Village to direct the County Collector to deposit the proceeds of the Pledged Taxes directly into the Escrow Account pursuant to the Escrow Agreement; and

WHEREAS the Property Tax Extension Limitation Law of the State of Illinois (the “*Limitation Law*”), imposes certain limitations on the “aggregate extension” of certain property taxes levied by the Village, but provides that the definition of “aggregate extension” contained in Section 18-185 of the Limitation Law does not include “extensions . . . payments of principal and interest on bonds issued under Section 15 of the Local Government Debt Reform Act;” and

WHEREAS, the County Clerk of The County of DuPage, Illinois (the “*County Clerk*”), is therefore authorized to extend and collect the Pledged Taxes for the payment of the Bonds, as alternate bonds, without limitation as to rate or amount:

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

Section 1. Definitions. The words and terms used in this Ordinance shall have the meanings set forth and defined for them herein unless the context or use clearly indicates another or different meaning is intended, including the words and terms as follows:

A. The following terms are defined in the preambles:

- Alternate Revenue Bonds
- Authorizing Ordinance
- Bonds
- Board
- County Clerk
- County Collector
- Debt Reform Act
- Determination of Sufficiency
- Escrow Account
- Escrow Agent
- Escrow Agreement
- Feasibility Analyst
- Hearing
- IGFOA Award
- Limitation Law
- Municipal Code
- President
- Project
- Report
- Revenue Bonds
- State Entities
- System
- Village
- Village Clerk

B. The following terms are defined as set forth:

“Accounts” means, collectively, the accounts within the Waterworks and Sewerage Fund, namely, the Operation and Maintenance Account, any account created pursuant to a Future Bond Ordinance, the Depreciation Account and the Surplus Account.

“Additional Bonds” means any Alternate Bonds or other obligations of the Village issued in the future on a parity with and sharing ratably and equally in the Pledged Revenues with the Bonds.

“Alternate Bonds” means any Outstanding bonds issued as alternate bonds under and pursuant to the provisions of the Debt Reform Act and payable from the Pledged Revenues, and includes, expressly, the Bonds.

“Bond and Interest Subaccount” means the Bond and Interest Account of the Waterworks and Sewerage Fund described in Section 11 of this Ordinance.

“Bond Fund” means the 2018 Alternate Bond Fund established hereunder and further described in Section 9 of this Ordinance.

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

“Depreciation Account” means the Depreciation Account of the Waterworks and Sewerage Fund described in Section 11 of this Ordinance.

“Fiscal Year” means that twelve-calendar month period beginning on January 1 of the calendar year and ending on December 31 of such year.

“Future Bond Ordinances” means the ordinances of the Village authorizing the issuance of bonds or other obligations payable from the Pledged Revenues, but not including this Ordinance or any other ordinance authorizing the issuance of Additional Bonds.

“IEPA” means the Illinois Environmental Protection Agency.

“Operation and Maintenance Account” means the Operation and Maintenance Account of the Waterworks and Sewerage Fund described in Section 11 of this Ordinance.

“Operation and Maintenance Costs” means all costs of operating, maintaining and routine repair of the System, including wages, salaries, costs of materials and supplies, power, fuel, insurance, purchase of water treatment services (including all payments by the Village

pursuant to long term contracts for such purpose) and all reasonable administrative fees and expenses; but excluding debt service, depreciation, or any reserve requirements and any costs of extending or enlarging the System or engineering expenses in anticipation thereof or in connection therewith; and otherwise determined in accordance with generally accepted accounting principles for municipal enterprise funds.

“Outstanding” when used with reference to the Bonds and Additional Bonds means any of those bonds which are outstanding and unpaid; *provided, however*, such term shall not include any one or more of such Bonds or Additional Bonds (i) which have matured and for which moneys are on deposit with proper paying agents or are otherwise properly available, sufficient to pay all principal or redemption price thereof, or (ii) the provision for payment of which has been made by the Village by the deposit in an irrevocable trust or escrow of funds or direct, full faith and credit obligations of the United States of America, the principal of and interest on which will be sufficient to pay at maturity or as called for redemption all the principal or redemption price of and interest on the Bonds or Additional Bonds.

“Pledged Moneys” means the Pledged Revenues and the Pledged Taxes, collectively.

“Pledged Revenues” means, together, the System Revenues and the Sales Tax Revenues.

“Pledged Taxes” means the ad valorem taxes levied against all of the taxable property in the Village without limitation as to rate or amount, pledged hereunder by the Village as security for the Bonds, as set forth in Section 13 of this Ordinance.

“Project Fund” means the Waterworks Project Fund established hereunder and further described in Section 18 of this Ordinance.

“Purchaser” means Robert W. Baird & Co., Incorporated, Naperville, Illinois.

“Revenues” means all income from whatever source derived from the System, including (i) investment income; (ii) connection, permit and inspection fees and the like; (iii) penalties and

delinquency charges; (iv) capital development, reimbursement, or recovery charges and the like; and (v) annexation or pre-annexation charges insofar as designated by the Board as paid for System connection or service; but excluding expressly (a) non-recurring income from the sale of property of the System; (b) governmental or other grants; (c) advances or grants made from the Village; and as otherwise determined in accordance with generally accepted accounting principles for municipal enterprise funds.

"Sales Tax Revenues" means all collections distributed to the Village from those taxes imposed by the Village pursuant to the Non-Home Rule Municipal Retailers' Occupation Tax Act and the Non-Home Rule Municipal Service Occupation Tax Act, each as supplemented and amended from time to time or substitute taxes therefor as provided by the State of Illinois or the Village in the future.

"Surplus Account" means the Surplus Account of the Waterworks and Sewerage Fund described in Section 11 of this Ordinance.

"System" refers to all property, real, personal or otherwise owned or to be owned by the Village or under the control of the Village, and used for waterworks and sewerage purposes, including the construction, additions and improvements constituting a part of the Project and any and all further extensions, improvements and additions to the System.

"System Revenues" means moneys to the credit of the Bond and Interest Subaccount within the Surplus Account of the Waterworks and Sewerage Fund, said Surplus Account consisting of the funds remaining in the Waterworks and Sewerage Fund after the required monthly deposits and credits have been made to the Operation and Maintenance Account, the Depreciation Account and any other accounts as may be created in the future, of said Waterworks and Sewerage Fund.

"Tax-exempt" means, with respect to the Bonds, 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.

"Treasurer" means the Village Treasurer of the Village.

"Waterworks and Sewerage Fund" or *"Fund"* means the Waterworks and Sewerage Fund of the Village, the existence of which is continued in Section 10 of this Ordinance.

Section 2. Incorporation of Preambles. The Board hereby finds that the recitals contained in the preambles to this Ordinance are true, correct and complete and does hereby incorporate them into this Ordinance by this reference.

Section 3. Determination to Issue Bonds; Determination of Useful Life; Acceptance of Report. It is necessary and in the best interests of the Village for the Village to undertake the Project for the public health, safety and welfare of the Village, all as described above, and that the System continue to be operated as a waterworks and sewerage system, all in accordance with the provisions of the Municipal Code. The Board does hereby determine that the period of usefulness of the System is not less than 25 years from the date hereof. The Report is hereby accepted and approved by the Board, and it is hereby found and determined that (i) the Feasibility Analyst is a feasibility analyst having a national reputation for expertise in such matters as the Report and is not otherwise involved in the Project and (ii) the Board has made the Determination of Sufficiency required by the Debt Reform Act based on the content of the Report.

Section 4. Bond Details. There be borrowed by for and on behalf of the Village the sum of \$_____ for the purpose aforesaid, and that bonds of the Village shall be issued in said amount and shall be designated "General Obligation Bonds (Alternate Revenue Source), Series

2018” (“*Bonds*” as heretofore defined). The Bonds shall be dated the date of the issuance thereof, and shall also bear the date of authentication, shall be in fully registered form, shall be in denominations of \$100,000 each and integral multiples of \$5,000 in excess thereof (but no single Bond shall represent installments of principal maturing on more than one date), and shall be numbered 1 and upward. The Bonds shall become due and payable serially (subject to prior redemption as hereinafter set forth) on January 1 of each of the years, in the amounts and bearing interest per annum as follows:

YEAR	AMOUNT	RATE
2021		
2022		
2023		
2024		

The Bonds 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 Bonds is paid, such interest (computed upon the basis of a 360-day year of twelve 30-day months) being payable on January 1 of July 1 of each year, commencing on July 1, 2019.

Interest on each Bond shall be paid by check or draft of Amalgamated Bank of Chicago, Chicago, Illinois, as bond registrar and paying agent (the “*Bond Registrar*”), 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 15th day of the month next preceding the interest payment date. The principal of the Bonds shall be payable in lawful money of the United States of America upon presentation thereof at the principal corporate trust office of the Bond Registrar.

The Bonds shall be signed by the manual or duly authorized facsimile signature of the President, and shall be attested by the manual or duly authorized facsimile signature of the 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 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 for the Bonds 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. The certificate of authentication on any Bond shall be deemed to have been executed by the Bond Registrar if signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds issued hereunder.

Section 5. Registration of Bonds; Persons Treated as Owners. (a) General. The Village shall cause books (the "*Bond Register*") for the registration and for the transfer of the Bonds as provided in this Ordinance to be kept at the principal corporate trust office of the Bond Registrar, which is hereby constituted and appointed the registrar of the Village. The Village is authorized to prepare, and the Bond Registrar shall keep custody of, multiple Bond blanks executed by the Village for use in the transfer and exchange of Bonds.

Upon surrender for transfer of any Bond at the principal corporate trust office of the Bond Registrar, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Bond Registrar and duly executed by, the registered owner or his or her attorney 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 a new fully registered Bond or Bonds of the same maturity of authorized denominations, for a like aggregate principal amount. Any fully registered Bond or Bonds may be exchanged at said office of the Bond Registrar for a like aggregate principal amount of Bond or Bonds of the same maturity of other authorized denominations. 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*, the principal amount of outstanding Bonds of each maturity authenticated by the Bond Registrar shall not exceed the authorized principal amount of Bonds for such maturity less previous retirements.

The Bond Registrar shall not be required to transfer or exchange any Bond during the period beginning at the close of business on the 15th day of the month next preceding any interest payment date on such Bond and ending at the opening of business on such interest payment date.

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 or her 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.

(b) *Global Book-Entry System.* The Bonds shall be initially issued in the form of a separate single fully registered Bond for each of the maturities of the Bonds determined as described in Section 4 hereof. 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 ("*Cede*"), as nominee of The Depository Trust Company, New York, New York, and its successors and assigns ("*DTC*"). All of the outstanding Bonds shall be registered in the Bond Register in the name of Cede, as nominee of DTC, except as hereinafter provided. The President, Village Clerk and Treasurer and the Bond Registrar are each authorized to execute and deliver, on behalf of the Village, such letters to or agreements with DTC as shall be necessary to effectuate such book-entry system (any such letter or agreement being referred to herein as the "*Representation Letter*"), which Representation Letter may provide for the payment of principal of or interest on the Bonds by wire transfer.

With respect to Bonds registered in the Bond Register in the name of Cede, as nominee of DTC, the Village and the Bond Registrar shall have no responsibility or obligation to any broker-dealer, bank or other financial institution for which DTC holds Bonds from time to time as securities depository (each such broker-dealer, bank or other financial institution being referred to herein as a "*DTC Participant*") or to any person on behalf of whom such a DTC Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the Village and the Bond Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC 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 (iii) the payment to any DTC 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 the principal of or interest on the Bonds. The Village and the Bond Registrar may treat and consider the person in whose name each Bond is registered in the Bond Register as the holder and absolute owner of such Bond for the purpose of payment of principal

and interest with respect to such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Bond Registrar shall pay all principal of and interest on the Bonds only to or upon the order of the respective registered owners of the Bonds, as shown in the Bond Register, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Village's obligations with respect to payment of the principal of and interest on the Bonds to the extent of the sum or sums so paid. No person other than a registered owner of a Bond as shown in the Bond Register, shall receive a Bond evidencing the obligation of the Village to make payments of principal and interest with respect to any Bond. Upon delivery by DTC to the Bond Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede, and subject to the provisions in Section 4 hereof with respect to the payment of interest to the registered owners of Bonds at the close of business on the 15th day of the month next preceding the applicable interest payment date, the name "Cede" in this Ordinance shall refer to such new nominee of DTC.

In the event that (i) the Village determines that DTC is incapable of discharging its responsibilities described herein and in the Representation Letter, (ii) the agreement among the Village, the Bond Registrar and DTC evidenced by the Representation Letter shall be terminated for any reason or (iii) the Village determines that it is in the best interests of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, the Village shall notify DTC and DTC Participants of the availability through DTC of certificated Bonds and the Bonds shall no longer be restricted to being registered in the Bond Register in the name of Cede, as nominee of DTC. At that time, the Village may determine that the Bonds shall be registered in the name of and deposited with such other depository operating a universal book-entry system, as may be

acceptable to the Village, or such depository's agent or designee, and if the Village does not select such alternate universal book-entry system, then the Bonds may be registered in whatever name or names registered owners of Bonds transferring or exchanging Bonds shall designate, in accordance with the provisions of Section 5(a) hereof.

Notwithstanding any other provisions of this Ordinance to the contrary, so long as any Bond is registered in the name of Cede, as nominee of DTC, all payments with respect to principal of and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, in the name provided in the Representation Letter.

Section 6. Form of Bond. The Bonds shall be in substantially the following form; provided, however, that if the text of the Bond is to be printed in its entirety on the front side of the Bond, then paragraph [2] and the legend, "See Reverse Side for Additional Provisions", shall be omitted and paragraphs [6] through [13] shall be inserted immediately after paragraph [1]:

[Form of Bond - Front Side]

REGISTERED
No. _____

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF ILLINOIS
COUNTY OF DUPAGE
VILLAGE OF LOMBARD
GENERAL OBLIGATION BOND
(ALTERNATE REVENUE SOURCE)
SERIES 2018

See Reverse Side for
Additional Provisions

Interest Rate: _____ % Maturity Date: January 1, 20__ Dated Date: _____, 2018 CUSIP: _____

Registered Owner: CEDE & CO.

Principal Amount: _____ DOLLARS

[1] 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 to the Registered Owner identified above, or registered assigns as hereinafter provided, 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 Bond identified above or from the most recent interest payment date to which interest has been paid, at the Interest Rate per annum identified above, such interest to be payable on July 1, 2019, and semiannually thereafter on January 1 and July 1 of each year until the Principal Amount is paid. The Principal Amount of this Bond is payable in lawful money of the United States of America upon presentation at the principal corporate trust office of Amalgamated Bank of Chicago, Chicago, Illinois, as bond registrar and paying agent (the "*Bond Registrar*"). Payment of interest shall be made to the Registered Owner hereof as shown on the

registration books of the Village maintained by the Bond Registrar at the close of business on the 15th day of the month next preceding each interest payment date and shall be paid by check or draft of the Bond 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 Bond Registrar.

[2] 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.

[3] It is hereby certified and recited that all acts, conditions and things required to be done precedent to and in the issuance of this Bond have been done and have happened and have been performed in regular and due form of law; that the indebtedness of the Village, including the issue of Bonds of which this is one, does not exceed any limitation imposed by law; that provision has been made for the collection of the Pledged Revenues, the levy and collection of the Pledged Taxes, and the segregation of all Pledged Moneys to pay the interest hereon as it falls due and also to pay and discharge the principal hereof at maturity; and that the Village hereby covenants and agrees that it will properly account for the Pledged Moneys and will comply with all the covenants of and maintain the funds and accounts as provided by the Bond Ordinance. For the prompt payment of this Bond, both principal and interest at maturity, the full faith, credit and resources of the Village are hereby irrevocably pledged.

[4] 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.

[5] IN WITNESS WHEREOF, said Village of Lombard, DuPage County, Illinois, by its President and Board of Trustees, has caused this Bond to be signed by the manual or duly authorized facsimile signature of the President of the Village, and to be attested by the manual or

duly authorized facsimile signature of the Village Clerk of the Village and its corporate seal or a facsimile thereof to be imprinted or reproduced hereon, all as of the Dated Date identified above.

[SEAL]

President, Village of Lombard,
DuPage County, Illinois

ATTEST:

Village Clerk, Village of Lombard,
DuPage County, Illinois

Date of Authentication: _____, 20__

CERTIFICATE
OF
AUTHENTICATION

Bond Registrar and Paying Agent:
Amalgamated Bank of Chicago
Chicago, Illinois

This Bond is one of the Bonds described in the within mentioned ordinance and is one of the General Obligation Bonds (Alternate Revenue Source), Series 2018, of the Village of Lombard, DuPage County, Illinois.

AMALGAMATED BANK OF CHICAGO,
as Bond Registrar

By _____
Authorized Officer

[Form of Bond - Reverse Side]

VILLAGE OF LOMBARD, DUPAGE COUNTY, ILLINOIS
GENERAL OBLIGATION BOND
(ALTERNATE REVENUE SOURCE)
SERIES 2018

[6] This Bond and the bonds of the series of which it forms a part (“*Bond*” and “*Bonds*” respectively) are of an authorized issue of \$_____, of like dated date and tenor except as to maturity and rate of interest. The Bonds are issued pursuant to the Local Government Debt Reform Act of the State of Illinois (the “*Debt Reform Act*”) and Division 139 of Article 11 of the Illinois Municipal Code (the “*Municipal Code*”), each as supplemented and amended, for the purpose of paying the costs of improving the waterworks and sewerage system of the Village (the “*System*”) including (a) the repurposing of the existing Central Station Reservoir and (b) the rehabilitation of three sections of watermains on Elizabeth Street, Lynne Lane and Grace Street. The Bonds are issued pursuant to an original authorizing ordinance passed by the President and Board of Trustees of the Village (the “*Board*”) on the 21st day of June, 2018, and by a bond ordinance passed by the Board on the 20th day of September, 2018 (the “*Bond Ordinance*”), to which reference is hereby expressly made for further definitions and terms and to all the provisions of which the Registered Owner by the acceptance of this Bond assents.

[7] The Bonds are payable (a)(i) from moneys to the credit of the Bond and Interest Subaccount within the Surplus Account of the Waterworks and Sewerage Fund, said Surplus Account consisting of the funds remaining in the Waterworks and Sewerage Fund after the required monthly deposits and credits have been made under the Bond Ordinance or future revenue bond ordinances to the various prior lien accounts of the Waterworks and Sewerage Fund (the “*System Revenues*”), and (ii) all collections distributed to the Village from those taxes imposed by the Village pursuant to the Non-Home Rule Municipal Retailers’ Occupation Tax Act and the Non-Home Rule Municipal Service Occupation Tax Act, each as supplemented and

amended from time to time or substitute taxes therefor as provided by the State of Illinois or the Village in the future (the "*Sales Tax Revenues*" and, together with the System Revenues, the "*Pledged Revenues*") and (b) from ad valorem taxes levied against all of the taxable property in the Village without limitation as to rate or amount (the "*Pledged Taxes*" and, together with the Pledged Revenues, the "*Pledged Moneys*"), all in accordance with the provisions of the Debt Reform Act and the Municipal Code. The Sales Tax Revenues and the Pledged Taxes will be deposited directly into an escrow account held by Amalgamated Bank of Chicago, Chicago, Illinois (the "*Escrow Agent*"), or any successor thereof, pursuant to a pledged moneys escrow agreement between the Village and the Escrow Agent, as authorized by the Bond Ordinance.

[8] Under the Municipal Code and the Bond Ordinance, the Revenues, as defined in the Bond Ordinance, from the operation of the System shall be deposited into the Waterworks and Sewerage Fund of the Village which shall be used only and has been pledged for paying Operation and Maintenance Costs, paying the principal of and interest on all bonds of the Village that are payable by their terms from the revenues of the System, providing an adequate depreciation fund, and in making all payments required to maintain the accounts established under the Bond Ordinance. The Village may issue future waterworks and sewerage revenue bonds, which bonds may have a prior lien on the System Revenues, or additional alternate bonds or other obligations on a parity with the Bonds with respect to the System Revenues, in each case pursuant to the terms of the Bond Ordinance.

[9] This Bond does not constitute an indebtedness of the Village within the meaning of any constitutional or statutory provision or limitation, unless the Pledged Taxes shall have been extended pursuant to the general obligation, full faith and credit promise supporting the Bonds, in which case the amount of the Bonds then outstanding shall be included in the computation of indebtedness of the Village for purposes of all statutory provisions or limitations until such time

as an audit of the Village shows that the Bonds have been paid from the Pledged Revenues for a complete Fiscal Year.

[10] The outstanding Bonds are co-equal as to the lien on the Pledged Revenues for their payment and share ratably, without any preference, priority, or distinction, the one over the other, as to the source of or method of payment from the Pledged Revenues.

[11] This Bond is transferable by the Registered Owner hereof in person or by his or her attorney duly authorized in writing at the principal corporate trust office of the Bond Registrar in Chicago, Illinois, but only in the manner, subject to the limitations and upon payment of the charges provided in the Ordinance, and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds of authorized denominations of the same maturity and for the same aggregate principal amount will be issued to the transferee in exchange therefor.

[12] The Bonds are issued in fully registered form in the denomination of \$100,000 each and integral multiples of \$5,000 in excess thereof. This Bond may be exchanged at the principal corporate trust office of the Bond Registrar for a like aggregate principal amount of Bonds of the same maturity of other authorized denominations, upon the terms set forth in the Ordinance. The Bond Registrar shall not be required to transfer or exchange any Bond during the period beginning at the close of business on the 15th day of the month next preceding any interest payment date on such Bond and ending at the opening of business on such interest payment date.

[13] The Village and the Bond 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 Bond Registrar shall be affected by any notice to the contrary.

(ASSIGNMENT)

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

(Name and Address of Assignee)

the within Bond and does hereby irrevocably constitute and appoint _____

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 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 7. Sale of Bonds. The Bonds shall be executed as in this Ordinance provided as soon after the passage hereof as may be, and thereupon be deposited with the Treasurer, and be by said Treasurer delivered to the Purchaser upon receipt of the purchase price therefor, the same being \$ _____; the contract for the sale of the Bonds heretofore entered into (the "Purchase Contract") is in all respects ratified, approved and confirmed, it being hereby found and determined that the Bonds have been sold at such price and bear interest at such rates that neither the true interest cost (yield) nor the net interest rate received upon such sale exceed the maximum rate otherwise authorized by Illinois law and that the Purchase Contract 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 Purchase Contract.

The use by the Purchaser of any Preliminary Official Statement and any final Official Statement relating to the Bonds (the "Official Statement") is hereby ratified, approved and

authorized; the execution and delivery of the Official Statement is hereby authorized; and the President, Village Clerk, Treasurer and any authorized business official of the Village are hereby authorized to take any action as may be required on the part of the Village to consummate the transactions contemplated by the Purchase Contract, this Ordinance, said Preliminary Official Statement, the Official Statement and the Bonds.

Section 8. Treatment of Bonds As Debt. The Bonds shall be payable from the Pledged Moneys and do not and shall not constitute an indebtedness of the Village within the meaning of any constitutional or statutory limitation, unless the Pledged Taxes shall be extended pursuant to the general obligation, full faith and credit promise supporting the Bonds, as set forth in Section 13 hereof, in which case the amount of the Bonds then Outstanding shall be included in the computation of indebtedness of the Village for purposes of all statutory provisions or limitations until such time as an audit of the Village shall show that the Bonds have been paid from the Pledged Revenues for a complete Fiscal Year, in accordance with the Debt Reform Act.

Section 9. 2018 Alternate Bond Fund. There is hereby created the Bond Fund, the same being a special fund of the Village, which fund shall be held separate and apart from all other funds and accounts of the Village and shall be known as the "2018 Alternate Bond Fund." The purpose of the Bond Fund is to provide a fund to receive and disburse the Pledged Revenues and the Pledged Taxes for the payment of the Bonds. The Bond Fund and its respective accounts constitute a trust fund established for the purpose of carrying out the covenants, terms and conditions imposed upon the Village by this Ordinance.

The Escrow Account shall constitute the Bond Fund with respect to the repayment of the Bonds. The Escrow Account shall be held by the Escrow Agent pursuant to the Escrow Agreement as described in the preambles hereto and as set forth in *Exhibit A* hereto. Pursuant to Section 13 of the Debt Reform Act, the officers of the Village are hereby authorized and directed

to direct the State Entities to deposit the Sales Tax Revenues directly into the Escrow Account for the purpose of providing funds necessary to pay the Bonds. In accordance with the provisions of the Escrow Agreement, the Escrow Agent shall retain certain of the Sales Tax Revenues in the Escrow Account in each month for the purpose of accumulating sufficient funds in the Escrow Account for the purpose of making the payments of principal of and interest on the Bonds, and shall direct any Sales Tax Revenues not so retained to the Village.

The Village shall also, pursuant to Section 20-90, direct the County Collector to deposit the proceeds of the Pledged Taxes directly into the Escrow Account. Furthermore, in any year that the Pledged Taxes are extended for collection, the Treasurer shall execute and delivery to the County Collector a Segregation Order directing the County Collector to make the deposits with the Escrow Agent as set forth in the Escrow Agreement.

The Village is authorized to make Additional Deposits (as defined in the Escrow Agreement) into the Escrow Account from time to time in accordance with the provisions of the Escrow Agreement as necessary to provide for the payment of the Bonds when due or for the abatement of the Pledged Taxes. Such deposits may be made from any funds of the Village on hand and lawfully available for such purpose including, without limitation, System Revenues.

When the Escrow Agreement is executed and delivered on behalf of the Village as herein provided, the Escrow Agreement will be binding on the Village and the officers, employees and agents of the Village, and the officers, employees and agents of the Village are hereby authorized, empowered 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 the Escrow Agreement as executed.

Section 10. Continuation of Waterworks and Sewerage Fund; Purpose of Fund. Upon the issuance of the Bonds, the System shall continue to be operated on a Fiscal Year basis. All of

the Revenues shall be set aside as collected and be deposited into that certain separate fund and in an account in a bank designated by the Board, which fund has heretofore been created and is hereby continued and is designated as the "Waterworks and Sewerage Fund" of the Village, which shall constitute a trust fund for the sole purpose of carrying out the covenants, terms, and conditions of this Ordinance and any Future Bond Ordinances, and shall be used only in paying Operation and Maintenance Costs, providing an adequate depreciation fund, paying the principal of and interest on all bonds and other obligations of the Village which by their terms are payable from the Revenues, and providing for the establishment of and expenditure from the respective accounts as described in this Ordinance.

Section 11. Flow of Funds. There shall be and there are hereby created separate accounts in the Fund to be known as the "*Operation and Maintenance Account*," such other accounts as may be established under any Future Bond Ordinances, the "*Depreciation Account*," and the "*Surplus Account*," to which there shall be credited on or before the first day of each month by the financial officer of the Village, without any further official action or direction, in the order in which said accounts are hereinafter mentioned, all moneys held in the Fund, in accordance with the following provisions:

(a) *Operation and Maintenance Account:* There shall be credited to or retained in the Operation and Maintenance Account an amount sufficient, when added to the amount then on deposit in the Operation and Maintenance Account, to establish or maintain a balance to an amount not less than the amount considered necessary to pay Operation and Maintenance Costs for the then current month.

(b) *Accounts Created Pursuant to Future Bond Ordinances:* Future Bond Ordinances may create additional accounts in the Fund for the payment and security of waterworks and sewerage revenue bonds that hereafter may be issued by the Village. Amounts in the Fund shall be credited to and transferred from said accounts in accordance with the terms of the Future Bond Ordinances.

(c) *Depreciation Account:* Beginning the month after the delivery of the Bonds, there shall be credited to the Depreciation Account and held, in cash and investments, such sum as the Village may deem necessary in order to provide an adequate depreciation

fund for the System. In Future Bond Ordinances, the Village may covenant to make specific monthly deposits to said Depreciation Account and to accumulate funds therein.

Amounts to the credit of said Depreciation Account shall be used for (i) the payment of the cost of extraordinary maintenance, necessary repairs and replacements, or contingencies, the payment for which no other funds are available, in order that the System may at all times be able to render efficient service, (ii) the purpose of acquiring or constructing improvements and extensions to the System, and (iii) the payment of principal of or interest and applicable premium on any Outstanding Bonds at any time when there are no other funds available for that purpose in order to prevent a default. Future Bond Ordinances may provide for additional deposits to said Depreciation Account and additional uses and transfers of the funds on deposit in said Depreciation Account.

(d) *Surplus Account*: All moneys remaining in the Fund, after crediting the required amounts to the respective accounts hereinabove provided for, and after making up any deficiency in said accounts, shall be credited to the Surplus Account. Funds in the Surplus Account shall first be used to make up any subsequent deficiencies in any of said accounts and then shall be deposited to a separate and segregated account hereby created and designated the "Bond and Interest Subaccount of the Surplus Account" (the "*Bond and Interest Subaccount*"), as follows:

A. There shall be paid into the Bond and Interest Subaccount in any month after the required payments have been made into the Accounts above, the amount necessary to provide for any Additional Deposits requested by the Escrow Agent pursuant to the Escrow Agreement. Following deposit into the Bond and Interest Subaccount, such amounts shall be immediately transferred to the Escrow Agent for deposit into the Bond Fund. All moneys in said Subaccount shall be used only for the purpose of paying interest on and principal of Outstanding Bonds and Additional Bonds.

B. Any funds remaining in the Surplus Account after making the aforesaid deposits to the credit of the Bond and Interest Subaccount, at the discretion of the Board, shall be used, first, to make up any subsequent deficiencies in any of the accounts hereinabove named; and then, for the remainder of all surplus Revenues, at the discretion of the Board, for one or more of the following purposes without any priority among them, provided, however, that the Board may provide for further priority among all or any of such purposes in the future by adoption of an ordinance of the Village so specifying such priority:

1. For the purpose of constructing or acquiring repairs, replacements, improvements or extensions to the System; or

2. For making transfers to the Fund generally to be applied and treated as Revenues when transferred; or

3. For the purpose of calling and redeeming Outstanding Bonds or Additional Bonds payable from the System which are callable at the time; or

4. For the purpose of purchasing Outstanding Bonds or Additional Bonds payable from the System; or

5. For the purpose of paying principal of and interest on any subordinate bonds or obligations issued for the purpose of acquiring or constructing repairs, replacements, improvements or extensions to the System, including loans from the State of Illinois, acting through the IEPA; or

6. For any purpose enumerated in any Future Bond Ordinance; or

7. For any other lawful System purpose.

Money to the credit of the Fund or the Project Fund may be invested pursuant to any authorization granted to municipal corporations by Illinois statute or court decision.

Section 12. Account Excesses. Any amounts to the credit of the Accounts in excess of the then current requirements therefor may be transferred at any time by the Board to such other Account or Accounts of the Fund as it may in its sole discretion designate.

Section 13. Pledged Taxes; Tax Levy. For the purpose of providing additional funds to pay the principal of and interest on the Bonds, and as provided in Section 15 of the Debt Reform Act, there is hereby levied upon all of the taxable property within the Village, in the years for which any of the Bonds are Outstanding, a direct annual tax in amounts sufficient for that purpose, and there be and there hereby is levied upon all of the taxable property in the Village the following direct annual taxes (the "*Pledged Taxes*"):

FOR THE YEAR	A TAX SUFFICIENT TO PRODUCE THE SUM OF:	
2019	\$	for principal and interest up to and including January 1, 2021
2020	\$	for principal and interest
2021	\$	for principal and interest
2022	\$	for principal and interest

Following any extension of Pledged Taxes, interest or principal coming due at any time when there are insufficient funds on hand from the Pledged Taxes to pay the same shall be paid promptly when due from current funds on hand in advance of the collection of the Pledged Taxes herein levied; and when the Pledged Taxes shall have been collected, reimbursement shall be made to said funds in the amount so advanced.

Section 14. Filing with County Clerk. After this Ordinance becomes effective, a copy hereof, certified by the Village Clerk, shall be filed with the County Clerk. The County Clerk shall in and for each of the years required ascertain the rate percent required to produce the aggregate Pledged Taxes hereinbefore provided to be levied in each of said years; and the 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 corporate purposes of the Village; and the County Clerk, or other appropriate officer or designee, shall remit the Pledged Taxes for deposit to the credit of the Bond Fund, and in said years the Pledged Taxes shall be levied and collected by and for and on behalf of the Village in like manner as taxes for general municipal purposes of the Village for said years are levied and collected, and in addition to and in excess of all other taxes. The Pledged Taxes are hereby irrevocably pledged to and shall be used only for the purpose of paying principal of and interest on the Bonds.

Section 15. Abatement of Pledged Taxes. Whenever the Pledged Revenues or other lawfully available funds are available and on deposit in the Bond Fund to pay all or a portion of the principal of or interest on the Bonds when due, the Board shall direct the abatement of the

Pledged Taxes by such available amount, and proper notification of such abatement shall be filed with the County Clerk in a timely manner to effect such abatement.

Section 16. Pledged Revenues; General Covenants. The Village covenants and agrees with the registered owners of the Bonds that, so long as any Bonds remain Outstanding:

A. The Village hereby covenants that it will take all action necessary to direct (i) the State Entities to deposit the Sales Tax Revenues and (ii) the County Collector to deposit the Pledged Taxes directly into the Escrow Account, and that, while any of the Bonds are Outstanding, it will take no action to revoke or modify said directions to the State Entities or the County Collector.

B. The Village hereby pledges the Pledged Revenues to the payment of the Bonds, and the Board covenants and agrees to provide for, collect and apply the Pledged Revenues to the payment of the Bonds and the provision of not less than an additional .25 times debt service, all in accordance with Section 15 of the Debt Reform Act. The determination of the sufficiency of the Pledged Revenues pursuant to this subsection (B) shall be supported by reference to the annual audit of the Village and acceptance of said audit by the Board shall be conclusive evidence that the conditions of Section 15 of the Debt Reform Act have been met.

B. The Village will punctually pay or cause to be paid from the Bond Fund the principal of and the interest on the Bonds in strict conformity with the terms of the Bonds and this Ordinance, and it will faithfully observe and perform all of the conditions, covenants and requirements thereof and hereof.

C. The Village will pay and discharge, or cause to be paid and discharged, from the Bond Fund or the Bond and Interest Subaccount any and all lawful claims which, if unpaid, might become a lien or charge upon the Pledged Moneys, or any part thereof, or upon any funds in the hands of the Bond Registrar, or which might impair the security of the Bonds. Nothing herein contained shall require the Village to make any such payment so long as the Village in good faith shall contest the validity of said claims.

D. The Village will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Village, in which complete and correct entries shall be made of all transactions relating to the Project, the Pledged Moneys, the Bond and Interest Subaccount and the Bond Fund. Such books of record and accounts shall at all times during business hours be subject to the inspection of the registered owners of not less than ten percent (10%) of the principal amount of the Outstanding Bonds or their representatives authorized in writing.

E. The Village will preserve and protect the security of the Bonds and the rights of the registered owners of the Bonds, and will warrant and defend their rights against all

claims and demands of all persons. From and after the sale and delivery of any of the Bonds by the Village, the Bonds shall be incontestable by the Village.

F. The Village will adopt, make, execute and deliver any and all such further ordinances, resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention of, or to facilitate the performance of, this Ordinance, and for the better assuring and confirming unto the registered owners of the Bonds of the rights and benefits provided in this Ordinance.

G. As long as any Bonds are Outstanding, the Village will continue to deposit, or direct the deposit of, (i) the Sales Tax Revenues to the Bond Fund and (ii) the System Revenues to the Bond and Interest Subaccount, to the extent required hereunder and, (iii) if applicable, will deposit the Pledged Taxes to the Bond Fund. The Village covenants and agrees with the purchasers of the Bonds and with the registered owners thereof that so long as any 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 collect the Pledged Taxes, except as described in Section 15 hereof, and to collect and to segregate the Pledged Moneys. The Village and its officers will comply with all present and future applicable laws in order to assure that the Pledged Taxes can be extended and that the Pledged Revenues and the Pledged Taxes may be collected and deposited to the Bond and Interest Subaccount or the Bond Fund, as applicable, as provided herein.

H. Once issued, the Bonds shall be and forever remain until paid or defeased the general obligation of the Village, for the payment of which its full faith and credit are pledged, and shall be payable, in addition to the Pledged Revenues, from the levy of the Pledged Taxes as provided in the Debt Reform Act.

I. The Village will maintain the System in good repair and working order, will operate the same efficiently and faithfully, will promptly proceed with the Project, and will punctually perform all duties with respect thereto required by the Constitution and laws of the State of Illinois and the United States of America.

J. The Village will establish and maintain at all times reasonable fees, charges, and rates for the use and service of the System and will provide for the collection thereof and the segregation and application of the Revenues in the manner provided by this Ordinance, sufficient at all times (i) to pay Operation and Maintenance Costs, (ii) to provide an adequate depreciation fund, (iii) to pay the principal of and interest on all bonds of the Village which by their terms are payable from the revenues of the System, *provided, however*, with respect to the principal of and interest on the Bonds, such fees, charges and rates so established and maintained may be reduced to the extent of the availability of the Sales Tax Revenues to make payments of principal of and interest on the Bonds, and (iv) to provide for the creation and maintenance and funding of the respective accounts as provided in Section 11 of this Ordinance; it is hereby expressly provided that the pledge and establishment of rates or charges for use of the System shall constitute a continuing obligation of the Village with respect to such establishment and a continuing appropriation of the amounts received.

K. There shall be charged against all users of the System, including the Village, such rates and amounts for water services as shall be adequate to meet the requirements of this Section. Charges for services rendered to the Village shall be made against the Village, and payment for the same shall be made monthly from the corporate funds into the Fund as revenues derived from the operation of the System; *provided, however*, that the Village need not charge itself for such services if in the previous Fiscal Year Revenues, not including any payments made by the Village, shall have met the requirements of this Ordinance.

L. Within six months following the close of each Fiscal Year, the Village will cause the books and accounts of the System to be audited by independent certified public accountants in accordance with appropriate audit standards. Said audit will be available for inspection by the registered owners of any of the Bonds.

Section 17. Future Revenue Bonds, Additional Bonds and Subordinate Bonds. The Village reserves the right to issue without limit bonds payable solely and only from the Revenues, which bonds may have a lien on the Revenues prior to the lien on the Revenues that secures the Outstanding Bonds, *provided* that upon the issuance of such bonds, the Village shall be able to demonstrate in the same manner as provided by the Debt Reform Act, as the Debt Reform Act is written at this time, that at such time all Outstanding Bonds could then be issued as if not then having previously been issued; that is, that the requirements of the Debt Reform Act for the issuance of alternate bonds payable from the Revenues shall have been met on such date for all Outstanding Bonds.

The Village also reserves the right to issue Additional Bonds from time to time payable from the System Revenues, the Sales Tax Revenues, or both, and any such Additional Bonds shall share ratably and equally in the System Revenues, the Sales Tax Revenues, or both with the Bonds; *provided, however*, that no Additional Bonds shall be issued except in accordance with the provisions of the Debt Reform Act as the Debt Reform Act is written at this time.

The Village also reserves the right to issue revenue bonds from time to time payable from the Revenues that are subordinate to the Bonds and Additional Bonds and are payable from the

money remaining in the Surplus Account created hereunder after making required deposits into the Bond and Interest Subaccount.

Section 18. Use of Proceeds. The proceeds derived from the sale of the Bonds shall be used as follows:

A. Accrued interest, if any, shall be credited to the Bond and Interest Subaccount and applied to pay first interest due on the Bonds. In addition, \$ _____ from the proceeds of the Bonds and \$ _____ from funds of the Village on hand and lawfully available for such purpose shall be deposited into the Escrow Account for the purpose of paying interest due on the Bonds through January 1, 2020.

C. The balance of the proceeds derived from the sale of the Bonds shall be used to pay costs of issuance relating to the Bonds and for the project, and such proceeds not used to pay costs of issuance shall be deposited in a separate fund hereby created and designated as the "Waterworks Project Fund" (the "*Project Fund*"); and disbursements shall be made from the Project Fund only for the purposes for which the Bonds are being issued and for which the principal proceeds are hereby appropriated.

At the time of the issuance of the Bonds, the costs of issuance of the Bonds may be paid by the Village's financial advisor or the Purchaser on behalf of the Village from the proceeds of the Bonds.

Within sixty (60) days after full depletion of the Project Fund or payment of all costs of the Project, as herein referred to, and as heretofore approved by the Board, the Treasurer shall certify to the Board the fact of such depletion or the engineer in responsible charge of the Project shall certify to the Board the fact that the work has been completed according to approved plans and specifications, as applicable, and upon approval of such certification by the Board, funds (if any) remaining in the Project Fund shall be transmitted to the Treasurer, and said Treasurer shall direct the credit said funds to the Bond Fund, and the Project Fund shall be closed.

Section 19. General Tax Covenants. 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

Bonds) if taking, permitting, or omitting to take such action would cause any of the Bonds to be an arbitrage bond or a private activity bond within the meaning of the Code, would otherwise cause the interest on the Bonds to be includable 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 Bonds 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. 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 such 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.

Section 20. Registered Form. The Village recognizes that Section 149 of the Code requires Tax-Exempt bonds to be issued and to remain in fully registered form in order to be and remain exempt from federal income taxation. 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. Certain Specific Tax Covenants. A. None of the Bonds shall be a “private activity bond” as defined in Section 141(a) of the Code; and the Village certifies, represents, and covenants as follows:

(1) Not more than 5% of the net proceeds and investment earnings of the Bonds is to be used, directly or indirectly, in any activity carried on by any person other than a state or local governmental unit.

(2) Not more than 5% of the amounts necessary to pay the principal of and interest on the Bonds will be derived, directly or indirectly, from payments with respect to any private business use by any person other than a state or local governmental unit.

(3) 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.

(4) No user of the infrastructure of the Village to be improved as part 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 such infrastructure as a result of (i) ownership or (ii) actual or beneficial use pursuant to a lease, a management or incentive payment contract other than as expressly permitted by the Code, or (iii) any other arrangement.

B. The Bonds shall not be “arbitrage bonds” under Section 148 of the Code; and the Village certifies, represents, and covenants as follows:

(1) With respect to the Project, the Village has heretofore incurred or within six months after delivery of the Bonds expects to incur substantial binding obligations to be paid for with money received from the sale of the Bonds, said binding obligations

comprising binding contracts for the Project in not less than the amount of 5% of the proceeds of the Bonds allocable to the Project.

(2) More than 85% of the proceeds of the Bonds allocable to the Project will be expended on or before three years for the purpose of paying the costs of the Project.

(3) All of the principal proceeds of the Bonds allocable to the Project and investment earnings thereon will be used, needed, and expended for the purpose of paying the costs of the Project including expenses incidental thereto.

(4) Work on the Project is expected to proceed with due diligence to completion.

(5) Except for the Bond Fund, the Village has not created or established and will not create or establish any sinking fund, reserve fund or any other similar fund to provide for the payment of the Bonds. The Bond Fund has been established and will be funded in a manner primarily to achieve a proper matching of revenues and debt service and will be depleted at least annually to an amount not in excess of 1/12th the particular annual debt service on the Bonds. Other than any capitalized interest, money deposited into the Bond Fund will be spent within a 13-month period beginning on the date of deposit, and investment earnings in the Bond Fund will be spent or withdrawn from the Bond Fund within a one-year period beginning on the date of receipt.

(6) Amounts of money related to the Bonds required to be invested at a yield not materially higher than the yield on the Bonds, as determined pursuant to such tax certifications or agreements as the Village officers may make in connection with the issuance of the Bonds, shall be so invested; and appropriate Village officers are hereby authorized to make such investments.

(7) Unless an applicable exception to Section 148(f) of the Code, relating to the rebate of “excess arbitrage profits” to the United States Treasury (the “*Rebate Requirement*”) is available to the Village, the Village will meet the Rebate Requirement.

(8) Relating to such applicable exceptions, any Village officer charged with issuing the Bonds is hereby authorized to make such elections under the Code as 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 Village reserves the right to use or invest moneys in connection with the Bonds in any manner or to make changes in the Project lists or to use the Village infrastructure acquired, constructed, or improved as part of the Project in any manner, notwithstanding the representations and covenants in this Ordinance, *provided* it shall first have received an opinion from an attorney or a firm of attorneys of nationally recognized standing in matters pertaining to Tax-Exempt bonds to the effect that use or investment of such moneys or the changes in or use of such infrastructure as contemplated will not result in loss or impairment of Tax-Exempt status for the Bonds.

D. Each Bond is hereby designated as a “qualified tax-exempt obligation” for the purposes and within the meaning of Section 265(b)(3) of the Code. In connection therewith, the Village shall affirm in the Tax Exemption Certificate and Agreement to be executed in connection with the issuance of the Bonds that: (i) none of such Bonds will be at any time a “private activity bond” (as defined in Section 141 of the Code); (ii) in calendar year 2018, the Village has not issued any Tax-exempt obligations of any kind nor have any other Tax-exempt obligations of any kind been issued on behalf of the Village, except as set forth therein; (iii) during calendar year 2018, the Village will not issue or cause to have issued on behalf of the

Village more than \$10,000,000 of Tax-exempt obligations, including the Bonds; (iv) not more than \$10,000,000 of obligations of any kind (including the Bonds) issued by or on behalf of the Village during calendar year 2018 will be designated for purposes of Section 265(b)(3) of the Code; and (v) the Village is not subject to control by any entity, and there are no entities subject to control by the Village.

Section 22. List of Bondholders. The Bond Registrar shall maintain a list of the names and addresses of the holders of all Bonds and upon any transfer shall add the name and address of the new Bondholder and eliminate the name and address of the transferor Bondholder.

Section 23. Duties of Bond Registrar. If requested by the Bond Registrar, the President and Village Clerk are authorized to execute the Bond Registrar's standard form of agreement between the Village and the Bond Registrar with respect to the obligations and duties of the Bond Registrar hereunder which may include the following:

- (a) to act as bond registrar, authenticating agent, paying agent and transfer agent as provided herein;
- (b) to maintain a list of Bondholders as set forth herein and to furnish such list to the Village upon request, but otherwise to keep such list confidential;
- (c) to cancel and/or destroy Bonds 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 Bonds cancelled and/or destroyed; and
- (e) to 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 24. Continuing Disclosure Undertaking. The President or the Treasurer is hereby authorized, empowered and directed to execute and deliver a Continuing Disclosure Undertaking (the "*Continuing Disclosure Undertaking*") in connection with the issuance of the Bonds, with such provisions therein as he or she shall approve, his or her execution thereof to constitute conclusive evidence of his or her approval of such provisions. When the Continuing

Disclosure Undertaking is executed and delivered on behalf of the Village as herein provided, the Continuing Disclosure Undertaking will be binding on the Village and the officers, employees and agents of the Village, and the officers, employees and agents of the Village are hereby authorized, empowered 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 the Continuing Disclosure Undertaking as executed. Notwithstanding any other provision of this Ordinance, the sole remedies for failure to comply with the 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 the Village to comply with its obligations under the Continuing Disclosure Undertaking.

Section 25. Municipal Bond Insurance. In the event the payment of principal and interest on the Bonds is insured pursuant to a municipal bond insurance policy (the "*Municipal Bond Insurance Policy*") issued by a bond insurer (the "*Bond Insurer*"), and as long as such Municipal Bond Insurance Policy shall be in full force and effect, the Village and the Bond Registrar agree to comply with such usual and reasonable provisions regarding presentment and payment of the Bonds, subrogation of the rights of the Bondholders to the Bond Insurer upon payment of the Bonds by the Bond Insurer, amendment hereof, or other terms, as approved by the President on advice of counsel, his or her approval to constitute full and complete acceptance by the Village of such terms and provisions under authority of this Section.

Section 26. 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 Bonds and other debt obligations of the Village, the interest on which is excludable from "gross income" for federal income tax purposes or which enable the Village or the holder to

receive federal tax benefits, including, but not limited to, qualified tax credit bonds and other specified tax credit bonds (including the Bonds, the “*Tax Advantaged Obligations*”). Further, it is necessary and in the best interest of the Village that (i) the Board adopt policies with respect to record-keeping and post issuance compliance with the Village’s covenants related to its Tax Advantaged Obligations and (ii) the Compliance Officer (as hereinafter defined) at least annually review the Village’s Contracts (as hereinafter defined) to determine whether the Tax Advantaged Obligations comply with the federal tax requirements applicable to each issue of the Tax Advantaged Obligations. The Board and the Village hereby adopt the following Record-Keeping Policy:

(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 Advantaged Obligations, and such officer shall report to the Board 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 Advantaged 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 Advantaged Obligations, including without limitation (i) the proceedings of the Village authorizing the Tax Advantaged Obligations, (ii) any offering document with respect to the offer and sale of the Tax Advantaged Obligations, (iii) any legal opinions with respect to the Tax Advantaged 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 Advantaged Obligations.

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

(d) *Recommended Records.* The Compliance Officer shall review the records related to each issue of Tax Advantaged Obligations and shall determine what requirements the Village must meet in order to maintain the tax-exemption of interest paid on its Tax Advantaged Obligations, its entitlement to direct payments by the United States Treasury of the applicable percentages of each interest payment due and owing on

its Tax Advantaged Obligations, and applicable tax credits or other tax benefits arising from its Tax Advantaged 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 Advantaged Obligations is entitled to be excluded from "gross income" for federal income tax purposes, that the Village is entitled to receive from the United States Treasury direct payments of the applicable percentages of interest payments coming due and owing on its Tax Advantaged Obligations, and the entitlement of holders of any Tax Advantaged Obligations to any tax credits or other tax benefits, respectively. Notwithstanding any other policy of the Village, such retained records shall be kept for as long as the Tax Advantaged Obligations relating to such records (and any obligations issued to refund the Tax Advantaged Obligations) are outstanding, plus three years, and shall at least include:

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

(ii) copies of account statements showing the disbursements of all Tax Advantaged Obligation proceeds for their intended purposes, and records showing the assets and other property financed by such disbursements;

(iii) copies of account statements showing all investment activity of any and all accounts in which the proceeds of any issue of Tax Advantaged Obligations has been held or in which funds to be used for the payment of principal or interest on any Tax Advantaged Obligations has been held, or which has provided security to the holders or credit enhancers of any Tax Advantaged Obligations;

(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 Advantaged 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 United States 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 Advantaged 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 United States 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, constructed or otherwise financed or refinanced with the

proceeds of the Tax Advantaged Obligations effective at any time when such Tax Advantaged Obligations are, will or have been outstanding. Copies of contracts covering no more than 50 days of use and contracts related to Village employees need not be retained.

(e) *IRS Examinations or Inquiries.* In the event the IRS commences an examination of any issue of Tax Advantaged Obligations or requests a response to a compliance check, questionnaire or other inquiry, the Compliance Officer shall inform the Board 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 or inquiry.

(f) *Annual Review.* The Compliance Officer shall conduct an annual review of the Contracts and other records to determine for each issue of Tax Advantaged 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 Board, 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 Advantaged Obligations then currently outstanding (the "*Tax Agreements*") to staff members who may be responsible for taking actions described in such documents. The Compliance Officer should assist in the education of any new Compliance Officer and the transition of the duties under these procedures. 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 procedures described in this Section are only for the benefit of the Village. No other person (including an owner of a Tax Advantaged Obligation) may rely on the procedures included in this Section. The Village may amend this Section and any provision of this Section may be waived, without the consent of the holders of any Tax Advantaged Obligations and as authorized by passage of an ordinance by the Board. Additional procedures may be required for Tax Advantaged Obligations the proceeds of which are used for purposes other than capital governmentally owned projects or refundings of such, including tax increment financing bonds, bonds financing output facilities, bonds financing working capital, or private activity bonds. The Village also recognizes that these procedures may need to be revised in the event the Village enters into any derivative products with respect to its Tax Advantaged Obligations.

Section 27. Defeasance. Bonds which are no longer Outstanding shall cease to have any lien on or right to receive or be paid from Pledged Revenues 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 Bonds in the Pledged Revenues.

Section 28. This Ordinance a Contract. The provisions of this Ordinance shall constitute a contract between the Village and the owners of the Outstanding Bonds and no changes, additions or alterations of any kind shall be made hereto, except as herein provided, so long as there are any Outstanding Bonds.

Section 29. Severability. If any section, paragraph, clause or provision of this Ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this Ordinance.

Section 30. Repealer. All ordinances, resolutions or orders, or parts thereof, in conflict with the provisions of this Ordinance are to the extent of such conflict hereby repealed.

Section 31. Effective Date. This Ordinance shall be in full force and effect from and after its passage and approval, as provided by law.

Passed on first reading this ____ day of _____, 2018.

First reading waived by action of the President and Board of Trustees this 20th day of September, 2018.

Passed on second reading this 20th day of September, 2018, pursuant to a roll call vote as follows:

AYES: _____

NAYS: _____

ABSENT: _____

APPROVED by me this 20th day of September, 2018.

President, Village of Lombard,
DuPage County, Illinois

RECORDED in the Village Records on September 20, 2018.

ATTEST:

Village Clerk, Village of Lombard,
DuPage County, Illinois

EXHIBIT A

Trustee _____ moved and Trustee _____ seconded the motion that said ordinance as presented and read by title be adopted.

After a full and complete discussion thereof, including a public recital of the nature of the matter being considered and other information that informed the public of the business being conducted, the President directed that the roll be called for a vote upon the motion to adopt the ordinance as read.

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

NAY: _____

Whereupon the President 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 President and Board of Trustees of the Village of Lombard, DuPage County, Illinois, which was done.

Other business not pertinent to the adoption of said ordinance was duly transacted at said meeting.

Upon motion duly made and seconded, the meeting was adjourned.

Village Clerk

STATE OF ILLINOIS)
) SS
COUNTY OF DUPAGE)

CERTIFICATION OF ORDINANCE AND MINUTES

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 am the keeper of the books, records, files, and journal of proceedings of the Village and of the President and Board of Trustees thereof (the "*Board*").

I do further certify that the foregoing constitutes a full, true and complete transcript of the minutes of the meeting of the Board held on the 20th day of September, 2018, insofar as same relates to the adoption of Ordinance No. _____ entitled:

AN ORDINANCE authorizing and providing for the issuance of \$ _____ General Obligation Bonds (Alternate Revenue Source) of the Village of Lombard, DuPage County, Illinois, for the purpose of paying the costs of improving the waterworks and sewerage system of said Village, prescribing the details of said bonds and the revenues pledged to the payment thereof and the levy of taxes sufficient to pay said bonds if such revenues are insufficient for such payment, providing for the sale of said bonds to Robert W. Baird & Co., Incorporated, Naperville, Illinois, and authorizing the execution and delivery of an escrow agreement for the collection and disposition of the revenues and taxes pledged to the payment thereof.

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 Board on the adoption of said resolution were conducted openly, that the vote on the adoption of said resolution was taken openly, that said meeting was called and held at a specified time and place convenient to the public, that notice of said meeting was duly given to all of the news media requesting such notice, that an agenda for said meeting was posted at the location where said meeting was held and at the principal office of the Board at least 72 hours in advance of the holding of said meeting, that at least one copy of said agenda was continuously available for public review during the entire 72-hour period preceding said meeting, that a true, correct and complete copy of said agenda as so posted is attached hereto as *Exhibit A*, that said meeting was called and held in strict accordance with the provisions of the Illinois Municipal Code, as amended, and the Open Meetings Act of the State of Illinois, as amended, and that the Board has complied with all of the applicable provisions of said Code and said Act and its procedural rules in the adoption of said ordinance.

IN WITNESS WHEREOF, I hereunto affix my official signature and the seal of the Village,
this 20th day of September, 2018.

Village Clerk, Village of Lombard,
DuPage County, Illinois

(SEAL)

STATE OF ILLINOIS)
) SS
COUNTY OF DUPAGE)

FILING CERTIFICATE

I, the undersigned, do hereby certify that I am the duly qualified and acting County Clerk of The County of DuPage, Illinois, (the “County”), and as such officer I do hereby certify that on the ____ day of _____, 2018, there was filed in my office a duly certified copy of an ordinance numbered _____ and entitled:

AN ORDINANCE authorizing and providing for the issuance of \$_____ General Obligation Bonds (Alternate Revenue Source) of the Village of Lombard, DuPage County, Illinois, for the purpose of paying the costs of improving the waterworks and sewerage system of said Village, prescribing the details of said bonds and the revenues pledged to the payment thereof and the levy of taxes sufficient to pay said bonds if such revenues are insufficient for such payment, providing for the sale of said bonds to Robert W. Baird & Co., Incorporated, Naperville, Illinois, and authorizing the execution and delivery of an escrow agreement for the collection and disposition of the revenues and taxes pledged to the payment thereof.

passed by the President and Board of Trustees of the Village of Lombard, DuPage County, Illinois, on the 20th day of September, 2018, and approved by the President of said Village; and that the same has been deposited in the official files and records of my office.

IN WITNESS WHEREOF I hereunto affix my official signature and the seal of the County this ____ day of _____, 2018.

County Clerk of The County of DuPage,
Illinois

[SEAL]