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**VILLAGE OF SUGAR GROVE  
BOARD REPORT**

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**TO:** VILLAGE PRESIDENT & BOARD OF TRUSTEES  
**FROM:** MATT ANASTASIA, FINANCE DIRECTOR  
**SUBJECT:** ORDINANCE: AUTHORIZATION FOR ISSUANCE OF BONDS  
**AGENDA:** AUGUST 15, 2017  
**DATE:** AUGUST 11, 2017

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**ISSUE**

Shall the Board authorize the issuance of 2017 General Obligation Alternate Revenue Refunding Bonds for the 2006 and 2008A bonds.

**DISCUSSION**

The Village Board discussed the potential of refunding the 2006 and 2008A bonds at the Board meeting on August 1, 2017. At the meeting, the Board directed Staff to proceed with the refunding in accordance with the Village's debt management policy. The Village is currently looking to save \$157,195 of current savings and \$136,788 of present value savings which equates to 3.70%.

Staff believes due to the volatility of the market, it is the best interest to authorize the Village Treasurer to complete the sale and refunding of the 2006 and 2008A bonds when the time is appropriate. The attached ordinance will set the parameters for the bond sale, if the parameters are not met, the refunding of the bonds will not be completed. The interest rate does not look to improve any between now and when the Bonds would become callable.

**ATTACHMENTS**

Ordinance Authorizing the Issuance of Bonds

**COST**

The Village has not incurred any costs to date. The cost to issue the refunding of the bonds is approximately \$55,000 and will be taken directly out of the proceeds of the 2017 bonds. The cost of issuance is already built into the savings previously mentioned. The village will not incur any costs unless these bonds are issued.

**RECOMMENDATION**

That the Board approve the Ordinance Authorizing the Issuance of General Obligation Alternate Revenue Refunding Bonds, Series 2017, of the Village of Sugar Grove, IL.

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**ORDINANCE NO. 20170815**

AN ORDINANCE authorizing and providing for the issuance of not to exceed \$3,100,000 General Obligation Refunding Bonds (Waterworks and Sewerage Alternate Revenue Source), Series 2017, of the Village of Sugar Grove, Kane County, Illinois, for the purpose of refunding certain outstanding alternate bonds of said Village, prescribing the details of said bonds, providing for the collection, segregation and application of said waterworks and sewerage system revenues to the payment of said bonds and the levy of taxes to pay the same if said system revenues are insufficient to make such payment and authorizing the sale of said bonds to Robert W. Baird & Co. Incorporated.

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Adopted by the President and Board  
of Trustees of said Village on the  
15th day of August, 2017.

**ORDINANCE NO. 20170815**

AN ORDINANCE authorizing and providing for the issuance of not to exceed \$3,100,000 General Obligation Refunding Bonds (Waterworks and Sewerage Alternate Revenue Source), Series 2017, of the Village of Sugar Grove, Kane County, Illinois, for the purpose of refunding certain outstanding alternate bonds of said Village, prescribing the details of said bonds, providing for the collection, segregation and application of said waterworks and sewerage system revenues to the payment of said bonds and the levy of taxes to pay the same if said system revenues are insufficient to make such payment and authorizing the sale of said bonds to Robert W. Baird & Co. Incorporated.

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WHEREAS, the Village of Sugar Grove, Kane County, Illinois (the “*Village*”), is a duly organized and existing municipality incorporated under the provisions of the laws of the State of Illinois, is now operating under the provisions of the Illinois Municipal Code, as amended (the “*Municipal Code*”), and for many years past has owned and operated a combined waterworks and sewerage system (as hereinafter more fully defined, the “*System*”) in accordance with the provisions of Division 139 of Article 11 of the Municipal Code; and

WHEREAS, the Village has heretofore issued and has outstanding General Obligation Water and Sewer Alternate Revenue Refunding Bonds, Series 2006, dated May 1, 2006 (the “*2006 Bonds*”), and General Obligation Waterworks and Sewerage Bonds (Alternate Revenue Source), Series 2008A, dated July 15, 2008 (the “*2008A Bonds*” and, together with the 2006 Bonds, the “*Prior Bonds*”); and

WHEREAS, the President and Board of Trustees of the Village (the “*Board*”) have determined that it is advisable, necessary and in the best interests of the Village to refund all or a portion of the Prior Bonds (those Prior Bonds to be refunded being referred to herein as the “*Refunded Bonds*” and those Prior Bonds not being refunded being referred to herein as the

“Unrefunded Bonds”) in order to realize debt service savings for the Village (the “Refunding”); and

WHEREAS, the Refunded Bonds shall be fully described in the Escrow Agreement referred to in Section 19 hereof and are presently outstanding and unpaid and are binding and subsisting legal obligations of the Village; and

WHEREAS, the refunding of the Refunded Bonds constitutes a lawful corporate purpose within the meaning of the Local Government Debt Reform Act of the State of Illinois, as amended (the “Debt Reform Act”); and

WHEREAS, the Board does hereby further determine that in order to refund the Refunded Bonds, it is advisable, necessary and in the best interests of the Village to borrow not to exceed \$3,100,000 at this time and issue alternate bonds (the “Bonds”), being general obligation bonds payable from the net revenues of the System (the “Pledged Revenues” or the “Net Revenues” as hereinafter more fully defined), all in accordance with the Debt Reform Act; and

WHEREAS, the Prior Bonds are payable, in part, from the Net Revenues; and

WHEREAS, the Prior Bonds are the only obligations of the Village payable from the Net Revenues, other than the Village’s outstanding loans to the Illinois Environmental Protection Agency (IEPA) (collectively, the “IEPA Loans”); and

WHEREAS, the pledge of the Net Revenues to the payment of the IEPA Loans is junior and subordinate to the pledge of the Net Revenues to the Prior Bonds; and

WHEREAS, the ordinances adopted by the Board which authorized the issuance of the Prior Bonds (the “Prior Bond Ordinances”) permit the issuance of alternate bonds on a parity with, and sharing ratably and equally in the Pledged Revenues with, the Unrefunded Bonds; *provided* that such additional bonds are issued in accordance with the provisions of the Debt Reform Act; and

WHEREAS, the Prior Bond Ordinances further permit the issuance of future System revenue bonds, which bonds may have a prior lien on the Net Revenues; and

WHEREAS, Section 15 of the Debt Reform Act provides that alternate bonds may be issued to refund other alternate bonds without meeting any of the requirements set forth in Section 15 of the Debt Reform Act, except that the term of the refunding bonds shall not be longer than the term of the bonds being refunded and that the debt service payable in any year on the refunding bonds shall not exceed the debt service payable in such year on the bonds being refunded (the “*Refunding Conditions*”); and

WHEREAS, the Board does hereby determine that the Refunding Conditions can be met and the Bonds issued to refund the Refunded Bonds; and

WHEREAS, the Bonds will be payable ratably and equally with the Unrefunded Bonds from the Pledged Revenues and, to the extent the Pledged Revenues are insufficient to pay the Bonds, will be payable from ad valorem property taxes upon all taxable property in the Village without limitation as to rate or amount (the “*Pledged Taxes*”); and

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

WHEREAS, the Board does hereby further determine that the Bonds are being issued pursuant to Section 15 of the Debt Reform Act; and

WHEREAS, the County Clerk of The County of Kane, Illinois (the “*County Clerk*”), is therefore authorized to extend and collect the Pledged Taxes; and

WHEREAS, in accordance with the terms of the Refunded Bonds, certain of the Refunded Bonds may be called for redemption in advance of their maturity, and the Board does hereby further determine that it is necessary and desirable to make such call for the redemption of such Refunded Bonds on their earliest possible and practicable call date, and provide for the giving of proper notice to the registered owners of the Refunded Bonds; and

WHEREAS, the Board does hereby further determine that it is necessary and desirable to authorize the form of escrow agreement with an escrow agent and direct the execution of such escrow agreement by officers of the Village:

NOW, THEREFORE, BE IT ORDAINED by the President and Board of Trustees of the Village of Sugar Grove, Kane County, Illinois, as follows:

*Section 1. Definitions.* Words and terms used in this Ordinance shall have the following meanings unless the context or use clearly indicates another or different meaning is intended.

A. The following terms are defined in the preambles.

2006 Bonds  
2008A Bonds  
Board  
County Clerk  
Debt Reform Act  
Limitation Law  
Municipal Code  
Pledged Revenues  
Pledged Taxes  
Prior Bonds  
Prior Bond Ordinances  
Refunded Bonds  
Refunding  
System  
Unrefunded Bonds  
Village

B. The following terms are defined as set forth.

“*Additional Bonds*” means any Alternate Bonds issued in the future in accordance with the provisions of the Debt Reform Act, issued on a parity with, and sharing ratably and equally in, the Net Revenues with the Unrefunded Bonds and the Bonds.

“*Additional IEPA Loans*” means any revenue bonds payable from the Revenues issued in the future in connection with an IEPA loan, issued on a parity with, and sharing ratably and equally in, the Net Revenues with the IEPA Loans.

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

“*Bond*” or “*Bonds*” means one or more, as applicable, of the not to exceed \$3,100,000 General Obligation Refunding Bonds (Waterworks and Sewerage Alternate Revenue Source), Series 2017, authorized to be issued by this Ordinance.

“*Bond Register*” means the books of the Village kept by the Bond Registrar to evidence the registration and transfer of the Bonds.

“*Bond Registrar*” means Amalgamated Bank of Chicago, Chicago, Illinois, or any successor thereto or designated hereunder, in its respective capacities as bond registrar and paying agent.

“*Finance Director*” means the Finance Director of the Village.

“*Fiscal Year*” means that twelve-calendar month period beginning on May 1 of the calendar year and ending on the next succeeding April 30.

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

*“Future Revenue Bonds”* means (a) any bonds issued in the future payable solely from the Revenues; (b) any bonds issued in the future on a parity with respect to any Future Revenue Bonds which shall then previously have been issued; (c) any bonds payable from the Revenues used to refund Future Revenue Bonds at such time and in such manner that none of said Future Revenue Bonds remains “outstanding” as such term is defined in the applicable Future Bond Ordinance after such refunding; and (d) any subordinate lien revenue bonds issued under the terms of any Future Bond Ordinance.

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

*“IRS”* means the Internal Revenue Service.

*“Net Revenues”* means Revenues minus Operation and Maintenance Costs.

*“Operation and Maintenance Costs”* means all expenses of operating, maintaining and routine repair of the System, including wages, salaries, costs of materials and supplies, power, fuel, insurance, purchase of water and sewage treatment services; but excluding debt service, depreciation, or any reserve requirements in connection with revenue bond obligations; and otherwise determined in accordance with generally accepted accounting principles for local government enterprise funds.

*“Outstanding”* means the Bonds, Unrefunded Bonds, Additional Bonds and IEPA Loans which are outstanding and unpaid; *provided, however*, such term shall not include any of the Bonds, Unrefunded Bonds, Additional Bonds or IEPA Loans (i) which have matured and for which moneys are on deposit with proper paying agents or are otherwise sufficiently available to pay all principal thereof and interest thereon or (ii) the provision for payment of which has been made by the Village by the deposit in an irrevocable trust or escrow of funds or direct, full faith and credit obligations of the United States of America, the principal of and interest on which will

be sufficient to pay at maturity or as called for redemption all the principal of and interest on such Bonds, Unrefunded Bonds, Additional Bonds or IEPA Loans.

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

*“President”* means the President of the Village.

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

*“Revenues”* means all income from whatever source derived from the System, including (i) investment income; (ii) connection, permit and inspection fees and the like; (iii) penalties and delinquency charges; (iv) capital development, reimbursement, or recovery charges and the like; and (v) annexation or pre-annexation charges insofar as designated by the Board as paid for System connection or service; but excluding expressly (a) non-recurring income from the sale of property of the System; (b) governmental or other grants; and (c) advances or grants made from the Village; and as otherwise determined in accordance with generally accepted accounting principles for municipal enterprise funds.

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

*“Tax Year”* means the year for which an ad valorem tax levy is made by any and all taxing districts or municipal corporations having the power to tax the real property in the Village. The 2017 Tax Year shall be that year during which ad valorem taxes levied for the year 2017 (collectible in 2018) are extended and collected, and so on.

*“Tax-exempt”* means, with respect to the Bonds, the status of interest paid and received thereon as not includible in the gross income of the owners thereof under the IRC for federal income tax purposes except to the extent that such interest will be taken into account in

computing an adjustment used in determining the alternative minimum tax for certain corporations.

*“Village Clerk”* means the Village Clerk of the Village.

*“Village Treasurer”* means the Treasurer of the Village.

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

*Section 3. Determination to Issue Bonds; Authorization.* It is necessary and in the best interests of the Village for the Village to undertake the Refunding, and to issue the Bonds to enable the Village to pay the costs thereof. It is hereby found and determined that the Board has been authorized by law to borrow an amount not to exceed \$3,100,000 upon the credit of the Village and as evidence of such indebtedness to issue the Bonds to said amount, the proceeds of the Bonds to be used for the Refunding, and that it is necessary to borrow not to exceed \$3,100,000 of said authorized the sum and issue the Bonds in evidence thereof for the Refunding.

*Section 4. Bond Details.* There be borrowed on the credit of and for and on behalf of the Village an amount not to exceed \$3,100,000 for the purpose aforesaid; and that the Bonds shall be issued to said amount and shall be designated “General Obligation Refunding Bonds (Waterworks and Sewerage Alternate Revenue Source), Series 2017” or with such other designation as shall be appropriate and set forth in the Bond Notification (as hereinafter defined). The Bonds, if issued, shall be dated such date (not prior to August 15, 2017, and not later than March 1, 2018) as set forth in the Bond Notification, and shall also bear the date of authentication, shall be in fully registered form, shall be in denominations of \$5,000 each or authorized integral multiples thereof (but no single Bond shall represent installments of principal

maturing on more than one date), and shall be numbered 1 and upward. The Bonds shall become due and payable serially or be subject to mandatory redemption on May 1 of each of the years (not later than 2028), in the amounts (not exceeding \$415,000 per year) and bearing interest at the rates (not exceeding 5.50% per annum) as set forth in the Bond Notification. The Bonds shall bear interest from their date or from the most recent interest payment date to which interest has been paid or duly provided for, until the principal amount of the Bonds is paid, such interest (computed upon the basis of a 360-day year of twelve 30-day months) being payable semi-annually commencing with the first interest payment date as set forth in the Bond Notification, and on May 1 and November 1 of each year thereafter to maturity.

Interest on each Bond shall be paid by check or draft of the Bond Registrar, payable upon presentation in lawful money of the United States of America, to the person in whose name such Bond is registered at the close of business on the 15th day of the month next preceding the interest payment date. The principal of the Bonds shall be payable in lawful money of the United States of America at the principal corporate trust office of the Bond Registrar.

The Bonds shall be signed by the manual or facsimile signature of the President, and shall be attested by the manual or facsimile signature of the Village Clerk, as they shall determine, and the corporate seal of the Village shall be affixed thereto or printed thereon, and in case any officer whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery.

All Bonds shall have thereon a certificate of authentication substantially in the form hereinafter set forth duly executed by the Bond Registrar as authenticating agent of the Village for this issue and showing the date of authentication. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this Ordinance unless and until such

certificate of authentication shall have been duly executed by the Bond Registrar by manual signature, and such certificate of authentication upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Ordinance. The certificate of authentication on any Bond shall be deemed to have been executed by the Bond Registrar if signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds issued hereunder.

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

Upon surrender for transfer of any Bond at the principal corporate trust office of the Bond Registrar, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Bond Registrar and duly executed by, the registered owner or his attorney duly authorized in writing, the Village shall execute and the Bond Registrar shall authenticate, date and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of the same maturity of authorized denominations, for a like aggregate principal amount. Any fully registered Bond or Bonds may be exchanged at said principal corporate trust office of the Bond Registrar for a like aggregate principal amount of Bond or Bonds of the same maturity of other authorized denominations. The execution by the Village of any fully registered Bond shall constitute full and due authorization of such Bond and the Bond Registrar shall thereby be authorized to authenticate, date and deliver such Bond, *provided, however*, the principal amount of outstanding Bonds of each maturity authenticated by the Bond Registrar

shall not exceed the authorized principal amount of Bonds for such maturity less previous retirements.

The Bond Registrar shall not be required to transfer or exchange any Bond during the period beginning at the close of business on the 15th day of the month next preceding any interest payment date on such Bond and ending at the opening of business on such interest payment date, nor to transfer or exchange any Bond after notice calling such Bond for redemption has been mailed, nor during a period of fifteen (15) days next preceding mailing of a notice of redemption of any Bonds.

The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal of or interest on any Bond shall be made only to or upon the order of the registered owner thereof or his or her legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

No service charge shall be made for any transfer or exchange of Bonds, but the Village or the Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds, except in the case of the issuance of a Bond or Bonds for the unredeemed portion of a Bond surrendered for redemption.

(b) *Global Book-Entry System.* The Bonds shall be initially issued in the form of a separate single fully registered Bond for each of the maturities of the Bonds as provided in Section 4 hereof, and the ownership of each such Bond shall be registered in the Bond Register in the name of Cede & Co., or any successor thereto (“*Cede*”), as nominee of The Depository Trust Company, New York, New York, and its successors and assigns (“*DTC*”). All of the outstanding Bonds shall be registered in the Bond Register in the name of Cede, as nominee of

DTC, except as hereinafter provided. The President, the Treasurer and Village Clerk are hereby authorized to execute and deliver on behalf of the Village such letters to or agreements with DTC and the Bond Registrar as shall be necessary to effectuate such book-entry system (any such letter or agreement being referred to herein as the “*Representation Letter*”).

With respect to the Bonds registered in the Bond Register in the name of Cede, as nominee of DTC, the Village and the Bond Registrar shall have no responsibility or obligation to any broker-dealer, bank or other financial institution for which DTC holds Bonds from time to time as securities depository (each such broker-dealer, bank or other financial institution being referred to herein as a “*DTC Participant*”) or to any person on behalf of whom such a DTC Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the Village and the Bond Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than a registered owner of a Bond as shown in the Bond Register, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than a registered owner of a Bond as shown in the Bond Register, of any amount with respect to principal of or interest on the Bonds. The Village and the Bond Registrar may treat and consider the person in whose name each Bond is registered in the Bond Register as the holder and absolute owner of such Bond for the purpose of payment of principal and interest with respect to such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Bond Registrar shall pay all principal of and interest on the Bonds only to or upon the order of the respective registered owners of the Bonds, as shown in the Bond Register, or their respective attorneys duly authorized in writing,

and all such payments shall be valid and effective to fully satisfy and discharge the Village's obligations with respect to payment of principal of and interest on the Bonds to the extent of the sum or sums so paid. No person other than a registered owner of a Bond as shown in the Bond Register, shall receive a Bond certificate evidencing the obligation of the Village to make payments of principal and interest with respect to any Bond. Upon delivery by DTC to the Bond Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede, the name "*Cede*" in this Ordinance shall refer to such new nominee of DTC.

In the event that (i) the Village determines that DTC is incapable of discharging its responsibilities described herein and in the Representation Letter, (ii) the agreement among the Village, the Bond Registrar and DTC evidenced by the Representation Letter shall be terminated for any reason or (iii) the Village determines that it is in the best interests of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, the Village shall notify DTC and DTC Participants of the availability through DTC of Bond certificates and the Bonds shall no longer be restricted to being registered in the Bond Register in the name of Cede, as nominee of DTC. At the time, the Village may determine that the Bonds shall be registered in the name of and deposited with such other depository operating a global book-entry system, as may be acceptable to the Village, or such depository's agent or designee, and if the Village does not select such alternate global book-entry system, then the Bonds may be registered in whatever name or names registered owners of Bonds transferring or exchanging Bonds shall designate, in accordance with the provisions of Section 6(a) hereof.

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

*Section 6. Redemption. (a) Optional Redemption.* All or a portion of the Bonds, if any, due on and after the date, if any, specified in the Bond Notification shall be subject to redemption prior to maturity at the option of the Village from any available funds, as a whole or in part, and if in part in integral multiples of \$5,000 in any order of their maturity as determined by the Village (less than all of the Bonds of a single maturity to be selected by the Bond Registrar), on the date specified in the Bond Notification (but not later than 10-1/2 years from the issuance of the Bonds) and on any date thereafter, at the redemption price of par plus accrued interest to the redemption date.

(b) *Mandatory Redemption.* The Bonds maturing on the date or dates, if any, specified in the Bond Notification shall be subject to mandatory redemption, in integral multiples of \$5,000 selected by lot by the Bond Registrar, at a redemption price of par plus accrued interest to the redemption date, on May 1 of the years, if any, and in the principal amounts, if any, as specified in the Bond Notification.

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

(c) *General.* 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 any optional redemption date (unless a shorter time period shall be satisfactory to the Bond Registrar) notify

the Bond Registrar of 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 series and maturity, the particular Bonds or portions of Bonds to be redeemed shall be selected by lot by the Bond Registrar from the Bonds of such series and maturity by such method of lottery as the Bond Registrar shall deem fair and appropriate; *provided* that such lottery shall provide for the selection for redemption of Bonds or portions thereof so that any \$5,000 Bond or \$5,000 portion of a Bond shall be as likely to be called for redemption as any other such \$5,000 Bond or \$5,000 portion. The Bond Registrar shall make such selection upon the earlier of the irrevocable deposit of funds with an escrow agent sufficient to pay the redemption price of the Bonds to be redeemed or the time of the giving of official notice of redemption.

The Bond 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 7. Redemption Procedure.* Unless waived by any holder of Bonds to be redeemed, notice of the call for any such redemption shall be given by the Bond 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 shown on the Bond Register or at such other address as is furnished in writing by such registered owner to the Bond Registrar.

All notices of redemption shall state:

- (1) the redemption date,
- (2) the redemption price,

(3) if less than all outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed,

(4) 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,

(5) 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 Bond Registrar, and

(6) such other information then required by custom, practice or industry standard.

Unless moneys sufficient to pay the redemption price of the Bonds to be redeemed at the option of the Village shall have been received by the Bond Registrar prior to the giving of such notice of redemption, such notice may, at the option of the Village, state that said redemption shall be conditional upon the receipt of such moneys by the Bond 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 Bond Registrar shall give notice, in the same manner in which the notice of redemption shall have been given, that such moneys were not so received and that such Bonds will not be redeemed. Otherwise, prior to any redemption date, the Village shall deposit with the Bond Registrar an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on that date.

Subject to the provisions for a conditional redemption described above, 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. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Bond Registrar at the redemption price. Installments of interest due on or prior to the redemption date

shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the Registered Owner a new Bond or Bonds of the same series and maturity in the amount of the unpaid principal.

If any Bond or portion of Bond called for redemption shall not be so paid upon surrender thereof for redemption, the principal shall, until paid, bear interest from the redemption date at the rate borne by the Bond or portion of Bond so called for redemption. All Bonds which have been redeemed shall be cancelled and destroyed by the Bond Registrar and shall not be reissued.

*Section 8. Form of Bond.* The Bonds shall be in substantially the following form; *provided, however,* that if the text of the Bond is to be printed in its entirety on the front side of the Bond, then paragraph [2] and the legend, “*See Reverse Side for Additional Provisions*”, shall be omitted and paragraph [6] and the paragraphs thereafter, as may be appropriate, shall be inserted immediately after paragraph [1]:

[Form of Bond - Front Side]

REGISTERED  
NO. \_\_\_\_\_

REGISTERED  
\$ \_\_\_\_\_

**UNITED STATES OF AMERICA  
STATE OF ILLINOIS  
COUNTY OF KANE  
VILLAGE OF SUGAR GROVE  
GENERAL OBLIGATION REFUNDING BOND  
(WATERWORKS AND SEWERAGE ALTERNATE REVENUE SOURCE), SERIES 2017**

See Reverse Side for  
Additional Provisions

Interest                      Maturity                      Dated  
Rate: \_\_\_\_\_%      Date: May 1, 20\_\_\_\_      Date: \_\_\_\_\_, 2017      CUSIP: \_\_\_\_\_

Registered Owner:    CEDE & CO.

Principal Amount:

[1]    KNOW ALL PERSONS BY THESE PRESENTS, that the Village of Sugar Grove, Kane County, Illinois (the “*Village*”), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns as hereinafter provided, on the Maturity Date identified above, the Principal Amount identified above and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on such Principal Amount from the date of this Bond or from the most recent interest payment date to which interest has been paid at the Interest Rate per annum set forth above on May 1 and November 1 of each year, commencing \_\_\_\_\_ 1, 20\_\_\_\_, until said Principal Amount is paid. Principal of this Bond is payable in lawful money of the United States of America at the principal corporate trust office of Amalgamated Bank of Chicago, Chicago, Illinois, as bond registrar and paying agent (the “*Bond Registrar*”). Payment of interest shall be made to the Registered Owner hereof, as shown on the registration books of the Village maintained by Bond Registrar at the close of business on the 15th day of the month next preceding the interest payment date and shall be paid by check or draft of the Bond Registrar, payable upon

presentation in lawful money of the United States of America, mailed to the address of such Registered Owner as it appears on such registration books or at such other address furnished in writing by such Registered Owner to the Bond Registrar.

[2] Reference is hereby made to the further provisions of this Bond set forth on the reverse hereof and such further provisions shall for all purposes have the same effect as if set forth at this place.

[3] It is hereby certified and recited that all acts, conditions and things required to be done precedent to and in the issuance of this Bond have been done and have happened and have been performed in regular and due form of law; that the indebtedness of the Village, including the issue of Bonds of which this is one, does not exceed any limitation imposed by law, unless the Pledged Taxes shall have been extended pursuant to the general obligation full faith and credit promise supporting the Bonds, in which case the amount of the Bonds then outstanding shall be included in the computation of indebtedness of the Village for purposes of all statutory provisions or limitations until such time as an audit of the Village shall show that the Bonds have been paid from the Pledged Revenues for a complete Fiscal Year; that provision has been made for the collection of the Pledged Revenues, the levy and collection of the Pledged Taxes, and the segregation of the Pledged Moneys to pay the interest hereon as it falls due and also to pay and discharge the principal hereof at maturity; and that the Village hereby covenants and agrees that it will properly account for said Pledged Moneys and will comply with all the covenants of and maintain the funds and accounts as provided by the Bond Ordinance. For the prompt payment of this Bond, both principal and interest at maturity, the full faith, credit and resources of the Village are hereby irrevocably pledged.

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

[5] IN WITNESS WHEREOF, said Village of Sugar Grove, Kane County, Illinois, by its President and Board of Trustees, has caused this Bond to be signed by the manual or duly authorized facsimile signature of its President and attested by the manual or duly authorized facsimile signature of its Village Clerk, and its corporate seal to be affixed hereto or printed hereon, all as of the Dated Date identified above.

Attest:

\_\_\_\_\_  
SPECIMEN  
Village President

\_\_\_\_\_  
SPECIMEN  
Village Clerk

[SEAL]

Date of Authentication: \_\_\_\_\_, 20\_\_

CERTIFICATE  
OF  
AUTHENTICATION

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

This Bond is one of the Bonds described in the within-mentioned Bond Ordinance and is one of the General Obligation Refunding Bonds (Waterworks and Sewerage Alternate Revenue Source), Series 2017, of the Village of Sugar Grove, Kane County, Illinois.

AMALGAMATED BANK OF CHICAGO,  
as Bond Registrar

By \_\_\_\_\_  
Authorized Officer

[Form of Bond - Reverse Side]

**VILLAGE OF SUGAR GROVE, KANE COUNTY, ILLINOIS**  
**GENERAL OBLIGATION REFUNDING BOND**  
**(WATERWORKS AND SEWERAGE ALTERNATE REVENUE SOURCE), SERIES 2017**

[6] This Bond is one of a series of bonds issued by the Village for the purpose of refunding certain obligations of the Village payable from the net revenues of the waterworks and sewerage system (the “*System*”) of the Village, as more fully described in the hereinafter defined Ordinance, pursuant to and in all respects in full compliance with the Local Government Debt Reform Act of the State of Illinois and the Illinois Municipal Code, each as supplemented and amended (the “*Applicable Law*”). The Bonds are issued pursuant to a bond ordinance adopted by the President and Board of Trustees of the Village on the on the 15th day of August, 2017 (the “*Bond Ordinance*”), to which reference is hereby expressly made for further definitions and terms and to all the provisions of which the Registered Owner by the acceptance of this Bond assents.

[7] This Bond is payable [from] (a) [together with the General Obligation Waterworks and Sewerage Bonds (Alternate Revenue Source), Series 2008A (the “*2008A Bonds*”), from] the Net Revenues, and (b) [from] the Pledged Taxes, all in accordance with the Bond Ordinance, the Act and the Municipal Code. The Village is authorized to issue future System revenue bonds, which bonds may have a prior lien on the Net Revenues, or additional alternate bonds on a parity with the Bonds, in each case pursuant to the terms of the Bond Ordinance.

[8] Under the Applicable Law and the Ordinance, the Revenues shall be deposited into the Waterworks and Sewerage Fund, which shall be used only and may hereafter be pledged for paying Operation and Maintenance Costs, paying the principal of and interest on all bonds of the Village that are payable by their terms from the Revenues, providing an adequate depreciation fund for the System and in making all payments required to maintain the accounts established under the Bond Ordinance.

[9] [Optional and Mandatory Redemption provisions, as applicable, will be inserted here].

[10] Notice of any such redemption shall be sent by first class mail not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books of the Village maintained by the Bond Registrar or at such other address as is furnished in writing by such registered owner to the Bond Registrar. When so called for redemption, this Bond will cease to bear interest on the specified redemption date, provided funds for redemption are on deposit at the place of payment at that time, and shall not be deemed to be outstanding.

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

[12] The Bonds are issued in fully registered form in the denomination of \$5,000 each or authorized integral multiples thereof. This Bond may be exchanged at the designated corporate trust office of the Bond Registrar for a like aggregate principal amount of Bonds of the same maturity of other authorized denominations, upon the terms set forth in the Bond Ordinance. The Bond Registrar shall not be required to transfer or exchange any Bond during the period beginning at the close of business on the 15th day of the month next preceding any interest payment date on such Bond and ending at the opening of business on such interest payment date[, nor to transfer or exchange any Bond after notice calling such Bond for redemption has

been mailed, nor during a period of fifteen (15) days next preceding mailing of a notice of redemption of any Bonds].

[13] The Village and the Bond Registrar may deem and treat the Registered Owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes and neither the Village nor the Bond Registrar shall be affected by any notice to the contrary.

**ASSIGNMENT**

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

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

\_\_\_\_\_

\_\_\_\_\_

(Name and Address of Assignee)

the within Bond and does hereby irrevocably constitute and appoint \_\_\_\_\_

\_\_\_\_\_

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

Dated: \_\_\_\_\_

Signature guaranteed: \_\_\_\_\_

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

*Section 9. Sale of Bonds.* The President and the Finance Director (the “*Designated Representatives*”) are hereby authorized to proceed not later than the 15th day of February, 2018, without any further authorization or direction from the Board, to sell the Bonds upon the terms as prescribed in this Ordinance. The Bonds hereby authorized shall be executed as in this Ordinance provided as soon after the delivery of the Bond Notification as may be, and thereupon be deposited with the Village Treasurer, and, after authentication thereof by the Bond Registrar, be by said Treasurer delivered to the Purchaser, upon receipt of the purchase price therefor, the same being not less than 98.0% of the principal amount of the Bonds (exclusive of original issue discount, if any), plus accrued interest to date of delivery, if any; it being hereby found and determined that the sale of the Bonds to the Purchaser is in the best interests of the Village and that no person holding any office of the Village, either by election or appointment, is in any manner financially interested directly in his or her own name or indirectly in the name of any other person, association, trust or corporation, in the sale of the Bonds to the Purchaser.

Prior to the sale of the Bonds, each of the President, Finance Director and Village Treasurer is hereby authorized to approve and execute a commitment for the purchase of a Municipal Bond Insurance Policy (as hereinafter defined), to further secure all or a portion of the Bonds, as long as the present value of the fee to be paid for the Municipal Bond Insurance Policy (using as a discount rate the expected yield on such Bonds treating the fee paid as interest on such Bonds) is less than the present value of the interest reasonably expected to be saved on such Bonds over the term of such Bonds as a result of the Municipal Bond Insurance Policy.

Upon the sale of the Bonds, the Designated Representative shall prepare a Notification of Sale of the Bonds, which shall include the pertinent details of sale as provided herein (the “*Bond Notification*”). In the Bond Notification, the Designated Representatives shall find and determine that (i) the Bonds have been sold at such price and bear interest at such rates that

either the true interest cost (yield) or the net interest rate received upon the sale of the Bonds does not exceed the maximum rate otherwise authorized by applicable law, (ii) the Refunding Conditions have been met and (iii) the net present value debt service savings to the Village as a result of the issuance of the Bonds and the refunding of the Refunded Bonds is not less than 3.0% of the principal amount of the Refunded Bonds. The Bond Notification shall be entered into the records of the Village and made available to the Board at the next regular meeting thereof; but such action shall be for information purposes only, and the Board shall have no right or authority at such time to approve or reject such sale as evidenced in the Bond Notification.

Upon the sale of the Bonds, as evidenced by the execution and delivery of the Bond Notification by the Designated Representatives, the President, the Village Clerk and the Village Treasurer and any other officers of the Village, as shall be appropriate, shall be and are hereby authorized and directed to approve or execute, or both, such documents of sale of the Bonds as may be necessary, including, without limitation, the contract for the sale of the Bonds between the Village and the Purchaser (the "*Purchase Contract*"). Prior to the execution and delivery of the Purchase Contract, the Designated Representative shall find and determine that no person holding any office of the Village, either by election or appointment, is in any manner financially interested directly in his or her own name or indirectly in the name of any other person, association, trust or corporation, in the Purchase Contract.

The use by the Purchaser of any Preliminary Official Statement and any final Official Statement relating to the Bonds (the "*Official Statement*"), is hereby ratified, approved and authorized; the execution and delivery of the Official Statement is hereby authorized; and the officers of the Board are hereby authorized to take any action as may be required on the part of the Village to consummate the transactions contemplated by the Purchase Contract, this Ordinance, said Preliminary Official Statement, the Official Statement and the Bonds.

*Section 10. Treatment of Bonds as Debt.* The Bonds shall be payable from the Pledged Moneys and do not and shall not constitute an indebtedness of the Village within the meaning of any constitutional or statutory limitation, unless the Pledged Taxes shall be extended pursuant to the general obligation, full faith and credit promise supporting the Bonds, as set forth in Section 12 hereof, in which case the amount of the Bonds then Outstanding shall be included in the computation of indebtedness of the Village for purposes of all statutory provisions or limitations until such time as an audit of the Village shall show that the Bonds have been paid from the Pledged Revenues for a complete Fiscal Year, in accordance with the Debt Reform Act.

*Section 11. Continuation of Waterworks and Sewerage Fund and Accounts Thereof.* Upon the issuance of the Bonds, the System shall continue to be operated on a Fiscal Year basis. All of the Revenues shall be set aside as collected and be deposited in a separate fund and in an account in a bank to be designated by the Board, which fund is hereby continued and is designated as the “Waterworks and Sewerage Fund of the Village of Sugar Grove” (the “Fund”), which shall constitute a trust fund for the purpose, among others, of carrying out the covenants, terms, and conditions of this Ordinance, the Prior Bond Ordinances and any Future Bond Ordinance, and shall be used only in paying Operation and Maintenance Costs, paying the principal of and interest on all bonds of the Village which by their terms are payable from the Revenues, providing an adequate depreciation fund and in making all payments required to maintain the accounts established under this Ordinance.

There shall be and there are hereby continued, and/or created, separate accounts in the Fund known as the “Operation and Maintenance Account,” such other accounts as may be established under Future Bond Ordinances, “Alternate Bond and Interest Account,” the “IEPA Loan Account,” the “Depreciation Account,” and the “Surplus Account,” to which there shall be credited on or before the first day of each month by the Village Treasurer, without any further

official action or direction, in the order in which said accounts are hereinafter mentioned, all moneys held in the Fund, in accordance with the following provisions:

(a) Operation and Maintenance Account:

There shall be deposited and credited to the Operation and Maintenance Account an amount sufficient, when added to the amount then on deposit in said Account, to establish a balance equal to an amount not less than the amount necessary to pay Operation and Maintenance Costs for the then current and the next succeeding month.

(b) Future Bond Ordinances may create additional accounts in the Fund for the payment and security of Future Revenue Bonds. Amounts in the Fund shall be credited to and transferred from said accounts in accordance with the terms of the Future Bond Ordinances.

(c) Alternate Bond and Interest Account:

There shall next be deposited and credited to the Alternate Bond and Interest Account in each month a fractional amount of the interest becoming due on the next succeeding interest payment date on all Outstanding Bonds and Outstanding Unrefunded Bonds and a fractional amount of the principal becoming due on the next succeeding principal maturity date of all Outstanding Bonds and Outstanding Unrefunded Bonds until there shall have been accumulated in the Alternate Bond and Interest Account on or before the month preceding such maturity date of interest or principal an amount sufficient to pay such principal or interest, or both, of all Outstanding Bonds and Outstanding Unrefunded Bonds.

In computing the fractional amount to be set aside each month in the Alternate Bond and Interest Account, the fraction shall be so computed that sufficient funds will be set aside in said Account (i) in order to abate the Pledged Taxes in accordance with the provisions of Section 14 of this Ordinance and (ii) available for the prompt payment of such principal of and interest on all Outstanding Bonds and Outstanding Unrefunded Bonds as the same will become due and shall be not less than one-fifth of the interest becoming due on the next succeeding interest payment date and not less than one-tenth of the principal becoming due on the next succeeding principal payment date on all Outstanding Bonds and Outstanding Unrefunded Bonds until there is sufficient money in said Account to pay such principal or interest or both.

Credits to the Alternate Bond and Interest Account may be suspended in any Fiscal Year at such time as there shall be a sufficient sum, held in cash and investments, in said Account to meet principal and interest requirements in said

Account for the balance of such Fiscal Year, but such credits shall be resumed at the beginning of the next Fiscal Year.

All moneys in the Alternate Bond and Interest Account shall be used only for the purpose of paying interest on and principal of Outstanding Bonds, Outstanding Unrefunded Bonds and Additional Bonds.

Pledged Taxes on deposit in the Alternate Bond and Interest Account shall be fully spent to pay the principal of and interest on the Bonds for which such taxes were levied and collected prior to use of any other moneys on deposit in said Account.

Pledged Taxes on deposit in the Alternate Bond and Interest Account shall only be used to pay the principal of and interest on the Bonds.

(d) IEPA Loan Account:

There shall next be deposited and credited to the IEPA Loan Account in each month a fractional amount of the principal and interest becoming due on the next succeeding payment date on all Outstanding IEPA Loans until there shall have been accumulated in the IEPA Loan Account on or before the month preceding such payment date an amount sufficient to pay such principal and interest on all Outstanding IEPA Loans.

In computing the fractional amount to be set aside each month in the IEPA Loan Account, the fraction shall be so computed that sufficient funds will be set aside in said Account and will be available for the prompt payment of such principal and interest on all Outstanding IEPA Loans as the same will become due.

Credits to the IEPA Loan Account may be suspended in any Fiscal Year at such time as there shall be a sufficient sum, held in cash and investments, in said Account to meet principal and interest requirements in said Account for the balance of such Fiscal Year, but such credits shall be resumed at the beginning of the next Fiscal Year.

All moneys in the IEPA Loan Account shall be used only for the purpose of paying interest on and principal of Outstanding IEPA Loans.

(e) Depreciation Account:

There shall be deposited and credited to the Depreciation Account in each month after the required payments have been made into the accounts described above, such sum as the Board may deem necessary in order to provide an adequate depreciation fund for the System.

Amounts to the credit of the Depreciation Account shall be used for (i) the payment of the cost of extraordinary maintenance, necessary repair and replacements, or contingencies, the payment for which no other funds are available, in order that the System may at all times be able to render efficient service, and (ii) the payment of principal of or interest and applicable premium on any Outstanding Bonds, Unrefunded Bonds, Additional Bonds or IEPA Loans at any time when there are no other funds available for that purpose in order to prevent a default and such amounts shall be transferred to the Alternate Bond and Interest Account or IEPA Loan Account, as applicable.

(f) Surplus Account:

All moneys remaining in the Fund, after crediting the required amounts to the accounts described above, and after making up any deficiency in said accounts, shall be deposited and credited to the Surplus Account and used first, to make up any subsequent deficiencies in any of the accounts described above; and then, for the remainder of all surplus Revenues, at the discretion of the Board, for one or more of the following purposes without any priority among them:

1. For the purpose of constructing or acquiring repairs, replacements, improvements or extensions to the System; or
2. For making transfers to the Fund generally to be applied and treated as Revenues when transferred; or
3. For the purpose of calling and redeeming Outstanding Bonds, Unrefunded Bonds, Additional Bonds or IEPA Loans which are callable at the time; or
4. For the purpose of purchasing Outstanding Bonds, Unrefunded Bonds, Additional Bonds or IEPA Loans; or
5. For the purpose of paying principal of and interest on any subordinate bonds or obligations issued for the purpose of acquiring or constructing repairs, replacements, improvements or extensions to the System; or
6. For any other lawful System purpose.

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

*Section 12. Pledged Taxes; Tax Levy.* For the purpose of providing additional funds to pay the principal of and interest on the Bonds, and as provided in Section 15 of the Debt Reform

Act, there is hereby levied upon all of the taxable property within the Village, in the years for which any of the Bonds are Outstanding, a direct annual tax in amounts sufficient for that purpose, and there be and there hereby is levied upon all of the taxable property in the Village the following direct annual taxes (the Pledged Taxes):

FOR THE TAX YEAR	A TAX SUFFICIENT TO PRODUCE THE SUM OF:	
2017	\$495,000.00	for principal and interest up to and including May 1, 2019
2015	\$495,000.00	for principal and interest
2016	\$495,000.00	for principal and interest
2017	\$495,000.00	for principal and interest
2018	\$495,000.00	for principal and interest
2019	\$495,000.00	for principal and interest
2020	\$495,000.00	for principal and interest
2021	\$495,000.00	for principal and interest
2022	\$495,000.00	for principal and interest
2023	\$495,000.00	for principal and interest
2024	\$495,000.00	for principal and interest
2025	\$495,000.00	for principal and interest
2026	\$495,000.00	for principal and interest

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

To the extent that the taxes levied above exceed the amount necessary to pay debt service on the Bonds as set forth in the Bond Notification, the President, the Village Clerk and the Village Treasurer are hereby authorized to direct the abatement of such taxes to the extent of the excess of such levy in each year over the amount necessary to pay debt service on the Bonds in the following bond year. Proper notice of such abatement shall be filed with the County Clerk in a timely manner to effect such abatement.

*Section 13. Filing with County Clerk.* After this Ordinance becomes effective, a copy hereof, certified by the Village Clerk, shall be filed with the County Clerk. The County Clerk shall in and for each of the years required ascertain the rate percent required to produce the aggregate Pledged Taxes hereinbefore provided to be levied in each of said years; and the County Clerk shall extend the same for collection on the tax books in connection with other taxes levied in said years in and by the Village for general corporate purposes of the Village; and the County Clerk, or other appropriate officer or designee, shall remit the Pledged Taxes for deposit to the credit of the Alternate Bond and Interest Account of the Fund, and in said years the Pledged Taxes shall be levied and collected by and for and on behalf of the Village in like manner as taxes for general municipal purposes of the Village for said years are levied and collected, and in addition to and in excess of all other taxes. The Pledged Taxes are hereby irrevocably pledged to and shall be used only for the purpose of paying principal of and interest on the Bonds.

*Section 14. Abatement of Pledged Taxes.* Not later than the last date in any Tax Year that the County Clerk will accept the filing of an ordinance levying a tax to be extended during such Tax Year for the payment of principal of and interest on general obligation bonds, the Board shall, by proper proceedings, direct the abatement of the Pledged Taxes for that Tax Year by the amount on deposit in the Alternate Bond and Interest Account (net of the amount of debt service on the Unrefunded Bonds payable in such Tax Year), and proper notification of such abatement shall be filed with the County Clerk in a timely manner to effect such abatement.

The Village covenants and agrees with the registered owners of the Bonds that so long as any of the Bonds remain outstanding, unless or to the extent the Board shall have provided for an abatement of Pledged Taxes as described above, 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

Pledged Taxes, and the Village and its officers will comply with all present and future applicable laws in order to assure that the Pledged Taxes will be levied, extended and collected as provided in this Ordinance and deposited in the Alternate Bond and Interest Account of the Fund. In the event of any abatement of Pledged Taxes and the failure thereafter to pay debt service in respect of such abatement, the additional amount, together with additional interest accruing shall be added to the tax levy in the Tax Year of, or the Tax Year next following, such failure.

*Section 15. Pledged Revenues; General Covenants.* The Village covenants and agrees with the registered owners of the Bonds that, so long as any Bonds remain Outstanding:

A. The Village will maintain the System in good repair and working order, will operate the same efficiently and faithfully, will promptly construct and acquire any extensions, improvements, replacements or repairs thereto, and will punctually perform all duties with respect thereto required by the Constitution and laws of the State of Illinois and of the United States.

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

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

D. Whenever the coverage requirement in paragraph (B) above is not achieved or Pledged Taxes are extended and collected as provided in this Ordinance, the Village covenants to promptly have prepared a rate and management study for the System by an independent consulting engineer or consultant (experienced with respect to waterworks and sewerage systems) employed for that purpose.

E. The Village from time to time will make all needful and proper repairs, replacements, additions, and betterments to the System so that the System may at all times be operated properly and advantageously; and when any necessary equipment or facility shall have been worn out, destroyed, or otherwise is insufficient for proper use, it shall be promptly replaced so that the value and efficiency of the System shall be at all times fully maintained.

F. The Village will establish such rules and regulations for the control and operation of the System necessary for the safe, lawful, efficient and economical operation thereof.

G. The Village will make and keep proper books and accounts (separate from all other records and accounts of the Village), in which complete entries shall be made of all transactions relating to the System, and hereby covenants that within ninety (90) days following the close of each Fiscal Year, it will cause the books and accounts of the System to be audited by independent certified public accountants. Such audit will be available for inspection by the registered owners of any of the Bonds. Each such audit, in addition to whatever matters may be thought proper by the accountants to be included therein, shall, without limiting the generality of the foregoing, include the following: (i) a statement in detail of income and expenditures of the System for such Fiscal Year; (ii) a balance sheet as of the end of such Fiscal Year, including a statement of the amount held in each of the accounts of the Fund; (iii) a list of all insurance policies in force at the end of the Fiscal Year, setting out as to each policy the amount of the policy, the risks covered, the name of the insurer, and the expiration date of the policy; (iv) the number of waterworks and sewerage customers and users served by the System at the end of the year, the quantity of water supplied and sewerage collected and water and sewerage treated by the System and a summary of rates in effect from time to time for services of the System; (v) the amount and details of all Outstanding Bonds; and (vi) the accountant's comments regarding the manner in which the Village has carried out the accounting requirements of the Bond Ordinance and has complied with Section 15 of the Debt Reform Act, and the accountant's recommendations for any changes or improvements in the operation of the System. All expenses of the audit required by this Ordinance shall be regarded and paid as an Operation and Maintenance Cost.

H. The Village will keep the books and accounts for the System in accordance with generally accepted fund reporting practices; *provided, however*, that the monthly credits to the Alternate Bond and Interest Account, the IEPA Loan Account and the Depreciation Account of the Fund shall be in cash and such funds shall be held separate and apart in cash and investments. For the purpose of determining whether sufficient cash and investments are on deposit in such accounts under the terms of this Ordinance, investments shall be valued at the lesser of cost or the market price on the valuation date thereof, which valuation date shall be not less frequently than annually.

I. The Village will take no action in relation to the System which would unfavorably affect the security of the Outstanding Bonds or the prompt payment of the principal thereof and interest thereon.

J. The registered owner of any Bond may proceed by civil action to compel performance of all duties required by law and this Ordinance, including the making and collecting of sufficient charges and rates for service supplied by the System and the application of the income and revenues therefrom.

K. The Village will carry insurance on the System of the kinds and in the amounts which are usually carried by private parties operating similar properties, covering such risks as shall be recommended by a competent consulting engineer or insurance consultant employed by the Village for the purpose of making such recommendations. All moneys received for loss under such insurance shall be deposited in the Depreciation Account and used in making good the loss or damage in respect of which they were paid, either by repairing the property damaged or making replacement of the property destroyed, and provision for making good such loss or damage shall be made within ninety (90) days from the date of the loss. The payment of premiums for all insurance policies required under the provisions of this covenant in connection with the System shall be considered an Operation and Maintenance Cost. The proceeds from any and all policies for workers' compensation or public liability shall be paid into the Operation and Maintenance Account and used in paying the claims on account of which they were received.

L. The Village covenants, to the extent permitted by law, that the Village will not grant a franchise or other rights for the operation of any competing waterworks or sewerage system or systems within the Village or the area served by the System.

M. The Village will adopt a budget and approve appropriations for the Fund prior to the beginning of each Fiscal Year, subject to all applicable state laws, providing for the payment of all sums to be due in the Fiscal Year so as to comply with the terms of this Ordinance. The budget may include in its estimate of income the use of available surplus moneys or other funds of the Village appropriated for such purposes. If during the Fiscal Year there are extraordinary receipts or payments of unusual cost, the Village will adopt an amended budget for the remainder of the Fiscal Year, providing for receipts or payments pursuant to this Bond Ordinance.

N. The Village will comply with the special covenants concerning "alternate bonds" as required by Section 15 of the Debt Reform Act.

O. Upon request, the Village will provide annual financial statements, including the comprehensive annual financial report, if one is prepared, to any registered owner of the Outstanding Bonds.

P. The Village will punctually pay or cause to be paid from the Alternate Bond and Interest Account the principal and interest to become due in respect to the Bonds in strict conformity with the terms of the Bonds and this Ordinance, and it will faithfully observe and perform all of the conditions, covenants and requirements thereof and hereof.

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

R. The Village will preserve and protect the security of the Bonds and the rights of the registered owners of the Bonds, and will warrant and defend their rights against all claims and demands of all persons. From and after the sale and delivery of any of the Bonds by the Village, the Bonds shall be incontestable by the Village.

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

T. The Village covenants and agrees with the registered owners of the Bonds that, so long as any Bonds remain Outstanding, the Village will take no action or fail to take any action which in any way would adversely affect the ability of the Village to levy the Pledged Taxes and to collect and to segregate the Pledged Moneys. The Village and its officers will comply with all present and future applicable laws in order to assure that the Pledged Taxes can be levied and extended and that the Pledged Revenues and the Pledged Taxes may be collected and deposited as provided in this Ordinance.

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

*Section 16. Future Revenue Bonds, Additional Bonds and Subordinate Bonds.* Future Bond Ordinances may provide for the funding of accounts in the Fund having a prior and superior lien on Revenues to the lien of the Alternate Bond and Interest Account. Without limiting the meaning of this provision, such accounts may include an account or a series of accounts for the payment of and reserves for other bonds or obligations of the Village payable from Revenues; operating reserve accounts; renewal, replacement, depreciation, emergency reserve and the like accounts; rate stabilization and like accounts; or capital project accounts. Any such Future Bond Ordinances, or if not applicable, future ordinances of the Village, may

provide for the Bonds (and Additional Bonds) to be payable from such other or renamed account of the fund or funds related to the System as may be therein described, *provided, however*, that, in all events, the covenant to provide sufficient Pledged Revenues accumulating as herein provided shall continue to be met.

The Village reserves the right to issue Additional Bonds from time to time payable from the Pledged Revenues, and any such Additional Bonds shall share ratably and equally in the Pledged Revenues with the Bonds; *provided, however*, that no Additional Bonds shall be issued except in accordance with the provisions of the Debt Reform Act as the Debt Reform Act.

The Village reserves the right to issue Additional IEPA Loans from time to time payable from the Pledged Revenues, and any such Additional IEPA Loans shall share ratably and equally in the Pledged Revenues with the IEPA Loans.

The Village also reserves the right to issue revenue bonds from time to time payable from the Revenues that are subordinate to the Bonds, Unrefunded Bonds, Additional Bonds or IEPA Loans, and any such revenue bonds shall be payable from the money remaining in the Surplus Account of the Fund.

*Section 17. Defeasance.* Bonds which are no longer Outstanding shall cease to have any lien on or right to receive or be paid from Pledged Revenues and shall no longer have the benefits of any covenant for the registered owners of Outstanding Bonds as set forth herein as such relates to lien and security of the Bonds in the Pledged Revenues or the Pledged Taxes.

*Section 18. Provisions a Contract.* The provisions of this Ordinance shall constitute a contract between the Village and the owners of the Outstanding Bonds and no changes, additions, or alterations of any kind shall be made hereto, except as herein provided, so long as there are any Outstanding Bonds.

*Section 19. Use of Proceeds; Call of the Refunded Bonds.* The proceeds derived from the sale of the Bonds shall be used as follows:

A. Accrued interest, if any, shall be credited to the Alternate Bond and Interest Account of the Fund and applied to pay first interest due on the Bonds.

B. The amount necessary from the sale proceeds of the Bonds shall be deposited into a separate fund, hereby created, designated the "Expense Fund," to be used to pay expenses of issuance of Bonds. Disbursements from such fund shall be made from time to time upon the direction of the Village Treasurer. Any excess in said fund shall be deposited into the Alternate Bond and Interest Account of the Fund after six months from the date of issuance of the Bonds. At the time of issuance of the Bonds, the costs of issuance of the Bonds may be paid by the Purchaser on behalf of the Village from the sale proceeds of the Bonds.

C. The amount necessary from the sale proceeds of the Bonds, together with other lawfully available funds as may be advisable for the purpose, shall be used to provide for the refunding of the Refunded Bonds. Such amount, including the payment of such expenses as may be designated, shall be deposited in escrow pursuant to an Escrow Agreement entered into between the Village and Amalgamated Bank of Chicago, Chicago, Illinois (the "*Escrow Agent*"), in substantially the form attached hereto as *Exhibit A* (the "*Escrow Agreement*") and made a part hereof by this reference, or with such changes therein as shall be approved by the officers of the Village executing the Escrow Agreement, such execution to constitute evidence of the approval of such changes, for the purpose of paying the principal of and interest on the Refunded Bonds when due or upon redemption prior to maturity. The Board approves the form, terms and provisions of the Escrow Agreement and directs the officers appearing signatory to such

Escrow Agreement are hereby authorized and directed to execute same, their execution to constitute conclusive proof of action in accordance with this Ordinance, and approval of all completions or revisions necessary or appropriate to effect the Refunding. Amounts in the escrow may be used to purchase U.S. Treasury Securities (the “*Government Securities*”) to provide for the payment of the principal of and interest on the Refunded Bonds. The Escrow Agent and the Purchaser are each hereby authorized to act as agent for the Village in the purchase of the Government Securities. At the time of the issuance of the Bonds, the costs of issuance of the Bonds may be paid by the Purchaser on behalf of the Village from the proceeds of the Bonds

D. In accordance with the redemption provisions of the Prior Bond Ordinances, the Village by the Board does hereby make provision for the payment of and does hereby call (subject only to the delivery of the Bonds) the Refunded Bonds which may be called for redemption in advance of their maturity on their earliest possible or practicable call date or dates as set forth in the Escrow Agreement.

*Section 20. Bond Registrar Covenants.* If requested by the Bond Registrar, the President and Village Clerk are authorized to execute the Bond Registrar’s standard form of agreement between the Village and the Bond Registrar with respect to the obligations and duties of the Bond Registrar hereunder. Subject to modification by the express terms of any such agreement, such duties shall 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 Bonds as provided herein;

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

(e) to furnish the Village at least annually a certificate with respect to Bonds cancelled 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.

The Village Clerk is hereby directed to file a certified copy of this Ordinance with the Bond Registrar.

*Section 21. General Arbitrage Covenants.* The Village hereby covenants that it will not take any action, omit to take any action or permit the taking or omission of any action within its control (including, without limitation, making or permitting any use of the proceeds of the Bonds) if taking, permitting or omitting to take such action would cause any of the Bonds to be an arbitrage bond or a private activity bond within the meaning of the IRC or would otherwise cause the interest on the Bonds to be included in the gross income of the recipients thereof for federal income tax purposes. The Village acknowledges that, in the event of an examination by the IRS of the exemption from federal income taxation for interest paid on the Bonds, under present rules, the Village is treated as the “taxpayer” in such examination and agrees that it will respond in a commercially reasonable manner to any inquiries from the IRS in connection with such an examination.

The Village also agrees and covenants with the purchasers and holders of the Bonds from time to time outstanding that, to the extent possible under Illinois law, it will comply with whatever federal tax law is adopted in the future which applies to the Bonds and affects the Tax-exempt status of the Bonds.

The Board hereby authorize the officials of the Village responsible for issuing the Bonds, the same being the President, Village Clerk and Village Treasurer, 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 exempt from

federal income taxation. In connection therewith, the Village and the Board further agrees: (a) through their officers, to make such further specific covenants, representations as shall be truthful, and assurances as may be necessary or advisable; (b) to consult with counsel approving the 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; (d) to file such forms, statements, and supporting documents as may be required and in a timely manner; and (e) if deemed necessary or advisable by their officers, to employ and pay fiscal agents, financial advisors, attorneys, and other persons to assist the Village in such compliance.

*Section 22. Qualified Tax-exempt Obligations.* The Village hereby designates each of the Bonds for purposes of Section 265(b)(3) of the IRC as a “qualified tax-exempt obligation” as provided therein.

*Section 23. Registered Form.* The Village recognizes that IRC Section 149 requires the Bonds to be issued and to remain in fully registered form in order for the interest thereon to be and remain Tax-exempt. In this connection, the Village agrees that it will not take any action to permit the Bonds to be issued in, or converted into, bearer or coupon form.

*Section 24. Municipal Bond Insurance.* In the event the payment of principal of and interest on the Bonds is insured pursuant to a municipal bond insurance policy (a “*Municipal Bond Insurance Policy*”) issued by a bond insurer (a “*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 when holding Bonds, amendment hereof, or other terms, as approved by the President on advice of

counsel, his approval to constitute full and complete acceptance by the Village of such terms and provisions under authority of this section.

*Section 25. Continuing Disclosure Undertaking.* Each of the President, Village Clerk and Village Treasurer is hereby authorized, empowered and directed to execute and deliver the Continuing Disclosure Undertaking (the “*Continuing Disclosure Undertaking*”) in substantially the same form as now before the Board, or with such changes therein as the individual executing the Continuing Disclosure Undertaking on behalf of the Village shall approve, the official’s execution thereof to constitute conclusive evidence of the approval of such changes. When the Continuing Disclosure Undertaking is executed and delivered on behalf of the Village as herein provided, the Continuing Disclosure Undertaking will be binding on the Village and the officers, employees and agents of the Village, and the officers, employees and agents of the Village are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Continuing Disclosure Undertaking as executed. Notwithstanding any other provision of this Ordinance, the sole remedies for failure to comply with the Continuing Disclosure Undertaking shall be the ability of the beneficial owner of any Bond to seek mandamus or specific performance by court order, to cause the Village to comply with its obligations under the Continuing Disclosure Undertaking.

*Section 26. Record-Keeping Policy and Post-Issuance Compliance Matters.* On March 5, 2013, the Board adopted a record-keeping policy (the “*Policy*”) in order to maintain sufficient records to demonstrate compliance with its covenants and expectations to ensure the appropriate federal tax status for the debt obligations of the Village, the interest on which is excludable from “gross income” for federal income tax purposes (such as the Bonds) or which enable the Village or the holder to receive federal tax benefits, including, but not limited to,

qualified tax credit bonds and other specified tax credit bonds. The Board and the Village hereby reaffirm the Policy.

*Section 27. Severability.* If any section, paragraph, clause or provision of this Ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this Ordinance.

*Section 28. Superseder and Effective Date.* All ordinances, resolutions, and orders, or parts thereof, in conflict herewith, are to the extent of such conflict hereby superseded; and this Ordinance shall be in full force and effect upon its passage and approval as provided by law.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

ADOPTED by the Board on the 15th day of August, 2017, pursuant to a roll call vote as

follows:

AYE: \_\_\_\_\_

\_\_\_\_\_

NAY: \_\_\_\_\_

ABSENT: \_\_\_\_\_

ABSTAIN: \_\_\_\_\_

APPROVED by me, as President of the Village of Sugar Grove, Kane County, Illinois, the  
15th day of August, 2017.

\_\_\_\_\_

PRESIDENT

PASSED by the President and Board of Trustees of the Village of Sugar Grove, Kane  
County, Illinois, the 15th day of August, 2017.

Attest: \_\_\_\_\_

VILLAGE CLERK

**EXHIBIT A**

**ESCROW AGREEMENT**

This Escrow Agreement, dated as of \_\_\_\_\_, 2017, but actually executed on the date witnessed hereinbelow, by and between the Village of Sugar Grove, Kane County, Illinois (the “*Village*”), and Amalgamated Bank of Chicago, a banking corporation having trust powers, organized and operating under the laws of the State of Illinois located in Chicago, Illinois (the “*Escrow Agent*”), in consideration of the mutual promises and agreements herein set forth:

**WITNESSETH:**

**ARTICLE I**

**DEFINITIONS**

The following words and terms used in this Agreement shall have the following meanings unless the context or use clearly indicates another or different meaning:

*Section 1.01.* “*Agreement*” means this Agreement between the Village and the Escrow Agent.

*Section 1.02.* “*Board*” means the President and Board of Trustees of the Village.

*Section 1.03.* “*Bonds*” means the \$\_\_\_\_\_ General Obligation Refunding Bonds (Waterworks and Sewerage Alternate Revenue Source), Series 2017, dated \_\_\_\_\_, 2017, authorized to be issued by the Bond Ordinance.

*Section 1.04.* “*Bond Ordinance*” means the ordinance adopted on the 15th day of August, 2017, by the Board entitled:

AN ORDINANCE authorizing and providing for the issuance of not to exceed \$3,100,000 General Obligation Refunding Bonds (Waterworks and Sewerage Alternate Revenue Source), Series 2017, of the Village of Sugar Grove, Kane County, Illinois, for the purpose of refunding certain outstanding alternate bonds of said Village, prescribing the details of said bonds, providing for the collection, segregation and application of said waterworks and sewerage system revenues to the payment of said bonds and the

levy of taxes to pay the same if said system revenues are insufficient to make such payment and authorizing the sale of said bonds to Robert W. Baird & Co. Incorporated.

authorizing the issuance of the Bonds.

*Section 1.05.* “Code” means Section 148 of the Internal Revenue Code of 1986, and all lawful regulations promulgated thereunder.

*Section 1.06.* “Escrow Account” means the trust account established under this Agreement by the deposit of the Government Securities and the beginning cash.

*Section 1.07.* “Escrow Agent” means Amalgamated Bank of Chicago, a banking corporation having trust powers, organized and operating under the laws of the State of Illinois, located in Chicago, Illinois, not individually but in the capacity for the uses and purposes hereinafter mentioned, or any successor thereto.

*Section 1.08* “Government Securities” means the [U.S. Treasury Bills and U.S. Treasury Notes purchased in the ordinary course of business, with no special arrangements, pursuant to Section 2.02 and described in *Exhibit A*.] [non-callable direct obligations of or non-callable obligations guaranteed by the full faith and credit of the United States of America as to principal and interest deposited hereunder as more particularly described in *Exhibit A* to this Agreement and also including any direct obligations purchased pursuant to Section 3.02.]

*Section 1.09.* “Intended Government Securities” means the Government Securities labeled as such on *Exhibit A*.

*Section 1.10.* “Paying Agent” means Amalgamated Bank of Chicago, Chicago, Illinois, as successor to Cole Taylor Bank, Chicago, Illinois, as bond registrar and paying agent for the Refunded Bonds, and any successor thereto.

*Section 1.11.* “Refunded Bonds” means the outstanding bonds of the Village as follows:

- (a) \$\_\_\_\_\_ General Obligation Water and Sewer Alternate Revenue Refunding Bonds, Series 2006, dated May 1, 2006, being a portion of the bonds outstanding from an issue in the original principal amount of \$2,640,000, fully registered

and without coupons, due serially or subject to mandatory redemption on May 1 of the years, in the amounts and bearing interest at the rates per annum as follows:

YEAR OF MATURITY	PRINCIPAL AMOUNT	RATE OF INTEREST
2018	\$ ,000	%
2019	,000	%
2020	,000	%
2021	,000	%

(the “2006 Refunded Bonds”), and

(b) \$\_\_\_\_\_ General Obligation Waterworks and Sewerage Bonds (Alternate Revenue Source), Series 2008A, dated July 15, 2008, being a portion of the bonds outstanding from an issue in the original principal amount of \$2,585,000, fully registered and without coupons, due serially or subject to mandatory redemption on May 1 of the years, in the amounts and bearing interest at the rates per annum as follows:

YEAR OF MATURITY	PRINCIPAL AMOUNT	RATE OF INTEREST
2019	\$ ,000	%
2020	,000	%
2021	,000	%
2022	,000	%
2023	,000	%
2024	,000	%
2025	,000	%
2026	,000	%
2027	,000	%
2028	,000	%

(the “2008A Refunded Bonds”).

*Section 1.12.* “*Substitute Securities*” means the Government Securities identified as such in *Exhibit A-1*.

*Section 1.13.* “*Treasurer*” means the Treasurer of the Village.

## ARTICLE II

### CREATION OF ESCROW

*Section 2.01.* The Village by the Bond Ordinance has authorized the issue and delivery of the Bonds, proceeds of which, together with certain funds of the Village on hand and legally available for such purpose, are to be used to refund the Refunded Bonds by the deposit on demand and to purchase on behalf of the Village the Government Securities. Such deposit and securities will provide all moneys necessary to pay the principal of and interest on the Refunded Bonds when due or upon redemption prior to maturity.

*Section 2.02.* The Village deposits \$\_\_\_\_\_ from the proceeds of the Bonds, \$\_\_\_\_\_ from the proceeds of the 2006 Refunded Bonds, \$\_\_\_\_\_ from the proceeds of the 2008A Refunded Bonds and \$\_\_\_\_\_ from funds on hand and legally available for the purchase of Government Securities and the funding of a beginning cash escrow deposit on demand in the amount of \$\_\_\_\_\_. [On the date hereof said sums shall fund a cash escrow deposit on demand in the amount of \$\_\_\_. After the closing on \_\_\_\_\_, 2017, the Escrow Agent will purchase the Government Securities in the amounts, maturing and as otherwise described as set forth in *Exhibit A* for delivery on \_\_\_\_\_, 2017 [the day after closing]. The Escrow Agent will purchase the Government Securities in the customary manner for such investments (in the secondary market or in a Treasury auction) at a price no higher than the fair market value of the Government Securities and will maintain records demonstrating compliance with this requirement.] The beginning deposit and the Government Securities are held in an irrevocable trust fund account for the Village to the benefit of the holders of the Refunded Bonds to pay the principal of and interest on the Refunded Bonds when due or upon redemption prior to maturity.

[*Section 2.03.* The Escrow Agent and the Village have each received the report of \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, attached hereto as *Exhibit B* (the

“*Verification Report*”), that the principal of and income and profit to be received from the Government Securities, when paid at maturity, and the cash held in accordance with Section 2.02 hereof, will be sufficient, at all times pending the final payment of the Refunded Bonds, to pay all interest on and all principal of the Refunded Bonds when due or upon redemption prior to maturity as evidenced by said Report.

*Section 2.04.* The Escrow Agent will purchase the Government Securities described in *Exhibit A* hereto on \_\_\_\_\_, 201\_\_. If the Escrow Agent is unable to purchase Intended Government Securities on \_\_\_\_\_, 201\_\_, because of a failed delivery of all or a portion of the Intended Government Securities by the seller, as indicated on the trade ticket for the Intended Government Securities (the “*Seller*”), then it will on \_\_\_\_\_, 201\_\_, purchase the Substitute Government Securities for the same purchase price. If the Escrow Agent purchases Substitute Government Securities on \_\_\_\_\_, 201\_\_, then at the request of the seller of those Substitute Government Securities, the Escrow Agent will, but only prior to \_\_\_\_\_, 201\_\_, accept delivery of the Intended Government Securities in exchange for the Substitute Government Securities, but only if following such exchange, the Escrow Agent will hold all of the Intended Government Securities, or will hold another portfolio for which a report of the Verification Agent (or another accounting firm acceptable to the Escrow Agent), establishes that the principal of and income and profit to be received from the Government Securities, when paid at maturity, and the cash held in accordance with Section 2.02 hereof, will be sufficient, at all times pending the final payment of the Refunded Bonds, to pay all interest on and all principal of the Refunded Bonds when due and upon redemption prior to maturity as evidenced by said Report.]

## ARTICLE III

### COVENANTS OF ESCROW AGENT

The Escrow Agent covenants and agrees with the Village as follows:

*Section 3.01.* The Escrow Agent will hold the Government Securities and all interest income or profit derived therefrom and all uninvested cash in an irrevocable segregated and separate trust fund account for the sole and exclusive benefit of the holders of the Refunded Bonds until final payment thereof.

*Section 3.02.* The beginning cash escrow deposit shall not be invested by the Escrow Agent. Otherwise, the Escrow Agent will reinvest all available uninvested balances (except for an amount under \$1,000 or as explicitly provided in this Section) in the Escrow Account on deposit from time to time, whenever said balances exceed \$1,000 unless said balance is needed to pay principal of or interest on refunded bonds within 14 days, and acknowledges that the schedule of amounts available for reinvestment appears in the cash flow tables in the Verification Report and in *Exhibit C*. Investments so made shall be in direct obligations of the United States of America and shall be scheduled to mature on or prior to the interest payment date on the Refunded Bonds on which such proceeds will be needed to pay the principal of or interest on the Refunded Bonds. Such investments shall, to the extent possible, be in zero-yield obligations issued directly by the Bureau of Fiscal Service of the United States Treasury (currently designated “*U. S. Treasury Securities—State and Local Government Series Certificates of Indebtedness, Notes or Bonds*”) (“*SLGS*”). Such investments shall be made only to the extent permitted by, and shall be made in accordance with, the applicable statutes, rules and regulations governing such investments issued by the Bureau of Fiscal Service. The Escrow Agent expressly recognizes that under current regulations all SLGS must be subscribed for not less than 5 days (7 days for amounts of \$10,000,000 or more) nor more than 60 days prior to date of issuance.

*Exhibit C* contains a list of scheduled reinvestments. The Escrow Agent is instructed to subscribe for and take delivery of SLGS as described in *Exhibit C*.

If the Department of the Treasury (or the Bureau of Fiscal Service) of the United States suspends the sale of SLGS causing the Escrow Agent to be unable to purchase SLGS, then the Escrow Agent will take the following actions. On the date it would have purchased SLGS had it been able to do so, the Escrow Agent will purchase direct obligations of the United States (the “*Alternate Investment*”) maturing no more than 90 days after the date of purchase and no later than the scheduled maturity date of such SLGS as shown on *Exhibit C*. The purchase price of the Alternate Investment shall be as close as possible but not more than to the principal amount of the SLGS that would have been purchased on such date if they had been available for purchase and also not more than the total of all principal and interest to be received on such investment. The maturity date of the Alternate Investment shall be the latest possible date that (i) is not more than 90 days after the purchase date and (ii) is not after the scheduled maturity date for the SLGS that would have been purchased if available as shown on *Exhibit C*. The Escrow Agent will purchase each Alternate Investment in the customary manner for such investments (in the secondary market or in a Treasury auction) at a price no higher than the fair market value of the Alternate Investment and will maintain records demonstrating compliance with this requirement. If the Escrow Agent is unable to purchase any investment satisfying all of these requirements, then the Escrow Agent will leave the balance uninvested and shall notify the Village that it has been unable to purchase such an Alternate Investment, providing the reason for such inability to the Village. On the maturity of each Alternate Investment, the Escrow Agent shall pay the difference between the total of the receipts (principal and interest) on the Alternate Investment and the purchase price of the Alternate Investment to the Village with a notice to the Village that such amount may need to be paid to the Internal Revenue Service

pursuant to Rev. Proc. 95-47 or successor provisions including any finalized version of Prop. Treas. Reg. Section 1.148-5(c). If the Alternate Investment matures more than 14 days prior to the next succeeding interest payment date on the Refunded Bonds on which such proceeds will be needed to pay principal of or interest on the Refunded Bonds, the Escrow Agent shall treat such amounts as an uninvested balance available for reinvestment and shall take all reasonable steps to invest such amounts in SLGS (or additional Alternate Investments as provided in this Section).

The Escrow Agent shall hold balances not so invested in the Escrow Account on demand and in trust for the purposes hereof and shall secure same in accordance with applicable Illinois law for the securing of public funds.

*Section 3.03.* The Escrow Agent will take no action in the investment or securing of the proceeds of the Government Securities which would cause the Bonds to be classified as “arbitrage bonds” under the Code, *provided*, it shall be under no duty to affirmatively inquire whether the Government Securities as deposited are properly invested under the Code; and, *provided, further*, it may rely on all specific directions in this Agreement in the investment or reinvestment of balances held hereunder.

*Section 3.04.* The Escrow Agent will promptly collect the principal, interest or profit from the Government Securities and promptly apply the same as necessary to the payment of principal and interest on the Refunded Bonds when due or upon redemption prior to maturity as herein provided.

*Section 3.05.* The Escrow Agent will remit to the Paying Agent, in good funds on or before each principal or interest payment or redemption date on the Refunded Bonds, moneys sufficient to pay such principal, interest and redemption price as will meet the requirements for

the retirement of the Refunded Bonds, and such remittances shall fully release and discharge the Escrow Agent from any further duty or obligation thereto under this Agreement.

*Section 3.06.* The Escrow Agent will make no payment of fees, charges or expenses due or to become due, of the Paying Agent or the bond registrar and paying agent on the Bonds, and the Village either paid such fees, charges and expenses in advance as set forth in Section 3.07 hereof or covenants to pay the same as they become due.

*Section 3.07.* The charges, fees and expenses of the Escrow Agent (other than any charges, fees and expenses incurred pursuant to Section 3.08 hereof) have been paid in advance, and all charges, fees or expenses of the Escrow Agent in carrying out any of the duties, terms or provisions of this Agreement shall be paid solely therefrom. The Escrow Agent is also providing bond registrar and paying agent services for the Bonds, and the acceptance fee and first annual fee of the Escrow Agent for such bond registrar and paying agent services have been paid in advance, and all remaining charges, fees or expenses of the Escrow Agent for such services shall be paid by the Village upon receipt of invoices therefor.

*Section 3.08.* The Village has called the 2006 Refunded Bonds for redemption and payment prior to maturity on November 8, 2017, and the 2008A Refunded Bonds due on and after May 1, 2018, for redemption and payment prior to maturity on May 1, 2018. The Escrow Agent, in its capacity as Paying Agent, will provide for and give timely notice of the call for redemption of such Refunded Bonds. The form and time of the giving of such notice regarding such Refunded Bonds shall be as specified in the resolution authorizing the issuance of the Refunded Bonds. The Village shall reimburse the Escrow Agent for any actual out of pocket expenses incurred in the giving of such notice, but the failure of the Village to make such payment shall not in any respect whatsoever relieve the Escrow Agent from carrying out any of the duties, terms or provisions of this Agreement.

The Escrow Agent shall also give, in its capacity as Paying Agent, notice of the call of the Refunded Bonds, on or before the date the notice of such redemption is given to the holders of the Refunded Bonds, to the Municipal Securities Rulemaking Board (the “MSRB”) through its Electronic Municipal Market Access system for municipal securities disclosure or through any other electronic format or system prescribed by the MSRB for purposes of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. Information with respect to procedures for submitting notice can be found at <https://msrb.org>.

*Section 3.09.* The Escrow Agent has all the powers and duties herein set forth with no liability in connection with any act or omission to act hereunder, except for its own negligence or willful breach of trust, and shall be under no obligation to institute any suit or action or other proceeding under this Agreement or to enter any appearance in any suit, action or proceeding in which it may be defendant or to take any steps in the enforcement of its, or any, rights and powers hereunder, nor shall be deemed to have failed to take any such action, unless and until it shall have been indemnified by the Village to its satisfaction against any and all costs and expenses, outlays, counsel fees and other disbursements, including its own reasonable fees, and if any judgment, decree or recovery be obtained by the Escrow Agent, payment of all sums due it, as aforesaid, shall be a first charge against the amount of any such judgment, decree or recovery.

*Section 3.10.* The Escrow Agent may in good faith buy, sell or hold and deal in any of the Bonds or the Refunded Bonds.

*Section 3.11.* The Escrow Agent will submit to the Treasurer a statement within forty-five (45) days after May 2 and November 2 of each calendar year, commencing \_\_\_\_\_ 2, 2016, itemizing all moneys received by it and all payments made by it under the provisions of

this Agreement during the preceding six (6) month period (or, for the first period, from the date of delivery of the Bonds to \_\_\_\_\_ 2, 2016), and also listing the Government Securities on deposit therewith on the date of said report, including all moneys held by it received as interest on or profit from the collection of the Government Securities.

*Section 3.12.* If at any time it shall appear to the Escrow Agent that the available proceeds of the Government Securities and deposits on demand in the Escrow Account will not be sufficient to make any payment due to the holders of any of the Refunded Bonds, the Escrow Agent shall notify the Treasurer and the Board, not less than five (5) days prior to such date, and the Village agrees that it will from any funds legally available for such purpose make up the anticipated deficit so that no default in the making of any such payment will occur.

#### **ARTICLE IV**

##### **COVENANTS OF VILLAGE**

The Village covenants and agrees with the Escrow Agent as follows:

*Section 4.01.* The Escrow Agent shall have no responsibility or liability whatsoever for (a) any of the recitals of the Village herein, (b) the performance of or compliance with any covenant, condition, term or provision of the Bond Ordinance, and (c) any undertaking or statement of the Village hereunder or under the Bond Ordinance.

*Section 4.02.* All payments to be made by, and all acts and duties required to be done by, the Escrow Agent under the terms and provisions of this Agreement, shall be made and done by the Escrow Agent without any further direction or authority of the Village or the Treasurer.

*Section 4.03.* The Village will take no action regarding the proceeds of the Bonds which would cause the Bonds to be classified as “arbitrage bonds” under the Code, and the Village will take any and all further action necessary to ensure that adequate provision is made for the

payment of the Refunded Bonds and that neither the Refunded Bonds nor the Bonds are classified as “arbitrage bonds” under the Code.

## ARTICLE V

### AMENDMENTS, REINVESTMENT OF FUNDS, IRREVOCABILITY OF AGREEMENT

*Section 5.01.* Except as provided in Section 5.04 hereof, all of the rights, powers, duties and obligations of the Escrow Agent hereunder shall be irrevocable and shall not be subject to amendment by the Escrow Agent and shall be binding on any successor to the Escrow Agent during the term of this Agreement.

*Section 5.02.* Except as provided in Section 5.04 hereof, all of the rights, powers, duties and obligations of the Village hereunder shall be irrevocable and shall not be subject to amendment by the Village and shall be binding on any successor to the officials now comprising the Board during the term of this Agreement.

*Section 5.03.* Except as provided in Section 5.04 hereof, all of the rights, powers, duties and obligations of the Treasurer hereunder shall be irrevocable and shall not be subject to amendment by the Treasurer and shall be binding on any successor to said official now in office during the term of this Agreement.

*Section 5.04.* This Agreement may be amended or supplemented, and the Government Securities or any portion thereof may be sold, redeemed, invested or reinvested, in any manner provided (any such amendment, supplement, or direction to sell, redeem, invest or reinvest to be referred to as a “*Subsequent Action*”), upon submission to the Escrow Agent of each of the following:

- (1) Certified copy of proceedings of the Board authorizing the Subsequent Action and copy of the document effecting the Subsequent Action signed by duly designated officers of the Village.

(2) An opinion of nationally recognized bond counsel or tax counsel nationally recognized as having an expertise in the area of tax-exempt municipal bonds that the Subsequent Action has been duly authorized by the Board and will not adversely affect the tax-exempt status of the interest on the Bonds or the Refunded Bonds nor violate the covenants of the Village not to cause the Bonds or the Refunded Bonds to become “arbitrage bonds” under the Code, and that the Subsequent Action does not materially adversely affect the legal rights of the holders of the Bonds and the Refunded Bonds.

(3) An opinion of a firm of nationally recognized independent certified public accountants or consultants nationally recognized as having an expertise in the area of refunding escrows that the amounts (which will consist of cash or deposits on demand held in trust or receipts from non-callable direct obligations of or non-callable obligations guaranteed by the full faith and credit of the United States of America, all of which shall be held hereunder) available or to be available for payment of the Refunded Bonds will remain sufficient to pay when due all principal and interest on the Refunded Bonds after the taking of the Subsequent Action.

## **ARTICLE VI**

### **MERGER, CONSOLIDATION OR RESIGNATION OF ESCROW AGENT**

Any banking association or corporation into which the Escrow Agent may be merged, converted or with which the Escrow Agent may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Escrow Agent shall be a party, or any banking association or corporation to which all or substantially all of the corporate trust business of the Escrow Agent shall be transferred, shall succeed to all the Escrow Agent’s rights, obligations and immunities hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding. The

Escrow Agent may at any time resign as Escrow Agent under this Agreement by giving 30 days' written notice to the Village, and such resignation shall take effect upon the appointment of a successor Escrow Agent by the Village. The Village may select as successor Escrow Agent any financial institution with capital, surplus and undivided profits of at least \$75,000,000 and having a corporate trust office within the State of Illinois, and which is authorized to maintain trust accounts for municipal corporations in Illinois under applicable law.

## **ARTICLE VII**

### **NOTICES TO THE VILLAGE, THE TREASURER AND THE ESCROW AGENT**

*Section 7.01.* All notices and communications to the Village and the Board shall be addressed in writing to: Village Clerk, Village of Sugar Grove, 10 South Municipal Drive, Sugar Grove, Illinois 60554.

*Section 7.02.* All notices and communications to the Treasurer shall be addressed in writing to: Treasurer, Village of Sugar Grove, 10 South Municipal Drive, Sugar Grove, Illinois 60554.

*Section 7.03.* All notices and communications to the Escrow Agent shall be addressed in writing to: Corporate Trust Department, Amalgamated Bank of Chicago, 30 North LaSalle Street, 38th Floor, Chicago, Illinois 60602.

## **ARTICLE VIII**

### **TERMINATION OF AGREEMENT**

*Section 8.01.* That, upon final disbursement of funds sufficient to pay the principal and interest of the Refunded Bonds as hereinabove provided for, the Escrow Agent will transfer any balance remaining in the Escrow Account to the Treasurer with due notice thereof mailed to the Board, and thereupon this Agreement shall terminate. [The Treasurer shall deposit such funds

into the Alternate Bond and Interest Account of the Waterworks and Sewerage Fund established by the Village for the payment of interest on the Current Refunding Portion of the Bonds, as defined in the Tax Exemption Certificate and Agreement executed for the Bonds.]

IN WITNESS WHEREOF, the Village of Sugar Grove, Kane County, Illinois, has caused this Agreement to be signed in its name by the President of the Board and to be attested by the Village Clerk; and \_\_\_\_\_, \_\_\_\_\_, not individually, but in the capacity as hereinabove described, has caused this Agreement to be signed in its corporate name by one of its officers and attested by one of its officers under its corporate seal hereunto affixed, all as of the \_\_\_\_ day of \_\_\_\_\_, 2017.

VILLAGE OF SUGAR GROVE,  
KANE COUNTY, ILLINOIS

By \_\_\_\_\_  
Its President

Attest:

\_\_\_\_\_  
Village Clerk

[SEAL]

AMALGAMATED BANK OF CHICAGO  
Chicago, Illinois

By \_\_\_\_\_  
Its \_\_\_\_\_

Attest:

\_\_\_\_\_  
Its \_\_\_\_\_

[BANK SEAL]

This Escrow Agreement received and acknowledged by me this \_\_\_\_\_ day of \_\_\_\_\_, 2017.

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Treasurer, Village of Sugar Grove,  
Kane County, Illinois

**EXHIBIT A**

**GOVERNMENT SECURITIES**

**EXHIBIT A-1**

**SUBSTITUTE GOVERNMENT SECURITIES**

**EXHIBIT B**

**VERIFICATION REPORT**

**EXHIBIT C**

**SCHEDULED REINVESTMENTS**

SUBSCRIBE BY	PURCHASE DATE	MATURITY DATE	PAR AMOUNT	TYPE	RATE
				SLGS-Cert	0%

If any date shown above is not a business day, the subscribe by date or purchase date should be adjusted to the next possible business day.

The Escrow Agent may submit a subscription for a scheduled SLGS purchase before the date shown, so long as it is not submitted more than 60 days prior to the purchase date. If subscriptions are not accepted on the date shown, the Escrow Agent should keep trying to submit such a subscription until five days before the scheduled purchase date. If the Escrow Agent is unable to purchase or subscribe for SLGS as shown above, the Escrow Agent should purchase an Alternate Investment as described in Section 3.2.

In completing this form, the subscription date should be approximately one month before the purchase date. Purchase date should be the date cash becomes available.

STATE OF ILLINOIS     )  
  ) SS  
COUNTY OF KANE        )

**CERTIFICATION OF ORDINANCE AND MINUTES**

I, the undersigned, do hereby certify that I am the duly qualified and acting Village Clerk of the Village of Sugar Grove, Kane County, Illinois (the “*Village*”), and as such officer I am the keeper of the books, records, files, and journal of proceedings of the Village and of the President and Board of Trustees of the Village (the “*Board*”) thereof.

I do further certify that the foregoing constitutes a full, true and complete transcript of the minutes of the legally convened regular meeting of the Board held on the 15th day of August, 2017, insofar as same relates to the adoption of an ordinance numbered \_\_\_\_\_ and entitled:and entitled:

AN ORDINANCE authorizing and providing for the issuance of not to exceed \$3,100,000 General Obligation Refunding Bonds (Waterworks and Sewerage Alternate Revenue Source), Series 2017, of the Village of Sugar Grove, Kane County, Illinois, for the purpose of refunding certain outstanding alternate bonds of said Village, prescribing the details of said bonds, providing for the collection, segregation and application of said waterworks and sewerage system revenues to the payment of said bonds and the levy of taxes to pay the same if said system revenues are insufficient to make such payment and authorizing the sale of said bonds to Robert W. Baird & Co. Incorporated.

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

I do further certify that the deliberations of the Board on the adoption of said ordinance were taken openly; that the vote on the adoption of said ordinance was taken openly; that said meeting was held at a specified time and place convenient to the public; that notice of said meeting was duly given to all news media requesting such notice, that an agenda for said meeting was posted at the location where said meeting was held and at the principal office of the Board at least 96 hours in advance of the holding of said meeting, that a true, correct and complete copy of said agenda as so posted is attached hereto as *Exhibit A*; that at least one copy of said agenda was continuously available for public review during the entire 96-hour period preceding said meeting, that said meeting was called and held in strict compliance with the provisions of the Open Meetings Act of the State of Illinois, as amended, and the Illinois Municipal Code, as amended, and that the Board have complied with all of the provisions of said Act and said Code and with all of the procedural rules of the Board in the adoption of said ordinance.

IN WITNESS WHEREOF, I hereunto affix my official signature and the seal of the Village  
this 15th day of August, 2017.

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Village Clerk

(SEAL)

STATE OF ILLINOIS     )  
  ) SS  
COUNTY OF KANE        )

**FILING CERTIFICATE**

I, the undersigned, do hereby certify that I am the duly qualified and acting County Clerk of Kane County, Illinois, and as such official I do further certify that on the \_\_\_\_ day of \_\_\_\_\_, 2017, there was filed in my office a duly certified copy of Ordinance No. \_\_\_\_\_ entitled:

AN ORDINANCE authorizing and providing for the issuance of not to exceed \$3,100,000 General Obligation Refunding Bonds (Waterworks and Sewerage Alternate Revenue Source), Series 2017, of the Village of Sugar Grove, Kane County, Illinois, for the purpose of refunding certain outstanding alternate bonds of said Village, prescribing the details of said bonds, providing for the collection, segregation and application of said waterworks and sewerage system revenues to the payment of said bonds and the levy of taxes to pay the same if said system revenues are insufficient to make such payment and authorizing the sale of said bonds to Robert W. Baird & Co. Incorporated.

duly adopted by the President and Board of Trustees of the Village of Sugar Grove, Kane County, Illinois, on the 15th day of August, 2017, 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 \_\_\_\_\_, 2017.

\_\_\_\_\_  
County Clerk of Kane County, Illinois

[SEAL]