

New Issue

Date of Sale: Tuesday, September 7, 2010
Between 9:30 – 9:45 A.M., C.D.T.
(Open Speer Auction)

Investment Rating:
Moody's Investors Service ...
(Review Requested)

Official Statement

Subject to compliance by the Village with certain covenants, in the opinion of Chapman and Cutler LLP, Bond Counsel, under present law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Interest on the Bonds is not exempt from present State of Illinois income taxes. See "TAX EXEMPTION" herein for a more complete discussion. The Bonds are "qualified tax-exempt obligations" under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. See "QUALIFIED TAX-EXEMPT OBLIGATIONS" herein.



\$2,915,000*
VILLAGE OF ARLINGTON HEIGHTS
Cook County, Illinois
General Obligation Refunding Bonds, Series 2010

Dated Date of Delivery Book-Entry Bank Qualified Due Serially December 1, 2010-2022

The \$2,915,000* General Obligation Refunding Bonds, Series 2010 (the "Bonds") are being issued by the Village of Arlington Heights, Cook County, Illinois (the "Village"). Interest is payable semiannually on June 1 and December 1 of each year, commencing December 1, 2010. Interest is calculated based on a 360-day year of twelve 30-day months. The Bonds will be issued using a book-entry system. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The ownership of one fully registered Bond for each maturity will be registered in the name of Cede & Co., as nominee for DTC and no physical delivery of Bonds will be made to purchasers. The Bonds will mature on December 1 in the following years and amounts.

AMOUNTS*, MATURITIES, INTEREST RATES, PRICES OR YIELDS AND CUSIP NUMBERS

Principal Amount*	Due Dec. 1	Interest Rate	Yield	CUSIP	Principal Amount*	Due Dec. 1	Interest Rate	Yield	CUSIP
\$ 30,000 ...	2010	_____%	_____%	_____	\$240,000	2017	_____%	_____%	_____
205,000 ...	2011	_____%	_____%	_____	245,000	2018	_____%	_____%	_____
210,000 ...	2012	_____%	_____%	_____	260,000	2019	_____%	_____%	_____
215,000 ...	2013	_____%	_____%	_____	265,000	2020	_____%	_____%	_____
215,000 ...	2014	_____%	_____%	_____	280,000	2021	_____%	_____%	_____
225,000 ...	2015	_____%	_____%	_____	290,000	2022	_____%	_____%	_____
235,000 ...	2016	_____%	_____%	_____					

Any consecutive maturities may be aggregated into no more than five term bonds at the option of the bidder, in which case the mandatory redemption provisions shall be on the same schedule as above.

OPTIONAL REDEMPTION

Bonds due December 1, 2010-2018, inclusive, are non-callable. Bonds due December 2019-2022, inclusive, are callable in whole or in part on any date on or after December 1, 2018, at a price of par and accrued interest. If less than all the Bonds are called, they shall be redeemed in such principal amounts and from such maturities as determined by the Village and within any maturity by lot. See "OPTIONAL REDEMPTION" herein.

PURPOSE, LEGALITY AND SECURITY

Bond proceeds will be used to currently refund a portion of the Village's General Obligation Bonds, Series 2002A, due December 1, 2011-2022 and to pay the costs of issuing the Bonds. See "PLAN OF FINANCING" herein.

In the opinion of Chapman and Cutler LLP, Chicago, Illinois, Bond Counsel, the Bonds will constitute valid and legally binding obligations of the Village payable both as to principal and interest from ad valorem taxes levied against all taxable property therein without limitation as to rate or amount, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

This Official Statement is dated August 23, 2010, and has been prepared under the authority of the Village. An electronic copy of this Official Statement is available from the www.speerfinancial.com web site under "Debt Auction Center/Competitive Official Statement Sales Calendar". Additional copies may be obtained from Mr. Thomas Kuehne, Finance Director, Village of Arlington Heights, 33 South Arlington Heights Road, Arlington Heights, Illinois 60005, or from the Independent Public Finance Consultants to the Village:

Established 1954

Speer Financial, Inc.

INDEPENDENT PUBLIC FINANCE CONSULTANTS
ONE NORTH LASALLE STREET, SUITE 4100 • CHICAGO, ILLINOIS 60602
Telephone: (312) 346-3700; Facsimile: (312) 346-8833
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*Subject to change.

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or corrected by the Village from time to time (collectively, the “Official Statement”), may be treated as an Official Statement with respect to the Bonds described herein that is deemed near final as of the date hereof (or the date of any such supplement or correction) by the Village.

The Official Statement, when further supplemented by an addendum or addenda specifying the maturity dates, principal amounts and interest rates of the Bonds, together with any other information required by law or deemed appropriate by the Village, shall constitute a “Final Official Statement” of the Village with respect to the Bonds, as that term is defined in Rule 15c2-12. Any such addendum shall, on and after the date thereof, be fully incorporated herein and made a part hereof by reference.

No dealer, broker, salesman or other person has been authorized by the Village to give any information or to make any representations with respect to the Bonds other than as contained in the Official Statement or the Final Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the Village. Certain information contained in the Official Statement and the Final Official Statement may have been obtained from sources other than records of the Village and, while believed to be reliable, is not guaranteed as to completeness. **THE INFORMATION AND EXPRESSIONS OF OPINION IN THE OFFICIAL STATEMENT AND THE FINAL OFFICIAL STATEMENT ARE SUBJECT TO CHANGE, AND NEITHER THE DELIVERY OF THE OFFICIAL STATEMENT OR THE FINAL OFFICIAL STATEMENT NOR ANY SALE MADE UNDER EITHER SUCH DOCUMENT SHALL CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE VILLAGE SINCE THE RESPECTIVE DATES THEREOF.**

References herein to laws, rules, regulations, ordinances, resolutions, agreements, reports and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. Where full texts have not been included as appendices to the Official Statement or the Final Official Statement, they will be furnished on request. This Official Statement does not constitute an offer to sell, or solicitation of an offer to buy, any securities to any person in any jurisdiction where such offer or solicitation of such offer would be unlawful.

The tax advice contained in this Official Statement is not intended or written by the Village, its Bond Counsel, or any other tax practitioner to be used, and it cannot be used, by any taxpayer for the purpose of avoiding penalties that may be imposed on the taxpayer. The tax advice contained in this Official Statement was written to support the promotion or marketing of the Bonds. Each taxpayer should seek advice based on the taxpayer’s particular circumstances from an independent tax advisor.

BOND ISSUE SUMMARY

This Bond Issue Summary is expressly qualified by the entire Official Statement, including the Official Notice of Sale and the Official Bid Form, which are provided for the convenience of potential investors and which should be reviewed in their entirety by potential investors.

Issuer:	Village of Arlington Heights, Cook County, Illinois.
Issue:	\$2,915,000* General Obligation Refunding Bonds, Series 2010.
Dated Date:	Date of delivery.
Interest Due:	Each June 1 and December 1, commencing December 1, 2010.
Principal Due:	Serially each December 1, commencing December 1, 2010 through 2022, as detailed on the front page of this Official Statement.
Optional Redemption:	Bonds maturing on or after December 1, 2019, are callable at the option of the Village on any date on or after December 1, 2018, at a price of par plus accrued interest. See “OPTIONAL REDEMPTION” herein.
Authorization:	The Village is a home rule unit under the 1970 Illinois Constitution, has no debt limitation, and is not required to seek referendum approval to issue the Bonds.
Security:	The Bonds are valid and legally binding obligations of the Village payable both as to principal and interest from ad valorem taxes levied against all taxable property therein without limitation as to rate or amount.
Credit Rating:	A rating for the Bonds has been requested from Moody’s Investors Service.
Purpose:	Bond proceeds will be used to currently refund a portion of the Village’s General Obligation Bonds, Series 2002A, due December 1, 2011-2022 and to pay the costs of issuing the Bonds. See “PLAN OF FINANCING” herein.
Tax Exemption:	Chapman and Cutler LLP, Chicago, Illinois, will provide an opinion as to the tax exemption of the Bonds as discussed under “TAX EXEMPTION” in this Official Statement. Interest on the Bonds is not exempt from present State of Illinois income taxes.
Bank Qualification:	The Bonds are “qualified tax-exempt obligations” under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. See “QUALIFIED TAX-EXEMPT OBLIGATIONS” herein.
Bond Registrar/Paying Agent/ Escrow Agent:	The Bank of New York Mellon Trust Company, N.A., Chicago, Illinois.
Delivery:	The Bonds are expected to be delivered on or about September 22, 2010.
Book-Entry Form:	The Bonds will be registered in the name of Cede & Co. as nominee for The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository of the Bonds. See APPENDIX B herein.
Denomination:	\$5,000 or integral multiples thereof.
Financial Advisor:	Speer Financial, Inc., Chicago, Illinois.

*Subject to change.

VILLAGE OF ARLINGTON HEIGHTS
Cook County, Illinois

Arlene J. Mulder
President

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Attorney

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Village Clerk

THE VILLAGE

Located in Cook County, the Village of Arlington Heights (the "Village") was incorporated in 1887 and is located approximately 25 miles northwest of the City of Chicago. The Village encompasses an area of 16.6 square miles and was originally settled in the 1830's. The first railroad linking the area to downtown Chicago was constructed in 1854 and shortly thereafter the area became known as the Town of Dunton. The town's name was changed to Arlington Heights in 1874 and incorporation as a village occurred in 1887.

Access to this area is provided through the facilities of nearby O'Hare International Airport, Union Pacific Railway line of Metra, and the northwest route of the Illinois Tollway, I-90. Adjacent communities include Buffalo Grove to the north, Wheeling, Prospect Heights and Mount Prospect to the east, Elk Grove Village to the south, and Rolling Meadows and Palatine to the west.

The Village's population, according to the 2000 Census was 76,031 representing an increase of 0.8% over the 1990 Census of 75,460. A special census was conducted in 2005 in the newly renovated downtown area. The current population has been certified at 76,943. The Chicago Metropolitan Agency for Planning ("CMAP") projects the Village population to grow to 82,441 by the year 2030. According to census data, the Village is, by population, the second largest suburb in Cook County, seventh largest suburb in the Chicago Metropolitan area and twelfth largest community in the State of Illinois.

The Arlington Park Racecourse is located in the Village and began operation in June 1927. The original Arlington Park grandstand was destroyed by a fire in 1985, but was rebuilt and reopened in 1989. The racecourse is owned and operated by the Churchill Downs Corp.

Organization and Services

The Village is a home rule municipality under the Illinois Constitution and operates under the Council/Manager form of government. Policy is determined by the Village Board, which is comprised of the Village president and eight trustees elected at large for staggered four-year terms. The Village Board appoints a Village Manager and Attorney. The Village Manager is responsible for the day-to-day operations of the Village.

The Village employs approximately 435 full-time equivalent employees, including 110 full-time fire fighters and 109 sworn police officers. In addition, there are 149 Library employees. The Village has a history of good labor relations. The only employees who are members of a collective bargaining group are the police and fire departments. The Metropolitan Alliance of Police, Arlington Heights Police Chapter No. 510 presently has a three-year contract that expires on April 30, 2011. The Arlington Heights Fire Fighters Association, Local 3105 has a three-year contract that expires on April 30, 2011.

The Village has shown a commitment to forward planning since its first zoning ordinance was adopted in 1927. In 1957, the Village's first Comprehensive Plan was adopted, and a Five Year Capital Improvement Program is prepared annually. The current plan covers the fiscal years 2011 through 2015.

In January 2008 the Village began occupancy of its new \$25.9 million Village Hall, replacing the former Village Hall that was constructed in 1962.

The four existing Village fire stations were constructed in 1968, 1971, 1999 and 2006. In 1997, the Village's fire insurance rating was upgraded to Class 1 from its previous rating of Class 2, due to increased training, an upgrading of equipment and better response to alarms. This puts the Village among the top municipalities/fire protection districts in the State of Illinois. The proceeds of the 1998A Bonds were used to construct a replacement for a fire station constructed in 1957 and an administration headquarters for firefighting personnel. Station Nos. 3 and 4 (built in 1968 and 1971) recently received major ongoing renovations and a portion of the 2006 Bonds were used to construct a new Station No. 1 which was in service since 1963.

The Arlington Heights Memorial Library has a seven member board elected at large for staggered, six-year terms. The Library Board functions as an independent, subordinate entity of the Village, with the Village providing oversight such as debt issuance and levying of the Library's annual real estate taxes. In 1992, voter approval was given to build a 56,000 square foot addition to the Library and to renovate the original facility. The process of renovating and expanding the Library facilities was completed in 1996. There are over 49,400 registered borrowers and approximately 514,000 volumes. The circulation of library materials is over 2.6 million items.

The Village and neighboring communities participate in several joint venture undertakings: a central police dispatching facility; mutual aid fire protection agreements; a joint purchasing agreement where the Village purchases the petroleum products for High School District 214, the Park District and Grade School District 25; a joint municipal insurance agency; a joint water wholesale system; and a joint solid waste agency.

The Village water supply and distribution system began operation in 1902. In order to obtain a reliable long term source of potable water, the Village has contracted with Northwest Water Commission to purchase Lake Michigan water. The Commission is composed of the Villages of Arlington Heights, Buffalo Grove, Palatine, and Wheeling. The Village's well system is maintained only for emergency use. The Village presently has 31 million gallons of storage capacity. Average daily consumption in fiscal year 2009 was 8.7 million gallons per day. Sewage treatment is the responsibility of the Metropolitan Water Reclamation District of Greater Chicago, with the Village responsible for the maintenance of its sewerage collection system. Other utilities are provided by Northern Illinois Gas (gas), Commonwealth Edison (electricity) and AT&T and Sprint (telephone).

Community Life

The Arlington Heights Park District (a separate municipal corporation) is virtually coterminous with the Village. The Park District owns or leases 58 parks covering 715 acres, has one indoor pool and five outdoor pools. Other recreational facilities include 45 ball diamonds, 58 outdoor tennis courts, 14 indoor tennis courts, an 18-hole golf course and a 9-hole golf course. The Village leases Lake Arlington to the Park District, a man-made lake over 2 miles in circumference constructed for storm retention purposes and has boating and various recreation facilities.

Northwest Community Hospital, a 488 bed facility located in the Village. It received its first patient in 1959 and had major expansions in 1965, 1966, 1972, 1998 and 2009. The Village has assisted the hospital by issuing Hospital Facility (Industrial Revenue) Revenue Bonds. In March 1995 the Village approved the Hospital's Master Plan which called for a Wellness Center (constructed in 1995), a parking garage and a Hospital addition. The new Patient Care addition is scheduled to open in Spring 2010 with 200 private rooms. In addition to the Northwest Community Hospital, other area hospitals include Holy Family Hospital, Alexian Brothers Medical Center, St. Alexius Medical Center and Lutheran General Hospital.

The Historical Society of Arlington Heights (the "Society") was chartered in 1957 to collect, preserve, exhibit and interpret significant materials relating to the Village. In 1966 the Village purchased three buildings for the Society. Visitors and residents tour the "Banta House" which is restored to the 1908-1916 period; the "Muller and Coach Houses" and the "Log Cabin" which represents the home of the Village's 1836 settlers. The Historical Museum (the "Museum") which is part of the Society's complex, was opened in 1968. In 1985 the Society entered into a three-way agreement with the Village government and the Park District to operate the Museum.

Education

There are six elementary districts and two high school districts providing education for the children of the Village residents. Approximately 56% of the Village is served by the School District Number 25. Other school districts serving the Village are School District Number 15 (serving 5% of the Village), School District Number 21 (serving 17% of the Village), School District Number 23 (serving 6% of the Village), School District Number 57 (serving 1% of the Village) and School District Number 59 (serving 15% of the Village).

Township High School District 214 (Arlington Heights) (the "District") serves a majority of Village residents and is comprised of six high schools and two special education facilities. Each of the six high schools in the District offers a comprehensive curriculum of academics and co-curricular activities. Offerings include Advanced Placement courses, a Talent Development program, social, academic and career counseling, and special education services. Three of the District's schools have received the Blue Ribbon Recognition Award from the U.S. Department of Education. Expansion Management Magazine awarded the District a "Gold Medal" for above average educational achievement and above average education spending.

In addition to its primary mission of educating high school students, the District's secondary mission is "to provide residents with opportunities for life-long learning". To accomplish this mission the District has a Community Education Program which serves more than 50,000 participants each year. The District's outstanding Adult Education and Literacy Program has received the Secretary's Award from the U.S. Department of Education.

Higher Education

Higher educational facilities are available at Community College District Number 512 (Harper Community College). Numerous institutions of higher education are located in the Chicago Metropolitan Area.

The educational background of residents over the age of 25 in the Village and in some nearby communities as compared to residents of the County and the State is displayed in the following table:

Level of Education(I) (Persons 25 years and over)			
	Total	Percent High School Graduate or Higher	Percent Bachelor's Degree or Higher
The Village.....	54,025	92.7%	46.5%
Village of Buffalo Grove.....	28,025	95.3%	55.9%
City of Des Plaines.....	41,547	81.9%	24.7%
Village of Elk Grove.....	23,742	90.3%	31.6%
Village of Mount Prospect.....	39,184	85.7%	35.4%
Village of Northbrook.....	23,573	95.6%	62.2%
Village of Palatine.....	43,592	89.1%	41.4%
City of Prospect Heights.....	11,684	77.4%	28.5%
City of Rolling Meadows.....	16,274	83.7%	31.0%
Village of Wheeling.....	22,907	82.6%	32.1%
Cook County.....	3,454,738	77.7%	28.0%
State of Illinois.....	7,973,671	81.4%	26.1%

Note: (1) Source: 2000 Census. U.S. Department of Commerce, Bureau of the Census.

Transportation

The Village is served by state roads and interstate highways including State Routes 12, 21, 45, 53 and 72 and Interstates I-90 (the “golden corridor”), I-94, I-294 and I-290. In April 1997, an exit from I-90 east was opened which provides a full interchange at Arlington Heights Road. O'Hare International Airport (commercial airport) is located adjacent to the Village, and Chicago Executive Airport (a public airport for smaller sized planes) is located in the Village of Wheeling, adjacent to the Village. The Union Pacific Railroad/Metra has two commuter stops in the Village.

SOCIOECONOMIC INFORMATION

The following statistics pertain principally to the Village. Additional comparisons are made with Cook County (the “County”) and the State of Illinois (the “State”).

Population

The following tables show population growth for the Village and various population rankings.

Village Population(I)

Year	Population(1)	Percent
1950.....	8,768	-----
1960.....	27,878	217.95%
1970.....	64,884	132.74%
1980.....	66,116	1.90%
1990.....	75,460	14.13%
2000.....	76,031	0.76%
2004.....	76,943	1.20%
2030(2).....	82,441	7.15%

Notes: (1) Source: Bureau of the Census.
 (2) Projection by the CMAP.

Chicago's Ten Most Populous Suburbs(I)

	<u>1980</u>	<u>1990</u>	<u>2000</u>
Aurora	81,293	99,581	142,990
Naperville	42,601	85,351	128,358
Joliet	77,956	76,836	106,221
Elgin	63,668	77,010	94,487
Waukegan	67,653	69,392	87,901
Cicero	61,232	67,436	85,616
Arlington Heights	66,116	75,460	76,031
Schaumburg	53,356	68,586	75,386
Evanston	73,706	73,233	74,239
Skokie	60,287	59,432	63,348

Note: (1) Source: Bureau of the Census.

Twelve Most Populous Communities In Illinois(I)

<u>Community</u>	<u>Population</u>
Chicago	2,896,016
Rockford	150,115
Aurora	142,990
Naperville	128,358
Peoria	112,936
Springfield	111,454
Joliet	106,221
Elgin	94,487
Waukegan	87,901
Cicero	85,616
Decatur	81,860
Arlington Heights	76,031

Note: (1) Source: Bureau of the Census; 2000 Census.

Employment

The following is a list of large employers located in the Village. Additional employment opportunities are available to Village residents throughout the Chicago Metropolitan area.

Major Village Employers(I)

<u>Name</u>	<u>Business/Service</u>	<u>Approximate Employment</u>
Arlington International Race Course	Horse Racing	4,500(2)
Northwest Community Healthcare	General Hospital	4,000
Level 3 Communications, Inc.	Data and Voice Communications Services	2,000
Arlington Heights High School District Number 214	Public School	1,700
Paddock Publications	Newspaper Printing	850
Alexian Bros. Health System	Company Headquarters	500
Kroeschell, Inc.	Industrial and Commercial Heating and Air Conditioning	450
Weber Marking System, Inc.	Labeling Systems	300
Pace	Company Headquarters	300
Advance Mechanical Systems, Inc.	Heating, Air Conditioning and Water Treatment Contractors	250
IMS Burke-Olson	Precision Metal Stampings and Assemblies	250
Lincoln Financial Group	Retirement Consulting Services	200
Coldwell Banker Residential Brokerage	Real Estate Brokerage	185
GE Healthcare	Pharmaceutical Preparations	180

Notes: (1) Source: 2010 Illinois Manufacturers Directory, 2010 Illinois Services Directory and a selective telephone survey.
 (2) Employment is seasonal.

The following is a list of large employers located in the surrounding communities.

Major Area Employers(1)

<u>Location</u>	<u>Name</u>	<u>Business/Service</u>	<u>Approximate Employment</u>
Northbrook.....	Allstate Insurance Company	Insurance Corporate Office	5,750
Park Ridge.....	Advocate Lutheran General Hospital	Health Care Institution	4,200
Schaumburg.....	Zurich US Insurance	Life Insurance Corporate Headquarters	2,687
Rolling Meadows.....	Alexian Brothers Medical Center	Regional Medical Center	2,268
Palatine.....	Township High School District 211	Educational Institution	2,000
Rolling Meadows.....	Northrop Grumman Corp., Defensive Systems Div....	Divisional Headquarters and Search and Navigation Equipment	2,000
Des Plaines.....	U O P LLC	Chemical Engineering Services	1,900
Buffalo Grove.....	Siemens Building Technologies, Inc.	Corporate Headquarters and Building Control Systems	1,800
Buffalo Grove	International Profit Assocs., Inc.	Management Consulting	1,800
Barrington.....	Good Shepard Hospital	Hospital Care	1,650
Northbrook.....	Underwriter Laboratories.	Independent Non-Profit Testing	1,600
Schaumburg.....	Experian Information Solutions, Inc.	Marketing and Information Services	1,500
Elk Grove Village....	Swissport USA, Inc.	International Airline Cargo Services	1,500
Des Plaines.....	Holy Family Medical Center	General Hospital	1,036
Elk Grove Village....	Automatic Data Processing, Employer Services....	Data Processing and Payroll Services	1,000
Des Plaines	Oakton Community College	Public Community College	990
Schaumburg.....	Motorola, Inc.	Corporate Headquarters	970
Elk Grove Village....	Wirtz Beverage Illinois, LLC.	Wholesale Wine and Liquor	830
Palatine.....	William Raney Harper College	Community College	816
Buffalo Grove.....	Rexam Mold Manufacturing	Plastic Injection Molding and Assembly	800
Wheeling.....	National-Louis University	Branch Campus, Private University	800
Northbrook.....	United Parcel Service	Parcel Delivery Service	800
Des Plaines.....	Hart Schaffner & Marx Co., Inc.	Men's Suits and Coats	500

Note: (1) Source: 2010 Illinois Manufacturers Directory, 2010 Illinois Services Directory and a selected telephone survey.

Employment By Industry(1)

<u>Classification</u>	<u>The Village</u>		<u>Cook County</u>		<u>State of Illinois</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Agriculture, Forestry, Fishing, Hunting, and Mining..	68	0.17%	2,356	0.10%	66,481	1.14%
Construction.....	1,824	4.58%	119,355	4.93%	334,176	5.73%
Manufacturing.....	5,683	14.26%	342,422	14.14%	931,162	15.96%
Wholesale Trade.....	2,323	5.83%	92,706	3.83%	222,990	3.82%
Retail Trade.....	4,186	10.51%	244,344	10.09%	643,472	11.03%
Transportation and Warehousing, and Utilities.....	1,978	4.96%	162,465	6.71%	352,193	6.04%
Information.....	1,664	4.18%	82,835	3.42%	172,629	2.96%
Finance, Insurance, Real Estate, Rental and Leasing..	4,210	10.57%	219,831	9.08%	462,169	7.92%
Professional, Scientific, Management, Administrative, and Waste Management Services.....	6,281	15.76%	306,482	12.66%	590,913	10.13%
Educational, Health and Social Services.....	7,151	17.95%	454,951	18.79%	1,131,987	19.41%
Arts, Entertainment, Recreation, Accommodation and Food Services.....	1,945	4.88%	179,592	7.42%	417,406	7.16%
Other Services (Except Public Administration).....	1,566	3.93%	120,337	4.97%	275,901	4.73%
Public Administration.....	966	2.42%	93,611	3.87%	231,706	3.97%
Total.....	39,845	100.00%	2,421,287	100.00%	5,833,185	100.00%

Note: (1) Source: U. S. Bureau of the Census, 2000 Census.

Employment By Occupation(I)

Classification	The Village		Cook County		State of Illinois	
	Number	Percent	Number	Percent	Number	Percent
Management, Professional and Related Occupations.....	20,124	50.51%	852,442	35.21%	1,993,671	34.18%
Service	2,992	7.51%	339,554	14.02%	813,479	13.95%
Sales and Office	11,880	29.82%	690,023	28.50%	1,609,939	27.60%
Farming, Fishing and Forestry.....	11	0.03%	1,942	0.08%	17,862	0.31%
Construction, Extraction, and Maintenance.....	1,922	4.82%	171,534	7.08%	480,418	8.24%
Production, Transportation, and Material Moving.....	2,916	7.32%	365,792	15.11%	917,816	15.73%
Total.....	39,845	100.00%	2,421,287	100.00%	5,833,185	100.00%

Note: (1) Source: U.S. Bureau of the Census, 2000 Census.

Annual Average Unemployment Rates(I)

Calendar Year	Village	Cook County	State of Illinois
2000.....	2.4%	4.6%	4.3%
2001.....	3.5%	5.9%	5.4%
2002.....	4.7%	7.3%	6.5%
2003.....	4.9%	7.3%	6.7%
2004.....	4.6%	6.6%	6.2%
2005.....	4.5%	6.5%	5.7%
2006.....	3.2%	4.8%	4.6%
2007.....	3.5%	5.2%	4.6%
2008.....	4.3%	6.5%	5.8%
2009.....	8.2%	10.9%	9.9%
2010(2).....	8.0%	10.9%	10.6%

Notes: (1) Source: Illinois Department of Employment Security.
 (2) Preliminary rates for June 2010.

Building Permits

Single-family residential building permits have averaged \$410,865 over the last five full years (2005-2009) in the Village, excluding the value of land.

Village Building Permits(I) (Excludes the Value of Land)

Calendar Year	Commercial Construction		Residential Construction				Total Value(2)
	Number of Units	Value	Single-Family		Multi-Family		
	Number of Units	Value	Number of Units	Value	Number of Units	Value	
2000.....	4	\$ 7,500,000	56	\$17,961,150	10	\$32,145,594	\$57,606,744
2001.....	1	450,000	33	9,552,400	1	845,000	10,847,400
2002.....	7	40,782,651	46	5,429,800	4	22,470,000	68,682,451
2003.....	5	9,422,000	77	17,923,035	12	3,760,000	31,105,035
2004.....	0	0	22	5,738,000	3	4,283,769	10,021,769
2005.....	7	15,870,172	63	23,924,089	2	5,265,000	45,059,261
2006.....	5	39,588,605	51	20,415,214	8	1,000,000	61,003,819
2007.....	7	22,632,533	44	19,200,363	9	1,636,565	43,469,461
2008.....	2	3,050,000	11	5,593,520	26	5,534,130	14,177,650
2009.....	16	8,266,667	21	8,931,118	1	545,000	17,742,785
2010(3).....	7	2,633,333	4	1,019,600	0	0	3,652,933

Notes: (1) Source: The Village. Based on valuations per building permits issued by the Village of Arlington Heights Building Department.
 (2) Does not include permits for miscellaneous purposes.
 (3) Building permits through April 2010.

Housing

The 2000 Census reported that the median value of the Village's owner-occupied homes was \$240,600, which compares with \$157,700 for Cook County and \$130,800 for the State. The 2000 market value of specified owner-occupied units for the Village, Cook County and the State was as follows:

Specified Owner-Occupied Units(1)

Value	The Village		Cook County		State of Illinois	
	Number	Percent	Number	Percent	Number	Percent
Less than \$50,000.....	23	0.12%	15,576	1.91%	230,049	9.31%
\$50,000 to \$99,999.....	175	0.91%	141,600	17.34%	651,605	26.38%
\$100,000 to \$149,999.....	968	5.06%	218,621	26.77%	583,409	23.62%
\$150,000 to \$199,999.....	4,546	23.75%	184,050	22.54%	429,311	17.38%
\$200,000 to \$299,999.....	8,406	43.91%	147,478	18.06%	344,651	13.95%
\$300,000 to \$499,999.....	4,605	24.06%	74,446	9.12%	163,254	6.61%
\$500,000 to \$999,999.....	419	2.19%	28,249	3.46%	55,673	2.25%
\$1,000,000 or more.....	0	0.00%	6,512	0.80%	12,386	0.50%
Total	19,142	100.00%	816,532	100.00%	2,470,338	100.00%

Note: (1) Source: U.S. Bureau of the Census.

Income

Per Capita Personal Income For the Ten Highest Income Counties in the State(1)

Rank		2000
1.....	Lake County	\$32,102
2.....	DuPage County	31,315
3.....	McHenry County	26,476
4.....	Kendall County	25,188
5.....	Will County	24,613
6.....	Kane County	24,315
7.....	Cook County	23,227
8.....	Sangamon County	23,173
9.....	Monroe County	22,954
10.....	Grundy County	22,591

Note: (1) Source: U.S. Bureau of the Census.

According to the 2000 Census, the Village had a median family income of \$88,488. This compares to \$53,784 for Cook County and \$55,545 for the State. The following table represents the distribution of family incomes for the Village, Cook County and the State at the time of the 2000 Census.

Family Income(1)

Income	The Village		Cook County		State of Illinois	
	Number	Percent	Number	Percent	Number	Percent
Under \$10,000.....	224	1.09%	86,610	6.77%	156,205	5.00%
\$10,000 to \$14,999.....	163	0.79%	50,237	3.93%	105,747	3.38%
\$15,000 to \$24,999.....	770	3.74%	117,530	9.19%	273,712	8.76%
\$25,000 to \$34,999.....	1,142	5.55%	134,606	10.53%	331,907	10.62%
\$35,000 to \$49,999.....	2,195	10.66%	198,780	15.54%	506,429	16.20%
\$50,000 to \$74,999.....	4,188	20.34%	277,726	21.72%	736,897	23.58%
\$75,000 to \$99,999.....	4,060	19.72%	174,228	13.62%	445,390	14.25%
\$100,000 to \$149,999.....	5,252	25.50%	145,531	11.38%	356,068	11.39%
\$150,000 to \$199,999.....	1,452	7.05%	42,759	3.34%	101,955	3.26%
\$200,000 or more.....	1,147	5.57%	50,738	3.97%	111,008	3.55%
Total	20,593	100.00%	1,278,745	100.00%	3,125,318	100.00%

Note: (1) Source: U.S. Bureau of the Census.

According to the 2000 Census, the Village had a median household income of \$67,807. This compares to \$45,922 for Cook County and \$46,590 for the State. The following table represents the distribution of household incomes for the Village, Cook County and the State at the time of the 2000 Census.

Household Income(I)

Income	The Village		Cook County		State of Illinois	
	Number	Percent	Number	Percent	Number	Percent
Under \$10,000.....	837	2.71%	192,689	9.76%	383,299	8.35%
\$10,000 to \$14,999.....	853	2.77%	107,043	5.42%	252,485	5.50%
\$15,000 to \$24,999.....	2,079	6.74%	215,908	10.94%	517,812	11.27%
\$25,000 to \$34,999.....	2,923	9.48%	230,787	11.69%	545,962	11.89%
\$35,000 to \$49,999.....	4,179	13.55%	316,575	16.03%	745,180	16.23%
\$50,000 to \$74,999.....	6,227	20.19%	390,779	19.79%	952,940	20.75%
\$75,000 to \$99,999.....	4,933	15.99%	222,453	11.27%	531,760	11.58%
\$100,000 to \$149,999.....	5,869	19.03%	181,938	9.21%	415,348	9.04%
\$150,000 to \$199,999.....	1,601	5.19%	53,986	2.73%	119,056	2.59%
\$200,000 or more.....	1,343	4.35%	62,250	3.15%	128,898	2.81%
Total.....	30,844	100.00%	1,974,408	100.00%	4,592,740	100.00%

Note: (1) Source: U.S. Bureau of the Census.

Significant Events and Future Prospects

The Village’s Economic strategy over the last few years has been successful in attracting many corporations to locate or expand their existing facilities in the Village of Arlington Heights. Several major sales tax generating businesses received approval to locate in Arlington Heights. Numerous shopping centers were redeveloped and upgraded and growth and expansion in the Village’s award winning Downtown continued.

In an effort to spur redevelopment in one of the most highly visible intersections and a gateway to the community from the south, the Village has developed a redevelopment plan for this area. The Village Board approved a redevelopment plan and Tax Increment Financing District IV for the properties at the northeast corner of Golf and Arlington Heights Roads. The TIF IV includes 34 acres and incorporates a number of commercial properties. The goal of the redevelopment plan is to revitalize existing properties within the area and to stimulate and enhance private development. The Village has acquired property at the northwest corner of Arlington Heights Road and Golf Road within TIF IV for future development.

Also in the south portion of the Village, the Village Board amended the Comprehensive Plan and Official Map to designate a four and a half acre parcel of property as future government use for a new train station to be located and constructed as part of the proposed Metra Star Line. The Metra Star Line is a \$1 billion transportation project designed to provide suburb to suburb transit capability as well as connecting the City of Chicago, O’Hare Airport with Arlington Heights and communities west. Environmental feasibility studies for the Metra Star Line are under way. Upon construction of the Metra Star Line, significant transit oriented redevelopment in and around the new station area is envisioned as outlined in the Village’s adopted METRA STAR Line Plan.

Over the past several years, new development projects were completed in the downtown area and have continued to successfully contribute to the economic growth of the downtown Arlington Heights area. In addition to attracting hundreds of new Arlington Heights residents, the developments have helped to spur a renewed interest by residents from Arlington Heights and surrounding areas in the downtown. The critically acclaimed downtown has also prompted numerous inquiries from the developers and community leaders throughout the United States.

Arlington Town Square, at the corner of Arlington Heights Road and Sigwalt Street, is a mixed use development with 72,000 square feet of retail space, a six-screen movie theater, 35,000 square feet of office space, six restaurants and 94 residential condominium units.

Metropolis Performing Arts Center is owned by the Village and occupies two floors in a building on Campbell Street that is part of a larger three building development in downtown Arlington Heights at the corner of Vail Avenue and Campbell Street. The first floor of the Metropolis Performing Arts Center building has a restaurant that is privately owned and a 357-seat theater. The second floor has a dance studio, rehearsal rooms and classrooms. The two other buildings in the development include 32,500 square feet of retail space, 32,000 square feet of office space and 63 residential condominium units.

Village Green, completed in approximately 2005, is a three building development also at the corner of Vail Avenue and Campbell Street in downtown Arlington Heights. It consists of 236 residential condominium units, private parking and 53,000 square feet of retail space, as well as 17,000 square feet of office space.

Retail and restaurant sales have blossomed in the downtown area with recent new developments. Since completion of construction in the downtown area, numerous restaurants continue to open and restaurant sales have increased from \$7 million to over \$21 million.

Metro Lofts, a new three and seven story mixed-use development, was completed in Downtown Arlington Heights at the southwest corner of Campbell and Dunton. The development includes first floor commercial retail space and condominium units. In addition, construction of a 325 space expansion and complete renovation to the Vail Avenue Parking Garage, increased the parking from 800 to 1,125 spaces.

The Village's third Tax Incremental Financing District (TIF III) located at the southwest corner of Rand and Arlington Heights Road is a five acre addition to the existing shopping center, Arlington Annex. The bookstore Barnes and Noble is the main anchor. Other tenants include: Panera Bread, Hallmark, Edwards Cleaners, For Eyes Optical, Vitamin Shoppe, Bedding Experts, and Trader Joe's.

In 2005, the Village approved a redevelopment plan and Tax Increment Financing District V for two major commercial shopping areas on Rand Road and Palatine Road. These shopping centers are known as Town & Country Center and Southpoint Shopping Center. Both shopping centers have been in states of decline with declining property taxes. A Redevelopment Agreement was approved between the Village and Visconsi Companies that facilitated the major de-malling and redevelopment of the former Town Country Mall. Town & Country Center was completed in 2007 with the following new tenants: Dick's Sporting Goods, JoAnn Fabric Superstore and Ashley Furniture. Small in line tenant spaces have also been leased to compliment the existing tenants of Best Buy, Marshall's, Dominick's and Walgreens.

In January 2006, Lowe's Home Improvement Center opened their new store in Arlington Heights, which is the first Lowe's store in the northwest suburbs. The store opened to rave reviews and will generate significant sales tax revenue to the Village. The opening of the 162,000 square foot home improvement center provides a significant economic boost to the Village and has also resulted in a substantial upgrade to the Surrey Ridge shopping center. To facilitate the development, the Village negotiated a financial assistance package with Lowe's and coordinated with the Illinois Department of Transportation regarding substantial roadway improvements.

The Village's Uptown shopping region was successful in attracting many new tenants to the area, including but not limited to, Old Navy, an expansion of Burlington Coat Factory, Value City and the tenants previously mentioned as part of the Town & Country Center redevelopment. In addition, Ridge Plaza in the north portion of the Village, continued its successful retail strategy with the complete teardown and rebuilding of Portillo's Restaurant which followed an expansion of Kohl's a few years earlier. In the Southtown region Dollar Tree and PNC Bank opened in 2010.

Bob Rohrman's Arlington Nissan opened in 2008. In addition, the Bob Rohrman Auto Group recently purchased approximately 60 additional acres of property and Rohrman unveiled his proposed Auto Mall which would include the dealerships of Lexus, which is currently under construction and others to be named.

Northwest Community Hospital has completed their third Master Plan, which is a \$250 million expansion, adding a new hospital tower, new state of the art emergency room facilities and associated improvements. The new hospital tower opened in April 2010.

As with most communities, over the last year the Village has experienced decreased sales tax revenues and the closing of some businesses. The most notable closing was the Chevrolet dealer which closed its doors in 2008. However, this has been replaced with the July 2010 opening of the new 68,000 square foot Mariano's Fresh Market on that site. The strength of the Village's other major retailers and the ongoing development of the Rohrman Auto Mall on the north end of the community will provide a good base for further growth as the economy improves.

**Village of Arlington Heights
 Retailers' Occupation, Service Occupation and Use Tax(I)**

Calendar Year Ending December 31	Municipal Tax(2)	Percent Change +(-)	Home Rule Sales Tax(6)	Percent Change +(-)	Total	Percent Change +(-)
2000(3)	\$11,457,167	4.07%(4)	\$3,746,734	7.27%(4)	\$15,203,901	4.84%
2001(3)	11,146,865	(2.71%)	3,624,200	(3.27%)	14,771,064	(2.85%)
2002(3)	11,307,316	1.44%	3,824,909	5.54%	15,132,225	2.45%
2003(3)	11,162,841	(1.28%)	3,783,329	(1.09%)	14,946,170	(1.23%)
2004(5)	11,077,524	(0.76%)	4,783,434	26.43%	15,860,958	6.12%
2005(5)	11,176,818	0.90%	5,791,045	21.06%	16,967,863	6.98%
2006(5)	11,334,622	1.41%	6,011,224	3.80%	17,345,846	2.23%
2007(5)	11,141,847	(1.70%)	5,832,948	(2.97%)	16,974,795	(2.14%)
2008(5)	10,714,345	(3.84%)	5,403,836	(7.36%)	16,118,181	(5.05%)
2009(5)	9,776,135	(8.76%)	4,792,279	(11.32%)	14,568,414	(9.62%)
Growth from 2000 to 2009		(14.67%)		27.91%		(4.18%)

- Notes: (1) Source: Illinois Department of Revenue. Includes home rule sales tax.
 (2) Tax distributions are based on records of the Illinois Department of Revenue relating to the 1% municipal portion of the Retailers' Occupation, Service Occupation and Use Tax, collected on behalf of the Village, less a State administration fee. The municipal 1% includes tax receipts from the sale of food and drugs which are not taxed by the State.
 (3) Effective January 1, 1995, the Village increased the home rule sales tax from \$0.025 to \$0.50%.
 (4) The 2000 percentage of municipal tax is based on a 1999 sales tax of \$11,008,740 and the 1999 percentage of home rule sales tax is based on a 1998 sales tax of \$3,492,909.
 (5) Effective July 1, 2004, the Village increased the home rule sales tax to 0.75%.
 (6) Effective January 1, 2010, the Village increased its Home Rule Sales Tax by 0.25%. The effect of this increase is not reflected in this table.

**Sales Tax Receipts by Kind of Business(I)
 (For the 12 months ended December 31, 2009)**

	Municipal Tax(2)	Percent	Home Rule Sales Tax(3)	Percent	Total
General Merchandise	\$ 608,256	6.2%	\$ 406,316	8.5%	\$ 1,014,572
Food	1,597,077	16.3%	265,531	5.5%	1,862,608
Drinking and Eating Places	1,502,023	15.4%	1,002,940	20.9%	2,504,963
Apparel	394,653	4.0%	295,476	6.2%	690,129
Furniture, Household & Radio	737,157	7.5%	552,269	11.5%	1,289,426
Lumber Building and Hardware	483,180	4.9%	361,578	7.5%	844,758
Automotive and Filling Stations	1,741,345	17.8%	429,266	9.0%	2,170,611
Drugs and Misc. Retail	1,273,764	13.0%	506,728	10.6%	1,780,492
Agriculture and All Other	1,154,579	11.8%	753,151	15.7%	1,907,730
Manufactures	284,102	2.9%	219,025	4.6%	503,127
Total	\$9,776,136	100.0%	\$4,792,280	100.0%	\$14,568,416

Number of taxpayers (establishments)..... 1,360

- Notes: (1) Source: State of Illinois, Department of Revenue.
 (2) The amount of Municipal Tax returned to the Village is equal to 1% of taxable sales made at businesses located with the corporate limits of the Village.
 (3) The Village's Home Rule Sales Tax is currently 0.75% of taxable sales made at businesses located with the corporate limits of the Village. Effective January 1, 2010, the Village increased its Home Rule Sales Tax by 0.25%. The effect of this increase is not reflected in this table.

PLAN OF FINANCING

The Bond proceeds will be used to fund an escrow to currently refund a portion of the Village’s outstanding General Obligation Bonds, Series 2002A (the “Refunded Bonds”) due December 1, 2011-2022, as listed below:

General Obligation Bonds, Series 2002A
 (As of September 22, 2010)

<u>Outstanding Amount</u>	<u>Refunded Amount(1)</u>	<u>Issue Name</u>	<u>Maturities</u>	<u>Redemption Price(s)</u>	<u>Redemption Date</u>
\$ 165,000	\$ 0	Series 2002A	12/1/2010	Serial Maturity	N.A.
175,000	175,000	Series 2002A	12/1/2011	100.00%	12/1/2010
185,000	185,000	Series 2002A	12/1/2012	100.00%	12/1/2010
195,000	195,000	Series 2002A	12/1/2013	100.00%	12/1/2010
200,000	200,000	Series 2002A	12/1/2014	100.00%	12/1/2010
215,000	215,000	Series 2002A	12/1/2015	100.00%	12/1/2010
225,000	225,000	Series 2002A	12/1/2016	100.00%	12/1/2010
235,000	235,000	Series 2002A	12/1/2017	100.00%	12/1/2010
245,000	245,000	Series 2002A	12/1/2018	100.00%	12/1/2010
260,000	260,000	Series 2002A	12/1/2019	100.00%	12/1/2010
270,000	270,000	Series 2002A	12/1/2020	100.00%	12/1/2010
285,000	285,000	Series 2002A	12/1/2021	100.00%	12/1/2010
300,000	300,000	Series 2002A	12/1/2022	100.00%	12/1/2010
<u>\$2,955,000</u>	<u>\$2,790,000</u>				

Note: (1) Subject to change.

The Series Bond proceeds will be used to purchase direct full faith and credit obligations of the United States of America (the “Government Securities”), the principal of which together with interest to be earned thereon will be sufficient (i) to pay when due the interest on the Refunded Bonds as stated above, and (ii) to pay principal of and call premium, if any, on the Refunded Bonds on the redemption date. The remaining bond proceeds will be used to pay the costs of issuing the Bonds.

The Government Securities will be held in a deposit account created pursuant to a deposit agreement (the “Deposit Agreement”), between the Village and The Bank of New York Mellon Trust Company, N.A., Chicago, Illinois, as Bond Paying Agent/Registrar with respect to the refunding bonds (the “Paying Agent/Registrar”).

DEBT INFORMATION

After issuance of the Bonds, the Village will have \$64,815,000 (subject to change) principal amount of outstanding general obligation debt, of which amount some \$6,455,000 (subject to change) of principal, or 9.96%, is self-supporting. The Village has no outstanding revenue bonds. A summary of general obligation debt by issue, including the Bonds, is as follows.

Outstanding General Obligation Debt - By Issue(1) (Principal Only)

<u>Bond Issue:</u>	<u>Amount</u>
2003B General Obligation Refunding Bonds (Senior Center)(2)	\$ 2,180,000
2004 General Obligation Bonds	19,090,000
2006 General Obligation Bonds	17,800,000
2006A General Obligation Refunding Bonds	8,735,000
2009A General Obligation Refunding Bonds	8,380,000
2009B General Obligation Bonds	<u>2,050,000</u>
Total Outstanding Tax Supported	\$58,235,000
Self-Supported:	
2002A General Obligation Bonds (Northwest Central Dispatch)	\$ 2,955,000
2003A General Obligation Refunding Bonds (TIF III)	1,580,000
2005 General Obligation Bonds (TIF V)	<u>1,920,000</u>
Total Self-Supported	<u>\$ 6,455,000</u>
Less:	
The Refunded Series 2002A Bonds	\$(2,790,000)
Plus:	
The Bonds(3)	<u>\$ 2,915,000</u>
Total Bonds	\$64,815,000

- Notes: (1) Source: the Village.
 (2) Approximately \$150,000 of debt service is abated annually from a Community Development Block Grant the Village received from the federal government.
 (3) Subject to change.

The Village repays its general obligation debt as follows with over half repaid within six years.

**Village General Obligation Bonded Debt
 (Principal Only)**

Calendar Year	Outstanding Bonds			Refunded Bonds	Plus: The Bonds(2)(3)	Total(3)	Cumulative Principal Retired(3)	
	Tax Supported	Outstanding Self Supporting G.O. Debt	Total Less: The Principal All G.O. Bonds				Amount	Percent
2010	\$ 4,975,000	\$ 575,000	\$ 5,550,000		\$ 30,000	\$ 5,580,000	\$ 5,580,000	8.61%
2011	5,600,000	615,000	6,215,000	\$ (175,000)	205,000	6,245,000	11,825,000	18.24%
2012	4,965,000	700,000	5,665,000	(185,000)	210,000	5,690,000	17,515,000	27.02%
2013	5,245,000	770,000	6,015,000	(195,000)	215,000	6,035,000	23,550,000	36.33%
2014	5,445,000	835,000	6,280,000	(200,000)	215,000	6,295,000	29,845,000	46.05%
2015	4,115,000	885,000	5,000,000	(215,000)	225,000	5,010,000	34,855,000	53.78%
2016	3,225,000	480,000	3,705,000	(225,000)	235,000	3,715,000	38,570,000	59.51%
2017	3,330,000	235,000	3,565,000	(235,000)	240,000	3,570,000	42,140,000	65.02%
2018	3,345,000	245,000	3,590,000	(245,000)	245,000	3,590,000	45,730,000	70.55%
2019	3,000,000	260,000	3,260,000	(260,000)	260,000	3,260,000	48,990,000	75.58%
2020	2,100,000	270,000	2,370,000	(270,000)	265,000	2,365,000	51,355,000	79.23%
2021	2,215,000	285,000	2,500,000	(285,000)	280,000	2,495,000	53,850,000	83.08%
2022	2,325,000	300,000	2,625,000	(300,000)	290,000	2,615,000	56,465,000	87.12%
2023	2,450,000	0	2,450,000	0	0	2,450,000	58,915,000	90.90%
2024	2,500,000	0	2,500,000	0	0	2,500,000	61,415,000	94.75%
2025	1,900,000	0	1,900,000	0	0	1,900,000	63,315,000	97.69%
2026	1,500,000	0	1,500,000	0	0	1,500,000	64,815,000	100.00%
Total	\$58,235,000	\$6,455,000	\$64,690,000	\$(2,790,000)	\$2,915,000	\$64,815,000		

- Notes: (1) Source: the Village.
 (2) The Bonds will be self supporting.
 (3) Subject to change.

Overlapping Bonded Debt(I)
 (As of June 1, 2010)

	Outstanding Debt	Applicable to Village	
		Percent(2)	Amount
Schools:			
School District Number 15	\$ 34,018,602	3.89%	\$ 1,323,324
School District Number 21	39,872,934	23.68%	9,441,911
School District Number 23	4,185,000	34.96%	1,463,076
School District Number 25	20,640,000	96.46%	19,909,344
School District Number 57	16,060,000	4.78%	767,668
School District Number 59	22,315,000	13.61%	3,037,072
High School District Number 211	33,615,000	0.64%	215,136
High School District Number 214	31,645,000	31.18%	9,866,911
Community College District Number 512	194,545,000	14.52%	<u>28,247,934</u>
Total Schools			\$ 74,272,375
Others:			
Cook County	\$2,826,300,000	2.09%	\$ 59,069,670
Cook County Forest Preserve District	108,665,000	2.09%	2,271,099
Metropolitan Water Reclamation District of Greater Chicago	1,959,099,576	2.13%	41,728,821
Arlington Heights Park District	24,124,550	97.11%	23,427,351
Buffalo Grove Park District	16,430,000	3.94%	647,342
Mt. Prospect Park District	11,100,000	2.93%	325,230
Palatine Park District	18,740,000	1.28%	239,872
Prospect Heights Park District	10,541,581	4.98%	524,971
Salt Creek Rural Park District	4,947,000	37.92%	<u>1,875,902</u>
Total Others			<u>\$130,110,257</u>
Total Schools and Others Overlapping Bonded Debt			\$204,382,632

- Notes: (1) Source: Cook County.
 (2) Percentages are based on 2008 Equalized Assessed Valuations.

Statement of Bonded Indebtedness(I)
 (As of June 1, 2010)

	Amount Applicable	Ratio To		Per Capita (2005 Special Census Pop. 76,943)
		Equalized Assessed	Estimated Actual	
Assessed Valuation of Taxable Property, 2008....	\$ 3,625,067,678	100.00%	33.33%	\$ 47,113.68
Estimated Actual Value, 2008.....	\$10,875,203,034	300.00%	100.00%	\$141,341.03
Village Direct Bonded Debt(2)(3).....	\$ 64,815,000	1.79%	0.60%	\$ 842.38
Less: Self Supporting(3)(4).....	<u>(6,455,000)</u>	<u>(0.18%)</u>	<u>(0.06%)</u>	<u>(83.89)</u>
Net Direct Bonded Debt(2)(3).....	\$ 58,360,000	1.61%	0.54%	\$ 758.48
Overlapping Debt:				
Schools.....	\$ 74,272,375	2.05%	0.68%	\$ 965.29
All Others.....	<u>130,110,257</u>	<u>3.59%</u>	<u>1.20%</u>	<u>1,691.00</u>
Total Overlapping Bonded Debt.....	<u>204,382,632</u>	<u>5.64%</u>	<u>1.88%</u>	<u>\$ 2,656.29</u>
Total Net Direct & Overlapping Debt(3).....	\$ 262,742,632	7.25%	2.42%	\$ 3,414.77

- Notes: (1) Source: Cook County.
 (2) Includes the Bonds and excludes the Refunded Bonds.
 (3) Subject to change.
 (4) Does not include the effect of the refunding.

PROPERTY ASSESSMENT AND TAX INFORMATION

The Village's 2008 EAV, the most recent for which detailed information is available, is comprised of 65.21% residential, 25.59% commercial, 9.18% industrial, and 0.01% railroad valuations.

Equalized Assessed Valuation(1)

Property Class	Levy Years				
	2004(2)	2005	2006	2007(2)	2008
Residential	\$1,610,714,750	\$1,762,207,094	\$1,803,976,148	\$2,159,681,431	\$2,363,924,787
Farm.....	0	0	0	0	0
Commercial.....	719,968,688	741,323,044	802,869,636	908,782,142	927,728,746
Industrial.....	263,159,973	274,464,955	274,238,259	317,501,919	332,953,746
Railroad.....	415,112	391,482	389,265	424,008	460,399
Total.....	\$2,594,258,523	\$2,778,386,575	\$2,881,473,308	\$3,386,389,500	\$3,625,067,678
Percent change +(-).....	14.57%(3)	7.10%	3.71%	17.52%	7.05%

- Notes: (1) Source: Cook County Clerk.
 (2) Triennial assessment year.
 (3) Percentage based on 2003 EAV of \$2,264,347,942.

Representative Tax Rates(1) (Per \$100 EAV)

Representative tax rates for property located in the Village of Arlington Heights are as follows:

	Levy Years				
	2004(2)	2005	2006	2007(2)	2008
Village Rates:					
Corporate Fund.....	0.1823	0.2545	0.2568	0.2307	0.2131
Bonds and Interest.....	0.2538	0.2265	0.2601	0.2215	0.2063
IMRF.....	0.0375	0.0433	0.0559	0.0487	0.0471
Police Pension.....	0.0804	0.0820	0.0801	0.0688	0.0680
Fire Pension.....	0.0831	0.0968	0.1001	0.0922	0.0904
Public Benefit.....	0.0000	0.0000	0.0000	0.0000	0.0000
Social Security.....	0.0401	0.0384	0.0388	0.0347	0.0346
Capital Improvements.....	0.0623	0.0582	0.0736	0.0656	0.0619
Total Village Rate.....	0.7400	0.8000	0.8660	0.7630	0.7220
Arlington Heights Library.....	0.3910	0.3870	0.4110	0.3710	0.3500
Cook County.....	0.5930	0.5330	0.5000	0.4460	0.4150
Cook County Forest Preserve District.....	0.0600	0.0600	0.0570	0.0530	0.0510
Consolidated Elections.....	0.0000	0.0140	0.0000	0.0120	0.0000
Wheeling Township (3).....	0.0630	0.0620	0.0660	0.0590	0.0590
Suburban T.B. Sanitarium Dist.....	0.0010	0.0050	0.0050	0.0000	0.0000
Northwest Mosquito Abatement Dist.....	0.0090	0.0090	0.0090	0.0080	0.0080
Metropolitan Water Reclamation Dist.....	0.3470	0.3150	0.2840	0.2630	0.2520
Arlington Heights Park District.....	0.4660	0.4530	0.4610	0.4040	0.3790
School District Number 25.....	3.1560	3.2250	3.2950	2.8900	2.8070
Township High School District Number 214.....	1.8180	1.7590	1.8230	1.6210	1.5870
Community College District Number 512.....	0.2790	0.2810	0.2880	0.2600	0.2560
Total(4).....	7.9230	7.9030	8.0650	7.1500	6.8860

- Notes: (1) Source: Cook County Clerk.
 (2) Reassessment year.
 (3) Includes Road and Bridge and General Assistance.
 (4) Representative tax rate is for Tax Code No. 38023 which represents 50.96% of the Village's 2008 EAV; the latest data available.

Tax Extensions and Collections(I)
 (Excludes Road and Bridge Levy)

Levy Year	Coll. Year	Taxes Extended	Taxes Collected	
			Amount	Percent
2004	2005	\$19,197,513	\$19,027,604	99.11%
2005	2006	22,227,093	21,882,078	98.44%
2006	2007	24,953,559	24,817,302	99.45%
2007	2008	25,838,152	25,338,902	98.07%
2008	2009	26,172,989	25,955,808	99.17%

Notes: (1) Source: Cook County Treasurer.

Principal Taxpayers(I)

Taxpayer Name	Business/Service	2008 EAV(2)
Luther Village	Housing	\$ 51,675,300
Motorola, Inc.	Electronics Manufacturing	45,593,335
Arlington International Racecourse, Ltd.	Thoroughbred Racing	45,159,371
Robert F. Rohrman	Automobile Dealership	31,810,492
Visconsi Companies	Real Property	31,449,795
AmCap Northpoint LLC	Retail	29,593,073
Co Deloitte PTS	Real Property	23,377,992
BH Management Services	Housing	22,978,761
First American Prop	Real Property	21,638,069
New Plan Excel Prop Tr	Real Property	16,601,805
Total		\$319,877,993
Ten Largest Taxpayers as Percent of Village's 2008 EAV (\$3,625,067,678)		8.82%

Notes: (1) Source: Cook County Clerk.
 (2) Every effort has been made to seek out and report the largest taxpayers. However, many of the taxpayers listed contain multiple parcels, and it is possible that some parcels and their valuations have been overlooked. The 2008 EAV is the most current available.

REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES

Real Property Assessment

The County Assessor (the "Assessor") is responsible for the assessment of all taxable real property within Cook County (the "County"), including that in the Village, except for certain railroad property and pollution control facilities, which are assessed directly by the Illinois Department of Revenue (the "Department of Revenue"). For triennial reassessment purposes, Cook County is divided into three districts: west and south suburbs (the "South Tri"), north and northwest suburbs (the "North Tri"), and the City of Chicago (the "City Tri"). The Village is located in the North Tri and was reassessed for the 2007 tax levy year.

Real property in the County is separated into classes for assessment purposes. After the County Assessor establishes the fair market value of a parcel of property, that value is multiplied by the appropriate classification percentage to arrive at the assessed valuation (the "Assessed Valuation") for the parcel. Prior to the 2009 tax levy year, the classification percentages ranged from 16% for certain residential, commercial and industrial property to 36% and 38%, respectively, for other industrial and commercial property. On September 17, 2008, the Cook County Board of Commissioners approved changes to the property classification ordinance. The changes reduced the percentages used to calculate the assessed value of real property in the County for real estate tax purposes. These reductions take effect in the 2009 tax levy year. Such new classification percentages range from 10% for certain residential, commercial and industrial property to 25% for other industrial and commercial property.

Property is classified for assessment into six basic categories, each of which is assessed (beginning with the 2009 tax levy year) at various percentages of fair market value as follows: Class 1) unimproved real estate - 10%; Class 2) residential - 10%; Class 3) rental-residential - 16%, in tax year 2009, 13% in assessment year 2010, and 10% in assessment year 2011 and subsequent years; Class 4) not-for-profit - 25%; Class 5a) commercial - 25%; Class 5b) industrial - 25%. There are also seven additional categories. Newly constructed industrial properties or substantially rehabilitated sections of existing industrial properties within the County may qualify for a Class 6b assessment level, which assessment level is 10% for the first 10 years and for any subsequent 10-year renewal periods. However, if the incentive is not renewed, the 6b assessment level is 15% in year 11 and 20% in year 12, hereafter reverting to Class 5b. Real estate, which is to be used for industrial or commercial purposes where such real estate has undergone environmental testing and remediation, may be eligible for a Class C assessment level. The Class C assessment level for industrial properties is 10% for the first 10 years, 15% in year 11 and 20% in year 12, thereafter reverting to Class 5b. Class C commercial properties are assessed at 10% for the first 10 years, 15% in year 11 and 20% in year 12, thereafter reverting to Class 5a. Commercial properties that are newly constructed or substantially rehabilitated and are within an area determined to be an area in need of commercial development may be classified as Class 7a or 7b property, and will then be assessed at a level of 10% for the first 10 years, 15% in year 11 and 20% in year 12, thereafter reverting to Class 5a. Certain commercial and industrial properties located in zones determined to be in need of substantial revitalization or in an enterprise community could be eligible for Class 8 assessments. The Class 8 assessment level for industrial properties is 10% for the first 10 years and for any subsequent 10-year renewal periods. If the incentive is not renewed, the Class 8 assessment level for industrial properties is 15% in year 11 and 20% in year 12, thereafter reverting to Class 5b. The Class 8 assessment level for commercial properties is 10% for the first 10 years, 15% in year 11 and 20% in year 12, thereafter reverting to Class 5a. Substantially rehabilitated or new construction multi-family residential properties within certain target areas, empowerment or enterprise zones may be eligible for Class 9 categorization. The Class 9 assessment level is 10% for an initial 10-year period, renewable upon application for additional 10-year periods. When the Class 9 assessment level expires, the assessment level reverts to the applicable classification. Rental-residential (Class 3) properties subject to a Section 8 contract that has been renewed under the "Mark Up To Market" option may qualify for a Class S assessment level. The Class S assessment level is 10% for the term of the Section 8 contract renewal under the Mark Up To Market option, and for any additional terms of renewal of the Section 8 contract under the Mark Up To Market option. When the Class S assessment level expires, the assessment level reverts to Class 3. Substantially rehabilitated properties which are designated as Class 3, Class 4, Class 5a or Class 5b and which qualify as Landmark or Contributing buildings may qualify for a Class L assessment level. The Class L assessment level for Class 3, 4 or 5b properties is 10% for the first 10 years and for any subsequent 10-year renewal periods. If the incentive is not renewed, the Class L assessment level is 15% in year 11 and 20% in year 12, thereafter reverting to Class 3, 4 or 5b. Class L commercial properties are assessed at 10% for the first 10 years, 15% in year 11 and 20% in year 12, thereafter reverting to Class 5a.

The Assessor has established procedures enabling taxpayers to contest their proposed Assessed Valuations. Once the Assessor certifies its final Assessed Valuations, a taxpayer can seek review of its assessment by appealing to the Cook County Board of Review, which consists of three commissioners elected by the voters of the County. The Board of Review has the power to adjust the Assessed Valuations set by the Assessor.

Owners of both residential property having six or fewer units and owners of real estate other than residential property with six or fewer units are able to appeal decisions of the Board of Review to the Illinois Property Tax Appeal Board (the "PTAB"), a statewide administrative body. The PTAB has the power to determine the Assessed Valuation of real property based on equity and the weight of the evidence. Taxpayers may appeal the decision of PTAB to either the Circuit Court of Cook County or the Illinois Appellate Court under the Illinois Administrative Review Law.

As an alternative to seeking review of Assessed Valuations by PTAB, taxpayers who have first exhausted their remedies before the Board of Review may file an objection in the Circuit Court of Cook County similar to the previous judicial review procedure but with a different standard of proof than that previously required. In addition, in cases where the Assessor agrees that an assessment error has been made after tax bills have been issued, the Assessor can correct any factual error, and thus reduce the amount of taxes due, by issuing a Certificate of Error. Certificates of Error are not issued in cases where the only issue is the opinion of the valuation of the property.

Equalization

After the County Assessor has established the Assessed Valuation for each parcel for a given year, and following any revisions by the Board of Review or PTAB, the Illinois Department of Revenue is required by statute to review the Assessed Valuations. The Illinois Department of Revenue establishes an equalization factor (the “Equalization Factor”), commonly called the “multiplier,” for each county to make all valuations uniform among the 102 counties in the State. Under State law, the aggregate of the assessments within each county is to be equalized at 33-1/3% of the estimated fair cash value of real property located within the county prior to any applicable exemptions. One multiplier is applied to all property in Cook County, regardless of its assessment category, except for some farmland property which is not subject to equalization.

Once the Equalization Factor is established, the Assessed Valuation, as revised by the Board of Review or PTAB, is multiplied by the Equalization Factor to determine the equalized assessed valuation (the “EAV”) of that parcel. The EAV for each parcel is the final property valuation used for determination of tax liability. The aggregate EAV for all parcels in any taxing body’s jurisdiction, plus the valuation of property assessed directly by the State, constitutes the total real estate tax base for the taxing body and is the figure used to calculate tax rates (the “Assessment Base”). The following table sets forth the Equalization Factor for Cook County for the last 10 tax levy years.

<u>TAX LEVY YEAR</u>	<u>EQUALIZATION FACTOR</u>
1999	2.2505
2000	2.2235
2001	2.3098
2002	2.4689
2003	2.4598
2004	2.5757
2005	2.7320
2006	2.7076
2007	2.8439
2008	2.9786

Exemptions

Public Act 95-644, effective October 17, 2007, made changes to and added a number of property tax exemptions taken by residential property owners. These changes are discussed below.

An annual General Homestead Exemption provides that the EAV of certain property owned and used for residential purposes (“Residential Property”) may be reduced by \$5,000 for assessment years 2004 through assessment year 2007. Additionally, the reduction may be \$5,500 for assessment year 2008, and \$6,000 for assessment years 2009 and forward (the “General Homestead Exemption”).

The Alternative General Homestead Exemption (the “Alternative General Homestead Exemption”) caps EAV increases for homeowners (who also reside on the property as their principal place of residence) at 7% a year, up to a certain maximum each year as defined by the statute. Any amount of increase that exceeds the maximum exemption as defined is added to the 7% increase and is part of that property’s taxable EAV. Homes that do not increase by at least 7% a year are entitled, in the alternative, to the General Homestead Exemption as discussed above.

The Base Year for purposes of calculation of the Alternative General Homestead Exemption is 2002 for properties located in the City Tri, 2003 for properties located in the North Tri and 2004 for properties located in the South Tri. The Base Homestead Value is the EAV of the homestead property minus the General Homestead Exemption for that year: \$4,500 for years prior to 2004; \$5,000 for 2004 through 2007; \$5,500 for 2008 and \$6,000 for the year 2009 and thereafter.

For properties in the City Tri, the Alternative General Homestead Exemption cannot exceed \$33,000 for assessment year 2006 (except as noted below), \$26,000 for assessment year 2007, \$20,000 for assessment year 2008 and \$6,000 thereafter. For properties in the North Tri, the Alternative General Homestead Exemption cannot exceed \$20,000 for assessment year 2006, \$33,000 for assessment year 2007, \$26,000 for assessment year 2008, \$20,000 for assessment year 2009 and \$6,000 thereafter. For properties in the South Tri, the Alternative General Homestead Exemption cannot exceed \$20,000 for assessment years 2006 and 2007, \$33,000 for assessment year 2008, \$26,000 for assessment year 2009, \$20,000 for assessment year 2010 and \$6,000 thereafter.

Furthermore, only in the City Tri and only for assessment year 2006, the maximum exemption amount may be increased to: (i) \$40,000, provided that the EAV of the property for assessment year 2006 exceeds the EAV of that property for assessment year 2002 by an amount equal to or greater than 100%, or (ii) \$35,000 provided that the EAV of the property for assessment year 2006 exceeds the EAV of that property for assessment year 2002 by an amount greater than 80% but not more than 100%.

Finally, the Long-Time Occupant Homestead Exemption applies to those counties subject to the Alternative General Homestead Exemption, including Cook County. Beginning with assessment year 2007 and thereafter, the EAV of homestead property of a taxpayer who has owned the property for at least 10 years (or 5 years if purchased with certain government assistance) and who has a household income of \$100,000 or less (“Qualified Homestead Property”) may increase by no more than 10% per year. If the taxpayer’s annual income is \$75,000 or less, the EAV of the Qualified Homestead Property may increase by no more than 7% per year. There is no exemption limit for Qualified Homestead Properties. Individuals applying for this exemption must comply with the following guidelines: (i) continuously occupy their property for 10 years, as of January 1st of the assessment year, and occupy such property as their principal residence or, (ii) continuously occupy their property as their principal place of residence for 5 years, as of January 1st of the assessment year, provided that the property was purchased with certain government assistance.

In addition, the Homestead Improvement Exemption (“Homestead Improvement Exemption”) applies to residential properties that have been improved and to properties that have been rebuilt in the two years following a catastrophic event. The exemption is limited to \$45,000 through December 31, 2003, and \$75,000 per year beginning January 1, 2004, and thereafter, to the extent the assessed value is attributable solely to such improvements or rebuilding.

Additional exemptions exist for senior citizens. The Senior Citizens Homestead Exemption (“Senior Citizens Homestead Exemption”) operates annually to reduce the EAV on a senior citizen’s home by \$3,500 in all counties. In addition, for assessment year 2008 and thereafter, the maximum reduction is \$4,000 for all counties. Furthermore, property that is first occupied as a residence after January 1 of any assessment year by a person who is eligible for the Senior Citizens Homestead Exemption must be granted a prorata exemption for the assessment year based on the number of days during the assessment year that the property is occupied as a residence by a person eligible for the exemption.

A Senior Citizens Assessment Freeze Homestead Exemption (“Senior Citizens Assessment Freeze Homestead Exemption”) freezes property tax assessments for homeowners who are 65 and older, reside in their property as their principal place of residence and receive a household income not in excess of the maximum income limitation. The maximum income limitation is \$50,000 for assessment years 2006 and 2007; for assessment years 2008 and after, the maximum income limitation is \$55,000. In general, the exemption grants qualifying senior citizens an exemption based upon a “freeze” of their home’s Assessed Valuation.

Another exemption, available to disabled veterans, may be applied annually to exempt up to \$70,000 of the Assessed Valuation of property owned and used exclusively by such veterans or their spouses for residential purposes. However, individuals claiming exemption under the Disabled Persons’ Homestead Exemption (“Disabled Persons’ Homestead Exemption”) or the hereinafter defined Disabled Veterans Standard Homestead Exemption cannot claim the aforementioned exemption.

Also, certain property is exempt from taxation on the basis of ownership and/or use, such as public parks, not-for-profit schools and public schools, churches, and not-for-profit hospitals and public hospitals.

Furthermore, beginning with assessment year 2007, the Disabled Persons’ Homestead Exemption provides an annual homestead exemption in the amount of \$2,000 for property that is owned and occupied by certain persons with a disability. However, individuals claiming exemption as a disabled veteran or claiming exemption under the Disabled Veterans Standard Homestead Exemption cannot claim the Disabled Persons’ Homestead Exemption.

In addition, the Disabled Veterans Standard Homestead Exemption (“Disabled Veterans Standard Homestead Exemption”) provides disabled veterans an annual homestead exemption starting with assessment year 2007 and thereafter. Specifically, (i) those veterans with a service-connected disability of 75% are granted an exemption of \$5,000 and (ii) those veterans with a service-connected disability of less than 75%, but at least 50%, are granted an exemption of \$2,500. Furthermore, the veteran’s surviving spouse is entitled to the benefit of the exemption, provided that the spouse has legal or beneficial title of the homestead, resides permanently on the homestead and does not remarry. Moreover, if the property is sold by the surviving spouse, then an exemption amount not to exceed the amount specified by the current property tax roll may be transferred to the spouse’s new residence, provided that it is the spouse’s primary residence and the spouse does not remarry. However, individuals claiming exemption as a disabled veteran or claiming an exemption under the Disabled Persons’ Homestead Exemption cannot claim the aforementioned exemption.

Also, beginning with assessment year 2007, the Returning Veterans’ Homestead Exemption (“Returning Veterans’ Homestead Exemption”) is available for property owned and occupied as the principal residence of a veteran in the assessment year the veteran returns from an armed conflict while on active duty in the United States armed forces. This provision grants a homestead exemption of \$5,000, which is applicable in all counties. In order to apply for this exemption, the individual must pay real estate taxes on the property, own the property or have either a legal or an equitable interest in the property, subject to some limitations. Those individuals eligible for this exemption may claim the exemption in addition to other homestead exemptions, unless otherwise noted.

Tax Levy

As part of the annual budgetary process of governmental units (the “Units”) with power to levy taxes in the County, proceedings are adopted by the designated body for each Unit each year in which it determines to levy real estate taxes. The administration and collection of real estate taxes is statutorily assigned to the County Clerk and the County Treasurer. After the Units file their annual tax levies, the County Clerk computes the annual tax rate for each Unit. The Cook County Clerk uses the prior year’s EAV to compute the taxing district’s maximum allowable levy. The maximum levy that can be raised for a Unit is the maximum tax rate for that Unit multiplied by the prior year, EAV for all property currently in the district. The prior year’s EAV includes the prior year’s EAV plus the EAV of any new property, the current year value of any annexed property, and any recovered tax increment value, minus any disconnected property for the current year under the Property Tax Extension Limitation Law (“Limitation Law”). The tax rate for a Unit is computed by dividing the lesser of the maximum allowable levy or the actual levy by the current year’s EAV.

Property Tax Extension Limitation Law

The Property Tax Extension Limitation Law (the “Limitation Law”) limits the amount of the annual increase in property taxes to be extended for certain Illinois non-home rule units of government. In general, the Limitation Law restricts the amount of such increases to the lesser of 5% or the percentage increase in the Consumer Price Index during the calendar year preceding the levy year. Currently, the Limitation Law applies only to and is a limitation upon all non-home rule taxing bodies in Cook County, the five collar counties (DuPage, Kane, Lake, McHenry and Will) and several downstate counties.

Home rule units, including the Village, are exempt from the limitations contained in the Limitation Law. If the Limitation Law were to apply in the future to the Village, the limitations set forth therein will not apply to any taxes levied by the Village to pay the principal of and interest on the Bonds.

Extensions

The County Clerk then computes the total tax rate applicable to each parcel of real property by aggregating the tax rates of all of the Units having jurisdiction over the particular parcel. The County Clerk extends the tax by entering the tax (determined by multiplying the total tax rate by the EAV of that parcel for the current assessment year) in the books prepared for the County Collector (the “Warrant Books”) along with the tax rates, the Assessed Valuation and the EAV. The Warrant Books are the County Collector’s authority for the collection of taxes and are used by the County Collector as the basis for issuing tax bills to all property owners.

Collections

Property taxes are collected by the County Collector, who is also the County Treasurer, who remits to each Unit its share of the collections. Taxes levied in one year become payable during the following year in two installments, the first due on March 1 and the second on the later of August 1 or 30 days after the mailing of the tax bills. A payment due is deemed to be paid on time if the payment is postmarked on the due date. The first installment is equal to one-half of the prior year’s tax bill; beginning in collection year 2010, this estimated amount was raised to 55% of the prior year’s tax bill. However, if a Certificate of Error is approved by a court or certified on or before November 30 of the preceding year and before the estimated tax bills are prepared, then the first installment is instead equal to one-half of the corrected prior year’s tax bill. The second installment is for the balance of the current year’s tax bill, and is based on the then current tax year levy, assessed value and Equalization Factor, and reflects any changes from the prior year in those factors. The following table sets forth the second installment penalty date for the last 10 tax levy years in Cook County; the first installment penalty date has been March 1 for all such years.

<u>TAX LEVY YEAR</u>	<u>SECOND INSTALLMENT PENALTY DATE</u>
1998	November 1, 1999
1999	October 2, 2000
2000	November 2, 2001
2001	November 1, 2002
2002	October 1, 2003
2003	November 15, 2004
2004	November 2, 2005
2005	September 1, 2006
2006	December 3, 2007
2007	November 3, 2008
2008	December 1, 2009

It is possible that the changes to the assessment appeals process described above will cause delays similar to those experienced in past years in preparation and mailing of the second installment in future years. The County may provide for tax bills to be payable in four installments instead of two. However, the County has not required payment of tax bills in four installments. During the periods of peak collections, tax receipts are forwarded to each Unit on a weekly basis. Upon receipt of taxes from the County Collector, the Village promptly credits the taxes received to the funds for which they were levied.

At the end of each collection year, the County Collector presents the Warrant Books to the Circuit Court and applies for a judgment for all unpaid taxes. The court orders resulting from the application for judgment provides for an Annual Tax Sale (the “Annual Tax Sale”) of unpaid taxes shown on that year’s Warrant Books. A public sale is held, at which time successful tax buyers pay the unpaid taxes plus penalties. In each such public sale, the collector can use any “automated means.” Unpaid taxes accrue penalties at the rate of 1.5% per month from their due date until the date of sale. Taxpayers can redeem their property by paying the amount paid at the sale, plus a maximum of 12% for each six-month period after the sale. If no redemption is made within the applicable redemption period (ranging from six months to two and one-half years depending on the type and occupancy of the property) and the tax buyer files a petition in the Circuit Court, notifying the necessary parties in accordance with the applicable law, the tax buyer receives a deed to the property. In addition, there are miscellaneous statutory provisions for foreclosure of tax liens.

If there is no sale of the tax lien on a parcel of property at the Annual Tax Sale, the taxes are forfeited and the property becomes eligible to be purchased at any time thereafter at an amount equal to all delinquent taxes and interest accrued to the date of purchase. Redemption periods and procedures are the same as applicable to the Annual Tax Sale.

The Scavenger Sale (the “Scavenger Sale”), like the Annual Tax Sale, is a sale of unpaid taxes. The Scavenger Sale is held every two years on all property on which two or more years’ taxes are delinquent. The sale price of the unpaid taxes is the amount bid at such sale, which may be less than the amount of delinquent taxes. Redemption periods vary from six months to two and a half years depending upon the type and occupancy of the property.

Truth in Taxation Law

Legislation known as the Truth in Taxation Law (the “Law”) limits the aggregate amount of certain taxes which can be levied by, and extended for, a taxing district to 105% of the amount of taxes extended in the preceding year unless specified notice, hearing and certification requirements are met by the taxing body. The express purpose of the Law is to require published disclosure of, and hearing upon, an intention to adopt a levy in excess of the specified levels.

FINANCIAL INFORMATION

Financial Overview

The Village's General Fund is the largest unrestricted fund for general operating purposes.

The Village has never instituted a real estate transfer tax and must hold a referendum if it wishes to institute one in the future.

Basis of Accounting

The Village's financial statements are completed on a modified accrual basis consistent with generally accepted accounting principles applicable to governmental entities. See **APPENDIX A** for more detail.

Investment Policy

The standard of prudence to be used by investment officials of the Village shall be the “prudent person” standard stated as follows:

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the possible income to be derived.

The objective of the investment of Village funds is to identify and invest cash not immediately needed to achieve the highest return on funds available for investment, subject to safeguarding of principal, maintenance of necessary liquidity, maintenance of public confidence, and compliance with all Village, State and Federal regulations.

Investments in the respective types of funds shall be only in securities and investment instruments allowed by the State of Illinois for local government non-pension and pension funds.

Deposits and investments in the form of interest or non-interest bearing accounts, certificates of deposit, or repurchase agreements will be made only in those institutions which qualify as depositories approved by the Board of Trustees of the Village.

Deposits and investments in any one institution that are not collateralized or insured by the agency of the Federal Government shall not exceed seventy-five (75%) of the capital and surplus of such institution.

The maturity dates of investments in any fund portfolio are not to be longer than that which will provide for the reasonably anticipated cash needs of that fund.

Collateral for investments may include only full faith and credit securities of the U.S. Government and its agencies, full faith and credit obligations of the State of Illinois and its political subdivisions. Such obligations must have a rating of “A” or better.

Collateral pledged must be equal at market to 110% of the par value of the investments. Federal Deposit Insurance Corporation (FDIC) and Federal Saving & Loan Insurance Corporation (FSLIC) may be used to collateralize investments to the extent that such insurance actually covers the investment made.

Pledged collateral must be held by the Federal Reserve Bank of Boston or a third-party bank authorized by the Village.

No Consent or Updated Information Requested of the Auditor

The tables and excerpts (collectively, the “Excerpted Financial Information”) contained in this “**FINANCIAL INFORMATION**” section and in **APPENDIX A** are from the audited financial statements of the Village, including the audited financial statements for the fiscal year ended April 30, 2009 (the “2009 Audit”). The 2009 Audit has been prepared by Sikich LLP, Certified Public Accountants & Advisors, Aurora, Illinois, (the “Auditor”), and approved by formal action of the Village Board. The Village has not requested the Auditor to update information contained in the Excerpted Financial Information; nor has the Village requested that the Auditor consent to the use of the Excerpted Financial Information in this Official Statement. Other than as expressly set forth in this Official Statement, the financial information contained in the Excerpted Financial Information has not been updated since the date of the 2009 Audit. The inclusion of the Excerpted Financial Information in this Official Statement in and of itself is not intended to demonstrate the fiscal condition of the Village since the date of the 2009 Audit. Questions or inquiries relating to financial information of the Village since the date of the 2009 Audit should be directed to the Village.

Summary Financial Statements

The Village's financial statements are audited annually by certified public accountants. The Village has received the Governmental Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting for its published financial reports for the fiscal year ended April 30, 2009. This was the nineteenth consecutive year that the Village has received this award. The following reports are summaries and do not purport to be the complete audits, copies of which are available upon request. See **APPENDIX A** for excerpts of the Village's 2009 Comprehensive Annual Financial Report.

**Statement of Net Assets
 Governmental Activities
 Primary Government**

	Audited as of April 30				
	2005	2006	2007	2008	2009
ASSETS:					
Cash and Investments.....	\$ 70,271,644	\$ 76,363,982	\$ 81,177,585	\$ 72,343,013	\$ 66,759,348
Receivables, net:					
Property Taxes.....	15,829,159	17,289,405	15,495,975	15,743,446	15,958,427
Other Taxes.....	5,567,758	6,143,485	6,030,327	5,936,879	5,754,140
Accrued Interest.....	275,866	201,617	228,556	400,487	509,477
CDBG Rehabilitation Loans.....	2,119,736	2,159,210	2,152,562	2,139,107	2,181,367
Grants.....	784,348	303,483	162,903	154,812	147,800
Other.....	734,497	296,522	332,972	957,257	1,239,912
Prepaid Expenses.....	169,207	116,300	426,813	263,975	121,289
Inventory.....	96,963	154,090	207,929	175,057	132,921
Due from Other Governments.....	447,964	461,254	450,366	418,650	369,092
Due from Fiduciary Funds.....	1,742,689	2,023,933	2,321,857	2,459,021	2,571,285
Deferred Charges.....	1,824,779	488,020	537,050	503,296	447,636
Net Pension Asset.....	1,841,961	1,456,261	1,905,922	1,832,796	1,872,076
Capital Assets Not Being Depreciated.....	91,424,199	87,239,392	97,706,212	83,064,314	84,664,314
Capital Assets Being Depreciated, Net of Depreciation	53,852,027	60,876,962	73,893,349	95,153,259	93,549,415
Total Assets.....	<u>\$246,982,797</u>	<u>\$255,573,916</u>	<u>\$283,030,378</u>	<u>\$281,545,369</u>	<u>\$276,278,499</u>
LIABILITIES:					
Accounts Payable.....	\$ 2,911,732	\$ 5,176,694	\$ 7,483,037	\$ 3,036,047	\$ 2,409,800
Other Liabilities.....	328,000	0	0	0	0
Accrued Payroll.....	0	0	442,308	233,110	378,942
Payroll Taxes Payable.....	331,552	20,017	56,773	210,523	215,076
Claims Payable.....	2,632,548	3,224,504	4,660,017	3,280,646	3,481,719
Accrued Interest Payable.....	1,675,134	1,221,281	1,553,307	1,300,612	1,217,112
Unearned Revenues.....	29,281,091	32,101,506	30,094,405	31,961,831	32,435,427
Noncurrent Liabilities:					
Due Within One Year.....	7,205,878	6,260,545	5,085,500	5,653,643	5,763,957
Due In More Than One Year.....	63,820,358	59,325,452	75,248,388	71,577,677	67,071,544
Total Liabilities.....	<u>\$108,186,293</u>	<u>\$107,329,999</u>	<u>\$124,623,735</u>	<u>\$117,254,089</u>	<u>\$112,973,577</u>
NET ASSETS:					
Invested in Capital Assets, Net of Related Debt.....	\$ 76,741,226	\$ 86,401,354	\$ 95,942,903	\$105,832,314	\$110,917,033
Restricted for:					
Public Safety.....	651,857	566,537	713,167	819,507	607,659
Highways and Streets.....	1,170,119	1,242,176	953,057	988,930	1,224,060
Community Development.....	15,052,790	14,199,332	19,823,908	7,478,322	4,420,446
Debt Service.....	5,061,779	3,672,358	1,916,428	1,962,895	1,946,327
Net Pension Asset.....	1,841,961	0	0	0	0
Unrestricted.....	38,276,772	42,162,160	39,057,180	47,209,312	44,189,397
TOTAL NET ASSETS.....	<u>\$138,796,504</u>	<u>\$148,243,917</u>	<u>\$158,406,643</u>	<u>\$164,291,280</u>	<u>\$163,304,922</u>

**General Fund
 Balance Sheet**

Audited as of April 30

	2005	2006	2007	2008	2009
ASSETS:					
Cash and Equivalents.....	\$15,486,993	\$16,696,716	\$16,654,264	\$20,202,905	\$18,970,837
Receivables:					
Property Taxes.....	6,407,547	8,419,391	8,561,988	8,702,735	8,783,990
Other Taxes.....	5,324,157	5,886,011	5,838,375	5,764,638	5,600,492
Accrued Interest.....	76,269	61,478	76,959	80,508	155,827
Other.....	278,801	296,522	332,972	818,108	811,717
Prepaid Items/ Expenses.....	121,826	30,685	139,715	131,194	109,051
Due from Other Funds.....	1,315,000	2,270,000	1,952,000	1,476,000	284,000
Due from Fiduciary Funds.....	1,742,689	2,023,933	2,321,857	2,459,021	2,571,285
Advances to Other Funds.....	0	0	1,200,000	99,355	0
Inventory.....	72,623	76,522	124,903	0	52,125
Total Assets.....	<u>\$30,825,905</u>	<u>\$35,761,258</u>	<u>\$37,203,033</u>	<u>\$39,734,464</u>	<u>\$37,339,324</u>
LIABILITIES AND FUND BALANCE:					
Accounts Payable.....	\$ 740,766	\$ 995,135	\$ 801,727	\$ 883,110	\$ 974,865
Other Liabilities.....	328,000	0	0	0	0
Due to Other Funds.....	0	0	0	0	0
Payroll Taxes Payable.....	331,552	20,017	56,773	210,523	215,076
Accrued Payroll.....	0	0	433,483	206,362	345,912
Deferred Revenue (Property Taxes).....	11,019,100	14,332,195	15,336,034	16,116,799	16,455,850
Public Safety Pension Contribution.....	0	0	0	0	0
Deferred Revenue (Other).....	0	0	0	200,000	9,160
Total Liabilities.....	<u>\$12,419,418</u>	<u>\$15,347,347</u>	<u>\$16,628,017</u>	<u>\$17,616,794</u>	<u>\$18,000,863</u>
Fund Balance:					
Reserved for Prepaid Items.....	\$ 121,826	\$ 30,685	\$ 139,715	\$ 131,194	\$ 109,051
Reserved for Advances.....	0	0	1,200,000	0	0
Reserved for Inventory.....	72,623	76,522	124,903	99,355	52,125
Reserved for Encumbrances.....	175,301	117,119	136,124	166,619	90,450
Unreserved/Designated.....	832,880	804,504	792,508	756,620	757,918
Unreserved/Undesignated.....	17,203,857	19,385,081	18,181,766	20,963,882	18,328,917
Total Fund Balance.....	<u>\$18,406,487</u>	<u>\$20,413,911</u>	<u>\$20,575,016</u>	<u>\$22,117,670</u>	<u>\$19,338,461</u>
Total Liabilities and Fund Balance.....	<u>\$30,825,905</u>	<u>\$35,761,258</u>	<u>\$37,203,033</u>	<u>\$39,734,464</u>	<u>\$37,339,324</u>

**Statement of Activities
 Net (Expenses) Revenues and Changes in Net Assets**

**Functions/Programs
 Primary Government**

	Audited Year Ended April 30				
	2005	2006	2007	2008	2009
Governmental Activities(1):					
General Government.....	\$ (1,872,945)	\$ (2,510,753)	\$ (2,544,731)	\$ 186,552	\$ (3,071,139)
Public Safety.....	(26,950,648)	(28,612,832)	(31,042,799)	(32,386,938)	(34,924,144)
Highways and Streets.....	(10,892,172)	(6,508,557)	(11,072,704)	(15,967,715)	(15,712,938)
Community Development.....	(4,298,262)	(10,303,319)	(6,829,775)	(5,422,421)	(5,538,175)
Health and Welfare.....	(1,818,329)	(1,924,423)	(2,096,095)	(2,235,027)	(2,436,349)
Interest.....	(3,252,018)	(3,089,512)	(3,429,230)	(3,496,323)	(3,273,165)
Total Governmental Activities.....	<u>\$ (49,084,374)</u>	<u>\$ (52,949,396)</u>	<u>\$ (57,015,334)</u>	<u>\$ (59,321,872)</u>	<u>\$ (64,955,910)</u>
General Revenues:					
Taxes:					
Property.....	\$ 23,805,877	\$ 26,131,769	\$ 30,146,710	\$ 28,321,080	\$ 29,517,038
Income.....	5,161,838	5,879,378	6,485,022	7,084,398	7,010,647
Sales.....	11,367,933	11,581,997	11,324,683	10,999,700	10,446,148
Home Rule Sales.....	5,397,509	6,000,585	6,010,903	5,736,288	5,244,404
Replacement.....	316,130	407,912	443,690	516,811	464,953
Use.....	818,163	923,941	1,000,246	1,079,824	1,085,127
Telecommunications.....	4,987,004	4,979,356	4,402,338	4,711,422	4,419,759
Hotel/Motel.....	1,191,907	1,301,228	1,530,315	1,705,506	1,360,158
Food and Beverage.....	1,662,959	1,685,141	1,777,822	1,835,620	1,784,132
Foreign Fire Insurance.....	90,695	88,963	79,812	90,579	90,271
Other.....	53,259	49,996	36,498	45,162	43,066
Investment Income.....	842,947	1,924,845	3,114,861	2,121,255	1,090,223
Miscellaneous.....	817,686	1,176,534	825,171	958,864	1,403,621
Contributions.....	0	0	0	0	10,005
Gain (Loss) on Disposal of Capital Assets.....	0	0	0	0	0
Transfers In (Out).....	(2,723,320)	265,164	0	0	0
Total General Revenues.....	<u>\$ 53,790,587</u>	<u>\$ 62,396,809</u>	<u>\$ 67,178,071</u>	<u>\$ 65,206,509</u>	<u>\$ 63,969,552</u>
Change in Net Assets.....	\$ 4,706,213	\$ 9,447,413	\$ 10,162,737	\$ 5,884,637	\$ (986,358)
Net Assets, May 1.....	<u>\$134,090,291</u>	<u>\$138,796,504</u>	<u>\$148,243,906</u>	<u>\$158,406,643</u>	<u>\$164,291,280</u>
Net Assets, April 30.....	<u>\$138,796,504</u>	<u>\$148,243,917</u>	<u>\$158,406,643</u>	<u>\$164,291,280</u>	<u>\$163,304,922</u>

Note: (1) Expenses less program revenues of Charges for Services Operating Grants and Capital Grants.

General Fund Revenues and Expenditures

Audited Year Ended April 30

	2005	2006	2007	2008	2009
REVENUES:					
Taxes:					
Property Tax.....	\$ 9,890,902	\$10,639,225	\$14,028,357	\$14,923,180	\$15,747,860
Sales Tax.....	14,626,522	15,292,446	15,235,993	14,835,223	13,959,466
State Income Tax.....	5,161,838	5,879,378	6,485,022	7,084,398	7,010,647
Other taxes.....	9,194,666	9,517,050	9,376,523	10,082,264	9,385,760
Licenses and Permits.....	3,891,261	3,915,711	4,414,540	4,206,336	3,737,099
Intergovernmental Service Charges.....	259,226	326,707	264,121	745,158	577,523
Charges for Services.....	1,599,127	1,652,077	1,685,549	1,743,232	1,784,442
Fees and Fines.....	2,649,819	3,548,891	4,098,717	3,984,204	4,282,145
Interest on Investments.....	219,140	731,027	1,332,441	697,060	452,186
Rents and Reimbursements.....	438,583	463,729	468,418	440,515	462,268
Other Revenues.....	442,035	368,220	398,604	329,570	448,712
Total Revenues.....	<u>\$48,373,119</u>	<u>\$52,334,461</u>	<u>\$57,788,285</u>	<u>\$59,071,140</u>	<u>\$57,848,108</u>
EXPENDITURES:					
General Government.....	\$ 5,681,324	\$ 5,548,724	\$ 5,686,903	\$ 6,116,676	\$ 6,536,042
Public Safety.....	27,830,442	30,040,305	32,591,634	34,633,366	36,421,229
Highways and Streets.....	6,659,237	7,161,810	7,798,761	8,924,872	9,402,994
Community Development.....	4,295,125	4,659,904	4,997,568	5,293,973	5,568,289
Health and Welfare.....	1,839,672	1,966,963	2,147,585	2,273,352	2,412,863
Total Expenditures.....	<u>\$46,305,800</u>	<u>\$49,377,706</u>	<u>\$53,222,451</u>	<u>\$57,242,239</u>	<u>\$60,341,417</u>
Revenues and Over Expenditures.....	\$ 2,067,319	\$ 2,956,755	\$ 4,565,834	\$ 1,828,901	\$(2,493,309)
Operating Transfers, Net.....	(987,297)	(949,331)	(4,404,729)	(300,600)	(285,900)
Proceeds from Sale of Capital Equipment...	<u>0</u>	<u>0</u>	<u>0</u>	<u>14,353</u>	<u>0</u>
Excess of Revenues and Other Financing... Sources (Uses) over Expenditures.....	\$ 1,080,022	\$ 2,007,424	\$ 161,105	\$ 1,542,654	\$(2,779,209)
Beginning Fund Balance.....	17,326,465	18,406,487	20,413,911	20,575,016	22,117,670
Prior Period Adjustment.....	0	0	0	0	0
Residual Equity Transfers In.....	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Ending Fund Balance.....	<u>\$18,406,487</u>	<u>\$20,413,911</u>	<u>\$20,575,016</u>	<u>\$22,117,670</u>	<u>\$19,338,461</u>

**General Fund
 Budget and Estimated 2010 Results(1)**

	2010 Annual Budget	Estimated 2010 Fiscal Year Unaudited	2011 Annual Budget
REVENUES:			
Property Taxes	\$16,267,850	\$15,898,238	\$18,044,000
Sales Taxes	11,095,700	9,570,850	9,850,000
Home Rule Sales Tax(2)	3,827,900	3,590,143	4,340,000
State Income Taxes	7,196,800	6,111,105	6,361,000
Other Taxes(3)	10,174,000	9,245,696	11,491,000
Other Intergovernmental	318,300	357,282	119,500
Licenses and Permits	3,973,200	3,644,510	3,877,200
Fees	3,674,300	3,621,190	3,572,900
Fines	715,600	680,269	705,600
Service Charges	1,994,400	1,960,514	2,060,400
Interest	750,000	205,406	350,000
Sales/Reimbursements Rents	422,900	448,573	456,800
Other	<u>319,000</u>	<u>369,818</u>	<u>309,800</u>
Total Revenues	\$60,729,950	\$55,703,594	\$61,538,200
Operating Transfers In	<u>3,599,697</u>	<u>3,599,697</u>	<u>61,496</u>
Revenues and Transfers In	\$64,329,647	\$59,303,291	\$61,599,696
EXPENDITURES:			
Personal Services(4)	\$49,221,800	\$47,614,720	\$49,077,400
Contractual Services	9,344,857	8,594,402	9,162,758
Commodities	2,525,773	2,027,430	2,352,172
Other Charges	<u>3,027,297</u>	<u>2,494,238</u>	<u>825,505</u>
Total Expenditures	\$64,119,727	\$60,730,790	\$61,417,835
Operating Transfer (Out)	<u>651,000</u>	<u>291,000</u>	<u>650,700</u>
Total Expenditures and Transfers Out.....	\$64,770,727	\$61,021,790	\$62,068,535
Revenues over (Under) Expenditures.....	\$ (441,080)	\$(1,718,499)	\$(468,839)
Beginning Fund Balance	<u>\$19,338,461</u>	<u>\$19,338,461</u>	<u>\$17,619,962</u>
Ending Fund Balance	\$18,897,381	\$17,619,962	\$17,151,123

- Notes: (1) Source: The Village.
 (2) The Village raised the Home Rule Sales Tax by 0.25% effective January 1, 2010.
 (3) The Village instituted a utility tax on electricity and natural gas effective January 1, 2010.
 (4) The Village eliminated 40 positions over the 2009 and 2010 fiscal years.

PENSION AND RETIREMENT OBLIGATIONS

See **APPENDIX A** herein.

REGISTRATION, TRANSFER AND EXCHANGE

See also **APPENDIX B** for information on registration, transfer and exchange of book-entry bonds. The Bonds will be initially issued as book-entry bonds.

The Village shall cause books (the "Bond Register") for the registration and for the transfer of the Bonds to be kept at the principal office maintained for the purpose by the Bond Registrar in Chicago, Illinois. The Village will authorize to be prepared, and the Bond Registrar shall keep custody of, multiple bond blanks executed by the Village for use in the transfer and exchange of Bonds.

Any Bond may be transferred or exchanged, but only in the manner, subject to the limitations, and upon payment of the charges as set forth in the Bond Ordinance. Upon surrender for transfer or exchange of any Bond at the principal office maintained for the purpose by 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 such owner's attorney duly authorized in writing, the Village shall execute and the Bond Registrar shall authenticate, date and deliver in the name of the registered owner, transferee or transferees (as the case may be) a new fully registered Bond or Bonds of the same maturity and interest rate of authorized denominations, for a like aggregate principal amount.

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 Bonds previously paid.

The Bond Registrar shall not be required to transfer or exchange any Bond following the close of business on the fifteenth day of the month next preceding any interest payment date on such Bond (known as the record date), nor to transfer or exchange any Bond after notice calling such Bond for redemption has been mailed, nor during a period of fifteen 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 Bonds shall be made only to or upon the order of the registered owner thereof or such owner's 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.

TAX EXEMPTION

Federal tax law contains a number of requirements and restrictions which apply to the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The Village has covenanted to comply with all requirements that must be satisfied in order for the interest on the Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Bonds to become includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

Subject to the Village's compliance with the above-referenced covenants, under present law, in the opinion of Bond Counsel, interest on the Bonds (i) is excludable from the gross income of the owners thereof for federal income tax purposes, (ii) is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but interest on the Bonds is taken into account, however, in computing an adjustment used in determining the federal alternative minimum tax for certain corporations.

In rendering its opinion, Bond Counsel will rely upon certifications of the Village with respect to certain material facts within the Village's knowledge. Bond Counsel's opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

The Internal Revenue Code of 1986, as amended (the “Code”), includes provisions for an alternative minimum tax (“AMT”) for corporations in addition to the corporate regular tax in certain cases. The AMT for a corporation, if any, depends upon the corporation’s alternative minimum taxable income (“AMTI”), which is the corporation’s taxable income with certain adjustments. One of the adjustment items used in computing the AMTI of a corporation (with certain exceptions) is an amount equal to 75% of the excess of such corporation’s “adjusted current earnings” over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). “Adjusted current earnings” would generally include certain tax-exempt interest, but not interest on the Bonds.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Bonds should consult their tax advisors as to applicability of any such collateral consequences.

The issue price (the “Issue Price”) for each maturity of the Bonds is the price at which a substantial amount of such maturity of the Bonds is first sold to the public. The Issue Price of a maturity of the Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the cover page hereof.

If the Issue Price of a maturity of the Bonds is less than the principal amount payable at maturity, the difference between the Issue Price of each such maturity, if any, of the Bonds (the “OID Bonds”) and the principal amount payable at maturity is original issue discount.

For an investor who purchases an OID Bond in the initial public offering at the Issue Price for such maturity and who holds such OID Bond to its stated maturity, subject to the condition that the Village complies with the covenants discussed above, (a) the full amount of original issue discount with respect to such OID Bond constitutes interest which is excludable from the gross income of the owner thereof for federal income tax purposes; (b) such owner will not realize taxable capital gain or market discount upon payment of such OID Bond at its stated maturity; (c) such original issue discount is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Code, but is taken into account in computing an adjustment used in determining the alternative minimum tax for certain corporations under the Code, as described above; and (d) the accretion of original issue discount in each year may result in certain other collateral federal income tax consequences in each year even though a corresponding cash payment may not be received until a later year. Based upon the stated position of the Illinois Department of Revenue under Illinois income tax law, accreted original issue discount on such OID Bonds is subject to taxation as it accretes, even though there may not be a corresponding cash payment until a later year. Owners of OID Bonds should consult their own tax advisors with respect to the state and local tax consequences of original issue discount on such OID Bonds.

Owners of Bonds who dispose of Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase Bonds in the initial public offering, but at a price different from the Issue Price or purchase Bonds subsequent to the initial public offering should consult their own tax advisors.

If a Bond is purchased at any time for a price that is less than the Bond’s stated redemption price at maturity or, in the case of an OID Bond, its Issue Price plus accreted original issue discount (the “Revised Issue Price”), the purchaser will be treated as having purchased a Bond with market discount subject to the market discount rules of the Code (unless a statutory de minimis rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser’s election, as it accrues. Such treatment would apply to any purchaser who purchases an OID Bond for a price that is less than its Revised Issue Price. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Bonds.

An investor may purchase a Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as “bond premium” and must be amortized by an investor on a constant yield basis over the remaining term of the Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. The amortized bond premium is treated as a reduction in the tax-exempt interest received. As bond premium is amortized, it reduces the investor’s basis in the Bond. Investors who purchase a Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the Bond’s basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Bond.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Internal Revenue Service (the “Service”) has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Service may treat the Village as a taxpayer and the Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, including the Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Bond owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

Interest on the Bonds is not exempt from present State of Illinois income taxes. Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Bonds. Prospective purchasers of the Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

QUALIFIED TAX-EXEMPT OBLIGATIONS

Subject to the Village’s compliance with certain covenants, in the opinion of Bond Counsel, the Bonds are “qualified tax-exempt obligations” under the small issuer exception provided under Section 265(b)(3) of the Code, which affords banks and certain other financial institutions more favorable treatment of their deduction for interest expense than would otherwise be allowed under Section 265(b)(2) of the Code.

CONTINUING DISCLOSURE

The Village will enter into a Continuing Disclosure Undertaking (the “Undertaking”) for the benefit of the beneficial owners of the Bonds to send certain information annually and to provide notice of certain events to the Municipal Securities Rulemaking Board (the “MSRB”) pursuant to the requirements of Section (b)(5) of Rule 15c2-12 (the “Rule”) adopted by the Securities and Exchange Commission (the “Commission”) under the Securities Exchange Act of 1934. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and a summary of other terms of the Undertaking, including termination, amendment and remedies, are set forth below under “**THE UNDERTAKING.**”

The Village has represented that it has not failed to comply in all material respects with each and every undertaking previously entered into by it pursuant to the Rule. A failure by the Village to comply with the Undertaking will not constitute a default under the Ordinance and beneficial owners of the Bonds are limited to the remedies described in the Undertaking. See “**THE UNDERTAKING - Consequences of Failure of the Village to Provide Information.**” A failure by the Village to comply with the Undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

Bond Counsel expresses no opinion as to whether the Undertaking complies with the requirements of Section (b)(5) of the Rule.

THE UNDERTAKING

The following is a brief summary of certain provisions of the Undertaking of the Village and does not purport to be complete. The statements made under this caption are subject to the detailed provisions of the Undertaking, a copy of which is available upon request from the Village.

Annual Financial Information Disclosure

The Village covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements, if any (as described below) to the MSRB in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information. The Village is required to deliver such information so that such entities receive the information by the dates specified in the Undertaking.

“Annual Financial Information” means:

1. The tables under the headings of “**Retailers’ Occupation, Service Occupation and Use Tax**” and “**Sales Tax Receipts by Kind of Business**” within this Official Statement;
2. All of the tables under the heading “**PROPERTY ASSESSMENT AND TAX INFORMATION**” within this Official Statement;
3. All of the tables under the heading “**DEBT INFORMATION**” within this Official Statement; and
4. All of the tables under the heading “**FINANCIAL INFORMATION**” within this Official Statement.

“Audited Financial Statements” means financial statements of the Village as audited annually by independent certified public accountants. Audited Financial Statements are expected to continue to be prepared according to Generally Accepted Accounting Principles as applicable to governmental units (i.e., as subject to the pronouncements of the Governmental Accounting Standards Board and subject to any express requirements of State law).

Material Events Disclosure

The Village covenants that it will disseminate in a timely manner to the MSRB the disclosure of the occurrence of an Event (as described below) with respect to the Bonds that is material, as materiality is interpreted under the Securities Exchange Act of 1934, as amended, in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information. The “Events” are:

- Principal and interest payment delinquencies
- Non-payment related defaults
- Unscheduled draws on debt service reserves reflecting financial difficulties
- Unscheduled draws on credit enhancements reflecting financial difficulties
- Substitution of credit or liquidity providers, or their failure to perform
- Adverse tax opinions or events affecting the tax-exempt status of the security
- Modifications to the rights of security holders
- Bond calls
- Defeasances
- Release, substitution or sale of property securing repayment of the securities
- Rating changes

Consequences of Failure of the Village to Provide Information

The Village shall give notice in a timely manner to the MSRB of any failure to provide disclosure of Annual Financial Information and Audited Financial Statements when the same are due under the Undertaking.

In the event of a failure of the Village to comply with any provision of the Undertaking, the beneficial owner of any Bond may seek mandamus or specific performance by court order to cause the Village to comply with its obligations under the Undertaking. A default under the Undertaking shall not be deemed a default under the Ordinance, and the sole remedy under the Undertaking in the event of any failure of the Village to comply with the Undertaking shall be an action to compel performance.

Amendment; Waiver

Notwithstanding any other provision of the Undertaking, the Village by resolution or ordinance authorizing such amendment or waiver, may amend the Undertaking, and any provision of the Undertaking may be waived, if:

- (a) (i) The amendment or the waiver is made in connection with a change in circumstances that arises from a change in legal requirements, including, without limitation, pursuant to a “no-action” letter issued by the Commission, a change in law, or a change in the identity, nature, or status of the Village, or type of business conducted; or
- (ii) The Undertaking, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- (b) The amendment or waiver does not materially impair the interests of the beneficial owners of the Bonds, as determined by parties unaffiliated with the Village (such as Bond Counsel).

In the event that the Commission or the MSRB or other regulatory authority approves or requires Annual Financial Information or notices of a material Event to be filed with a central post office, governmental agency or similar entity other than the MSRB or in lieu of the MSRB, the Village shall, if required, make such dissemination to such central post office, governmental agency or similar entity without the necessity of amending the Undertaking.

Termination of Undertaking

The Undertaking shall be terminated if the Village shall no longer have any legal liability for any obligation on or relating to repayment of the Bonds under the Ordinance. The Village shall give notice to the MSRB in a timely manner if this paragraph is applicable.

Additional Information

Nothing in the Undertaking shall be deemed to prevent the Village from disseminating any other information, using the means of dissemination set forth in the Undertaking or any other means of communication, or including any other information in any Annual Financial Information or Audited Financial Statements or notice of occurrence of a material Event, in addition to that which is required by the Undertaking. If the Village chooses to include any information from any document or notice of occurrence of a material Event in addition to that which is specifically required by the Undertaking, the Village shall have no obligation under the Undertaking to update such information or include it in any future disclosure or notice of occurrence of a material Event.

Dissemination of Information; Dissemination Agent

When filings are required to be made with the MSRB in accordance with the Undertaking, such filings are required to be made through its Electronic Municipal Market Access (EMMA) system for municipal securities disclosure or through any other electronic format or system prescribed by the MSRB for purposes of the Rule.

The Village may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under the Undertaking, and may discharge any such Agent, with or without appointing a successor Dissemination Agent.

OPTIONAL REDEMPTION

Bonds due December 1, 2010-2018, inclusive, are non-callable. Bonds due December 1, 2019-2022, inclusive, are callable in whole or in part on any date on or after December 1, 2018, at a price of par and accrued interest. If less than all the Bonds are called, they shall be redeemed in such principal amounts and from such maturities as determined by the Village and within any maturity by lot.

The Bond Registrar will give notice of redemption, identifying the Bonds (or portions thereof) to be redeemed, by mailing a copy of the redemption notice 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 (or portion thereof) to be redeemed at the address shown on the registration books maintained by the Bond Registrar. Unless moneys sufficient to pay the redemption price of the Bonds to be redeemed are 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 will 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 will be of no force and effect, the Village will not redeem such Bonds, and the Bond Registrar will give notice, in the same manner in which the notice of redemption has 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 will 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 the date.

Subject to the provisions for a conditional redemption described above, notice of redemption having been given as described above and in the Bond Ordinance, the Bonds or portions of Bonds so to be redeemed will, 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 will be paid by the Bond Registrar at the redemption price.

LITIGATION

There is no litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any proceedings of the Village taken with respect to the issuance or sale thereof.

CERTAIN LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving legal opinion of Chapman and Cutler LLP, Chicago, Illinois, as Bond Counsel (the "Bond Counsel"), who has been retained by, and acts as, Bond Counsel to the Village. Bond Counsel has not been retained or consulted on disclosure matters and has not undertaken to review or verify the accuracy, completeness or sufficiency of this Official Statement or other offering material relating to the Bonds and assumes no responsibility for the statements or information contained in or incorporated by reference in this Official Statement, except that in its capacity as Bond Counsel, Chapman and Cutler LLP has, at the request of the Village, reviewed only those portions of this Official Statement involving the description of the Bonds, the security for the Bonds (excluding forecasts, projections, estimates or any other financial or economic information in connection therewith), the description of the federal tax exemption of interest on the Bonds and the "bank-qualified" status of the Bonds, if any. This review was undertaken solely at the request and for the benefit of the Village and did not include any obligation to establish or confirm factual matters set forth herein.

OFFICIAL STATEMENT AUTHORIZATION

This Official Statement has been authorized for distribution to prospective purchasers of the Bonds. All statements, information, and statistics herein are believed to be correct but are not guaranteed by the consultants or by the Village, and all expressions of opinion, whether or not so stated, are intended only as such.

INVESTMENT RATING

The Village has supplied certain information and material concerning the Bonds and the Village to the rating service shown on the cover page, including certain information and materials which may not have been included in this Official Statement, as part of its application for an investment rating on the Bonds. A rating reflects only the views of the rating agency assigning such rating and an explanation of the significance of such rating may be obtained from such rating agency. Generally, such rating service bases its rating on such information and material, and also on such investigations, studies and assumptions that it may undertake independently. There is no assurance that such rating will continue for any given period of time or that it may not be lowered or withdrawn entirely by such rating service if, in its judgment, circumstances so warrant. Any such downward change in or withdrawal of such rating may have an adverse effect on the secondary market price of the Bonds. An explanation of the significance of the investment rating may be obtained from the rating agency: Moody's Investors Service, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007, telephone 212-553-1658. The Village will provide appropriate periodic credit information to the rating service to maintain a rating on the Bonds.

DEFEASANCE

The Bonds are subject to legal defeasance by the irrevocable deposit of full faith and credit obligations of the United States of America, obligations the timely payment of which are guaranteed by the United States Treasury, or certificates of participation in a trust comprised solely of full faith and credit obligations of the United States of America (collectively, the "Government Obligations") with a bank or trust company acting as escrow agent. Any such deposit must be of sufficient amount that the receipts from the Government Obligations plus any cash on deposit will be sufficient to pay debt service on the Bonds when due or as called for redemption.

UNDERWRITING

The Bonds were offered for sale by the Village at a public, competitive sale on September 7, 2010. The best bid submitted at the sale was submitted by _____ (the "Underwriter"). The Village awarded the contract for sale of the Bonds to the Underwriter at a price of \$ _____. The Underwriter has represented to the Village that the Bonds have been subsequently re-offered to the public initially at the yields or prices set forth in the addendum to this Official Statement.

FINANCIAL ADVISOR

The Village has engaged Speer Financial, Inc. as financial advisor (the "Financial Advisor") in connection with the issuance and sale of the Bonds. The Financial Advisor will not participate in the underwriting of the Bonds. The financial information included in the Official Statement has been compiled by the Financial Advisor. Such information does not purport to be a review, audit or certified forecast of future events and may not conform with accounting principles applicable to compilations of financial information. The Financial Advisor is not a firm of certified public accountants and does not serve in that capacity or provide accounting services in connection with the Bonds. The Financial Advisor is not obligated to undertake any independent verification of or to assume any responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement, nor is the Financial Advisor obligated by the Village's continuing disclosure undertaking.

CERTIFICATION

We have examined this Official Statement dated August 23, 2010, for the \$2,915,000* General Obligation Refunding Bonds, Series 2010, believe it to be true and correct and will provide to the purchaser of the Bonds at the time of delivery a certificate confirming to the purchaser that to the best of our knowledge and belief information in the Official Statement was at the time of acceptance of the bid for the Bonds and, including any addenda thereto, was at the time of delivery of the Bonds true and correct in all material respects and does not include any untrue statement of a material fact, nor does it omit the statement of any material fact required to be stated therein, or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

/s/ **ARLENE J. MULDER**
Village President
VILLAGE OF ARLINGTON HEIGHTS
Cook County, Illinois

/s/ **EDWINA CORSO**
Village Clerk
VILLAGE OF ARLINGTON HEIGHTS
Cook County, Illinois

*Subject to change.

APPENDIX A

**VILLAGE OF ARLINGTON HEIGHTS
COOK COUNTY, ILLINOIS**

EXCERPTS OF FISCAL YEAR 2009 AUDITED FINANCIAL STATEMENTS

APPENDIX B

DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

1. The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC.

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Village as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Village or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the Village, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Village or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to any Tender/Remarketing Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to any Tender/Remarketing Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to any Tender/Remarketing Agent's DTC account.

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the Village or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. The Village may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Village believes to be reliable, but the Village takes no responsibility for the accuracy thereof.

APPENDIX C

PROPOSED FORM OF OPINION OF BOND COUNSEL

[LETTERHEAD OF CHAPMAN AND CUTLER LLP]

[TO BE DATED CLOSING DATE]

We hereby certify that we have examined certified copy of the proceedings (the “*Proceedings*”) of the President and Board of Trustees of the Village of Arlington Heights, Cook County, Illinois (the “*Village*”) passed preliminary to the issue by the Village of its fully registered General Obligation Refunding Bonds, Series 2010 (the “*Bonds*”) to the amount of \$2,915,000, dated September 22, 2010, of the denomination of \$5,000 or authorized integral multiples thereof, due and payable serially on December 1 of the years and in the amounts and bearing interest at the rates percent per annum as follows:

YEAR	AMOUNT (\$)	RATE (%)
2010	____,000	
2011	____,000	
2012	____,000	
2013	____,000	
2014	____,000	
2015	____,000	
2016	____,000	
2017	____,000	
2018	____,000	
2019	____,000	
2020	____,000	
2021	____,000	
2022	____,000	

Each of the Bonds bears interest from the later of its dated date as stated above or from the most recent interest payment date to which interest has been paid or duly provided for, until the principal amount of each such Bond, respectively, is paid or duly provided for, such interest (computed upon the basis of a 360-day year of twelve 30-day months) being payable on June 1 and December 1 of each year, commencing on December 1, 2010.

The Bonds have been issued for the purpose of refunding a portion of the Village’s outstanding General Obligation Bonds, Series 2002A.

Based upon such examination, we are of the opinion that the Proceedings show lawful authority for the issuance of the Bonds under the laws of the State of Illinois now in force.

We further certify that we have examined the form prescribed for the Bonds and find the same in due form of law, and in our opinion the Bonds, to the amount named, are valid and legally binding upon the Village, and all taxable property in the Village is subject to the levy of taxes to pay the same without limitation as to rate or amount, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

It is our opinion that, subject to the Village's compliance with certain covenants, under present law, interest on the Bonds (i) is excludable from gross income of the owners thereof for federal income tax purposes and (ii) is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Internal Revenue Code of 1986, as amended (the "*Code*"), but is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Failure to comply with certain of such Village covenants could cause interest on the Bonds to be includible in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. Ownership of the Bonds may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

It is also our opinion that the Bonds are "qualified tax-exempt obligations" under Section 265(b)(3) of the Code.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Bonds.

In rendering this opinion, we have relied upon certifications of the Village with respect to certain material facts within the Village's knowledge. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

OFFICIAL BID FORM

Village of Arlington Heights
33 South Arlington Heights Road
Arlington Heights, Illinois 60005

September 7, 2010
Speer Financial, Inc.

Members of the Village Board:

For the \$2,915,000* General Obligation Refunding Bonds, Series 2010 of the Village of Arlington Heights, Cook County, Illinois, as described in the annexed Official Notice of Sale, which is expressly made a part of this bid, , we will pay you \$ _____ (no less than \$2,891,680). The Bonds are to bear interest as follows (each rate a multiple of 1/8 or 1/100 of 1%). **The discount is subject to adjustment allowing the same \$ _____ gross spread per \$1,000 bond as bid herein.**

MATURITIES* - DECEMBER 1

\$ 30,000 ... 2010 _____ %	\$215,000 ... 2014 _____ %	\$260,000 ... 2019 _____ %
205,000 ... 2011 _____ %	225,000 ... 2015 _____ %	265,000 ... 2020 _____ %
210,000 ... 2012 _____ %	235,000 ... 2016 _____ %	280,000 ... 2021 _____ %
215,000 ... 2013 _____ %	240,000 ... 2017 _____ %	290,000 ... 2022 _____ %
	245,000 ... 2018 _____ %	

Consecutive maturities may be aggregated into no more than five term bonds at the option of the bidder, in which case the mandatory redemption provisions shall be on the same schedule as above.

Maturities: _____ Term Maturity _____ Maturities: _____ Term Maturity _____ Maturities: _____ Term Maturity _____
Maturities: _____ Term Maturity _____ Maturities: _____ Term Maturity _____

The Bonds are to be executed and delivered to us in accordance with the terms of this bid accompanied by the approving legal opinion of Chapman and Cutler LLP, Chicago, Illinois. The Village will pay for the legal opinion. The underwriter agrees to **apply for CUSIP numbers within 24 hours** and pay the fee charged by the CUSIP Service Bureau and will accept the Bonds with the CUSIP numbers as entered on the Bonds.

As evidence of our good faith, we have wire transferred or enclosed herewith a check or Surety Bond payable to the order of the Treasurer of the Village in the amount of **TWO PERCENT OF PAR** (the "Deposit") under the terms provided in your Official Notice of Sale. Attached hereto is a list of members of our account on whose behalf this bid is made.

Form of Deposit

Check One:

Certified/Cashier's Check
Financial Surety Bond
Wire Transfer

Amount: \$58,300

Account Manager Information

Name _____
Address _____
By _____
City _____ State/Zip _____
Direct Phone (_____) _____
FAX Number (_____) _____
E-Mail Address _____

Bidders Option Insurance

We have purchased insurance from:

Name of Insurer
(Please fill in)

Premium: _____
Maturities: (Check One)
 _____ Years
 All

The foregoing bid was accepted and the Bonds sold by ordinance of the Village on September 7, 2010, and receipt is hereby acknowledged of the good faith Deposit which is being held in accordance with the terms of the annexed Official Notice of Sale.

VILLAGE OF ARLINGTON HEIGHTS, COOK COUNTY, ILLINOIS

*Subject to change.

President

----- **NOT PART OF THE BID** -----
(Calculation of true interest cost)

Gross Interest	\$
Less Premium/Plus Discount	\$
True Interest Cost	\$
True Interest Rate	%
TOTAL BOND YEARS	20,413.71
AVERAGE LIFE	7.003 Years

OFFICIAL NOTICE OF SALE
\$2,915,000*
VILLAGE OF ARLINGTON HEIGHTS
Cook County, Illinois
General Obligation Refunding Bonds, Series 2010

The Village of Arlington Heights, Cook County, Illinois (the "Village"), will receive electronic bids on the SpeerAuction ("*SpeerAuction*") website address "www.SpeerAuction.com" for its \$2,915,000* General Obligation Refunding Bonds, Series 2010 (the "Bonds"), on an all or none basis between 9:30 A.M. and 9:45 A.M., C.D.T., Tuesday, September 7, 2010. To bid, bidders must have: (1) completed the registration form on the SpeerAuction website, and (2) requested and received admission to the Village's sale (as described below). Award will be made or all bids rejected at a meeting of the Village on that date. The Village reserves the right to change the date or time for receipt of bids. Any such change shall be made not less than twenty-four (24) hours prior to the revised date and time for receipt of the bids and shall be communicated by publishing the changes in the Amendments Page of the SpeerAuction webpage and through *Thompson Municipal News*.

The Bonds will constitute valid and legally binding obligations of the Village payable both as to principal and interest from ad valorem taxes levied against all taxable property therein without limitation as to rate or amount, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

Bidding Details

Bidders should be aware of the following bidding details associated with the sale of the Bonds.

- (1) All bids must be submitted on the SpeerAuction website at www.SpeerAuction.com. **No telephone, telefax or personal delivery bids will be accepted.** The use of SpeerAuction shall be at the bidder's risk and expense and the Village shall have no liability with respect thereto, including (without limitation) liability with respect to incomplete, late arriving and non-arriving bid. Any questions regarding bidding on the SpeerAuction website should be directed to Grant Street Group at (412) 391-5555 x 370.
- (2) Bidders may change and submit bids as many times as they like during the bidding time period; provided, however, each and any bid submitted subsequent to a bidder's initial bid must result in a lower true interest cost ("TIC") with respect to a bid, when compared to the immediately preceding bid of such bidder. In the event that the revised bid does not produce a lower TIC with respect to a bid the prior bid will remain valid.
- (3) If any bid in the auction becomes a leading bid two (2) minutes prior to the end of the auction, then the auction will be automatically extended by two (2) minutes from the time such bid was received by SpeerAuction. The auction end time will continue to be extended, indefinitely, until a single leading bid remains the leading bid for at least two minutes.
- (4) The last valid bid submitted by a bidder before the end of the bidding time period will be compared to all other final bids submitted by others to determine the winning bidder or bidders.
- (5) During the bidding, no bidder will see any other bidder's bid, but bidders will be able to see the ranking of their bid relative to other bids (i.e., "Leader", "Cover", "3rd" etc.)
- (6) On the Auction Page, bidders will be able to see whether a bid has been submitted.

Rules of SpeerAuction

Bidders must comply with the Rules of SpeerAuction in addition to the requirements of this Official Notice of Sale. To the extent there is a conflict between the Rules of SpeerAuction and this Official Notice of Sale, this Official Notice of Sale shall control.

Rules

- (1) A bidder ("Bidder") submitting a winning bid ("Winning Bid") is irrevocably obligated to purchase the Bonds at the rates and prices of the winning bid, if acceptable to the Village, as set forth in the related Official Notice of Sale. Winning Bids are not officially awarded to Winning Bidders until formally accepted by the Village.
- (2) Neither the Village, Speer Financial, Inc., nor Grant Street Group (the "Auction Administrator") is responsible for technical difficulties that result in loss of Bidder's internet connection with SpeerAuction, slowness in transmission of bids, or other technical problems.
- (3) If for any reason a Bidder is disconnected from the Auction Page during the auction after having submitted a Winning Bid, such bid is valid and binding upon such Bidder, unless the Village exercises its right to reject bids, as set forth herein.
- (4) Bids which generate error messages are not accepted until the error is corrected and bid is received prior to the deadline.
- (5) Bidders accept and agree to abide by all terms and conditions specified in the Official Notice of Sale (including amendments, if any) related to the auction.
- (6) Neither the Village, Speer Financial, Inc., nor the Auction Administrator is responsible to any bidder for any defect or inaccuracy in the Official Notice of Sale, amendments, or Preliminary Official Statement as they appear on SpeerAuction.
- (7) Only Bidders who request and receive admission to an auction may submit bids. SpeerAuction and the Auction Administrator reserve the right to deny access to SpeerAuction website to any Bidder, whether registered or not, at any time and for any reason whatsoever, in their sole and absolute discretion.
- (8) Neither the Village, Speer Financial, Inc., nor the Auction Administrator is responsible for protecting the confidentiality of a Bidder's SpeerAuction password.
- (9) If two bids submitted in the same auction by the same or two or more different Bidders result in same True Interest Cost, the first confirmed bid received by SpeerAuction prevails. Any change to a submitted bid constitutes a new bid, regardless of whether there is a corresponding change in True Interest Cost.

*Subject to change.

- (10) Bidders must compare their final bids to those shown on the Observation Page immediately after the bidding time period ends, and if they disagree with the final results shown on the Observation Page they must report them to SpeerAuction within 15 minutes after the bidding time period ends. Regardless of the final results reported by SpeerAuction, Bonds are definitively awarded to the winning bidder only upon official award by the Village. If, for any reason, the Village fails to: (i) award Bonds to the winner reported by SpeerAuction, or (ii) deliver Bonds to winning bidder at settlement, neither the Village, Speer Financial, Inc., nor the Auction Administrator will be liable for damages.

The Village reserves the right to reject all proposals, to reject any bid proposal not conforming to this Official Notice of Sale, and to waive any irregularity or informality with respect to any proposal. Additionally, the Village reserves the right to modify or amend this Official Notice of Sale; however, any such modification or amendment shall not be made less than twenty-four (24) hours prior to the date and time for receipt of bids on the Bonds and any such modification or amendment will be announced on the Amendments Page of the SpeerAuction webpage and through *Thompson Municipal News*.

The Bonds will be in fully registered form in the denominations of \$5,000 and integral multiples thereof in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, to which principal and interest payments on the Bonds will be paid. Individual purchases will be in book-entry only form. Interest on each Bond shall be paid by check or draft of the Bond Registrar to the person in whose name such bond is registered at the close of business on the fifteenth day of the month next preceding an interest payment date. The principal of the Bonds shall be payable in lawful money of the United States of America at the principal office maintained for the purpose by the Bond Registrar in Chicago, Illinois. Semiannual interest is due June 1 and December 1 of each year commencing December 1, 2010, and is payable by The Bank of New York Mellon Trust Company, N.A., Chicago, Illinois (the "Bond Registrar"). The Bonds are dated the date of delivery.

MATURITIES – DECEMBER 1

\$ 30,000 ... 2010	\$215,000 ... 2014	\$260,000 ... 2019
205,000 ... 2011	225,000 ... 2015	265,000 ... 2020
210,000 ... 2012	235,000 ... 2016	280,000 ... 2021
215,000 ... 2013	240,000 ... 2017	290,000 ... 2022
	245,000 ... 2018	

Any consecutive maturities may be aggregated into no more than five term bonds at the option of the bidder, in which case the mandatory redemption provisions shall be on the same schedule as above.

Bonds due December 1, 2010-2018, inclusive, are non-callable. Bonds due December 1, 2019-2022, inclusive, are callable in whole or in part and on any date on or after December 1, 2018, at a price of par and accrued interest. If less than all the Bonds are called, they shall be redeemed in any order of maturity as determined by the Village and within any maturity by lot.

All interest rates must be in multiples of one-eighth or one one-hundredth of one percent (1/8 or 1/100 of 1%), and not more than one rate for a single maturity shall be specified. The rates bid shall be in non-descending order. The differential between the highest rate bid and the lowest rate bid shall not exceed two percent (2%). All bids must be for all of the Bonds, must be for not less than \$2,891,680 plus accrued interest from the dated date to the date of delivery.

Award of the Bonds: The Bonds will be awarded on the basis of true interest cost, determined in the following manner. **True interest cost shall be computed by determining the annual interest rate (compounded semi-annually) necessary to discount the debt service payments on the Bonds from the payment dates thereof to the dated date and to the bid price.** For the purpose of calculating true interest cost, the Bonds shall be deemed to become due in the principal amounts and at the times set forth in the table of maturities set forth above. In the event two or more qualifying bids produce the identical lowest true interest cost, the winning bid shall be the bid that was submitted first in time on the SpeerAuction webpage.

The Bonds will be awarded to the bidder complying with the terms of this Official Notice of Sale whose bid produces the lowest true interest cost rate to the Village as determined by the Village's Financial Advisor, which determination shall be conclusive and binding on all bidders; *provided*, that the Village reserves the right to reject all bids or any non-conforming bid and reserves the right to waive any informality in any bid. Bidders should verify the accuracy of their final bids and compare them to the winning bids reported on the SpeerAuction Observation Page immediately after the bidding.

The discount, if any, is subject to pro rata adjustment if the maturity amounts of the Bonds are changed, allowing the same dollar amount of profit per \$1,000 bond as submitted on the Official Bid Form. The dollar amount of profit must be written on the Official Bid Form for any adjustment to be allowed, and is subject to verification.

The true interest cost of each bid will be computed by SpeerAuction and reported on the Observation Page of the SpeerAuction webpage immediately following the date and time for receipt of bids. These true interest costs are subject to verification by the Village's Financial Advisor, will be posted for information purposes only and will not signify an actual award of any bid or an official declaration of the winning bid. The Village or its Financial Advisor will notify the bidder to whom the Bonds will be awarded, if and when such award is made.

The winning bidder will be required to make the standard filings and maintain the appropriate records routinely required pursuant to MSRB Rules G-8, G-11 and G-32. The winning bidder will be required to pay the standard MSRB charge for Bonds purchased. In addition, the winning bidder who is a member of the Securities Industry and Financial Markets Association ("SIFMA") will be required to pay SIFMA's standard charge per bond.

Each bid shall be accompanied by a certified or cashier's check on, or a wire transfer from, a solvent bank or trust company or a Financial Surety Bond for **TWO PERCENT OF PAR** payable to the Treasurer of the Village as evidence of good faith of the bidder (the "Deposit"). The Deposit of the successful bidder will be retained by the Village pending delivery of the Bonds and all others will be promptly returned. Should the successful bidder fail to take up and pay for the Bonds when tendered in accordance with this Notice of Sale and said bid, said Deposit shall be retained as full and liquidated damages to the Village caused by failure of the bidder to carry out the offer of purchase. Such Deposit will otherwise be applied on the purchase price upon delivery of the Bonds. No interest on the Deposit will accrue to the purchaser.

If a wire transfer is used for the Deposit, it must be sent according to the following wire instructions:

Amalgamated Bank of Chicago
Corporate Trust
One West Monroe, 3rd Floor
Chicago, IL 60603
ABA # 071003405
Credit to: DDA # 150002305
Further Credit to: 1853281001 Speer Bidding Escrow
RE: Village of Arlington Heights, Cook County, Illinois bid for
\$2,915,000* General Obligation Refunding Bonds, Series 2010

The wire shall arrive in such account no later than 30 minutes prior to the date and time of the sale of the Bonds. Contemporaneously with such wire transfer, the bidder shall send an email to biddingscrow@aboc.com with the following information: (1) indication that a wire transfer has been made, (2) the amount of the wire transfer, (3) the issue to which it applies, and (4) the return wire instructions if such bidder is not awarded the Bonds. The Village and any bidder who chooses to wire the Deposit hereby agree irrevocably that Speer Financial, Inc. ("Speer") shall be the escrow holder of the Deposit wired to such account subject only to these conditions and duties: (i) if the bid is not accepted, Speer shall, at its expense, promptly return the Deposit amount to the unsuccessful bidder; (ii) if the bid is accepted, the Deposit shall be forwarded to the Village; (iii) Speer shall bear all costs of maintaining the escrow account and returning the funds to the bidder; (iv) Speer shall not be an insurer of the Deposit amount and shall have no liability except if it willfully fails to perform, or recklessly disregards, its duties specified herein; and (v) income earned on the Deposit, if any, shall be retained by Speer.

If a Financial Surety Bond is used for the Deposit, it must be from an insurance company licensed to issue such a bond in the State of Illinois and such bond must be submitted to Speer prior to the opening of the bids. The Financial Surety Bond must identify each bidder whose deposit is guaranteed by such Financial Surety Bond. If the Bonds are awarded to a bidder using a Financial Surety Bond, then that purchaser is required to submit its Deposit to the Village in the form of a certified or cashier's check or wire transfer as instructed by Speer, or the Village not later than 3:00 P.M. on the next business day following the award. If such Deposit is not received by that time, the Financial Surety Bond may be drawn by the Village to satisfy the Deposit requirement.

The Village covenants and agrees to enter into a written agreement or contract, constituting an undertaking (the "Undertaking") to provide ongoing disclosure about the Village for the benefit of the beneficial owners of the Bonds on or before the date of delivery of the Bonds as required under Section (b)(5) of Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. The Undertaking shall be as described in the Official Statement, with such changes as may be agreed in writing by the Underwriter. The Village represents that it is in compliance with each and every undertaking previously entered into it pursuant to the Rule.

The Underwriter's obligation to purchase the Bonds shall be conditioned upon the Village delivering the Undertaking on or before the date of delivery of the Bonds.

By submitting a bid, any bidder makes the representation that it understands Bond Counsel represents the Village in the Bond transaction and, if such bidder has retained Bond Counsel in an unrelated matter, such bidder represents that the signatory to the bid is duly authorized to, and does consent to and waive for and on behalf of such bidder any conflict of interest of Bond Counsel arising from any adverse position to the Village in this matter; such consent and waiver shall supersede any formalities otherwise required in any separate understandings, guidelines or contractual arrangements between the bidder and Bond Counsel.

Bonds will be delivered to the successful purchaser against full payment in immediately available funds as soon as they can be prepared and executed, which is expected to be on or about September 22, 2010. Should delivery be delayed beyond sixty (60) days from the date of sale for any reason beyond the control of the Village except failure of performance by the purchaser, the Village may cancel the award or the purchaser may withdraw the good faith deposit and thereafter the purchaser's interest in and liability for the Bonds will cease.

**Subject to change.*

The Official Statement, when further supplemented by an addendum or addenda specifying the maturity dates, principal amounts, and interest rates of the Bonds, and any other information required by law or deemed appropriate by the Village, shall constitute a "Final Official Statement" of the Village with respect to the Bonds, as that term is defined in the Rule. By awarding the Bonds to any underwriter or underwriting syndicate, the Village agrees that, no more than seven (7) business days after the date of such award, it shall provide, without cost to the senior managing underwriter of the syndicate to which the Bonds are awarded, up to 100 copies of the Final Official Statement to permit each "Participating Underwriter" (as that term is defined in the Rule) to comply with the provisions of such Rule. The Village shall treat the senior managing underwriter of the syndicate to which the Bonds are awarded as its designated agent for purposes of distributing copies of the Final Official Statement to each Participating Underwriter. Any underwriter executing and delivering an Official Bid Form with respect to the Bonds agrees thereby that if its bid is accepted by the Village it shall enter into a contractual relationship with all Participating Underwriters of the Bonds for purposes of assuring the receipt by each such Participating Underwriter of the Final Official Statement.

By submission of its bid, the senior managing underwriter of the successful bidder agrees to supply all necessary pricing information and any Participating Underwriter identification necessary to complete the Official Statement within 24 hours after award of the Bonds. Additional copies of the Final Official Statement may be obtained by Participating Underwriters from the printer at cost.

The Village will, at its expense, deliver the Bonds to the purchaser in New York, New York, through the facilities of DTC and will pay for the bond attorney's opinion. At the time of closing, the Village will also furnish to the purchaser the following documents, each dated as of the date of delivery of the Bonds: (1) the unqualified opinion of Chapman and Cutler LLP, Chicago, Illinois, that the Bonds are lawful and enforceable obligations of the Village in accordance with their terms and are payable from ad valorem taxes levied against all taxable property of the Village, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion; (2) the opinion of said attorneys that the interest on the Bonds is exempt from federal income taxes as and to the extent set forth in the Official Statement for the Bonds; and (3) a no litigation certificate by the Village.

The Village intends to designate the Bonds as "qualified tax-exempt obligations" pursuant to the small issuer exception provided by Section 265(b) (3) of the Internal Revenue Code of 1986, as amended.

The Village has authorized the printing and distribution of an Official Statement containing pertinent information relative to the Village and the Bonds. Copies of such Official Statement or additional information may be obtained from Mr. Thomas Kuehne, Finance Director, Village of Arlington Heights, 33 South Arlington Heights Road, Arlington Heights, Illinois 60005 or an electronic copy of this Official Statement is available from the www.speerfinancial.com web site under "Debt Auction Center/Official Statement Sales Calendar" from the Independent Public Finance Consultants to the Village, Speer Financial, Inc., Suite 4100, One North LaSalle Street, Chicago, Illinois 60602, telephone (312) 346-3700.

/s/ **ARLENE J. MULDER**
Village President
VILLAGE OF ARLINGTON HEIGHTS
Cook County, Illinois

/s/ **EDWINA CORSO**
Village Clerk
VILLAGE OF ARLINGTON HEIGHTS
Cook County, Illinois

*Subject to change.