

VILLAGE OF LONG GROVE
ORDINANCE NO. _____

AN ORDINANCE PROVIDING FOR THE ISSUANCE OF \$1,000,000 OF VILLAGE OF LONG GROVE ROUTE 83 WATER SPECIAL SERVICE AREA SPECIAL TAX BONDS, SERIES 2011 OF THE VILLAGE OF LONG GROVE, LAKE COUNTY, ILLINOIS AND PROVIDING FOR THE LEVY OF A DIRECT ANNUAL TAX ON TAXABLE PROPERTY IN SUCH SPECIAL SERVICE AREA FOR THE PAYMENT OF PRINCIPAL OF AND INTEREST ON SUCH BONDS

BE IT ORDAINED by the President and Board of Trustees of the Village of Long Grove, Lake County, Illinois, as follows:

Section 1. Findings and Declarations. It is found and declared by the President and Board of Trustees (the "Corporate Authorities") of the Village of Long Grove, Lake County, Illinois (the "Village") as follows:

(a) The Village has previously established the Village of Long Grove Route 83 Water Special Service Area described more fully in Exhibit A to this Ordinance (the "Special Service Area") pursuant to Ordinance No. 2008-O-15 (the "Initial Establishing Ordinance") adopted by the Corporate Authorities on July 8, 2008 as amended by Ordinance No. 2010-O-39 (the "Amending Ordinance") adopted by the Corporate Authorities on December 14, 2010 and effective on December 25, 2010 (60 days after the close of the public hearing held with respect to such ordinance) (the Initial Establishing Ordinance together with the Amending Ordinance are hereinafter referred to collectively as the "Establishing Ordinance"), the provisions of the Special Service Area Tax Law, 35 ILCS 200/27-5 *et seq.*, as amended (the "Special Service Area Act") and the provisions of Section 7 of Article VII of the 1970 Constitution of the State of Illinois, and has otherwise complied with all other conditions precedent required by the Special Service Area Act.

(b) It is necessary and in the best interests of the Village to provide at this time for the financing of special services benefiting the Special Service Area consisting of the construction, and maintenance of a deep well water system to be owned and operated by the Village and related improvements within the Special Service Area (the "Special Services"). The Village presently estimates the total cost of these Special Services together with costs of borrowing money for that purpose and providing for necessary reserves, if any (collectively, the "costs of the Special Services"), to be in excess of [\$3,300,000].

(c) The Village has previously received \$_____ of prepayments of Special Taxes, which have been used to pay a portion of the costs of the Special Services and has advanced or will be required to advance \$_____ of its own funds to pay a portion of the costs of the Special Services for which it desires to be reimbursed. The Village does not have sufficient funds on hand or available from other sources with which to pay the remaining costs of the Special Services.

(d) It is in the best interests of the Village to issue its Village of Long Grove Route 83 Water Special Service Area Special Tax Bonds, Series 2011 in an aggregate principal amount of \$1,000,000 (the "Bonds") as provided in this Ordinance, to pay or reimburse the Village for the payment of a portion of the costs of constructing the Special Services, to fund necessary reserves and pay costs of issuance of the Bonds.

(e) The borrowing of the sum of \$1,000,000 and the issuance of \$1,000,000 of Bonds of the Village in that amount are for purposes constituting special services in the Special Service Area under the Special Service Area Act.

(f) After due publication of a notice as required by the Special Service Area Act, a public hearing to consider the establishment of the Special Service Area, the issuance of the Bonds for the purpose of paying the costs of the Special Services, the manner in which the Bonds

are proposed to be retired and the proposed tax levy, was convened, held and closed on February 12, 2008, at 8:00 p.m. (the "Initial Hearing"). After due publication of a notice as required by the Special Service Area Act a public hearing to consider the proposed changes to the Initial Establishing Ordinance was convened, held, and closed on October 26, 2010 (the "Second Hearing"). No objection petition has been filed with respect to the establishment of the Special Service Area or the issuance of the Bonds or the amendments to the Initial Establishing Ordinance made pursuant to the Amending Ordinance within the period of time allowed pursuant to the Special Service Area Act.

Section 2. Issuance of Bonds; Execution of Bond Placement Agreement. (a)

General. The Village shall borrow the sum of \$1,000,000 by issuing the Bonds as provided in this Ordinance. The Bonds shall be designated "Village of Long Grove, Lake County, Illinois, Route 83 Water Special Service Area Special Tax Bonds, Series 2011," and shall be issued for the purpose of providing the funds needed or to reimburse the Village for the costs of the Special Services as set forth on Exhibit B attached hereto. The Bonds shall be issued pursuant to Section 7 of Article VII of the 1970 Constitution of the State of Illinois and the Special Service Area Act and the Local Government Debt Reform Act, 30 ILCS 350 *et seq.*

(b) Private Placement of Bonds. The Mayor and Village Clerk are authorized to execute on behalf of the Village, a Bond Placement Agreement with William Blair & Company, LLC (the "Placement Agent") for the placement of the Bonds with a limited number of accredited investors pursuant to a negotiated sale on such terms as the Mayor and Village Clerk may deem to be in the best interests of the Village, as provided in this Ordinance. The Bonds shall be sold at a purchase price equal to 100% of the principal amount thereof. The Bond Placement Agreement shall be in substantially the form presented at this meeting with such

revisions in text as the Mayor and Village Clerk shall determine are desirable or necessary in connection with the sale of the Bonds.

Section 3. Bond Terms. (a) The Bonds shall be issued as fully registered bonds in minimum authorized denominations of \$100,000 each and increments of \$1,000 in excess thereof and shall be dated their date of issuance. The Bonds shall mature on March 1, 2029 and shall bear interest at the per annum rate of 7.75%. 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 Bond is paid, such interest (computed upon the basis of a 360-day year consisting of twelve 30-day months) being payable on March 1 and September 1 of each year, commencing on September 1, 2011 (each an "Interest Payment Date").

(b) Interest on the Bonds shall be paid by check or draft by the Paying Agent (as defined herein) payable in lawful money of the United States of America, mailed to the person in whose name such Bond is registered at the close of business on the 15th day preceding each Interest Payment Date (the "Record Date"). The principal of the Bonds shall be payable in lawful money of the United States of America at the principal office of the Paying Agent upon presentation and surrender of the Bonds at the date of maturity.

Section 4. Redemption. (a) Mandatory Sinking Fund Redemption. The Bonds are subject to mandatory sinking fund redemption and final payment at a price of par plus accrued interest, without premium on March 1, of the years and in the amounts as follows:

<u>(March 1)</u> <u>Year</u>	<u>Principal</u> <u>Amount</u>
2013	\$30,000
2014	30,000
2015	35,000
2016	40,000
2017	40,000
2018	45,000

(March 1) <u>Year</u>	<u>Principal</u> <u>Amount</u>
2019	45,000
2020	50,000
2021	55,000
2022	60,000
2023	65,000
2024	70,000
2025	75,000
2026	80,000
2027	85,000
2028	95,000
2029	100,000

The Village covenants that it will redeem the Bonds pursuant to the mandatory sinking fund redemption requirements for the Bonds. Proper provision for mandatory redemption having been made, the Village covenants that the Bonds so selected for redemption shall be payable upon redemption and taxes shall be levied and will be collected as provided herein and in the Establishing Ordinance for such purposes.

(b) Optional Redemption. The Bonds shall be subject to optional redemption prior to maturity upon the written direction of the Village on any date on or after March 1, 2021 at a redemption price of 100% of the principal amount of the Bonds to be redeemed, without premiums plus accrued interest to the redemption date.

Section 5. Notice of Redemption. If less than all the Bonds of any maturity are to be redeemed on any redemption date, the Bond Registrar shall assign to each Bond of the maturity to be redeemed a distinctive number for each \$1,000 of principal amount of that Bond. The Bond Registrar shall then select by lot from the numbers so assigned, using such method as it shall deem proper in its discretion, as many numbers as, at \$1,000 per number, shall equal the principal amount of Bonds of that maturity to be redeemed; provided that following any redemption, no Bond shall be outstanding in an amount less than the minimum authorized

denomination except as necessary to effect the mandatory sinking fund redemption of Bonds as provided herein.

Notice of the redemption of any Bonds, which by their terms shall have become subject to redemption, shall be given to the registered owner of each Bond or portion of a Bond called for redemption not less than 30 or more than 60 days before any date established for redemption of Bonds, by the Bond Registrar, on behalf of the Village, by first class mail sent to the registered owner's last address, if any, appearing on the registration books kept by the Bond Registrar. All notices of redemption shall include at least the designation, date and maturities of Bonds called for redemption, CUSIP Numbers, if available, and the date of redemption. In the case of a Bond to be redeemed in part only, the notice shall also specify the portion of the principal amount of the Bond to be redeemed. The mailing of the notice specified above to the registered owner of any Bond shall be a condition precedent to the redemption of that Bond, provided that any notice which is mailed in accordance with this Ordinance shall be conclusively presumed to have been duly given whether or not the owner received the notice. The failure to mail notice to the owner of any Bond, or any defect in that notice, shall not affect the validity of the redemption of any other Bond for which notice was properly given.

Section 6. Registrar and Paying Agent. Amalgamated Bank of Chicago is hereby designated 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 Village President or the Village Treasurer is hereby authorized to enter into such agreement or understandings with the Registrar as will enable the Registrar to perform the services required of a registrar and paying agent. The Paying Agent is further authorized to pay such fees as the Registrar may charge for the services it provides as Registrar and Paying Agent in accordance with the terms of this Ordinance.

The principal of the Bonds shall be payable at the principal office of the Paying Agent. All payments of interest on the Bonds shall be paid by check, mailed one business day prior to the Interest Payment Date to the registered owners thereof as the names appear as of the Record Date and at the addresses as they appear on the registration books kept by the Registrar or at such other address as is provided to the Paying Agent in writing by such registered owner. If payment of principal or interest is made to a depository, payment shall be made by wire transfer on the payment date in same-day funds. 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 Paying Agent shall be instructed to wire transfer payments by no later than 1:00 p.m. (New York City time) so that payments are received at the depository 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 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 period beginning on the Record Date and ending on such Interest 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 principal thereof and interest due thereon.

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 Village 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 Village 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.

Interest on the Bonds shall be payable from the Interest Payment Date to which interest has been paid next preceding the authentication date of the Bonds unless the Bonds are authenticated after the Record Date and on or before such Interest Payment Date in which case they shall bear interest from such Interest Payment Date, or unless the Bonds are authenticated on or before September 1, 2011, in which case they shall bear interest from the original date until the principal shall be fully paid.

The Village has determined that it will 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"). While the Book Entry System is applicable to the Bonds, the Bonds shall be issued in the form of a separate single authenticated fully registered Bond for the aggregate principal amount of each separate maturity of the Bonds and 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 and,

upon the request of any Beneficial Owner, copies of such notices shall be given by the Paying Agent to such Beneficial Owner which has provided its name and address to the Paying Agent.

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, or if the Village elects in the Bond Order not to utilize the Book Entry System, 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 purchasing, 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 certificates 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 certificates for the Bonds. In such event, the Registrar shall prepare, authenticate, transfer and exchange certificates 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 certificates 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 certificates 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.

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 Depository Trust Company notice of such record date not less than fifteen (15) calendar days in advance of such record date to the extent possible.

So long as said Bonds are registered in the name of the Depository Trust Company or CEDE & CO. or any substitute nominee, the Village and the Registrar and Paying Agent shall be entitled to request and to rely upon a certificate or other written representation from the Beneficial Owners of the Bonds or from the Depository Trust Company on behalf of such Beneficial Owners stating the amount of their respective beneficial ownership interests in the Bonds and setting forth the consent, advice, direction, demand or vote of the Beneficial Owners as of a record date selected by the Registrar or the Village, as the case may be, to the same extent as if such consent, advice, direction, demand or vote were made by the bondholders for purposes of this ordinance and the Village and the Registrar and Paying Agent shall for such purposes treat the Beneficial Owners as the bondholders. Along with any such certificate or representation, the Registrar may request the Depository Trust Company to deliver, or cause to be delivered, to the Registrar a list of all Beneficial Owners of the Bonds, together with the dollar amount of each Beneficial Owner's interest in the Bonds and the current addresses of such Beneficial Owners.

Section 7. Execution; Authentication. The Bonds shall be executed on behalf of the Village by the manual or facsimile signature of its Village President and be attested by the manual or facsimile signature of its Village Clerk, as they may determine, and shall have impressed or imprinted thereon the corporate seal or facsimile thereof of the Village. In case any such officer whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery.

All Bonds shall have thereon a certificate of authentication, substantially in the form hereinafter set forth, duly executed by the Registrar as authenticating agent of the Village and showing the date of authentication. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this Ordinance unless and until such certificate of authentication shall have been duly executed by the 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 it if signed by an authorized officer of the Registrar, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds issued hereunder.

Section 8. Form of Bonds. The form and tenor of the Bonds shall be substantially as set forth in Exhibit C hereto with all blanks to be filled in properly prior to delivery.

Section 9. Sale of the Bonds. The Bonds hereby authorized shall be sold and executed as provided in this Ordinance as soon after the passage hereof as may be effectuated to the Placement Agent pursuant to the Bond Placement Agreement, as provided in Section 2(b) of this Ordinance. Upon such sale, the Bonds shall be deposited with the Treasurer of the Village, and the Treasurer shall deliver to the Placement Agent the Bonds upon receipt of the purchase

price. There is hereby approved the execution by the Village President of the Bond Placement Agreement for the private placement and sale of the Bonds and the payment of the fee to the Placement Agent as set forth in such Agreement provided that no person holding an office of the Village either by election or appointment, is in any manner interested, either directly or indirectly, in his own name or in the name of any other person, association, trust or corporation, in the Bond Placement Agreement or the Placement Agent.

The Village President, Village Clerk, Village Treasurer, and such other officers of the Village as designated by the Village President are hereby authorized to execute such other documents, as may be necessary to effect the issuance and delivery of the Bonds; and execution thereof by such officers is hereby deemed conclusive evidence of the approval thereof by the Village with such changes therein as approved by such officers.

As the Bonds are being issued in minimum authorized denominations of \$100,000 and will be offered to a limited number of accredited investors the Bonds are exempt from the continuing disclosure requirements of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. However, the Village agrees to provide to any owner of the Bonds upon receipt of written request on an annual basis information regarding the Special Taxes levied, the Special Taxes collected and the equalized assessed value of property within the Special Service Area.

Section 10. Tax Levy. For the purpose of providing funds to pay (i) the principal of and interest on the Bonds for each of the years the Bonds are outstanding; (ii) amounts needed to replenish the Debt Service Reserve Fund created in Section 12(b) of this Ordinance; (iii) the Paying Agent fees as described in Section 12 of this Ordinance; and (iv) amounts needed to reimburse the Village for payment of costs of the Special Services, there shall be levied upon all the taxable property in the Special Service Area which have not prepaid their allocable share of

the Special Tax in full as further provided in the Establishing Ordinance, a direct annual tax (the “Special Tax”), and that there be and there is hereby levied upon all of such taxable property in the Special Service Area within the Village, the direct annual tax in the amounts as follows:

<u>Levy Year</u>	<u>A Tax Sufficient to Produce the Sum of:</u>
2011	\$181,588
2012	177,713
2013	183,838
2014	184,188
2015	184,150
2016	183,725
2017	177,913
2018	182,100
2019	185,513
2020	183,150
2021	185,400
2022	181,875
2023	182,963
2024	183,275
2025	182,813
2026	186,575
2027	184,175

Such tax shall be in addition to all other taxes levied by the Village upon the real property in the Special Service Area and shall be computed, extended and collected in accordance with the Special Tax Roll established pursuant to the Establishing Ordinance.

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 such 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 in the Establishing Ordinance and deposited first in the Bond Fund established to pay the principal of and interest on the Bonds and second to the Reimbursement Account of the

Project Fund. Notwithstanding the foregoing, the Village may abate the Special Tax in the event the Village has money on hand and has irrevocably set aside in the Bond Fund money to pay principal and interest on the Bonds, for which such taxes were levied.

Pursuant to Ordinance No. 2010-O-40 adopted by the Corporate Authorities of the Village on December 14, 2010, the Village previously levied special taxes in the amount of \$187,727. The Village agrees to deposit to the Bond Fund from such levy when collected, an amount equal to \$118,532 to pay debt service due on the Bonds through March 1, 2012. The remainder of such levy shall be deposited to the Reimbursement Account of the Project Fund created pursuant to Section 12(c) of this Ordinance.

Section 11. Filing of Ordinance. Forthwith upon this Ordinance becoming effective, the Clerk of the Village is hereby directed to file a certified copy of this Ordinance with the County Clerk of Lake County (the "County Clerk") which certificate shall recite that this Ordinance has been passed by the President and Board of Trustees of the Village and published in accordance with law. Pursuant to the Establishing Ordinance, the Special Tax shall be computed, extended and collected, and divided among the taxable real property within the Special Service Area in accordance with the terms of the Establishing Ordinance and the Special Tax Roll and it shall be the duty of said County Clerk annually, and in and for the years 2011 through 2028 to extend the tax in accordance with the Special Tax Roll for collection on the tax books against all of the taxable property within the Special Service Area in addition to other taxes levied in each of said years, respectively, in and by said Village, and when collected, the taxes levied by this Ordinance shall be used only for the purpose of paying the principal of and interest on the Bonds, replenishing the Debt Service Reserve Fund, paying the Paying Agent its fees and paying or reimbursing the Village for the costs of the Special Services as further described in this Ordinance. The Village shall file with the County Clerk each levy year an

amended Special Tax Roll which spreads the Special Tax among the parcels within the Special Service Area in accordance with the Establishing Ordinance and this Ordinance.

Section 12. Application of Special Taxes; Creation of Funds. (a) Bond Fund. There is hereby established a special fund of the Village known as the “Route 83 Water SSA Bond and Interest Fund” (the “Bond Fund”) to be held by the Village Treasurer. The Bond Fund shall be maintained separate and apart from all other accounts of the Village. The taxes levied and collected pursuant to this Ordinance and the Establishing Ordinance shall be set aside as collected and be deposited each year as follows: (1) First, into the Bond Fund, which is a trust fund established for the purpose of carrying out the covenants, terms and conditions imposed upon the Village by this Ordinance, in an amount needed to pay Paying Agent fees and principal of and interest on the Bonds through March 1 of the next succeeding calendar year (for purposes of clarification amounts levied in 2011 and collected in 2012 shall be deposited to the Bond Fund in amounts necessary to pay debt service due on the Bonds and Paying Agent’s fees through March 1, 2013); Second, to replenish the Debt Service Reserve Fund as provided in Section 12(b) of this Ordinance; and Third, into the Reimbursement Account of the Project Fund created pursuant to Section 12(c) of this Ordinance. The Bonds are secured by a pledge of all of the moneys on deposit in the Bond Fund, and such pledge is irrevocable until the Bonds have been paid in full or until the obligations of the Village are discharged under this Ordinance. On or before each Interest Payment Date or date on which principal on the Bonds is due, the Village shall transfer from the Bond Fund to the Paying Agent an amount sufficient to pay the interest and principal due on the Bonds on such date. On or after September 1 of each year after payment of any debt service owed on the Bonds for such year, the Village is authorized to transfer to the Paying Agent Special Taxes collected in an amount not to exceed \$1,000 for payment of the Paying Agent’s fee.

Amounts deposited in the Bond Fund are appropriated for and irrevocably pledged to, and shall be used only for the purpose of, paying the principal of and interest on or redemption price of the Bonds, or to pay costs of the Paying Agent as permitted by the preceding paragraph. All amounts received upon the sale of the Bonds, together with all interest and other investment earnings on those amounts, are appropriated and set aside for the purposes for which the Bonds are being issued as set forth in this Ordinance.

(b) Debt Service Reserve Fund. There is hereby established a special fund of the Village known as the "Route 83 Water SSA Debt Service Reserve Fund, (the "Debt Service Reserve Fund") to be held by the Paying Agent in accordance with the Depository Agreement (the "Depository Agreement") between the Village and the Paying Agent, substantially in the form attached hereto as Exhibit D. Amounts in the Debt Service Reserve Fund shall be withdrawn by the Paying Agent in accordance with Section 2(c) of the Depository Agreement and used solely to pay on any interest payment date or date principal on the Bonds is due an amount sufficient to satisfy any deficiency in the Bond Fund for payment of debt service payments owed on the Bonds in accordance with Section 12(a). In the event amounts are withdrawn from the Debt Service Reserve Fund to pay debt service due on the Bonds, the Village shall deposit an amount equal to the amount so withdrawn from Special Taxes collected in excess of amounts transferred to the Bond Fund in accordance with Section 12(a) or from amounts deposited to the Reimbursement Account of the Project Fund, until such amount has been replenished. At such time as the amounts in the Debt Service Reserve Fund are equal to or greater than the principal of, premium, if any, and interest due on the Outstanding Bonds, such amounts shall be transferred to the Bond Fund. No amount shall be withdrawn from the Debt Service Reserve Fund except as expressly provided in this Section.

(c) There is hereby created and established a special fund of the Village to be known as the "Route 83 Water SSA Project Fund" (the "Project Fund") to be held by the Village Treasurer and within such Fund two accounts identified as the "Bond Proceeds Account" into which there shall be deposited proceeds of the Bonds in the amounts set forth in Section 13(c) of this Ordinance and a separate "Reimbursement Account" into which there shall be deposited Special Taxes after making the deposits to the Bond Fund as provided in Section 12(a) above. No moneys other than Bond proceeds shall be deposited into the Bond Proceeds Account. The disbursements from the Project Fund shall be made for the costs of the Project or to reimburse the Village for its payment of costs of the Project and the costs of issuance of the Bonds. Interest received from deposits in the Project Fund, if any, shall, at the discretion of the Village, either be transferred for the payment of the principal of and interest on the Bonds on the Interest Payment Date next after such interest is received or be retained in the Project Fund to pay for costs of the Project. In the event that any moneys remain in the Bond Proceeds Account of the Project Fund upon the earlier of (i) completion of the Project and (ii) the date which is 3 years after the date of issuance of the Bonds, the Village shall deposit the remaining moneys in the Bond Fund and shall cause such moneys to be used to pay the principal of and interest on the Bonds on the earliest possible date. Such Bond proceeds which are deposited in the Bond Fund after completion shall, after 30 days of the date of deposit, be invested at a yield not exceeding the yield on the Bonds in the event that the investment of such moneys shall cause the Bond Fund not to be a bona fide debt service fund pursuant to Treas. Reg. Section 1.148(1)(b).

Section 13. Use of Bond Proceeds, Initial Deposit to Bond Fund from Special Taxes Previously Levied. (a) Proceeds of the Bonds in the amount of \$38,750 shall be deposited in the Debt Service Reserve Fund created pursuant to Section 12(b) of this Ordinance and applied as provided in such section.

(b) Special Taxes in the amount of \$118,532 previously levied by the Village pursuant to Ordinance 2010-O-40 and equal to the amount of interest due on the Bonds through March 1, 2012 shall be deposited in the Bond Fund and shall be applied to first interest coming due on the Bonds.

(c) The remaining proceeds shall be deposited in the Bond Proceeds Account of the Project Fund created pursuant to Section 12(c) of this Ordinance.

Section 14. Defeasance of the Bonds. If, when the Bonds or a portion thereof shall have become due and payable in accordance with their terms, and the whole amount of the principal and the interest and the premium, if any, so due and payable upon all of the Bonds or a portion thereof then outstanding shall be paid; or (i) sufficient moneys or (ii) direct obligations of the United States of America or obligations the principal of an interest on which are unconditionally guaranteed by the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury), the principal of and the interest on which when due will provide sufficient moneys for such purpose, shall be held in trust for such purpose, and provision shall also be made for paying all fees and expenses for the redemption, then and in that case the Bonds or any designated portion thereof issued hereunder shall no longer be deemed outstanding or entitled to any pledge of the taxes made herein. In the event of an advance refunding of the Bonds, the Village shall cause to be delivered to the Paying Agent a verification report to the effect that the moneys and/or securities on deposit in escrow are in amounts sufficient to pay when due the principal, interest on and redemption price, of the Bonds.

Section 15. Amendments with Consent of Bondholders. Subject to the terms and provisions contained in this section, and not otherwise, the owners of not less than fifty-one percent (51%) in aggregate principal amount of the Bonds issued pursuant to this Ordinance and

then outstanding shall have the right from time to time, anything contained in this Ordinance to the contrary notwithstanding, to consent to and approve the adoption by the Village of such ordinance or ordinances supplemental hereto or amendatory hereof, as shall be deemed necessary or desirable by the Village for the purpose of modifying, altering, amending, adding to or rescinding in any particular manner any of the terms or provisions contained in this Ordinance, or in any supplemental ordinance; provided, however, that nothing herein contained shall permit or be construed as permitting, without the consent of 100% in aggregate principal amount of the Bonds issued pursuant to this Ordinance and then outstanding:

- (a) An extension of the maturity of the principal of or interest on any Bond issued pursuant to this Ordinance; or
- (b) A reduction in the principal amount of any Bond or the rate of interest thereon; or
- (c) A preference or priority of any Bond or Bonds issued pursuant to this Ordinance over any other Bond or Bonds issued pursuant to the provisions of this Ordinance; or
- (d) A reduction in the aggregate principal amount of the Bonds required for consent to such supplemental ordinance.

If the owners of not less than fifty-one percent (51%) in aggregate principal amount of the Bonds then outstanding at the time of adoption of such supplemental ordinance shall have consented to and approved the adoption thereof by written instrument to be maintained on file in the office of the Village Clerk, no owner of any Bond issued pursuant to this Ordinance shall have any right to object to the adoption of such supplemental ordinance or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain the Village from adopting the same, or from taking any action pursuant to the provisions thereof. Upon the adoption of any supplemental ordinance pursuant to the provisions of this section, this Ordinance shall be, and

shall be deemed, modified and amended in accordance therewith, and the respective rights, duties and obligations under this Ordinance of the Village and all owners of Bonds then outstanding, shall thereafter be determined, exercised and enforced in accordance with this Ordinance, subject in all respects to such modifications and amendments.

Section 16. Tax Covenants. In order to preserve the exclusion of interest on the Bonds from gross income for federal tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and as an inducement to purchasers of the Bonds, the Village represents, covenants and agrees that:

(a) The portion of the Project financed by the Bonds will be available for use by members of the general public. Use by a member of the general public means use by natural persons not engaged in a trade or business. No person or entity, other than the Village or another state or local governmental unit, will use more than 10% of the proceeds of the Bonds or property financed by the Bond proceeds other than as a member of the general public. No person or entity other than the Village or another state or local governmental unit will own property financed by Bond proceeds or will have actual or beneficial use of such property pursuant to a lease, a management or incentive payment contract, an arrangement such as a take-or-pay or output contract or any other type of arrangement that conveys other special legal entitlements and differentiates that person's or entity's use of such property from the use by the general public, unless such uses in the aggregate relate to no more than 10% of the proceeds of the Bonds. If the Village enters into a management contract for the Project, the terms of the contract will comply with IRS Revenue Procedure 97-13, as it may be amended, supplemented or superseded from time to time, so that the contract will not give rise to private business use under the Code and the Regulations, unless such use in the aggregate relates to no more than 10% of the proceeds of the Bonds.

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

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

(d) 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 Bonds.

(e) The Village will not take any action nor fail to take any action with respect to the Bonds that would result in the loss of the exclusion from gross income for federal tax purposes of interest on the Bonds pursuant to Section 103 of the Code, nor will the Village act in any other manner which would adversely affect such exclusion, and it will not make any investment or do any other act or thing during the period that the Bonds are outstanding which would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

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

(g) The Village represents that:

(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 calendar year 2011 does not exceed \$10,000,000.

(iv) The Village has not designated more than \$10,000,000 of qualified tax-exempt obligations during calendar year 2011.

Therefore, the Bonds 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.

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

(i) The Village further covenants as follows with respect to the requirements of Section 148(f) of the Code, relating to the rebate of "excess arbitrage profits" (the "Rebate Requirements") to the United States:

(i) Unless an applicable exception to the Rebate Requirement is available to the Village, the Village will meet the Rebate Requirements.

(ii) Relating to applicable exceptions, the Village shall make such elections under the Code as it shall deem reasonable and in the best interests of the Village.

The Village hereby authorizes the officials of the Village responsible for issuing the Bonds, the same being the Village President, the Village Clerk, and the Village 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 Bonds to be arbitrage bonds and to assure that the interest on the Bonds will be excludable from gross income for federal income tax purposes. In connection therewith, the Village further agrees: (a) through its officers, to make such further specific covenants, representations as shall be truthful, and assurances as may be necessary or advisable; (b) to consult with counsel approving the Bonds and to comply with such advice as may be given; (c) to pay to the United States, as necessary, such sums of money representing required rebates of excess arbitrage profits relating to the Bonds as required pursuant to Section 148 of the Code and the regulations promulgated thereunder; (d) to file such forms, statements, and supporting documents as may be required and in a timely manner; and (e) if deemed necessary or advisable by their officers, to employ and pay fiscal agents, financial advisors, attorneys, and other persons to assist the Village in such compliance.

Section 17. Noncompliance with Tax Covenants. Notwithstanding any other provisions of this Ordinance, the covenants and authorizations contained in this Ordinance (the "Tax Sections") which are designed to preserve the exclusion of interest on the Bonds from gross income under federal law (the "Tax Exemption") need not be complied with if the Village receives an opinion of nationally recognized bond counsel that any Tax Section is unnecessary to preserve the Tax Exemption.

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

Section 19. Rebate Fund. There is hereby authorized to be created and established with the Village, a separate and special fund of the Village which shall be designated the "Rebate

Fund” (the “Rebate Fund”) into which there shall be deposited, as necessary, and as determined by the Village or a Rebate Consultant on behalf of the Village, investment earnings in the Bond Fund to the extent required to maintain the tax-exempt status of interest on the Bonds.

Section 20. 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 21. Publication. The Village Clerk is hereby authorized and directed to publish this Ordinance in pamphlet form and to file copies thereof for public inspection in his/her office.

Section 22. Conflicting Ordinances. All ordinances, resolutions and parts of ordinances and resolutions, in conflict herewith are hereby repealed.

Section 23. Headings. The headings or titles of the several sections shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this ordinance.

Section 24. Effective Date. This Ordinance shall be in full force and effect from and after its adoption and approval and publication in the manner provided by law.

PASSED this ____ day of April, 2011

AYES: _____

NAYS: _____

ABSENT: _____

APPROVED this ____ day of _____, 2011

SIGNED: _____
_____, Village President

Attest: _____
_____, Village Clerk

Published in pamphlet form on _____, 2011

EXHIBIT A

**LEGAL DESCRIPTION OF
ROUTE 83 WATER SPECIAL SERVICE AREA**

Beginning at a point being the southwest corner of the parcel identified as PIN No. 15-30-200-013 in the NE 1/4 of the NE 1/4 of Section 30, Township 43 North, Range 11 East of the 3d P.M. in Lake County, Illinois; thence easterly to the southeast corner of said parcel; thence northerly to the intersection of the northeast corner of said parcel and the southerly right-of-way line of Aptakisic Road; thence westerly along the southerly right-of-way line of Aptakisic Road to its intersection with the easterly right-of-way line of Illinois Route 83; thence southerly along the easterly right-of-way line of Illinois Route 83 to its intersection with the southerly right-of-way line of Robert Parker Coffin Road extended easterly; thence westerly along southerly right-of-way line of Robert Parker Coffin Road so extended to its intersection with the westerly right-of-way line of Illinois Route 83; thence southerly along the westerly right-of-way line of Illinois Route 83 to its intersection with the northeasterly corner of the parcel identified as PIN No. 15-30-205-019 located in the NE 1/4 of said Section 30; thence westerly to the northwesterly corner of said parcel; thence southerly along the westerly border of said parcel to the northerly right-of-way line of Old McHenry Road/Hicks Road; thence easterly along said right-of-way line to its intersection with the easterly right-of-way line of Illinois Route 83 and the southerly line of the parcel identified as PIN No. 15-30-200-027 located in the NE 1/4 of said Section 30; thence easterly along the southerly line of said parcel to its southeasterly corner; thence northerly along the east line extended of said parcel to the point of beginning; all in the NE 1/4 of Section 30, Township 43 North, Range 11 East of the 3d P.M. in Lake County, Illinois.

PIN Nos. 15-30-203-011
 15-30-203-012
 15-30-203-013
 15-30-203-014
 15-30-203-015
 15-30-203-016
 15-30-203-017
 15-30-203-018
 15-30-203-019
 15-30-200-058
 15-30-200-056
 15-30-200-057
 15-30-205-019
 15-30-200-022
 15-30-200-024
 15-30-200-027

EXHIBIT B

THE PROJECT

The purpose of the establishment of the Area is to provide special municipal services (the "Services") to the Area, namely, the construction, of a deep well water system, and related improvements within the Area, all of the Services to be beneficial to the Area and all of the Services to be for services now owned or to be acquired by the Village.



EXHIBIT C

REGISTERED
NO. R-1

UNITED STATES OF AMERICA
STATE OF ILLINOIS

VILLAGE OF LONG GROVE
LAKE COUNTY, ILLINOIS
ROUTE 83 WATER SPECIAL SERVICE AREA
SPECIAL TAX BOND, SERIES 2011

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Original Date</u>	<u>CUSIP</u>
7.75%	March 1, 2029	April __, 2011	

REGISTERED OWNER: Cede & Co.

PRINCIPAL SUM: One Million and 00/10 Dollars

The Village of Long Grove, Lake County, Illinois (the "Village"), for value received, hereby promises to pay to the Registered Owner named above or registered assigns, the Principal Sum set forth above on the Maturity Date set forth above, and to pay interest hereon (computed on the basis of a 360 day year consisting of twelve 30-day months) at the Interest Rate per annum stated above from the interest payment date to which interest has been paid next preceding the Authentication Date of this bond unless this bond is authenticated after the fifteenth day of the month preceding an interest payment date and on or before such interest payment date in which case it shall bear interest from such interest payment date or unless this bond is authenticated on or before September 1, 2011, in which case it shall bear interest from the Original Date, until the principal is paid, which interest is payable semiannually on March 1 and September 1 in each year, beginning on September 1, 2011.

The principal of this bond is payable at the principal office of Amalgamated Bank of Chicago (the "Registrar" or "Paying Agent"), in Chicago, Illinois. All payments of principal or interest on this bond shall be paid by check, mailed one business day prior to the payment date to the registered owner hereof as of the fifteenth day preceding a payment date at the address as it appears on the registration books kept by the Registrar or at such other address as is provided to the Paying Agent in writing by the registered owner. If payment of principal or interest is made to a depository, payment shall be made by wire transfer on the payment date in same-day funds. 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 Paying Agent shall wire transfer payments so such payments are received at the depository by 2:30 p.m. (New York City time). All payments on the bond shall be made in any coin or currency of the United States of America, which on the dates of such payment, shall be legal tender for the payment of public and private debts.

The Bonds shall be initially issued in a Book Entry System (as defined in the hereinafter defined Ordinance). The provisions of this bond and of the Ordinance are subject in all respects to the provisions of the Blanket Issuer Letter of Representations between the Village

and The Depository Trust Company, or any substitute agreement, effecting such Book Entry System.

This Bond and each bond of the series of which it forms a part (together, the “Bonds”), are issued pursuant to the Special Service Area Tax Act, 35 ILCS 200/27 *et seq.*, as supplemented and amended and the Local Government Debt Reform Act, 30 ILCS 350/1 *et seq.* (collectively, the “Act”) for the purpose of providing funds to pay the cost of the construction and maintenance of a deep well water system to be owned and operated by the Village and located within the Village’s Route 83 Water Special Service Area (the “Special Service Area”), funding a debt service reserve fund and the costs of issuance of the Bonds (the “Project”). The Bonds shall constitute limited obligations of the Village. The Bonds do not constitute the general obligations of the Village and neither the full faith and credit nor the unlimited taxing power of the Village shall be pledged as security for payment of the Bonds. The principal of and interest on the Bonds are payable solely from the collection of taxes levied against certain property in the Special Service Area in accordance with a Special Tax Roll of the Village.

This Bond is one of a series of bonds in the aggregate principal amount of \$1,000,000 being issued by the Village for the purpose of paying certain costs of the Project, funding a debt service reserve fund, and paying expenses incidental thereto, pursuant to and in all respects in compliance with the applicable provisions of the Act and the Ordinance, which has been duly passed by the Board of Trustees and approved by the Village President of the Village, and published, in all respects as by law required (the “Ordinance”).

The Bonds are subject to redemption prior to maturity at the direction of the Village on any date on or after March 1, 2021, at a redemption price of 100% of the principal amount of the Bonds to be redeemed, without premium, plus accrued interest to the date of redemption.

The Bonds are subject to mandatory sinking fund redemption and final payment at a redemption price of 100% of the principal amount of the Bonds to be redeemed plus accrued interest, without premium, on March 1 of the years and in the amounts as follows:

(March 1) <u>Year</u>	<u>Principal</u> <u>Amount</u>
2013	\$30,000
2014	30,000
2015	35,000
2016	40,000
2017	40,000
2018	45,000
2019	45,000
2020	50,000
2021	55,000
2022	60,000
2023	65,000
2024	70,000

(March 1) <u>Year</u>	<u>Principal</u> <u>Amount</u>
2025	75,000
2026	80,000
2027	85,000
2028	95,000
2029	100,000

The Village covenants that it will redeem the Bonds pursuant to the mandatory sinking fund redemption requirements for the Bonds. Proper provision for mandatory redemption having been made, the Village covenants that the Bonds so selected for redemption shall be payable upon redemption and taxes have been levied and will be collected as provided herein and in the Establishing Ordinance for such purposes.

This Bond is 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 hereof in person, or by its attorney duly authorized in writing, upon surrender of this 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 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 to the registered owner, as the case may be, in exchange therefor. The Village, the Registrar, the Paying Agent and any other registrar or paying agent for this bond may treat and consider the person in whose name this bond is registered as the absolute owner hereof for all purposes including for the purpose of receiving payment of, or on account of, the principal hereof and interest due hereon.

THE OWNER OF THIS BOND, BY THE ACCEPTANCE HEREOF, HEREBY AGREES TO ALL THE TERMS AND PROVISIONS CONTAINED IN THE ORDINANCE.

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, as amended, relating to the disallowance of 100% of the deduction for interest expense allocable to tax-exempt obligations.

The Bonds are issued as a fully registered bonds in authorized minimum denominations of \$100,000 each and increments of \$1,000 in excess thereof.

It is hereby certified and recited that all acts, conditions and things required to be done precedent to and in the execution, issuance and delivery of this bond have been done and performed in regular and due form as provided by law; that the indebtedness of the Village, including the issue of the Bond of which this is one, does not exceed any limitation imposed by law; and that provision has been made for the collection of a direct annual tax on all taxable property within the Special Service Area sufficient to pay the interest hereon as it falls due and also to pay and discharge the principal hereof at maturity.

This Bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been executed by an authorized representative of the Registrar.

IN WITNESS WHEREOF, the Village of Long Grove, Lake County, Illinois, has caused this bond to be executed by the manual or facsimile signature of its Village President and attested by the manual or facsimile signature of its Village Clerk, and has caused its corporate seal to be affixed to this bond (or a facsimile of its seal to be printed on this bond), all as the Original Date identified above.

VILLAGE OF LONG GROVE,
LAKE COUNTY, ILLINOIS

[SEAL]
Attest:

By: _____
Village President

Village Clerk

REGISTRAR'S CERTIFICATE OF AUTHENTICATION

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

AMALGAMATED BANK OF CHICAGO,
as Registrar

By _____
Authorized Representative

EXHIBIT D

DEPOSITORY AGREEMENT

This Depository Agreement (the "Agreement") is dated as of this ____ day of _____, 2011 by and between the Village of Long Grove, Lake County, Illinois (the "Village") and Amalgamated Bank of Chicago, an Illinois state banking corporation (the "Depository").

WITNESSETH

WHEREAS, pursuant to the Ordinance No. ___ adopted by the Village on April __, 2011 (the "Ordinance"), the Village has issued its \$1,000,000 Village of Long Grove, Lake County, Illinois, Route 83 Water Special Service Area Special Tax Bonds, Series 2011 (the "Bonds").

WHEREAS, the Village wishes to deposit funds in the amount of \$38,750 from proceeds of the Bonds representing a deposit to the Debt Service Reserve Fund.

WHEREAS, the Depository has agreed to act as escrow agent and hold and distribute the amount deposited hereunder subject to the terms and conditions hereof;

NOW, THEREFORE, in consideration of the foregoing and good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties, the parties agree as follows:

1. Definitions. The words and terms defined herein, including the words and terms used above in the recitals to the Agreement, shall have the meanings set forth in the Agreement. Capitalized terms not defined herein shall have the meaning set forth in the Ordinance. Any accounting terms not otherwise defined herein shall have the meanings assigned to them in accordance with generally accepted accounting principles. Headings of articles and sections herein are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

2. Debt Service Reserve Fund.

(a) The Village hereby establishes and creates with the Depository the Debt Service Reserve Fund (the "Debt Service Reserve Fund").

(b) Certain balances (as set forth above) of the Bonds shall be deposited in the Debt Service Reserve Fund created hereunder and used in accordance with the provisions of the Ordinance.

(c) Moneys on deposit in the Debt Service Reserve Fund shall be disbursed and transferred by the Depository upon receipt of insufficient funds, in the capacity of Bond Registrar and Paying Agent, for principal and/or interest payments for the Bonds. Upon such disbursement from the Debt Service Reserve Fund and subsequent transfer to

the Bond Registrar and Paying Agent, the Depository shall notify the Village of such transfer in writing.

(d) Amounts withdrawn from the Debt Service Reserve Fund shall be replenished by the Village as provided in Section 12(b) of the Ordinance.

3. Investments. Pending the use of the moneys held in the Debt Service Reserve Fund, the Depository shall invest such moneys in the Goldman Sachs Financial Square Treasury Obligation Fund B#469 (the "Fund"). The Village hereby acknowledges receipt of a copy of the Fund's prospectus and acknowledges that the Depository receives 25 basis points of the average daily net assets invested the Fund and an additional payment of 8 basis points is paid to the Depository by the Fund provider. The 8 basis point fee is taken out of Goldman Sachs assets, and is not an additional charge to the Fund or to Village. Gain from investments shall be credited to and held in and losses shall be charged to the fund or account from which the investment is made. The Depository shall not be liable or responsible for any loss resulting from any such investments.

4. Duties of Depository.

(a) The Depository shall maintain adequate records pertaining to the Debt Service Reserve Fund and all transfers thereto, deposits therein, disbursements and transfers therefrom and earnings thereon, including the amount and source of each payment to, and the amount, purpose and payee of each payment from the Debt Service Reserve Fund. With respect to each investment, the Depository shall maintain a record of the purchase price, purchase date, type of security, accrued interest paid, interest rate, principal amount, date of maturity, interest payment date, date of liquidation and amount received upon liquidation. The Depository shall retain such records for at least six years following the payment and retirement of the Bonds, which obligation shall survive termination of this Agreement.

(b) The Depository shall submit to the Village, as requested by the Village but no more often than monthly, a statement itemizing all moneys received by it and all payments made by it hereunder during the prior month, and also listing the assets on deposit in each fund at the end of such period. The Depository shall also provide an annual statement and statements for any time period as may from time to time be requested by the Village.

(c) It is agreed that the duties of the Depository are only such as are herein specifically provided and are purely ministerial in nature and that the Depository shall incur no liability except for its own negligence or willful misconduct or where it has acted in bad faith.

(d) If the Depository is subjected to conflicting demands with respect to funds or property deposited hereunder, the Depository shall not be permitted or required to resolve such controversy or conflicting demands or take action, including the making of disbursements, but shall await resolution by written instructions from the Village or by final court order.

(e) The Depository may rely upon any direction, certificate, statement or other document believed by it in good faith to be genuine and to have been signed or presented by the proper person or persons.

5. Compensation of Depository. The Depository shall be entitled to compensation for its services hereunder. The Village shall pay to the Depository reasonable compensation for its services and shall reimburse the Depository for all reasonable out-of-pocket expenses incurred by it.

6. Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been fully given if delivered by first class, certified or registered mail, return receipt requested, as follows:

To the Village:

Village of Long Grove
3110 RFD
Long Grove, Illinois 60047

Attention: President
Telephone:
Facsimile:

To the Depository:

Amalgamated Bank of Chicago
One West Monroe Street
Chicago, Illinois 60603

Attention: Corporate Trust Department
Telephone: 312-822-8340
Facsimile: 312-541-6043

Such addresses for notice may be changed upon written notice given in the manner described in this paragraph.

7. Amendments to Agreement. This Agreement may be amended, modified or supplemented and any provision of this Agreement may be waived, if such amendment, modification, supplement or waiver is in writing and signed by the Village and the Depository.

8. Resignation and Removal of Depository. The Depository may terminate this Agreement and resign and be discharged from further duties at any time upon seven days' prior written notice to the Village. The Village may remove the Depository at any time upon seven days' prior written notice to the Depository. At such time as the Depository resigns or is removed as Depository hereunder, all property held hereunder shall be distributed to the Village at the written direction of an Authorized Officer of the Village.

9. Termination of Agreement. If, by its terms, this Agreement shall not have previously terminated, then it shall terminate on March 1, 2029, at which time the property then held hereunder shall be distributed to the Village.

10. Controlling Law. This Agreement shall be construed, enforced, and administered in accordance with the laws of the State of Illinois without regard to its conflict of laws principles.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first written above.

VILLAGE OF WONDER LAKE, ILLINOIS

By: _____
Title: _____

AMALGAMATED BANK OF CHICAGO, as
Depository

By: _____
Title: Vice President