

ORDINANCE NUMBER 12- 05

AN ORDINANCE providing for the issuance of Taxable and Tax-Exempt General Obligation Bonds, Series 2012 of the Village of East Dundee, Kane and Cook Counties, Illinois, in the aggregate principal amount of not to exceed \$8,000,000 for the purpose of paying the costs of certain capital improvements and for the costs related thereto and to the issuance of such bonds and for the levy of a direct annual tax sufficient to pay the principal of and interest on said bonds.

WHEREAS, the Village of East Dundee, Kane and Cook Counties, Illinois (the "Village" or "Issuer"), is a home rule municipality and body politic of the State of Illinois, duly created, organized and existing under the 1970 Constitution of the State of Illinois and Illinois Municipal Code (the "Municipal Code"), and having the powers, objects and purposes provided by said Code; and

WHEREAS, pursuant to the provisions of Sections 6(d) and 6(k) of Article VII of the Constitution of the State of Illinois (the "Constitution"), a home rule unit may incur debt payable from ad valorem property tax receipts maturing not more than 40 years from the time it is incurred and without referendum approval thereof; and

WHEREAS, under the authority of the Constitution and the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 *et seq.*, as amended (the "Act"), the Village has heretofore issued its \$2,500,000 Tax Increment Revenue Bonds, Series 2002 (the "Prior Bonds") that financed certain public capital infrastructure costs located in the Prairie Lakes Redevelopment Project Area with a current outstanding principal balance of \$1,780,000; and

WHEREAS, the Village has determined that it is advisable, necessary and in the best interests of the Village to pay additional costs of a portion of redevelopment project costs as authorized under the Act and certain other costs located within the Village's Route 25

Redevelopment Project Area and the Prairie Lakes Redevelopment Project Area (collectively, the "Project Areas"); and

WHEREAS, the Village President and Board of Trustees of the Village (the "Corporate Authorities") has determined that it is advisable, necessary and in the best interests of the Village to issue its Bonds to provide funds to finance or refinance certain capital improvements in the Project Areas of the Village including (i) to purchase a three acre site to be used as a park and approximately four acre site to be used as a stormwater detention pond site located near the vacant field north of the River Valley Square Shopping Center located in the Route 25 Redevelopment Project Area (the "Park and Stormwater Project"); (ii) the construction of water loop from the Village's water plant and road improvements of Van Buren Avenue and Christina Drive to serve the existing and future developments occurring in the Prairie Lakes Redevelopment Project Area (the "Water Loop and Road Improvement Project"); (iii) currently refund the Village's Prior Bonds; (iv) the grant to Zeburg Brown Dundee, LLC (the "Company") of an amount of not to exceed \$520,500 to be used for rehabilitation and renovation costs located in the Route 25 Redevelopment Project Area to be used in the Company's business as a used car dealer and other compatible commercial operations (the "J.D. Byrider Project" and together with the Park and Stormwater Project, the Water Loop and Road Improvement Project, and the refunding of the Prior Bonds, the "Projects"); and (v) the loan to the Company of an amount not to exceed \$1,735,000 (the "Loan") to be used to acquire and redevelop certain real estate located within the Route 25 Redevelopment Project Area and (vi) to pay the cost of issuance of the Bonds (as hereinafter defined).

WHEREAS, the estimated cost of the Project, including legal, financial, bond discount, printing and publication costs, and other expenses (collectively, the "Costs"), is not less than

approximately \$8,000,000 and there are insufficient funds on hand and lawfully available to pay such costs; and

WHEREAS, the issuance of bonds is exempt from the requirements of the Bond Issue Notification Act; and

WHEREAS, the Bonds will be payable from the unlimited ad valorem property taxes levied with the Village (the "Pledged Taxes"); and

WHEREAS, the Village shall set forth the term of the Bonds and the final uses of the Bonds, in the Bond Order as hereinafter defined; and

WHEREAS, the Corporate Authorities are now authorized to issue bonds in the aggregate issued amount of not to exceed \$8,000,000 (the "Maturity Amount") in accordance with the provisions of the Act, and the Corporate Authorities hereby determine that it is necessary and desirable that there be issued at this time not to exceed \$8,000,000 in issued amount of the bonds so authorized;

NOW THEREFORE, BE IT ORDAINED BY THE VILLAGE PRESIDENT AND BOARD OF TRUSTEES OF THE VILLAGE OF EAST DUNDEE, KANE AND COOK COUNTIES, ILLINOIS, AS FOLLOWS:

Section 1. Incorporation of Preambles. The Corporate Authorities hereby find that all of the recitals contained in the preambles to this ordinance are full, true and correct and does incorporate them into this ordinance by this reference.

Section 2. Authorization. It is hereby found and determined that the Corporate Authorities have been authorized by the provisions of the Constitution and Debt Reform Act to issue bonds of the Village in an amount not to exceed \$8,000,000 for the purpose of paying a

portion of the cost of the Project, and such borrowing of money is necessary for the welfare of the government and affairs of the Village, is a proper public purpose and is in the public interest.

Section 3. Bond Details. There shall be borrowed on the credit of and for and on behalf of the Village, the sum of not to exceed \$8,000,000 for the purpose aforesaid and that the Village shall issue in the name of the Village its "General Obligation Bonds, Series 2012" (the "Bonds") in a taxable and/or tax-exempt series an aggregate amount not to exceed \$8,000,000 for the purpose of the payment of the costs of the Project and the payment of costs of issuance.

The Bonds will be issued in the amounts and shall be due in each of the years (maturing not later than 2033) and shall bear interest at a rate (not to exceed 8.50% per year), all as set forth in a notification of sale and bond order (the "Bond Order") to be executed by the Village President and Treasurer (the "Designated Officials").

The Bonds shall be issued in amounts of \$5,000 or any integral multiple thereof, shall be numbered consecutively from R-1 up and shall be dated the date set forth in the Bond Order, and interest shall accrue from the date of initial delivery. Interest on the Bonds shall be payable semiannually as set forth in the Bond Order. Interest shall accrue on the basis of a 360 day year consisting of twelve 30-day months.

Section 4. Registrar and Paying Agent. Amalgamated Bank of Chicago, Chicago, Illinois is hereby appointed to serve as Registrar and Paying Agent for the Bonds (the "Registrar" or "Paying Agent"). The Registrar is hereby charged with the responsibility of authenticating the Bonds.

The Bonds shall be payable at the principal office of the Paying Agent. If the payment date occurs on a date when financial institutions are not open for business, the payment shall be made on the next succeeding business day. The Paying Agent shall be instructed to wire transfer

payments by 1:00 p.m. (New York City time) so such payments are received by the registered owner by 2:30 p.m. (New York City time). All payments on the Bonds shall be made in any coin or currency of the United States of America, which on the date of such payment shall be legal tender for the payment of public and private debts.

Each Bond shall be transferable or exchangeable only upon the books of the Village kept for that purpose at the principal office of the Registrar by the registered owner in person, or by its attorney duly authorized in writing, upon surrender of such Bond together with a written instrument of transfer or exchange satisfactory to the Registrar duly executed by the registered owner, or its attorney duly authorized in writing, and thereupon a new fully registered Bond or Bonds of a like series of Bonds in an authorized aggregate principal amount and of the same maturity, shall be executed and delivered in the name of the transferee or transferees or the registered owner, as the case may be, in exchange therefor. The Registrar shall not be required to transfer or exchange any Bond during the fifteen (15) days prior to a principal payment date and ending on such principal payment date. The costs of such transfer or exchange shall be borne by the Village except for any tax or governmental charge required to be paid with respect to the transfer or exchange, which taxes or governmental charges are payable by the person requesting such transfer or exchange. The Village, Registrar and Paying Agent for the Bonds may treat and consider the person in whose name such Bonds are registered as the absolute owner thereof for all purposes including for the purpose of receiving payment of, or on account of, the Maturity Amount.

The Registrar and Paying Agent may at any time resign as Registrar and Paying Agent upon giving 30 days' notice in writing to the Village and by first class mail to each registered owner of the Bonds then outstanding, and such resignation will take effect at the end of such 30

day period or upon the earlier appointment of a successor registrar and paying agent by the Village. Any such notice to the Village may be served personally or sent by registered mail. The Registrar and Paying Agent may be removed at any time as Registrar and Paying Agent by the Village, in which event the Village may appoint a successor registrar and paying agent. The Village shall notify each registered owner of the Bonds then outstanding by first class mail of the removal of the Registrar and Paying Agent. Notices to the registered owners of the Bonds shall be deemed to be given when mailed by first class mail to the addresses of such registered owners as they appear on the registration books kept by the Registrar.

Upon the appointment of any successor registrar and paying agent by the Village, the Village President or the Treasurer are authorized and directed to enter into such agreements and understandings with such successor registrar and paying agent as will enable the institution to perform the services required of a registrar and paying agent for the Bonds. The Village President and Treasurer are further authorized to pay such fees as the successor registrar and paying agent may charge for the services it provides as registrar and paying agent.

Any predecessor registrar and paying agent shall deliver all of the Bonds and any cash or investments in its possession with respect thereto, together with the registration books, to the successor registrar and paying agent.

The Registrar shall cause said Bonds to be printed in blank in such number as the Registrar shall determine to be necessary or customary; provided, however, that the Registrar shall not be required to have such Bonds printed until it shall have received from the Village indemnification for all costs and expenses associated with such printing.

In connection with any notice or other communication to be provided to bondholders by the Village or the Registrar with respect to any consent or other action to be taken by

bondholders, the Village or the Registrar, as the case may be, shall establish a record date for such consent or other action and give the bondholders notice of such record date not less than fifteen (15) calendar days in advance of such record date to the extent possible.

The Village has determined that it may be beneficial to the Village to have the Bonds held by a central depository system pursuant to an agreement between the Village and The Depository Trust Company, New York, New York ("Depository Trust Company") and have transfers of the Bonds effected by book-entry on the books of the central depository system ("Book Entry System"). The Bonds may be initially issued in the form of a separate single authenticated fully registered Bond for the aggregate principal amount of each separate maturity of the Bonds. In such case, upon initial issuance, the ownership of such Bonds shall be registered in the register kept by the Registrar in the name of Cede & Co., as nominee of the Depository Trust Company.

With respect to the Bonds registered in the register kept by the Registrar in the name of Cede & Co., as nominee of the Depository Trust Company, the Village and the Paying Agent shall have no responsibility or obligation to any other holders or owners (including any beneficial owner ("Beneficial Owner")) of the Bonds with respect to (i) the accuracy of the records of the Depository Trust Company, Cede & Co., or any Beneficial Owner with respect to ownership questions, (ii) the delivery to any bondholder (including any Beneficial Owner) or any other person, other than the Depository Trust Company, of any notice with respect to the Bonds including any notice of redemption, or (iii) the payment to any bondholder (including any Beneficial Owner) or any other person, other than the Depository Trust Company, of any amount with respect to the principal of, or premium, if any, or interest on the Bonds except as otherwise provided herein.

No person other than the Depository Trust Company shall receive an authenticated Bond evidencing an obligation of the Village to make payments of the principal of and premium, if any, and interest on the Bonds pursuant to this ordinance. The Village and the Registrar and Paying Agent may treat as and deem the Depository Trust Company or Cede & Co. to be the absolute bondholder of each of the Bonds for the purpose of (i) payment of the principal of and premium, if any, and interest on such Bonds; (ii) giving notices of redemption and other notices permitted to be given to bondholders with respect to such Bonds; (iii) registering transfers with respect to such Bonds; (iv) obtaining any consent or other action required or permitted to be taken of or by bondholders; (v) voting; and (vi) for all other purposes whatsoever. The Paying Agent shall pay all principal of and premium, if any, and interest on the Bonds only to or upon the order of the Depository Trust Company, and all such payments shall be valid and effective fully to satisfy and discharge the Village's and the Paying Agent's obligations with respect to principal of and premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. Upon delivery by the Depository Trust Company to the Village of written notice to the effect that the Depository Trust Company has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions herein with respect to consents, the words "Cede & Co." in this ordinance shall refer to such new nominee of the Depository Trust Company. Notwithstanding any other provision hereof to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of the Depository Trust Company, all payments with respect to the principal of and premium, if any, and interest on such Bonds and all notices with respect to such Bonds shall be made and given, respectively, to the Depository Trust Company as provided in a representation letter from the Village to the Depository Trust Company.

Upon receipt by the Village of written notice from the Depository Trust Company to the effect that the Depository Trust Company is unable or unwilling to discharge its responsibilities and no substitute depository willing to undertake the functions of the Depository Trust Company hereunder can be found which is willing and able to undertake such functions upon reasonable and customary terms, then the Bonds shall no longer be restricted to being registered in the register of the Village kept by the Registrar in the name of Cede & Co., as nominee of the Depository Trust Company, but may be registered in whatever name or names the bondholders transferring or exchanging the Bonds shall designate, in accordance with the provisions of this ordinance.

If the Village determines that it is in the best interest of the bondholders that they be able to obtain Bonds for the fully registered Bonds, the Village may notify the Depository Trust Company and the Registrar, whereupon the Depository Trust Company will notify the Beneficial Owners of the availability through the Depository Trust Company of Bonds for the Bonds. In such event, the Registrar shall prepare, authenticate, transfer and exchange Bonds for the Bonds as requested by the Depository Trust Company and any Beneficial Owners in appropriate amounts, and whenever the Depository Trust Company requests the Village and the Registrar to do so, the Registrar and the Village will cooperate with the Depository Trust Company by taking appropriate action after reasonable notice (i) to make available one or more separate Bonds evidencing the fully registered Bonds of any Beneficial Owner's Depository Trust Company account or (ii) to arrange for another securities depository to maintain custody of Bonds for and evidencing the Bonds.

If the Bonds shall no longer be restricted to being registered in the name of the Depository Trust Company, the Registrar shall cause said Bonds to be printed in blank in such

number as the Registrar shall determine to be necessary or customary; provided, however, that the Registrar shall not be required to have such Bonds printed until it shall have received from the Village indemnification for all costs and expenses associated with such printing.

Section 5. Redemption.

(a) Optional and Mandatory Redemption. The Bonds shall be subject to redemption as set forth in the Bond Order.

(b) General. For any such redemptions, the Bonds shall be redeemed only in the principal amount of \$5,000 and integral multiples thereof. The Village shall, at least forty-five (45) days prior to the redemption date (unless a shorter time period shall be satisfactory to the Registrar) notify the Registrar of the series of Bonds to be redeemed, such redemption date and of the principal amount and maturity or maturities of Bonds to be redeemed. For purposes of any redemption of less than all of the outstanding Bonds of a single maturity, the particular Bonds or portions of Bonds to be redeemed shall be selected by lot not more than sixty (60) days prior to the redemption date by the Registrar, by such method of lottery as the Registrar shall deem fair and appropriate; provided that such lottery shall provide for the selection for redemption of Bonds or portions of Bonds in principal amounts of \$5,000 and integral multiples thereof.

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

Section 6. Redemption Procedure. For any such redemptions, unless waived by the registered owner of Bonds to be redeemed, official notice of the call for any such redemption shall be given by the Registrar on behalf of the Village by mailing the redemption notice by first class mail at least thirty (30) days and not more than sixty (60) days prior to the date fixed for

redemption to the registered owner of the Bond or Bonds to be redeemed at the address as it appears on the registration books kept by the Registrar or at such other address as is furnished in writing by such registered owner to the Registrar.

All official notices of redemption shall state:

- (a) the redemption date,
- (b) the redemption price,
- (c) the identification by CUSIP numbers, if applicable, and maturity dates (and, in the case of partial redemption of Bonds within a maturity, the respective principal amounts) of the Bonds to be redeemed,
- (d) a statement that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date,
- (e) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal corporate trust office of the Registrar, and
- (f) such other information then required by custom, practice or industry standard.

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

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

Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the Village shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Neither the failure to mail such redemption notice, nor any defect in any notice so mailed to any particular registered owner of a Bond, shall affect the sufficiency of such notice with respect to other registered owners. Notice having been properly given, failure of a registered owner of a Bond to receive such notice shall not be deemed to invalidate, limit or delay the effect of the notice or redemption action described in the notice. Such notice may be waived in writing by a registered owner of a Bond entitled to receive such notice either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by registered owners shall be filed with the Registrar, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds or portions being redeemed shall be paid by the Registrar at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for the payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the registered owner a new Bond or Bonds of the same maturity in the amount of the unpaid principal, of like tenor, of authorized denominations, and bearing the same rate of interest.

If any Bond or portion of a Bond called for redemption shall not be so paid upon surrender thereof for redemption, the principal and premium, if any, shall, until paid or duly provided for, bear interest from the redemption date at the rate borne by the Bond or portion of a

Bond so called for redemption. All Bonds which have been redeemed shall be canceled and destroyed by the Registrar and shall not be reissued.

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

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

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

Section 7. General Obligations. The full faith and credit of the Village are hereby irrevocably pledged to the punctual payment when due of the Bonds. The Bonds shall be direct and general obligations of the Village shall be obligated to levy ad valorem taxes upon all the taxable property in the Village for the payment of the Bonds according to their terms, without limitation as to rate or amount.

Section 8. Form of Bond. The Bonds shall be in substantially the following form:

(Form of Bond)

REGISTERED
NO. _____

REGISTERED
\$8,000,000

UNITED STATES OF AMERICA
STATE OF ILLINOIS
COUNTIES OF KANE AND COOK

VILLAGE OF EAST DUNDEE

[TAXABLE] GENERAL OBLIGATION BONDS, SERIES 2012

<u>Rate of</u> <u>Interest</u>	<u>Maturity</u> <u>Amount</u>	<u>Maturity</u> <u>Date</u>	<u>Original</u> <u>Date</u>
%	\$	_____, 1, 20____	_____, 2012

REGISTERED OWNER: CEDE & CO.

MATURITY AMOUNT:

CUSIP: _____

The Village of East Dundee, Kane and Cook Counties, Illinois (the "Village"), for value received, hereby promises to pay to the Registered Owner (named above) or registered assigns, the Maturity Amount set forth above on the Maturity Date set forth above. Interest on the Bonds shall be paid at the interest rate set forth above, semiannually on each June 1 and December 1 commencing December 1, 2012. Interest shall accrete on the basis of a 360-day year consisting of twelve 30-day months.

Principal and Interest is payable by check upon presentation at the office of Amalgamated Bank of Chicago, Chicago, Illinois, as Bond Registrar and Paying Agent (the "Bond Registrar"), or by wire transfer of immediately available funds to owners who present the bonds to the Bond Registrar at least two business days prior to the payment date. If the payment date occurs on a date when financial institutions are not open for business, the wire transfer shall be made on the next succeeding business day. The Bond Registrar shall wire transfer payments by 1:00 p.m. (New York City time) so such payments are received by the owner by 2:30 p.m. (New York City time).

This bond is one of an authorized issue of bonds of the Village, all of like date, tenor and effect (except as to numbering, denomination, interest rate and date of maturity), in the aggregate amount of \$8,000,000 (the "Bonds") issued under and in accordance with, the Bond Ordinance adopted by the Corporate Authorities on the 20th day of February, 2012 (the "Ordinance").

The Bonds of this issue are subject to mandatory and optional redemption prior to maturity as set forth in the Bond Order.

This bond is a general obligation bond of the Village payable from ad valorem taxes levied against all of the taxable property in the Village without limitation as to rate or amount (the "Pledged Taxes"), all in accordance with the provisions of the Local Government Debt Reform Act, 30 ILCS 350/1 et seq. (the "Act"). The full faith, credit and resources of the Village are pledged to the punctual payment of the Bonds. This bond is negotiable, subject to registration provisions, pursuant to the laws of the State of Illinois.

This bond is transferable by the Registered Owner hereof at the office of the Treasurer, upon surrender and cancellation of this bond and on presentation of a duly executed written instrument of transfer and thereupon a new bond or bonds of the same maturity and in authorized denominations will be issued to the transferee or transferees in exchange therefor. This bond may be exchanged upon surrender hereof at the office of the Bond Registrar, duly endorsed by the owner for the same aggregate principal amount of bonds of the same maturity in authorized denominations as the owner may request.

The Village has designated the bonds as qualified tax-exempt obligations to qualify the bonds for the \$10,000,000 exception from the provisions of Section 265(b) of the Internal Revenue Code of 1986 relating to the disallowance of 100% of the deduction for interest expense allocable to tax-exempt obligations.

The Village and the Bond Registrar may deem and treat the person in whose name this bond is registered as the absolute owner hereof.

This bond shall not be a valid obligation until duly authenticated by the Bond Registrar, or its successors, by the execution of the certificate endorsed hereon. The owner of this bond shall have no recourse for its payment against present or future members, officers or directors of the Village, and such recourse is, by the acceptance of this bond, expressly waived.

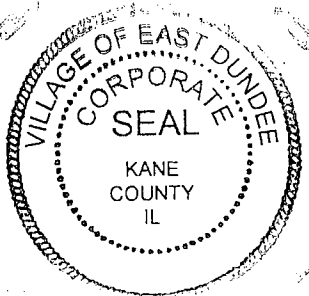
IN WITNESS WHEREOF, the VILLAGE OF EAST DUNDEE, KANE AND COOK COUNTIES, ILLINOIS has caused this bond to be executed in its name and on its behalf by the facsimile signature of its Village President, and its corporate seal to be hereunto affixed and attested by the facsimile signature of its Village Clerk, all as of the Original Date set forth above.

VILLAGE OF EAST DUNDEE, KANE AND
COOK COUNTIES, ILLINOIS

By: *James B. Bunt*
Village President

Attest:

Jennifer Behler
Village Clerk



REGISTRAR'S CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds described in the within mentioned Ordinance.

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

By: _____

Date of Authentication: _____

[End of Form of Bond]

Section 9. Sale of Bonds. The Designated Officials are hereby authorized to proceed, without any further authorization or direction whatsoever from the Corporate Authorities, to sell and deliver the Bonds, in one or more series, upon the terms as prescribed in this Section, pursuant to one or more Bond Orders. The Treasurer is hereby authorized and directed to have the Bonds prepared, and the Village President and the Village Clerk are hereby authorized and directed to execute and attest the Bonds in the form and manner provided herein. Each series of Bonds shall be sold and delivered to William Blair & Company, Chicago, Illinois (the "Purchaser") at a purchase price of not less than 99% of par value of the principal amount thereof, exclusive of any original issue premium or discount, plus accrued interest to the date of delivery, if any, as set forth in the Bond Order. Nothing in this Section shall require the Designated Officials to sell any of the Bonds if in their judgment, aided by Kane McKenna Capital, Inc., the City's financial advisor, the conditions in the bond markets shall have deteriorated from the time of adoption thereof or the sale of all or any portion of the Bonds shall for some other reason not be deemed advisable, but the Designated Officials shall have the authority to sell the Bonds in any event so long as the limitations set forth in this Ordinance and

the conditions of this Section shall have been met. As a further exercise of this authority, the Designated Officials may sell the Bonds in more than one series; and, in such event, shall be authorized to change the name of the Bonds for each such series so that such series may properly be identified separately. Further, in such event, the provisions for registration, redemption and exchange of Bonds shall be read as applying to Bonds only of each series, respectively, and not as between series. Upon the sale of the Bonds or any series of the Bonds, the Designated Officials and any other officers of the Village as shall be appropriate, shall be and are hereby authorized and directed to approve or execute, or both, such documents of sale of the Bonds as may be necessary, including, without limitation, the Bond Order, Preliminary Official Statement, Official Statement, Bond Purchase Contract (as hereinafter defined), a tax agreement and certificate as prepared by Bond Counsel (a "Tax Certificate"), and closing documents. The Village President and the Village Clerk are authorized and directed to execute a bond purchase agreement in connection with the sale of the Bonds, in the name of and on behalf of the Village. The bond purchase agreement shall be substantially in the form of purchase agreement presented to the meeting, with such changes as necessary to reflect the terms and provisions of the Bonds, this Ordinance and such other changes as the Village President or Treasurer shall determine are necessary or desirable in connection with the sale of the Bonds.

The Designated Officials must find and determine in the Bond Order that no person holding any office of the Village either by election or appointment, is in any manner interested, either directly or indirectly, in his or her own name or in the name of any other person, association, trust, company or corporation, in said purchase of the Bonds.

The distribution of the Preliminary Official Statement relating to the Bonds is hereby in all respects authorized and approved, and the proposed use by the Purchaser of an Official

Statement (in substantially the form of the Preliminary Official Statement but with appropriate variations to reflect the final terms of the Bonds) is hereby approved. The Designated Officials shall execute a bond purchase contract for the sale of the Bonds to the Purchaser (the "Bond Purchase Contract") in the form approved by the attorney for the Village. Upon the sale of the Bonds, the Designated Officials shall prepare the Bond Order, which shall include the pertinent details of sale as provided herein, and such shall be entered into the records of the Village and made available to the Corporate Authorities at the next public meeting thereof. The Designated Officials shall also file with the County Clerk of Kane County, Illinois and the County Clerk of Cook County, Illinois (the "County Clerks") the Bond Order or like document including a statement of taxes. The authority granted in this Ordinance to the Designated Officials to sell Bonds as provided herein shall expire on December 31, 2012.

The Designated Officials 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, said final Official Statement, the Tax Certificate and the Bonds.

Section 10. Tax Levy. In order to provide for the collection of a direct annual tax sufficient to pay the principal and interest on the Bonds, there shall be levied upon all the taxable property within the Village, in addition to all other taxes, in the years for which any of the Bonds are outstanding, a direct annual tax not to exceed \$1,000,000 per year, each year the Bonds are outstanding. Said tax will be set forth and levied in the Bond Order.

Interest or principal on the Bonds coming due at any time when there are insufficient funds in the Bond Fund from the Pledged Taxes to pay the same shall be paid promptly when due from current funds on hand (and not subject to a prior pledge) 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 such funds in the amount so advanced.

Whenever funds from any lawful source (including those set forth in Section 14 hereof) are made available for the purpose of paying any principal of or interest on the Bonds so as to enable the abatement of the taxes levied herein for the payment of such principal and interest, such funds shall be initially credited to the Bond Fund), and the Corporate Authorities shall, if at all, from time to time, by proper proceedings, (i) direct the deposit of such funds into or credit of such funds to the Bond Fund such that the Tax-Exempt Bond Account of the Bond Fund has on deposit or is credited with not in excess at any time an amount constituting a "bona fide debt service fund" under Section 1.148-1(b) of the Income Tax Regulations and (ii) further shall direct or through appropriate officers certify the abatement of the applicable taxes levied by the amount so deposited. A certified copy of any such certificate of abatement and of any such proceedings abating taxes shall be filed with the County Clerks, in a timely manner to effect such abatement.

The Village covenants and agrees with the purchasers and the holders of the Bonds that so long as any of the Bonds remain outstanding, the Village will take no action or fail to take any action which in any way would adversely affect the ability of the Village to levy and collect the foregoing tax levy and the Village and its officers will comply with all present and future applicable laws in order to assure that the foregoing taxes will be levied, extended and collected as provided herein and deposited in the Bond Fund. Pledged Taxes when received by or on behalf of the Village shall be directly deposited into or credited to the applicably identified Bond Fund.

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

Section 11. Filing of Ordinance. Forthwith upon the passage of this ordinance, the Village Clerk is hereby directed to file a certified copy of this ordinance with the County Clerks shall be the duty of said County Clerks to annually in and for each of the levy years the Bonds are outstanding to ascertain the rate necessary to produce the tax herein levied, and to extend the same for collection on the tax books against all of the taxable property within the Village in connection with other taxes levied in each of said years for general corporate purposes, in order to raise the respective amounts aforesaid and in each of said years such annual tax shall be computed, extended and collected in the same manner as now hereafter provided by law for the computation, extension and collection of taxes for general corporate purposes of the Village, and when collected, the taxes hereby levied shall be placed to the credit of the Bond Fund created pursuant to Section 13 of this ordinance.

Section 12. Use of Bond Proceeds. (a) The proceeds of sale of the Bonds, net of the underwriter's discount as set forth in the Bond Order, shall be applied as follows immediately upon the issuance and delivery of the Bonds:

- (i) All accrued interest, if any, shall be deposited in the Bond Fund.
- (ii) A deposit in the amount set forth in the Bond Order shall be made to the Senior Lien Principal and Interest Account of the Special Tax Allocation Fund created pursuant to Ordinance No. 02-14 passed by the Corporate Authorities on August 5, 2002 (the "Special Tax Allocation Fund") for the purpose of refunding the Prior Bonds.

(iii) A deposit in the amount set forth in the Bond Order shall be made in the respective accounts of the Project Fund created pursuant to Section 13(b) of the Ordinance:

(iv) An amount of the Bonds shall be paid by or at the direction of the Village for the purpose of paying costs in connection with the issuance of the Bonds, as set forth in the Bond Order.

Furthermore, the Designated Officials are authorized to use any funds remaining in the Special Tax Allocation Fund and the account created therein County Clerks for the purposes of refunding the Prior Bonds and for any other lawful purposes authorized by the Corporate Authorities.

Section 13. Creation of Funds and Accounts. (a) Bond Fund. There is hereby created the "Bond and Interest Fund" (the "Bond Fund"), which shall be the fund for the payment of the Bonds. The Bond Fund shall consist of two accounts, the "Tax Exempt Bond Account" and the "Taxable Bond Account." Amounts shall be deposited in the respective accounts as provided in the Bond Order. Collections of taxes herein levied in Section 10 of this ordinance shall be deposited into the Bond Fund as required by such Section and shall be used solely and only for the payment the Bonds when due. All amounts on deposit in the Bond Fund are hereby irrevocably pledged to and shall be used only for the purpose of paying the Bonds.

(b) Project Fund. The Village hereby establishes and maintains a General Obligation Bonds, Series 2012 Project Fund (the "Project Fund") into which will be deposited monies in an amount as provided pursuant to the Bond Order for the Bonds for approved redevelopment costs for the Project, within the Project Areas. Moneys in the Project Fund will be disbursed to pay

the Redevelopment Project Costs (within the meaning of the Act), to reimburse the Village for Redevelopment Project Costs and to make the Loan as provided in the Bond Order.

The Village covenants and agrees that moneys in the Project Fund will be used solely for the purposes described in this Bond Ordinance.

The Village hereby creates the following accounts of the Project Fund:

- (i) The Water Loop and Road Improvement Project Account to be used for costs of the Water Loop and Road Improvement Project;
- (ii) The Park and Stormwater Project Account to be used for costs of the Park and Stormwater Project;
- (iii) J.D. Byrider Project Account to be used for costs of the J.D. Byrider Project; and
- (iv) J.D. Byrider Loan Account to be used to fund the Loan.

Subject to the provisions of this Bond Ordinance, upon completion of the Projects any balance of moneys in each account of the Project Fund shall be withdrawn by the Paying Agent from the Project Fund and deposited into the Bond Fund.

Section 14. Abatement of Pledged Taxes. The Village is authorized to transfer funds from any lawful source including (i) tax increment revenues from the special tax allocation fund as permitted by the Act with respect to the Prairie Lakes Redevelopment Project Area, the Route 25 Redevelopment Project Area, the Christina Drive Redevelopment Project Area, the Route 68 West Project Area and/or the Downtown TIF Redevelopment Project Area; and/or (ii) business district revenues ("Business District Revenues") from the business district tax allocation fund as permitted by the Business District Development and Redevelopment Act of the State of Illinois, 65 ILCS 5/11-74.3-1 *et seq.*, as from time to time amended relating to the Village's Route 25 and Route 72 Business District, for deposit in the Bond Fund to be used to pay the debt service on the Bonds. The Business District Revenues shall only be deposited into the Taxable Bond Account of the Bond Fund. The Corporate Authorities reserve the complete right and discretion not to

use such funds to abate such taxes or to use a portion of such funds to abate such taxes, provided, however, that the Corporate Authorities shall annually determine an amount to be deposited and so direct the Village Treasurer to deposit such amount into the Bond Fund and the Village Treasurer shall file written direction with the County Clerks to abate the taxes by the amount so deposited, and such deposits shall be made prior to any such abatement being filed with the County Clerks, as the tax extension officer for the Village. No taxes will be abated unless and until the proper amount of such abatement has been deposited irrevocably into the Bond Fund and dedicated to the payment of such Bonds.

Section 15. Defeasance and Payment of Bonds. (A) If the Village shall pay or cause to be paid to the registered owners of the Bonds, the Bonds due or to become due thereon, at the times and in the manner stipulated therein and in this ordinance, then the pledge of taxes, securities and funds hereby pledged and the covenants, agreements and other obligations of the Village to the registered owners and the beneficial owners of the Bonds shall be discharged and satisfied.

(B) Any Bonds, whether at or prior to the maturity or the redemption date of such Bonds, shall be deemed to have been paid within the meaning of paragraph (A) of this Section (1) in case any such Bonds are to be redeemed prior to the maturity thereof, there shall have been taken all action necessary to call such Bonds for redemption and notice of such redemption shall have been duly given or provision shall have been made for the giving of such notice, and (2) there shall have been deposited in trust with a bank, trust company or national banking association acting as fiduciary for such purpose either (i) moneys in an amount which shall be sufficient, or (ii) "Federal Obligations" as defined in paragraph (C) of this Section, the principal of and the interest on which when due will provide moneys which, together with any moneys on

deposit with such fiduciary at the same time for such purpose, shall be sufficient, to pay when due the Maturity Amount due on said Bonds on and prior to the applicable redemption date or maturity date hereof.

(C) As used in this Section, the term "Federal Obligations" means (i) non-callable, direct obligations of the United States of America, (ii) non-callable and non-prepayable, direct obligations of any agency of the United States of America, which are unconditionally guaranteed by the United States of America as to full and timely payment of principal and interest, (iii) non-callable, non-prepayable coupons or interest installments from the securities described in clause (i) or clause (ii) of this paragraph, which are stripped pursuant to programs of the Department of the Treasury of the United States of America, or (iv) coupons or interest installments stripped from bonds of the Resolution Funding Corporation.

Section 16. Continuing Disclosure. A Continuing Disclosure Undertaking (the "Undertaking") in substantially the form presented to the meeting is hereby approved, and the Village President and the Village Clerk are hereby authorized and directed to execute and attest the same on behalf of the Village. Notwithstanding any other provisions of this ordinance, failure of the Village to comply with the Undertaking shall not be considered an event of default under the Bonds or this ordinance.

Section 17. Tax Covenants. As a requirement of the Bonds for which interest is intended to be exempt from federal income taxes under Section 103 of the Internal Revenue Code of 1986 as existing on the date of issuance of the Bonds (the "Code") (the "Tax-Exempt Bonds") and as an inducement to purchasers of the Tax-Exempt Bonds, the Village represents, covenants and agrees that:

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

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

(c) The Village reasonably expects, as of the date hereof, that it will comply with the covenants described in paragraph (a), (b) and (c) above during the entire term of the Tax-Exempt Bonds.

(d) No more than five percent (5%) of the proceeds of the Tax-Exempt Bonds will be attributable to private security or payments described in (a) attributable to unrelated or disproportionate private business use.

(e) The Village will not take any action nor fail to take any action that will adversely affect the tax-exempt status of interest on the Tax-Exempt Bonds pursuant to Section 103 of the Code, nor will the Village act in any other manner which would adversely affect such status, and it will not make any investment or do any other act or thing during the period that the Tax-Exempt Bonds are outstanding which would cause the Tax-Exempt Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

(f) The Village certifies that to the extent necessary to preserve the status of the interest as on the Tax-Exempt Bonds for federal tax purposes, it will rebate any arbitrage profits to the United States of America in accordance with Section 148(f) of the Code and the Regulations promulgated thereunder.

(g) It shall be not an event of default under this ordinance if the Tax-Exempt Bonds lose their tax-exempt status for federal tax purposes or otherwise pursuant to any provision of the Code which is not currently in effect and in existence on the date of issuance of the Tax-Exempt Bonds.

(h) The Village represents:

- i. The Bonds are not private activity bonds as defined in Section 141 of the Code;
- ii. The Village hereby designates the Bonds as qualified tax-exempt obligations for purposes of Section 265(b) of the Code; and
- iii. The reasonably anticipated amount of qualified tax-exempt obligations (including 501(c)(3) obligations and tax-exempt leases but excluding other private activity bonds) which will be issued by the Village and all entities subordinate to the Village during 2011 does not exceed \$10,000,000.
- iv. The Village has not designated more than \$10,000,000 of qualified tax-exempt obligations during 2011.

Therefore, the Bonds are authorized to qualify for the exception in the Code from the disallowance of 100% of the deduction by financial institutions of interest expense allocable to tax-exempt obligations if such representation is made in the Bond Order.

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

The Village hereby authorizes the officials of the Village responsible for issuing the Tax-Exempt Bonds, the same being the Village President, the Village Clerk and the Treasurer of the Village, to make such further covenants and certifications as may be necessary to assure that the use thereof will not cause the Tax-Exempt Bonds to be arbitrage bonds. In connection therewith,

the Village further agrees: (a) through its officers, to make such further specific covenants, representations as shall be truthful, and assurances as may be necessary or advisable; (b) to consult with counsel approving the Tax-Exempt Bonds and to comply with such advice as may be given; (c) to pay to the United States, as necessary, such sums of money representing required rebates of excess arbitrage profits relating to the Tax-Exempt Bonds as required pursuant to Section 148 of the Code and the regulations promulgated thereunder; (d) to file such forms, statements, and supporting documents as may be required and in a timely manner; and (e) if deemed necessary or advisable by their officers, to employ and pay fiscal agents, financial advisors, attorneys, and other persons to assist the Village in such compliance.

Section 18. Noncompliance with Tax Covenants. Notwithstanding any other provisions of this ordinance, the covenants and authorizations contained in this ordinance (the "Tax Sections") which are designed to preserve the status of the Tax-Exempt Bonds need not be complied with if the Village receives an opinion of nationally recognized bond counsel that any Tax Section is unnecessary to preserve the status as Tax-Exempt Bonds.

Section 19. Loan Agreement. The Redevelopment Agreement between the Village and the Company along with the related mortgage and note evidencing the Loan (the "Loan Agreement") in substantially the form which has been presented to and is hereby approved by the Corporate Authorities, and the Village President and the Village Clerk are hereby authorized and directed to complete, execute and attest the same on behalf of the Village.

Section 20. Registered Form. The Village recognizes that Section 149(a) of the Internal Revenue Code requires the Tax-Exempt Bonds to be issued and to remain in fully registered form in order that the Tax-Exempt Bonds remain as Tax-Exempt Bonds under laws in force at the time the Tax-Exempt Bonds are delivered. In this connection, the Village agrees that it will

not take any action to permit the Tax-Exempt Bonds to be issued in, or converted into, bearer or coupon form.

Section 21. 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 Village President of the Village 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 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 Village 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 give notice of redemption of any Bonds;

(d) to cancel and/or destroy Bonds which have been paid at maturity or upon redemption or submitted for exchange or transfer;

(e) to furnish the Village at least annually a certificate with respect to Bonds canceled and/or destroyed; and

(f) 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. Severability. If any section, paragraph or provision of this ordinance shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this ordinance.

Section 25. Ordinance to Constitute a Contract. The provisions of this ordinance shall constitute a contract between the Village and the registered owners of the Bonds. Any pledge made in this ordinance, and the provisions, covenants and agreements herein set forth to be performed by or on behalf of the Village, shall be for the equal benefit, protection and security of the registered owners of any and all of the Bonds.

Section 26. Repeal. All ordinances, resolutions or parts thereof in conflict herewith be and the same are hereby repealed and this ordinance shall be in full force and effect forthwith upon its adoption.

ADOPTED this 20th day of February, 2012 by a roll call vote as follows:

AYES: 6. Trustees Gorman, Ruffalo, VanOckenbridge, Miller
NAYS: 1. Trustee Skillicorn Lynam # President Bartels
ABSENT: 0

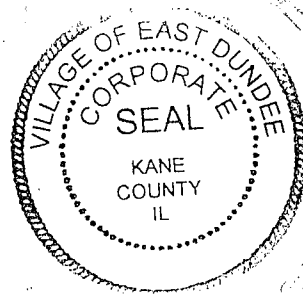
VILLAGE OF EAST DUNDEE, KANE AND
COOK COUNTIES, ILLINOIS

Jerald Bartels
Jerald Bartels, Village President

APPROVED this 20th day of February, 2012.

Attest:

Jennifer Rehberg
Jennifer Rehberg, Village Clerk



STATE OF ILLINOIS)
)
COUNTY OF KANE)

FILING CERTIFICATE

I, the undersigned, do hereby certify that I am the duly qualified and acting Village Clerk of Kane and Cook Counties, Illinois, and as such official I do further certify that on the ____ day of _____, 2012, there was filed in my office a duly certified copy of Ordinance No. _____ entitled:

AN ORDINANCE providing for the issuance of Taxable and Tax-Exempt General Obligation Bonds, Series 2012 of the Village of East Dundee, Kane and Cook Counties, Illinois, in the aggregate principal amount of not to exceed \$8,000,000 for the purpose of paying the costs of certain capital improvements, paying for the costs related thereto and to the issuance of such bonds and for the levy of a direct annual tax sufficient to pay the principal of and interest on said bonds.

duly passed and approved by the Corporate Authorities of the Village of East Dundee, Kane and Cook Counties, Illinois, on the 20th day of February, 2012, 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 said County, this ____ day of _____, 2012.

County Clerk of Kane and Cook Counties,
Illinois

(SEAL)