VILLAGE OF MUNDELEIN

TAX INCREMENT FINANCING DISTRICT #2
DOWNTOWN TIF

ANNUAL REPORT FOR FISCAL YEAR
BEGINNING MAY 1, 2010 AND ENDING APRIL 30, 2011

Village of Mundelein

Tax Increment Financing District
Downtown TIF
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Section 1. Name of Redevelopment Project Area and Contact Information

Refer to chart attached.

ANNUAL TAX INCREMENT FINANCE REPORT
OFFICE OF ILLINOIS COMPTROLLER

Name of Municipality: Village of Mundelein
County: Lake
Basis of Accounting: Modified/Accrual

Unit Code:049/130/32
Reporting Fiscal Year: 5/1/10 to 4/30/11
Fiscal Year End: 4/30

TIF Administrator/Contact Information:

First Name: Michael
Address: 440 East Hawley Street
Telephone:847/949-3200
E-Mail:

Last Name: Flynn
Title: Assistant Village Administrator
Village: Mundelein Zip: 60060

I attest to the best of my knowledge, this report of the redevelopment project areas in:
Village of Mundelein
is complete and accurate at the end of this reporting fiscal year under 65 ILCS 5/11-74 et. seq.

Michael Flynn
Written signature of TIF Administrator

11-9-11
Date

Section 1 (65 ILCS 5/11-74.4-5 (d) (1.5) and 65 ILCS 5/11-74.6-22 (d) (1.5)*)

FILL OUT ONLY ONCE (PER MUNICIPALITY), ADD ADDITIONAL ROWS AS NECESSARY

Name of Redevelopment Project Area	Date Designated	Date Terminated
Village of Mundelein Downtown TIF District (TIF #2)	01/10/05	

*All statutory citations refer to one of two sections of the Illinois Municipal Code: the Tax Increment Allocation Redevelopment Act [65 ILCS 5/11-74.4-3 et. seq.] or the Industrial Jobs Recovery Law [65 ILCS 5/11-74.6-10 et. seq.]

SECTION 2 [Sections 2 through 5 must be completed for each redevelopment project area listed in Section 1.]

Name of Redevelopment Project Area:	Downtown TIF (TIF #2)
Primary Use of Redevelopment Project Area*:	CBD
If "Combination/Mixed" List Component Types:	
Under which section of the Illinois Municipal Code was Redevelopment Project Area designated? (check one):	
Tax Increment Allocation Redevelopment Act X **Industrial Jobs Recovery Law**	

	No	Yes
Were there any amendments to the redevelopment plan, the redevelopment project area, or the State Sales Tax Boundary? [65 ILCS 5/11-74.4-5 (d) (1) and 5/11-74.6-22 (d) (1)] **If yes, please enclose the amendment labeled Attachment A**	X	
Certification of the Chief Executive Officer of the municipality that the municipality has complied with all of the requirements of the Act during the preceding fiscal year [65 ILCS 5/11-74.4-5 (d) (3) and 5/11-74.6-22 (d) (3)] **Please enclose the CEO Certification labeled Attachment B**		X
Opinion of legal counsel that municipality is in compliance with the Act [65 ILCS 5/11-74.4-5 (d) (4) and 5/11-74.6-22 (d) (4)] **Please enclose the Legal Counsel Opinion labeled Attachment C**		X
Were there any activities undertaken in furtherance of the objectives of the redevelopment plan, including any project implemented in the preceding fiscal year and a description of the activities undertaken? [65 ILCS 5/11-74.4-5 (d) (7) (A and B) and 5/11-74.6-22 (d) (7) (A and B)] **If yes, please enclose the Activities Statement labeled Attachment D**		X
Were any agreements entered into by the municipality with regard to the disposition or redevelopment of any property within the redevelopment project area or the area within the State Sales Tax Boundary? [65 ILCS 5/11-74.4-5 (d) (7) (C) and 5/11-74.6-22 (d) (7) (C)] **If yes, please enclose the Agreement(s) labeled Attachment E**	X	
Is there additional information on the use of all funds received under this Division and steps taken by the municipality to achieve the objectives of the redevelopment plan? [65 ILCS 5/11-74.4-5 (d) (7) (D) and 5/11-74.6-22 (d) (7) (D)] **If yes, please enclose the Additional Information labeled Attachment F**		X
Did TIF advisors or consultants have enter into contracts with entities or persons receiving payments financed by tax increment revenues produced by the same TIF? [65 ILCS 5/11-74.4-5 (d) (7) (E) and 5/11-74.6-22 (d) (7) (E)] **If yes, please enclose the contract(s) or description of the contract(s) labeled Attachment G**	X	
Were there any reports submitted to the municipality by the joint review board? [65 ILCS 5/11-74.4-5 (d) (7) (F) and 5/11-74.6-22 (d) (7) (F)] **If yes, please enclose the Joint Review Board Report labeled Attachment H**	X	
Were any obligations issued by municipality? [65 ILCS 5/11-74.4-5 (d) (8) (A) and 5/11-74.6-22 (d) (8) (A)] **If yes, please enclose the Official Statement labeled Attachment I**		X
Was analysis prepared by a financial advisor or underwriter setting forth the nature and term of obligation and projected debt service including required reserves and debt coverage? [65 ILCS 5/11-74.4-5 (d) (8) (B) and 5/11-74.6-22 (d) (8) (B)] **If yes, please enclose the Analysis labeled Attachment J**	X	
Cumulatively, have deposits equal or greater than $100,000 been made into the special tax allocation fund? 65 ILCS 5/11-74.4-5 (d) (2) and 5/11-74.6-22 (d) (2) **If yes, please enclose Audited financial statements of the special tax allocation fund labeled Attachment K**		X
Cumulatively, have deposits of incremental revenue equal to or greater than $100,000 been made into the special tax allocation fund? [65 ILCS 5/11-74.4-5 (d) (9) and 5/11-74.6-22 (d) (9)] **If yes, please enclose a certified letter statement reviewing compliance with the Act labeled Attachment L**		X
A list of all intergovernmental agreements in effect in FY 2010, to which the municipality is a part, and an accounting of any money transferred or received by the municipality during that fiscal year pursuant to those intergovernmental agreements. [65 ILCS 5/11-74.4-5 (d) (10)] **If yes, please enclose a copy of the intergovernmental agreements labeled Attachment M**	X	

* Types include: Central Business District, Retail, Other Commercial, Industrial, Residential, and Combination/Mixed.

Attachment A Amendments to the Redevelopment Plan, the Redevelopment Project Area Boundary

There were no amendments to the RPA plan or boundaries during the reporting Fiscal Year.

Attachment B Certification of the Chief Executive Officer of the municipality that the municipality has complied with all of the requirements of the Act during the reporting fiscal year.

I, Kenneth H. Kessler, the duly elected Chief Executive Officer of the Village of Mundelein, County of Lake, State of Illinois, do hereby certify that to the best of my knowledge, the Village of Mundelein complied with the requirements pertaining to the Illinois Tax Increment Redevelopment Allocation Act during the fiscal year beginning May 1, 2010 and ending April 30, 2011.

Village President

Date

Attachment C Opinion of legal counsel that the municipality has complied with the Act.

RE: Attorney Review Village of Mundelein Downtown TIF

Whom It May Concern:

This will confirm Holland & Knight LLP is special counsel for the Village of Mundelein, Illinois. I have reviewed all information provided to me by the Village staff and consultants, and I find that the Village has conformed to all applicable requirements of the Illinois Tax Increment Redevelopment Allocation Act set forth thereunder for the fiscal year beginning May 1, 2010 and ending April 30, 2011, to the best of my knowledge and belief.

Sincerely,

Matthew E. Norton
Partner
Holland & Knight LLP

Attachment D Statement setting forth all activities undertaken in furtherance of the objectives of the Redevelopment Plan, including:

A. Any project implemented during the reporting fiscal year; and

B. A description of the redevelopment activities undertaken.

A. The Village monitored redevelopment activities that included the Cardinal Square residential development and the Park Station residential development.

The Cardinal redevelopment provides for construction of up to 541 condominium and townhome residential units in up to nine buildings as part of the project. Village TIF assistance may be utilized for TIF eligible costs up to a total of $7,000,000. The actual amount is based upon performance criteria related to the build out of the project as set forth in the redevelopment agreement. The Park Station redevelopment agreement provides for the construction of up to 27 townhome units in up to three buildings. TIF assistance is limited to up to $331,000 for TIF eligible improvements. The Village extended the date for the submission of the final PUD plan given current market conditions and the developer's request for such extension.

Village TIF obligations are "pay as you go", based upon a certain portion of TIF increment allocated to the projects, and are performance based – the developers only receive payment if certain redevelopment agreement provisions are satisfied and if the incremental property taxes from each development are received by the Village.

B. The Village continued the following activities: a) review of additional redevelopment proposals located within the Downtown TIF District, b) monitoring of current agreements, and c) review of public improvements as part of the Downtown area redevelopment activities.

C. In addition, the Village issued new debt related to the purchase of certain property to further redevelopment activities. The property consists of approximately 10.4 acres located in the TIF District .

Attachment E Description of Agreements Regarding Property Disposition or Redevelopment

No property was disposed of by the Village in the reporting Fiscal Year, nor were any new redevelopment agreements approved.

Attachment F Additional Information on Uses of Funds Related to Achieving Objectives of the Redevelopment Plan

Funds were applied to redevelopment project costs described in Section 3.2.

Attachment G Information Regarding Contracts with TIF Consultants.

A contract was entered into with Kane, McKenna and Associates, Inc. by the Village in the reporting Fiscal Year. Kane. McKenna and Associates did not enter into any contracts with entities receiving payments financed by TIF revenues of the Village of Mundelein Downtown TIF.

Attachment H Reports Submitted by Joint Review Board.

No reports were submitted by the Joint Review Board to the Village in the reporting Fiscal Year. The Board met during the reporting Fiscal Year and received an update from Village staff regarding redevelopment activities. The minutes are attached hereto as part of Exhibit A.

Attachment I Summary of any obligations issued by the municipality and official statements

The Cardinal Square redevelopment agreement provides for the issuance of developer notes for an amount up to $7,000,000 based upon conformance to certain provisions as set forth in the redevelopment agreement.
The Park Station redevelopment agreement provides for the issuance of a developer note for an amount up to $331,000 subject to conformance with provisions as set forth in the redevelopment agreement.
The Village issued $7,100,000 of Taxable General Obligation Bonds Series 2010A to purchase certain property in the TIF district in the reporting fiscal year.
The official statement for the bonds is attached as Exhibit B.

Attachment J Financial Analysis: TIF Obligations

As part of the Park Station redevelopment agreement a developer note of up to $331,000 was authorized subject to certain conditions. The Village continues to monitor existing agreements and will apply incremental revenues to the repayment of such debt (assuming that all provisions of the redevelopment agreements are satisfied) upon completion of the project components and generation of tax increment revenues from each respective project The Village has undertaken analysis of estimated property tax amounts to be generated by each project as part of the review process for each agreement.

All notes are "pay as you go" notes payable to the developers. The Village's obligations are limited to the tax increment actually produced and received. Therefore, an analysis regarding projected debt service, required reserves, and debt coverage is not necessary at this time.

Attachment K and L TIF Audit

For special tax allocation funds that have experienced cumulative deposits of incremental tax revenues of $100,000 or more, a certified audit report reviewing compliance with the Act performed by an independent public accountant certified and licensed by the authority of the State of Illinois. The audit report shall contain a letter from the independent certified public accountant indicating compliance or noncompliance with the requirements of subsection (q) of Section 11-74.4-3.

The TIF audit and the compliance letter are attached as Exhibit C.

Attachment M Intergovernmental Agreements

No intergovernmental agreements were entered into by the Village in the reporting Fiscal Year.

Section 3.1 Analysis of Special Tax Allocation Fund

Refer to table attached.

SECTION 3.1 - (65 ILCS 5/11-74.4-5 (d) (5) and 65 ILCS 5/11-74.6-22 (d) (5))
Provide an analysis of the special tax allocation fund.

	Reporting Year	Cumulative
NOTE: FUND BALANCE RESTATED FROM PREVIOUS YEAR REPORT		
Fund Balance at Beginning of Reporting Period	$ 169,257	

Revenue/Cash Receipts Deposited in Fund During Reporting FY:

			% of Total
Property Tax Increment	$ 641,988	$ 1,819,703	100%
State Sales Tax Increment			0%
Local Sales Tax Increment			0%
State Utility Tax Increment			0%
Local Utility Tax Increment			0%
Interest	$ 642	$ 3,776	0%
Land/Building Sale Proceeds			0%
Bond Proceeds			0%
Transfers from Municipal Sources	$ -		0%
Private Sources			0%
Other (identify source _____; if multiple other sources, attach schedule)			0%

Total Amount Deposited in Special Tax Allocation Fund During Reporting Period	$ 642,630		
Cumulative Total Revenues/Cash Receipts		$ 1,823,479	100%
Total Expenditures/Cash Disbursements (Carried forward from Section 3.2)	$ 325,391		
Distribution of Surplus	$ -		
Total Expenditures/Disbursements	$ 325,391		
NET INCOME/CASH RECEIPTS OVER/(UNDER) CASH DISBURSEMENTS	$ 317,239		
FUND BALANCE, END OF REPORTING PERIOD	$ 486,496		

- if there is a positive fund balance at the end of the reporting period, you must complete Section 3.3

Section 3.2 Itemized List of Expenditures from Special Tax Allocation Fund

Refer to tables attached.

SECTION 3.2 A- (65 ILCS 5/11-74.4-5 (d) (5) and 65 ILCS 5/11-74.6-22 (d) (5))
ITEMIZED LIST OF ALL EXPENDITURES FROM THE SPECIAL TAX ALLOCATION FUND
(by category of permissible redevelopment cost, amounts expended during reporting period)

FOR AMOUNTS >$10,000 SECTION 3.2 B MUST BE COMPLETED

Category of Permissible Redevelopment Cost [65 ILCS 5/11-74.4-3 (q) and 65 ILCS 5/11-74.6-10 (o)]

		Reporting Fiscal Year
1. Costs of studies, administration and professional services—Subsections (q)(1) and (o) (1)		
General fund reimbursements	325,391	
		$ 325,391
2. Cost of marketing sites—Subsections (q)(1.6) and (o)(1.6)		
		$ -
3. Property assembly, demolition, site preparation and environmental site improvement costs.		
		$ -
4. Costs of rehabilitation, reconstruction, repair or remodeling and replacement of existing public		
		$ -
5. Costs of construction of public works and improvements. Subsection (q)(4) and (o)(5)		
Stormwater fund reimbursements		
Sewer fund reimbursements		
Capital development fund reimbursements		
		$ -
6. Costs of removing contaminants required by environmental laws or rules (o)(6) - Industrial Jobs		
		$ -
7. Cost of job training and retraining, including "welfare to work" programs Subsection (q)(5). (o)(7)		
		$ -
8. Financing costs. Subsection (o) (6) and (o)(8)		

Cardinal Square Tier 1 note payment - TIF cost reimbursements		
		$ -
9. Approved capital costs. Subsection (q)(7) and (o)(9)		
		$ -
10. Cost of Reimbursing school districts for their increased costs caused by TIF assisted housing		
Library district payment		
		$ -
11. Relocation costs. Subsection (q)(8) and (o)(10)		
		$ -
12. Payments in lieu of taxes. Subsection (q)(9) and (o)(11)		
		$ -
13. Costs of job training, retraining advanced vocational or career education provided by other		
		$ -
14. Costs of reimbursing private developers for interest expenses incurred on approved		
		$ -
15. Costs of construction of new housing units for low income and very low-income households.		
		$ -
16. Cost of day care services and operational costs of day care centers. Subsection (q) (11.5) - Tax		

		$ -

TOTAL ITEMIZED EXPENDITURES		$ 325,391

Section 3.2 B

Below is listed all vendors, including other municipal funds, that were paid in excess of $10,000 during during the current reporting year		
Name	Service	Amount
Village Fund reimbursements	TIF eligible cost reimbursement	
Mundelein School District No. 75	TIF statutory payments	$ 58,425.00
Kane McKenna and Associates, Inc.	Professional services	$ 12,387.50
Holland & Knight	Legal services	$ 13,708.00
Fremont Public Library District	TIF statutory payments	$ 10,657.77

Section 3.3 Special Tax Allocation Fund Balance (end of reporting period).

Refer to table attached.

SECTION 3.3 - (65 ILCS 5/11-74.4-5 (d) (5) 65 ILCS 11-74.6-22 (d) (5))
Breakdown of the Balance in the Special Tax Allocation Fund At the End of the Reporting Period
(65 ILCS 5/11-74.4-5 (d) (5) (D) and 65 ILCS 5/11-74.6-22 (d) (5) (D))

FUND BALANCE, END OF REPORTING PERIOD	$ 486,496

	Amount of Original Issuance	Amount Designated
1. Description of Debt Obligations		
Taxable General Obligation Bonds Series 2010A	$ 7,100,000	$ 12,415,913
Total Amount Designated for Obligations	$ 7,100,000	$ 12,415,913

2. Description of Project Costs to be Paid		
Redevelopment Incentives/Redevelopment Agreements		$ 7,331,000
(Cardinal Square and Park Station redevelopment agrmnts.)*		
Accrued Interest as of 01/14/10 - Cardinal Square Notes		
TIF eligible project costs - Resolution 11-01-06		$ 458,855
less past reimbursements and debt service		
Potential Taxing District Reimbursements		$ 148,392
per Resolution 11 01 05		

Total Amount Designated for Project Costs	$ 7,938,247

*maximum principal amounts specified, not including interest
actual payouts are subject to the annual project
revenues generated and conformance with redevelopment agreements

TOTAL AMOUNT DESIGNATED	$ 20,354,159
SURPLUS/(DEFICIT)**	$ (19,867,663)

** NOTE: If a surplus is calculated, the municipality may be required to repay the amount to overlapping taxing districts

Section 4.0 A description of all property purchased by the municipality within the Redevelopment Project Area including:

A. Street Address
B. Approximate size or description of property
C. Purchase Price
D. Seller of property

Refer to table attached.
A copy of the purchase contract is attached as Exhibit D.

SECTION 4 [65 ILCS 5/11-74.4-5 (d) (6) and 65 ILCS 5/11-74.6-22 (d) (6)]

Provide a description of all property purchased by the municipality during the reporting fiscal year within the

_____ **No property was acquired by the Municipality Within the Redevelopment Project Area**

Property Acquired by the Municipality Within the Redevelopment Project Area

Property (1):	
Street address	225 East Hawley
Approximate size or description of property:	10.4 acres
Purchase price:	7,040,000.00
Seller of property:	Hawley Partners LLC

Property (2):	
Street address	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

Property (3):	
Street address	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

Property (4):	
Street address	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

Section 5.0 Review of Public and Private Investment.

Refer to table attached.

SECTION 5 - 65 ILCS 5/11-74.4-5 (d) (7) (G) and 65 ILCS 5/11-74.6-22 (d) (7) (G)
Please include a brief description of each project.

_____ No Projects Were Undertaken by the Municipality Within the Redevelopment Project Area

	11/1/99 to Date	Estimated Investment for Subsequent Fiscal Year	Total Estimated to Complete Project
TOTAL:			
Private Investment Undertaken (See Instructions)	$ -	$ -	$ 129,230,000
Public Investment Undertaken	$ -	$ -	$ 7,331,000
Ratio of Private/Public Investment	0		17 27/43
Project 1: Cardinal Square provided by developer	to be provided		
Private Investment Undertaken (See Instructions)			$ 122,000,000
Public Investment Undertaken			$ 7,000,000
Ratio of Private/Public Investment			17 3/7
Project 2: Park Station provided by developer	to be provided		
Private Investment Undertaken (See Instructions)			$ 7,230,000
Public Investment Undertaken			$ 331,000
Ratio of Private/Public Investment			21 59/70
Project 3:			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0
Project 4:			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0
Project 5:			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0
Project 6:			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0
Project 7:			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Optional: Information in the following sections is not required by law, but would be helpful in evaluating the performance of TIF in Illinois.

SECTION 6
Provide the base EAV (at the time of designation) and the EAV for the year reported for the redevelopment project area

Year redevelopment project area was designated	Base EAV	Reporting Fiscal Year EAV	
2005	$ 8,313,815	$ 16,466,268	total TIF area

List all overlapping tax districts in the redevelopment project area.
If overlapping taxing district received a surplus, list the surplus.
___X__ The overlapping taxing districts did not receive a surplus.

Overlapping Taxing District	Surplus Distributed from redevelopment project area to overlapping districts
	$ -
	$ -
	$ -
	$ -
	$ -
	$ -
	$ -
	$ -
	$ -
	$ -
	$ -
	$ -
	$ -

SECTION 7
Provide information about job creation and retention

Number of Jobs Retained	Number of Jobs Created	Description and Type (Temporary or Permanent) of Jobs	Total Salaries Paid
			$ -
			$ -
			$ -
			$ -
			$ -
			$ -
			$ -

SECTION 8
Provide a general description of the redevelopment project area using only major boundaries:

Optional Documents	Enclosed	
Legal description of redevelopment project area	as Exhibit A	
Map of District	as Exhibit A	

EXHIBIT A

OFFICIAL STATEMENT

NEW ISSUE (Book-Entry Only) **RATING†: Moody's Investors Service, Inc.: Aa1**
Sale Date: July 12, 2010 (Open Auction Internet Sale)
Sale Times: Between 10:15 and 10:30 A.M. C.D.S.T. (Series 2010A)
Between 11:00 and 11:15 A.M. C.D.S.T. (Series 2010B)

Subject to compliance by the Village with certain covenants, in the opinion of Bond Counsel, under present law, interest on the Series 2010B 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 Series 2010B Bonds is not exempt from present State of Illinois income taxes. See "TAX MATTERS—Series 2010B Bonds" herein for a more complete discussion. The Series 2010B 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—Series 2010B Bonds" herein. Interest on the Series 2010A Bonds is not excludable from gross income for federal income tax purposes. Holders of the Series 2010A Bonds should consult their tax advisors with respect to the inclusion of interest on the Series 2010A Bonds in gross income for federal income tax purposes. Interest on the Series 2010A Bonds is not exempt from present State of Illinois income taxes. See "TAX MATTERS—Series 2010A Bonds" herein for a more complete discussion.

$7,100,000
VILLAGE OF MUNDELEIN
Lake County, Illinois
Taxable General Obligation Bonds
Series 2010A

$9,135,000
VILLAGE OF MUNDELEIN
Lake County, Illinois
General Obligation Refunding Bonds
Series 2010B

Dated: July 15, 2010 **Due: December 15, as set forth on the inside cover page**

The Taxable General Obligation Bonds, Series 2010A (the "Series 2010A Bonds") and the General Obligation Refunding Bonds, Series 2010B (the "Series 2010B Bonds") (the Series 2010A Bonds and the Series 2010B Bonds are herein collectively referred to as the "Bonds") of the Village of Mundelein, Lake County, Illinois (the "Village") are issued as fully registered Bonds and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York, to which principal, premium, if any, and interest payments on the Bonds will be made. Individual purchases will be made in book-entry form only, in the principal amount of $5,000 or any integral multiple thereof. Purchasers of the Bonds will not receive physical delivery of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, reference herein to the holders of the Bonds or registered owners of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners (as defined herein) of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, the principal, premium, if any, and interest on the Bonds are payable by Amalgamated Bank of Chicago, Chicago, Illinois, as bond registrar and paying agent ("Bond Registrar" and "Paying Agent"), to Cede & Co., which will in turn remit such principal, premium, if any, and interest to the DTC Participants (as defined herein) for subsequent disbursement to the Beneficial Owners of the Bonds. See "THE BONDS – Book Entry Only System for the Bonds". Interest on the Series 2010A Bonds (computed on the basis of a 360-day year) will be payable semi-annually on each June 15 and December 15, commencing June 15, 2011. Interest on the Series 2010B Bonds (computed on the basis of a 360-day year) will be payable semi-annually on each June 15 and December 15, commencing December 15, 2010.

The Bonds are issued pursuant to the home-rule powers of the Village under Section 6, Article VII of the Illinois Constitution of 1970. In the opinion of Chapman and Cutler LLP, Chicago, Illinois, Bond Counsel, the Bonds are valid and legally binding upon the City, and are payable from ad valorem taxes levied against all taxable property in the City 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.

The Village intends to designate the Series 2010B 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, which affords banks and thrift institutions purchasing the Series 2010B Bonds more favorable treatment of their deduction for interest expense than would otherwise be allowed under Section 265(b)(2) of such Code for the taxable years of such institutions ending after December 31, 1986. See "QUALIFIED TAX-EXEMPT OBLIGATIONS – SERIES 2010B BONDS" herein.

This Official Statement, together with any other information required by law or deemed appropriate shall constitute a "Final Official Statement" of the Village with respect to the Bonds, as that term is defined in Rule 15c2-12 of the Securities and Exchange Commission (except for certain information permitted to be omitted under Rule 15c2-12(b)(1)).

The Village will furnish the written approving opinion of Bond Counsel as to the legality of the Bonds, the description of the federal tax status of interest on the Bonds and the "bank-qualified" status of the Series 2010B Bonds. That opinion is to be based upon Bond Counsel's examination of the law and a certified copy of the record of proceedings relating to the issuance of the Bonds.

For maturity schedules, interest rates, yields and prices, see the inside cover page.

THE SERIES 2010A BONDS ARE SUBJECT TO OPTIONAL REDEMPTION PRIOR TO MATURITY. THE SERIES 2010B BONDS ARE NOT SUBJECT TO OPTIONAL REDEMPTION PRIOR TO MATURITY. SEE "THE BONDS – OPTIONAL REDEMPTION" HEREIN.

KANE, McKENNA CAPITAL, INC.

Is serving as Financial Advisor to the Village.

The date of this Official Statement is July 12, 2010.

†See "BOND RATING" herein.

Series 2010A

CUSIP	Amount	Maturity December 15	Interest Rate	Price or Yield
626082FU0	$ 310,000	2015	3.000%	3.000%
626082FV8	315,000	2016	3.750	3.500
626082FW6	330,000	2017	4.000	3.750
626082FX4	345,000	2018	4.500	4.250
626082FY2	355,000	2019	4.625	4.375
626082FZ9	375,000	2020	4.875	4.625(1)
626082GA3	395,000	2021	5.000	4.800(1)
626082GD7	510,000	2026	5.375	5.400

CUSIP		
626082GB1	$850,000	5.00% Term Bonds, Due December 15, 2023: Yield 5.10%
626082GC9	$945,000	5.25% Term Bonds, Due December 15, 2025: Yield 5.30%
626082GE5	$1,115,000	5.75% Term Bonds, Due December 15, 2028: Yield 5.75%
626082GF2	$1,255,000	6.00% Term Bonds, Due December 15, 2030: Yield 6.00%

(Accrued interest to be added from July 15, 2010)

Series 2010B

CUSIP	Amount	Maturity December 15	Interest Rate	Price or Yield(2)
626082GG0	$625,000	2011	2.00%	0.75%
626082GH8	975,000	2012	2.00	0.95
626082GJ4	1,000,000	2013	2.00	1.25
626082GK1	1,020,000	2014	2.00	1.52
626082GL9	1,040,000	2015	2.25	1.95
626082GM7	1,065,000	2016	2.50	2.35
626082GN5	1,100,000	2017	2.85	2.60
626082GP0	1,135,000	2018	3.00	2.85
626082GQ8	1,175,000	2019	3.25	3.05

(Accrued Interest to be added from July 15, 2010)

(1) Priced to call
(2) See "TAX MATTERS – Series 2010B Bonds" herein.

No dealer, broker, salesman or other person has been authorized by the Village of Mundelein, Lake County, Illinois (the "Village") or Kane, McKenna Capital, Inc. (the "Financial Advisor") to give any information or make any representations with respect to the Bonds and, if given or made, such information or representations with respect to the Village or the Bonds must not be relied upon as having been authorized by the Village or the Financial Advisor. This Official Statement does not constitute an offer to sell, or solicitation of an offer to buy, any securities other than the securities offered hereby to any person in any jurisdiction where such offer or solicitation of such offer would be unlawful.

This Official Statement should be considered in its entirety and no one factor should be considered more or less important than any other by reason of its position in this Official Statement. Where statutes, reports, or other documents are referred to herein, reference should be made to such statutes, reports, or other documents for more complete information regarding the rights and obligations of parties thereto, facts and opinions contained therein and the subject matter thereof.

The information and expressions of opinion in this Official Statement are subject to change without notice and neither the delivery of this Official Statement nor any sale made under it shall, under any circumstances, create any implication that there has been no change in the affairs of the Village of Mundelein, Lake County, Illinois, since the date as of which information is given in this Official Statement.

The Official Statement is in a form deemed final by the Village for the purpose of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (except for certain information permitted to be omitted under Rule 15c2-12(b)(1)).

THE BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE VILLAGE AND THE TERMS OF THE OFFERING, INCLUDING THE MERIT AND RISK INVOLVED. THE BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

Pursuant to continuing disclosure requirements promulgated by the Securities and Exchange Commission in Securities and Exchange Commission Rule 15c2-12, as amended, the Village will enter into a Continuing Disclosure Undertaking Agreement. For a description of the Continuing Disclosure Undertaking Agreement, see "CONTINUING DISCLOSURE" and "THE UNDERTAKING".

Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

VILLAGE OF MUNDELEIN
LAKE COUNTY, ILLINOIS

Kenneth H. Kessler
Mayor
(President since 2005)

Village Trustees

Trustee	First Elected or Appointed to Office	Current Term Expires	Trustee	First Elected or Appointed to Office	Current Term Expires
Robin Meier	2009	2011	Ed Sullivan	1999	2011
James Nutshnig	1991	2013	Raymond Semple	1995	2013
Steven Lentz	2009	2013	Terri Voss	2003	2011

Esmie M. Dahlstrom
Village Clerk

John Lobaito
Village Administrator

Mary K. Hatton
Finance Director/Village Treasurer

Attorney for the Village
Charles F. Marino
Chicago, Illinois

Independent Auditors
McGladrey & Pullen, LLP

Financial Advisor
Kane, McKenna Capital, Inc.
Chicago, Illinois

Bond Counsel
Chapman and Cutler LLP
Chicago, Illinois

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APPENDIX B - Form of Opinion of Bond Counsel (Series 2010A Bonds)

APPENDIX C - Form of Opinion of Bond Counsel (Series 2010B Bonds)

OFFICIAL NOTICE OF SALE
(OPEN AUCTION INTERNET SALE)

$7,095,000*
Village of Mundelein
Lake County, Illinois
Taxable General Obligation Bonds
Series 2010A

NOTICE IS HEREBY GIVEN that the Village of Mundelein, Lake County, Illinois (the "Village") will receive electronic bids on the Grant Street Group MuniAuction, Inc. website ("MuniAuction") located at the website address www.grantstreet.com for the purchase of its $7,095,000* Taxable General Obligation Bonds, Series 2010A (the "Bonds") on an all or none basis until 10:30 a.m. C.D.S.T. on July 12, 2010, unless otherwise extended by the two (2) minute rule, as more fully described herein. All bids must be submitted in their entirety on the MuniAuction electronic bidding web site located at www.grantstreet.com on July 12, 2010 between 10:15 a.m. and 10:30 a.m. C.D.S.T unless extended by the two (2) minute rule, as more fully described herein. To bid, bidders must have: (1) completed the registration form on the MuniAuction website prior to the commencement of bidding, and (2) requested and received admission to the Village's sale (as described below). Award of the bidding will be made or all bids rejected at a meeting of the President and Board of Trustees of the Village on that date. The Bonds will be dated July 15, 2010, will be in fully registered form, and will be in the denomination of $5,000 and authorized multiples thereof.

Registration and Admission to Bid

Bidders must first visit the MuniAuction web site where, if they have never registered with MuniAuction, they can register and then request admission to bid on the Bonds. Bidders will be notified prior to the scheduled bidding time of their eligibility to bid. Only FINRA registered broker-dealers and dealer banks with DTC clearing arrangements will be eligible to bid. Additional information relating to the auction, or a private tutorial, may be obtained by calling Auction Administrator at (412) 391-5555, Extension 370 (Auction Support).

The use of MuniAuction shall be at the bidder's risk, and the Village shall have no liability with respect thereto. Bidders will bear all risks associated with the submission of electronic bids, including but not limited to any lack of confidentiality prior to bid opening, the risk of a failed transmission or failure of the entire bid to be received by the designated time, or any inaccuracies that may result from lack of clarity from the electronic bid. Each prospective bidder who intends to place a bid shall be solely responsible to make necessary arrangements to access MuniAuction for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Official Notice of Sale. The Village shall have no duty or obligation to provide or assure access to MuniAuction to any prospective bidder. Neither the Village, Kane, McKenna Capital, Inc. (the "Financial Advisor"), nor Grant Street Group (the "Auction Administrator") is responsible or has any liability for a bidder's failure to bid electronically, delays or interruptions caused by placing the bid electronically including, but not limited to, technical difficulties that result in loss of a Bidder's internet connection with MuniAuction, slowness of transmission of bids, or other technical problems.

* Preliminary, subject to change. The Village reserves the right to increase or decrease: (1) the , aggregate principal amount of the Bonds by an amount not to exceed $250,000; and (2) the principal amount of each maturity of the Bonds by an amount not to exceed $50,000, as further described in this Official Notice of Sale. In such event, the purchase price of the Bonds will be adjusted proportionately allowing the same dollar amount of gross spread per $1,000 Bond (assuming a delivery date of July 27, 2010).

Rules of MuniAuction

The Rules of MuniAuction can be viewed on the MuniAuction website and are incorporated herein by reference. Bidders must comply with the rules of MuniAuction in addition to the requirements of this Official Notice of Sale. In the event the rules of MuniAuction conflict with this Official Notice of Sale, this Official Notice of Sale shall prevail.

Manner of Submission of Bids

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

a) All bids must be submitted on the MuniAuction website at www.grantstreet.com. **No telephone, telefax or personal delivery bids will be accepted.** The use of MuniAuction 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.

b) 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.

c) If any bid in the auction becomes a leading bid within the two (2) minute period 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 MuniAuction. The auction end time will continue to be extended, indefinitely, until a single leading bid remains the leading bid for at least two minutes.

d) 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.

e) During the bidding, no bidder will see any other bidder's bid, but bidders will be able to see the ranking of their bids relative to the other bids (i.e. "Leader", "Cover", "3rd", etc.).

f) On the Auction Page, bidders will be able to see whether a bid has been submitted.

Maturities

The Bonds will mature on December 15 in each of the years and in the amounts as follows:

Amount*	Maturity (December 15)	Amount*	Maturity (December 15)
$305,000	2015	$435,000	2023
315,000	2016	460,000	2024
330,000	2017	485,000	2025
345,000	2018	510,000	2026
355,000	2019	540,000	2027
375,000	2020	575,000	2028
395,000	2021	610,000	2029
415,000	2022	645,000	2030

* Preliminary, subject to change. The Village reserves the right to increase or decrease: (1) the , aggregate principal amount of the Bonds by an amount not to exceed $250,000; and (2) the principal amount of each maturity of the Bonds by an amount not to exceed $50,000, as further described in this Official Notice of Sale. In such event, the purchase price of the Bonds will be adjusted proportionately allowing the same dollar amount of gross spread per $1,000 Bond (assuming a delivery date of July 27, 2010).

Payments; Depository

Interest on the Bonds will be payable semiannually on June 15 and December 15 of each year until maturity, beginning June 15, 2011. Principal and premium (if any) of the Bonds will be payable upon surrender thereof at maturity or upon earlier redemption to the registered owner of each Bond which will initially be Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Payment of principal and interest to DTC shall be the responsibility Amalgamated Bank of Chicago, Chicago, Illinois (the "Paying Agent") and disbursement of such payments to the beneficial owners shall be the responsibility of DTC's direct participants or indirect participants. The Village and the Paying Agent will not have any responsibility or obligation with respect to the accuracy of any records maintained by DTC, its direct participants or indirect participants or any payment made by DTC, its direct participants or indirect participants of any amount with respect to the principal, premium (if any) or interest due on the Bonds. The fees and charges of DTC shall be borne by the successful bidder.

Optional Redemption

The Bonds maturing on or after December 15, 2020, are subject to redemption prior to maturity at the option of the Village, from any available funds, in whole or in part, on any date on or after December 15, 2019, and if in part, in any order of maturity as selected by the Village, and if less than an entire maturity, in integral multiples of $5,000, selected by lot by the Bond Registrar, at the redemption price of par plus accrued interest to the date fixed for redemption.

Security and Purpose

The Bonds are payable both as to principal and interest from ad valorem taxes levied on all taxable property within the Village 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.

The Bonds are issued for the purposes of (i) providing funds to pay for the costs of the Project (as such term is defined in the Official Statement); and (ii) funding certain costs associated with the issuance of the Bonds.

In connection with the issuance of the Bonds, the Village will adopt an ordinance (the "Bond Ordinance") authorizing issuance of the Bonds. The Bond Ordinance provides for the levy of ad valorem taxes, unlimited as to rate or amount, upon all taxable property within the Village in amounts sufficient to pay, as and when due, all principal of and the interest on the Bonds. The Bond Ordinance will be filed with the County Clerk of Lake County and will serve as authorization to said County to extend and collect such property taxes. The Village may only direct abatement of such taxes in any year if and to the extent that it has funds irrevocably set aside pursuant to the Bond Ordinance.

Legal Opinion; Tax-Exempt Status of the Bonds

The approving opinion of Chapman and Cutler LLP, Chicago, Illinois, Bond Counsel, to the effect that the Bonds constitute the valid and binding general obligation of the Village will be furnished to the successful bidder without cost. Bond Counsel will provide an opinion that interest on the Bonds will not be excludable from gross income for federal income tax purposes. See "TAX MATTERS –Series 2010A Bonds" in the Official Statement. See also Appendix B of the Official Statement for proposed form of Bond Counsel Opinion.

Form of Bid; Minimum Price

All bids must be for not less than all of the Bonds hereby offered for sale and for not less than ninety-nine percent (99.00%) of the principal amount thereof, including any original issue discount.

Bid Parameters; Interest Rate; Basis of Award

Bidders may provide bids for the Bonds specifying interest rates for the Bonds. Each bid must be for all of the Bonds.

The Bonds will be awarded by the Village to the bidder (the "Winning Bidder") making a bid conforming to the terms of the Official Notice of Sale which is the best bid on the basis of the lowest true interest cost for the Bonds, as determined in the manner hereinafter stated and as determined by the Financial Advisor (the "Winning Bid"), 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. The true interest cost for the Bonds shall be computed by determining the annual interest rate, compounded semiannually, necessary to discount the debt service payments to the dated date of the Bonds, from the payment dates thereof to the dated date and to the bid price, excluding accrued interest to the date of delivery. Bidders are to specify a rate of interest per annum to be paid on the Bonds of each maturity, subject to the following limitations:

(i) all Bonds of the same maturity year must bear the same rate of interest and not more than one interest rate shall be specified for a single maturity;
(ii) no interest rate shall be other than a whole multiple of one-eighth (1/8) or one one-hundredth (1/100) of one percent, and not more than one rate for a single maturity shall be specified;
(iii) the interest rate bids for maturities shall be in non-descending order; and
(iv) a zero rate of interest may not be named and no rate of interest may exceed 7.0% per annum.

Proposals may specify any number of interest rates, subject to (i) through (iv) above. No proposal will be considered which does not offer to purchase all of the Bonds. Bidders should verify the accuracy of their final bids and compare them to the winning bids reported on the MuniAuction website immediately after bidding.

The true interest cost of each bid will be computed by MuniAuction and reported on the Observation Page of the MuniAuction webpage immediately following the date and time for receipt of bids. These true interest costs are subject to verification by the 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 the Financial Advisor will notify the bidder to whom the Bonds will be awarded, if and when such award is made.

Additional Rules

The Winning Bidder submitting the 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 this Official Notice of Sale. The Winning Bid is not officially awarded to Winning Bidder until formally accepted by the Village by the adoption of an ordinance authorizing the issuance of the Bonds.

Neither the Village, the Financial Advisor, nor the Auction Administrator is responsible for technical difficulties that result in loss of a bidder's internet connection with MuniAuction, slowness in transmission of bids, any other technical problems resulting in bid submission failure, or any computational or data entry errors associated with using MuniAuction.

If for any reason the Winning Bidder is disconnected from the Auction Page during the auction after having submitted the Winning Bid, such bid is valid and binding upon such Winning Bidder, unless the Village exercises its right to reject bids, as set forth herein.

Bids which generate error messages are not accepted until the error is corrected and the bid is received prior to the deadline.

Bidders accept and agree to abide by all terms and conditions specified in this Official Notice of Sale (including amendments, if any) related to the auction.

Neither the Village, the Financial Advisor, nor the Auction Administrator is responsible to any Bidder for any defect or inaccuracy in this Official Notice of Sale, amendments, or Preliminary Official Statement as they appear on MuniAuction resulting in bid submission failure, or any computational or data entry errors associated with using MuniAuction.

Only bidders who request and receive admission to the auction may submit bids. MuniAuction and the Auction Administrator reserve the right to deny access to the MuniAuction website to any bidder, whether registered or not, at any time and for any reason whatsoever, in their sole and absolute discretion.

Neither the Village, the Financial Advisor, nor the Auction Administrator is responsible for protecting the confidentiality of a bidder's MuniAuction password.

If two bids submitted in the same auction by the same or two or more different bidders result in the same TIC, the first confirmed bid received by MuniAuction prevails. Any change to a submitted bid constitutes a new bid, regardless of whether there is a corresponding change in the true interest cost.

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 MuniAuction within 15 minutes after the bidding time period ends.

Regardless of the final results reported by MuniAuction, the Bonds are definitively awarded to the Winning Bidder (the "Underwriter") only upon official award by the Village. If, for any reason, the Village fails to: (i) award the Bonds to the winner reported by MuniAuction, or (ii) deliver the Bonds to the Underwriter at settlement, neither the Village, the Financial Advisor, nor the Auction Administrator will be liable for damages.

Bidders who submit a bid on the Auction Page by clicking the "Submit Bid" button must confirm that bid by clicking the "Yes, Submit Bid" button on the Confirmation Page.

Mandatory Sinking Fund Redemption

At the option of the bidder, proposals for the Bonds may contain a maturity schedule providing for one or more term bonds or a combination of serial bonds and one or more term bonds, which option must be set forth in the Official Bid Form. Only Bonds maturing on or after December 15, 2020 may be combined into term bonds. Each such term bond shall be subject to mandatory sinking fund redemption commencing on December 15 of the first year of those years which have been combined in the Official Bid Form to form any term bond and continuing on December 15 of each year thereafter until the stated maturity date of any term bond. The amount redeemed in any year shall be equal to the principal amount for such year as set forth on the cover page of this Preliminary Official Statement, <u>but subject to change as explained in "Right to Adjust Size of Issue and/or Individual Maturities" below.</u> Bonds to be redeemed in any year by mandatory sinking fund redemption shall be redeemed at a price of par plus accrued interest; provided, however, that the amount of any such increase or decrease shall not exceed: (1) $250,000 for the aggregate principal amount of the Bonds and, (2) $50,000 for the principal amount of any maturity of the Bonds.

Right to Adjust Size of Individual Maturities

The Village reserves the right to increase or decrease (i) the aggregate principal amount of the Bonds by an amount not to exceed $250,000 and (ii) the principal amount of any maturity of the Bonds by an amount not to exceed $50,000, as the Village deems advisable in order to accomplish its financing objectives. Notice of such increase or decrease shall be given by the Village to the successful bidder as soon as practicable following the notification of award, as described above, but in any event by 3:00 p.m. (C.D.S.T.) on July 12, 2010. No such adjustment will have the effect of altering the basis upon which the best bid is determined.

Notwithstanding the provisions of the prior paragraph, the Village may increase or decrease the: (1) aggregate principal amount of the Bonds in excess of $250,000 and (2) the principal amount of any maturity of the Bonds in excess of $50,000, but only with consent of the successful bidder. The discount or premium on the Bonds is subject to adjustments if the maturity amount of the Bonds is changed, allowing the same dollar amount of gross spread per $1,000 Bond as submitted on the Official Bid Form and assuming a delivery date of July 27, 2010.

Right of Rejection

The Village reserves the right, in its discretion, to reject any and all bids and, to the extent permitted by law, to waive any irregularity or informality in any bid on the Bonds.

Delivery and Payment

The Bonds will be issued in book-entry-only form registered in the name of Cede & Co., as nominee of DTC. Prior to the day of closing, the Bonds, in the form of a single typewritten certificate for each maturity, will be delivered to DTC. Payment for the Bonds must be made to the Village in immediately available funds. Any expense of providing immediately available funds, whether by transfer of Federal Reserve Bank funds or otherwise, shall be borne by the purchaser. Upon closing, the Village shall notify DTC of receipt of payment by the purchaser, at which time DTC (in accordance with the Blanket Letter of Representations described below) will credit the account of the successful bidder. On the date of maturity of each Bond, the Paying Agent shall remit to DTC sufficient funds to pay all outstanding principal and interest due with respect to such Bond.

To induce DTC to accept the Bonds as eligible for the book-entry-only form of issuance, the Village and the Paying Agent will enter into a Blanket Letter of Representations with DTC setting forth the terms and conditions of, and procedures for, the book-entry-only form of issuance. The successful bidder shall complete and provide to DTC's Underwriting Department the Eligibility Questionnaire in the form and at such time as is required by DTC prior to closing. Bidder must agree to accept delivery on or about July 27, 2010.

Right of Cancellation

The successful bidder shall have the right, at its option, to cancel the contract to purchase the Bonds and must give written notice at least seven (7) days in advance, if the Village shall fail to execute the Bonds and tender the same for delivery within sixty (60) days from the date of sale thereof, and in such event, the successful bidder shall be entitled to the return of the good faith deposit accompanying its bid.

Good Faith Deposit

A good faith deposit (the "Deposit") by means of a wire transfer from a solvent bank or trust company, in the amount of $141,900 payable to the order of the Village for the Bonds, is required to be paid by the Winning Bidder.

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

PNC Bank
Mundelein, Illinois
ABA #041000124
Credit To: Account #4612856975
Further Credit To: Village of Mundelein-Corporate Account
Re: Village of Mundelein, Lake County, Illinois bid for
$7,095,000* Taxable General Obligation Bonds, Series 2010A

The wire shall arrive in such account not later than 3:00 p.m. C.D.S.T. on July 12, 2010 or at a later time solely acceptable to the Village. To confirm the receipt of such wire transfer contemporaneously with such wire transfer, the bidder should send an email to mhatton@mundelein.org and idziuk@kanemckenna.com with the following information:

(1) indication that a wire transfer has been made,
(2) the amount of the wire transfer, and
(3) the issue to which it applies.

The Village and the Winning Bidder hereby agree irrevocably that Village shall be the holder of the Deposit wired to such account and income earned on the Deposit, if any, shall accrue to the Village. In the event that the Village does not receive the Deposit on or before the Required Deposit Time, the Village reserves the right to reject the Winning Bid.

In the event the Winning Bidder fails to honor its accepted bid, the Deposit will be retained by the Village as and for full liquidated damages.

Statement of the True Interest Cost

Each bidder is requested, but not required, to state in its bid the true interest cost in dollars and the percentage true interest cost determined thereby, which shall be considered as informative only and not binding.

No Litigation

There is no litigation, now pending or, to the best knowledge of the Village, threatened to restrain or enjoin the execution or delivery of the Bonds, or in any way questioning or affecting the validity of the Bonds or any of the proceedings of the Village taken with respect to the issuance or sale thereof, and the successful bidder will be furnished a "No Litigation Certificate" certifying to the foregoing as of and at the time of delivery of the Bonds.

Bond Insurance

The Bonds have not been submitted to any bond insurer to be made eligible for a municipal bond insurance policy. Prospective bidders may contact the bond insurer(s) for information concerning eligibility for bond insurance and premium prices.

If the Bonds qualify for issuance of any policy of municipal bond insurance or commitment therefore at the option of the successful bidder, the purchase of any such insurance policy or the issuance of any such commitment shall be at the sole option and expense of the successful bidder of the Bonds. Any increase in the costs of issuance of the Bonds resulting from such purchase of insurance shall be paid by the successful bidder, except that, if the Village has requested and received a rating on the Bonds from a rating agency, the Village will pay that rating fee. Any other rating agency fees, shall be the responsibility of the successful bidder. Failure of the municipal bond insurer to issue the policy after the Bonds have been awarded to the successful bidder shall not constitute cause for failure or refusal by the successful bidder to accept delivery on the Bonds.

The utilization of a municipal bond insurance policy will be at the option of the bidder. If utilized, the cost of the municipal bond insurance policy and any other fee associated therewith will be borne by the successful bidder.

List of Members of Account

Bidders are required to list on the bid form all of the names of the members of the account on whose behalf the bid is made.

CUSIP Numbers

It is anticipated that CUSIP numbers will be obtained for the Bonds, but any error with respect thereto shall not constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds in accordance with the terms hereof. The winning bidder of the Bonds shall (i) apply for CUSIP numbers within 24 hours of completion of the sale of the Bonds, (ii) pay the fee charged by the CUSIP Service Bureau and (iii) accept the Bonds with the CUSIP numbers as entered on the Bonds.

Costs to be Paid by the Village

Bond Counsel fees, Paying Agent fees, Bond Registrar fees, Financial Advisor fees, Rating Agency fees and the cost of printing 25 final Official Statements are to be paid by the Village.

Official Statement and Other Information

Copies of this Official Notice of Sale, the Official Bid Form and Official Statement will be furnished to any potential bidder upon request made to the Financial Advisor at: Kane, McKenna Capital, Inc., 150 North Wacker Drive, Suite 1600, Chicago, Illinois 60606, (312) 444-1702.

The Preliminary Official Statement is in a form deemed final by the Village within the meaning of Rule 15c2-12(b)(1) (the "Rule") promulgated by the Securities and Exchange Commission except for the omission of certain information permitted to be omitted therefrom pursuant to the Rule, but is subject to revision, amendment and completion in a final Official Statement. Promptly after the sale date, but in no event later than seven (7) business days after such date, the Village will provide the successful bidder with a reasonable number of copies of the final Official Statement. Such final Official Statements may be obtained, without cost to the successful bidder, in an amount not greater than 25. The successful bidder agrees to supply the Village all pricing information necessary to complete the Official Statement within 24 hours after the award of the Bonds. Additional copies of the final Official Statement may be obtained at additional cost to the successful bidder.

By making a bid for the Bonds, the successful bidder agrees (1) to disseminate to all members of the underwriting syndicate copies of the final Official Statement, including any supplements prepared by the Village, (2) to promptly file a copy of the final Official Statement, including any supplements prepared by the Village, with the Electronic Municipal Market Access (EMMA) system, and (3) to take any and all other actions necessary to comply with applicable Securities and Exchange Commission rules and Municipal Securities Rulemaking Board rules governing the offering, sale and delivery of the Bonds and the Official Statement to ultimate purchasers, including but not limited to, MSRB Rules G-8, G-11 and G-36. 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.

Continuing Disclosure Requirements

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 the Rule. The Undertaking shall be as described in the Official Statement, with such changes as may be agreed in writing by the Underwriter.

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.

Right to Modify or Amend

The Village reserves the right to modify or amend this Official Notice of Sale including, but not limited, to the right to adjust and change the aggregate principal amount of the Bonds being offered; however, such notifications of amendments shall be made not less than twenty-four (24) hours prior to the date and time for the receipt of bids on the Bonds and any such modification or amendment will be announced on the MuniAuction website and through Thomson Municipal News.

Certification

The Village will deliver to the purchaser of the Bonds a certificate of an officer of the Village, dated the date of delivery of the Bonds, stating that, as of the date thereof, to the best knowledge and belief of said officer, the Official Statement does not contain any untrue statement of a material fact or omit to state any material fact necessary, in order to make the statements made therein, in light of the circumstances under which they were made, not misleading, and further, certifying that such officer knows of no material adverse change in the condition of the Village which would make it unreasonable for the purchaser of the Bonds to rely upon the Official Statement in connection with the resale of the Bonds.

/s/ Kenneth H. Kessler
President
Village of Mundelein
Lake County, Illinois

July 6, 2010

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OFFICIAL BID FORM
(OPEN AUCTION INTERNET SALE)

President and Board of Trustees
Village of Mundelein
Lake County, Illinois

President and Board of Trustees:

Subject to all of the provisions of your Official Notice of Sale, which is expressly made a part of this bid, we offer to purchase all, and not less than all, of the $7,095,000* Village of Mundelein, Lake County, Illinois, Taxable General Obligation Bonds, Series 2010A dated July 15, 2010 (the "Bonds"), as described in said Notice, for the sum of:

$_____
(Purchase price not to be less than 99.00% of the aggregate principal amount of the Bonds)

The Bonds are to bear interest at the following respective interest rates.

Maturity (December 15)	Amount*	Interest Rate
2015	$305,000	___%
2016	315,000	___
2017	330,000	___
2018	345,000	___
2019	355,000	___
2020	375,000	___
2021	395,000	___
2022	415,000	___
2023	435,000	___
2024	460,000	___
2025	485,000	___
2026	510,000	___
2027	540,000	___
2028	575,000	___
2029	610,000	___
2030	645,000	___

The Bonds are to be accompanied by the approving legal opinion of Chapman and Cutler LLP, Chicago, Illinois ("Bond Counsel") and a certificate evidencing that no litigation is pending against the Village which will affect the validity of the Bonds. Bond Counsel fees, Paying Agent fees, Bond Registrar fees, Financial Advisor fees, Village Attorney fees, Rating Agency fees, CUSIP numbers and the cost of printing 25 final Official Statements are to be paid by the Village. The bidder agrees to (i) apply for CUSIP numbers within 24 hours of the completion of the sale, (ii) pay the fees charged by the CUSIP Service Bureau and (iii) accept the Bonds with the CUSIP numbers as entered on the Bonds.

The Bonds maturing December 15, 20__ through 20__, inclusive are combined into a term bond having a final maturity on December 15, __ (Cross out language if no term bonds).

We are/are not (cross out language which does not apply) utilizing bond insurance. The Bonds will be insured by _____ (state name of bond insurance company).

* Preliminary, subject to change. The Village reserves the right to increase or decrease: (1) the aggregate principal amount of the Bonds by an amount not to exceed $250,000; and (ii) the principal amount of each maturity of the Bonds by an amount not to exceed $50,000, as further described in the Official Notice of Sale. In such event, the purchase price of the Bonds will be adjusted proportionately allowing the same dollar amount of gross spread per $1,000 Bond (assuming a delivery date of July 27, 2010).

If we are determined to be the Winning Bidder (as determined pursuant to the Official Notice of Sale), as evidence of our good faith, we agree to submit a good faith deposit (the "Deposit") by means of a wire transfer in the amount of $141,900 under the terms as provided in the Official Notice of Sale not later than 3:00 p.m. (C.D.S.T.) on July 12, 2010 or at a later time solely acceptable to the Village.

We have noted that payment of the purchase price is to be made with immediately available funds at the time of delivery of the Bonds.

Subject to your acceptance hereof, we agree to make a bona fide public offering of all the Bonds at not in excess of the initial public offering prices (or less than yields) set forth on the cover page of the Official Statement, plus accrued interest. We further agree to comply with the terms of the Official Notice of Sale.

We represent that we have full and complete authority to submit this bid on behalf of our bidding syndicate and that the undersigned will serve as the lead manager for the group if the Bonds are awarded pursuant to this bid.

I certify (or declare) under penalty of perjury under the laws of the State of Illinois that this bid is genuine; and not a sham or collusive, nor made in the interest of or on behalf of any person not named herein; and that the bidder has not directly or indirectly induced or solicited any other bidder to put in a sham bid, or any other person, firm or corporation to refrain from bidding, and that the bidder has not in any manner sought by collusion to secure for itself an advantage over any other bidder.

Submitted By:

_____

_____

_____

_____

_____

(Attached full list of Account Members)

Acceptance Authorized by Ordinance No. _____

By: _____
Village Clerk

On _____, 2010

---------- Not Part of Bid ----------

For information only, and not as a part of this bid, we calculate that on a true interest cost ("TIC") basis the net effective interest rate is _____% per annum.

OFFICIAL NOTICE OF SALE
(OPEN AUCTION INTERNET SALE)

$9,275,000*
Village of Mundelein
Lake County, Illinois
General Obligation Refunding Bonds
Series 2010B

NOTICE IS HEREBY GIVEN that the Village of Mundelein, Lake County, Illinois (the "Village") will receive electronic bids on the Grant Street Group MuniAuction, Inc. website ("MuniAuction") located at the website address www.grantstreet.com for the purchase of its $9,275,000* General Obligation Refunding Bonds, Series 2010B (the "Bonds") on an all or none basis until 11:15 a.m. C.D.S.T. on July 12, 2010, unless otherwise extended by the two (2) minute rule, as more fully described herein. All bids must be submitted in their entirety on the MuniAuction electronic bidding web site located at www.grantstreet.com on July 12, 2010 between 11:00 a.m. and 11:15 a.m. C.D.S.T unless extended by the two (2) minute rule, as more fully described herein. To bid, bidders must have: (1) completed the registration form on the MuniAuction website prior to the commencement of bidding, and (2) requested and received admission to the Village's sale (as described below). Award of the bidding will be made or all bids rejected at a meeting of the President and Board of Trustees of the Village on that date. The Bonds will be dated July 15, 2010, will be in fully registered form, and will be in the denomination of $5,000 and authorized multiples thereof.

Registration and Admission to Bid

Bidders must first visit the MuniAuction web site where, if they have never registered with MuniAuction, they can register and then request admission to bid on the Bonds. Bidders will be notified prior to the scheduled bidding time of their eligibility to bid. Only FINRA registered broker-dealers and dealer banks with DTC clearing arrangements will be eligible to bid. Additional information relating to the auction, or a private tutorial, may be obtained by calling Auction Administrator at (412) 391-5555, Extension 370 (Auction Support).

The use of MuniAuction shall be at the bidder's risk, and the Village shall have no liability with respect thereto. Bidders will bear all risks associated with the submission of electronic bids, including but not limited to any lack of confidentiality prior to bid opening, the risk of a failed transmission or failure of the entire bid to be received by the designated time, or any inaccuracies that may result from lack of clarity from the electronic bid. Each prospective bidder who intends to place a bid shall be solely responsible to make necessary arrangements to access MuniAuction for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Official Notice of Sale. The Village shall have no duty or obligation to provide or assure access to MuniAuction to any prospective bidder. Neither the Village, Kane, McKenna Capital, Inc. (the "Financial Advisor"), nor Grant Street Group (the "Auction Administrator") is responsible or has any liability for a bidder's failure to bid electronically, delays or interruptions caused by placing the bid electronically including, but not limited to, technical difficulties that result in loss of a Bidder's internet connection with MuniAuction, slowness of transmission of bids, or other technical problems.

* Preliminary, subject to change. The Village reserves the right to increase or decrease: (1) the aggregate principal amount of the Bonds by an amount not to exceed $250,000; and (2) the principal amount of each maturity of the Bonds by an amount not to exceed $50,000, as further described in this Official Notice of Sale. In such event, the purchase price of the Bonds will be adjusted proportionately allowing the same dollar amount of gross spread per $1,000 Bond (assuming a delivery date of July 27, 2010).

Rules of MuniAuction

The Rules of MuniAuction can be viewed on the MuniAuction website and are incorporated herein by reference. Bidders must comply with the rules of MuniAuction in addition to the requirements of this Official Notice of Sale. In the event the rules of MuniAuction conflict with this Official Notice of Sale, this Official Notice of Sale shall prevail.

Manner of Submission of Bids

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

g) All bids must be submitted on the MuniAuction website at www.grantstreet.com. **No telephone, telefax or personal delivery bids will be accepted**. The use of MuniAuction 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.

h) 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.

i) If any bid in the auction becomes a leading bid within the two (2) minute period 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 MuniAuction. The auction end time will continue to be extended, indefinitely, until a single leading bid remains the leading bid for at least two minutes.

j) 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.

k) During the bidding, no bidder will see any other bidder's bid, but bidders will be able to see the ranking of their bids relative to the other bids (i.e. "Leader", "Cover", "3rd", etc.).

l) On the Auction Page, bidders will be able to see whether a bid has been submitted.

Maturities

The Bonds will mature on December 15 in each of the years and in the amounts as follows:

Amount*	Maturity (December 15)	Amount*	Maturity (December 15)
$765,000	2011	$1,040,000	2015
985,000	2012	1,065,000	2016
1,000,000	2013	1,095,000	2017
1,015,000	2014	1,135,000	2018
1,175,000	2019		

* Preliminary, subject to change. The Village reserves the right to increase or decrease: (1) the aggregate principal amount of the Bonds by an amount not to exceed $250,000; and (2) the principal amount of each maturity of the Bonds by an amount not to exceed $50,000, as further described in this Official Notice of Sale. In such event, the purchase price of the Bonds will be adjusted proportionately allowing the same dollar amount of gross spread per $1,000 Bond (assuming a delivery date of July 27, 2010).

Payments; Depository

Interest on the Bonds will be payable semiannually on June 15 and December 15 of each year until maturity, beginning December 15, 2010. Principal and premium (if any) of the Bonds will be payable upon surrender thereof at maturity or upon earlier redemption to the registered owner of each Bond which will initially be Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Payment of principal and interest to DTC shall be the responsibility Amalgamated Bank of Chicago, Chicago, Illinois (the "Paying Agent") and disbursement of such payments to the beneficial owners shall be the responsibility of DTC's direct participants or indirect participants. The Village and the Paying Agent will not have any responsibility or obligation with respect to the accuracy of any records maintained by DTC, its direct participants or indirect participants or any payment made by DTC, its direct participants or indirect participants of any amount with respect to the principal, premium (if any) or interest due on the Bonds. The fees and charges of DTC shall be borne by the successful bidder.

Optional Redemption

The Bonds are not subject to optional redemption prior to maturity.

Security and Purpose

The Bonds are payable both as to principal and interest from ad valorem taxes levied on all taxable property within the Village 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.

The Bonds are issued for the purposes of providing funds to (i) refund, on a current basis, a portion of the Village's outstanding General Obligation Bonds, Series 1998; (ii) refund, in advance of their maturity, a portion of the Village's outstanding General Obligation Bonds, Series 1999; and (iii) pay certain costs associated with the issuance of the Bonds.

In connection with the issuance of the Bonds, the Village will adopt an ordinance (the "Bond Ordinance") authorizing issuance of the Bonds. The Bond Ordinance provides for the levy of ad valorem taxes, unlimited as to rate or amount, upon all taxable property within the Village in amounts sufficient to pay, as and when due, all principal of and the interest on the Bonds. The Bond Ordinance will be filed with the County Clerk of Lake County and will serve as authorization to said County to extend and collect such property taxes. The Village may only direct abatement of such taxes in any year if and to the extent that it has funds irrevocably set aside pursuant to the Bond Ordinance.

Legal Opinion; Tax-Exempt Status of the Bonds

The approving opinion of Chapman and Cutler LLP, Chicago, Illinois, Bond Counsel, to the effect that the Bonds constitute the valid and binding general obligation of the Village will be furnished to the successful bidder without cost. Bond Counsel will provide an opinion that 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. See "TAX MATTERS –Series 2010B Bonds" in the Official Statement. See also Appendix C of the Official Statement for proposed form of Bond Counsel Opinion.

Form of Bid; Minimum Price

All bids must be for not less than all of the Bonds hereby offered for sale and for not less than ninety-nine percent (99.00%) of the principal amount thereof, including any original issue discount.

Bid Parameters; Interest Rate; Basis of Award

Bidders may provide bids for the Bonds specifying interest rates for the Bonds. Each bid must be for all of the Bonds.

The Bonds will be awarded by the Village to the bidder (the "Winning Bidder") making a bid conforming to the terms of the Official Notice of Sale which is the best bid on the basis of the lowest true interest cost for the Bonds, as determined in the manner hereinafter stated and as determined by the Financial Advisor (the "Winning Bid"), 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. The true interest cost for the Bonds shall be computed by determining the annual interest rate, compounded semiannually, necessary to discount the debt service payments to the dated date of the Bonds, from the payment dates thereof to the dated date and to the bid price, excluding accrued interest to the date of delivery. Bidders are to specify a rate of interest per annum to be paid on the Bonds of each maturity, subject to the following limitations:

(i) all Bonds of the same maturity year must bear the same rate of interest and not more than one interest rate shall be specified for a single maturity;
(ii) no interest rate shall be other than a whole multiple of one-eighth (1/8) or one one-hundredth (1/100) of one percent, and not more than one rate for a single maturity shall be specified;
(iii) the interest rate bids for maturities shall be in non-descending order; and
(iv) a zero rate of interest may not be named and no rate of interest may exceed 7.0% per annum.

Proposals may specify any number of interest rates, subject to (i) through (iv) above. No proposal will be considered which does not offer to purchase all of the Bonds. Bidders should verify the accuracy of their final bids and compare them to the winning bids reported on the MuniAuction website immediately after bidding.

The true interest cost of each bid will be computed by MuniAuction and reported on the Observation Page of the MuniAuction webpage immediately following the date and time for receipt of bids. These true interest costs are subject to verification by the 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 the Financial Advisor will notify the bidder to whom the Bonds will be awarded, if and when such award is made.

Additional Rules

The Winning Bidder submitting the 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 this Official Notice of Sale. The Winning Bid is not officially awarded to Winning Bidder until formally accepted by the Village by the adoption of an ordinance authorizing the issuance of the Bonds.

Neither the Village, the Financial Advisor, nor the Auction Administrator is responsible for technical difficulties that result in loss of a bidder's internet connection with MuniAuction, slowness in transmission of bids, any other technical problems resulting in bid submission failure, or any computational or data entry errors associated with using MuniAuction.

If for any reason the Winning Bidder is disconnected from the Auction Page during the auction after having submitted the Winning Bid, such bid is valid and binding upon such Winning Bidder, unless the Village exercises its right to reject bids, as set forth herein.

Bids which generate error messages are not accepted until the error is corrected and the bid is received prior to the deadline.

Bidders accept and agree to abide by all terms and conditions specified in this Official Notice of Sale (including amendments, if any) related to the auction.

Neither the Village, the Financial Advisor, nor the Auction Administrator is responsible to any Bidder for any defect or inaccuracy in this Official Notice of Sale, amendments, or Preliminary Official Statement as they appear on MuniAuction resulting in bid submission failure, or any computational or data entry errors associated with using MuniAuction.

Only bidders who request and receive admission to the auction may submit bids. MuniAuction and the Auction Administrator reserve the right to deny access to the MuniAuction website to any bidder, whether registered or not, at any time and for any reason whatsoever, in their sole and absolute discretion.

Neither the Village, the Financial Advisor, nor the Auction Administrator is responsible for protecting the confidentiality of a bidder's MuniAuction password.

If two bids submitted in the same auction by the same or two or more different bidders result in the same TIC, the first confirmed bid received by MuniAuction prevails. Any change to a submitted bid constitutes a new bid, regardless of whether there is a corresponding change in the true interest cost.

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 MuniAuction within 15 minutes after the bidding time period ends.

Regardless of the final results reported by MuniAuction, the Bonds are definitively awarded to the Winning Bidder (the "Underwriter") only upon official award by the Village. If, for any reason, the Village fails to: (i) award the Bonds to the winner reported by MuniAuction, or (ii) deliver the Bonds to the Underwriter at settlement, neither the Village, the Financial Advisor, nor the Auction Administrator will be liable for damages.

Bidders who submit a bid on the Auction Page by clicking the "Submit Bid" button must confirm that bid by clicking the "Yes, Submit Bid" button on the Confirmation Page.

Mandatory Sinking Fund Redemption

At the option of the bidder, proposals for the Bonds may contain a maturity schedule providing for one or more term bonds or a combination of serial bonds and one or more term bonds, which option must be set forth in the Official Bid Form. Each such term bond shall be subject to mandatory sinking fund redemption commencing on December 1 of the first year of those years which have been combined in the Official Bid Form to form any term bond and continuing on December 1 of each year thereafter until the stated maturity date of any term bond. The amount redeemed in any year shall be equal to the principal amount for such year as set forth on the cover page of this Preliminary Official Statement, but subject to change as explained in "Right to Adjust Size of Issue and/or Individual Maturities" below. Bonds to be redeemed in any year by mandatory sinking fund redemption shall be redeemed at a price of par plus accrued interest; provided, however, that the amount of any such increase or decrease shall not exceed: (1) $250,000 for the aggregate principal amount of the Bonds and, (2) $50,000 for the principal amount of any maturity of the Bonds.

Right to Adjust Size of Individual Maturities

The Village reserves the right to increase or decrease (i) the aggregate principal amount of the Bonds by an amount not to exceed $250,000 and (ii) the principal amount of any maturity of the Bonds by an amount not to exceed $50,000, as the Village deems advisable in order to accomplish its financing objectives. Notice of such increase or decrease shall be given by the Village to the successful bidder as soon as practicable following the notification of award, as described above, but in any event by 3:00 p.m. (C.D.S.T.) on July 12, 2010. No such adjustment will have the effect of altering the basis upon which the best bid is determined.

Notwithstanding the provisions of the prior paragraph, the Village may increase or decrease the: (1) aggregate principal amount of the Bonds in excess of $250,000 and (2) the principal amount of any maturity of the Bonds in excess of $50,000, but only with consent of the successful bidder. The discount or premium on the Bonds is subject to adjustments if the maturity amount of the Bonds is changed, allowing the same dollar amount of gross spread per $1,000 Bond as submitted on the Official Bid Form and assuming a delivery date of July 27, 2010.

Right of Rejection

The Village reserves the right, in its discretion, to reject any and all bids and, to the extent permitted by law, to waive any irregularity or informality in any bid on the Bonds.

Delivery and Payment

The Bonds will be issued in book-entry-only form registered in the name of Cede & Co., as nominee of DTC. Prior to the day of closing, the Bonds, in the form of a single typewritten certificate for each maturity, will be delivered to DTC. Payment for the Bonds must be made to the Village in immediately available funds. Any expense of providing immediately available funds, whether by transfer of Federal Reserve Bank funds or otherwise, shall be borne by the purchaser. Upon closing, the Village shall notify DTC of receipt of payment by the purchaser, at which time DTC (in accordance with the Blanket Letter of Representations described below) will credit the account of the successful bidder. On the date of maturity of each Bond, the Paying Agent shall remit to DTC sufficient funds to pay all outstanding principal and interest due with respect to such Bond.

To induce DTC to accept the Bonds as eligible for the book-entry-only form of issuance, the Village and the Paying Agent will enter into a Blanket Letter of Representations with DTC setting forth the terms and conditions of, and procedures for, the book-entry-only form of issuance. The successful bidder shall complete and provide to DTC's Underwriting Department the Eligibility Questionnaire in the form and at such time as is required by DTC prior to closing. Bidder must agree to accept delivery on or about July 27, 2010.

Right of Cancellation

The successful bidder shall have the right, at its option, to cancel the contract to purchase the Bonds and must give written notice at least seven (7) days in advance, if the Village shall fail to execute the Bonds and tender the same for delivery within sixty (60) days from the date of sale thereof, and in such event, the successful bidder shall be entitled to the return of the good faith deposit accompanying its bid.

Good Faith Deposit

A good faith deposit (the "Deposit") by means of a wire transfer from a solvent bank or trust company, in the amount of $185,500 payable to the order of the Village for the Bonds, is required to be paid by the Winning Bidder.

The Deposit must be sent according to the following wiring instructions:

PNC Bank
Mundelein, Illinois
ABA #041000124
Credit To: Account #4612856975
Further Credit To: Village of Mundelein-General Fund
Re: Village of Mundelein, Lake County, Illinois bid for
$9,275,000* General Obligation Refunding Bonds, Series 2010B

The wire shall arrive in such account not later than 3:00 p.m. C.D.S.T. on July 12, 2010 or at a time solely acceptable to the Village (the "Required Deposit Time"). To confirm the receipt of such wire transfer contemporaneously with such wire transfer, the bidder should send an email to mhatton@mundelein.org and idziuk@kanemckenna.com with the following information:

(1) indication that a wire transfer has been made,
(2) the amount of the wire transfer, and
(3) the issue to which it applies.

The Village and the Winning Bidder hereby agree irrevocably that Village shall be the holder of the Deposit wired to such account and income earned on the Deposit, if any, shall accrue the Village. In the event that the Village does not receive the Deposit on or before the Required Deposit Time, the Village reserves the right to reject the Winning Bid.

In the event the Winning Bidder fails to honor its accepted bid, the Deposit will be retained by the Village as and for full liquidated damages.

Certificate Concerning Reoffering Prices

As soon as practicable, but not later than seven days prior to delivery of the Bonds, the successful bidder must submit to the Village the Underwriters Certificate, in form and substance satisfactory to Bond Counsel, (a) stating the initial reoffering price of each maturity of the Bonds to the Public; (b) certifying that a bona fide offering of all of the Bonds at such reoffering prices has been made to the public (excluding bond houses, brokers, and other intermediaries); (c) stating the prices at which at least 10% of each maturity of the Bonds were sold to the Public (excluding bond houses, brokers, and other intermediaries) prior to the sale of any Bonds of each maturity at other prices; and (d) certifying that the price at which each maturity of the Bonds was sold did not exceed the fair market value of such maturity as of the sale date.

Statement of the True Interest Cost

Each bidder is requested, but not required, to state in its bid the true interest cost in dollars and the percentage true interest cost determined thereby, which shall be considered as informative only and not binding.

No Litigation

There is no litigation, now pending or, to the best knowledge of the Village, threatened to restrain or enjoin the execution or delivery of the Bonds, or in any way questioning or affecting the validity of the Bonds or any of the proceedings of the Village taken with respect to the issuance or sale thereof, and the successful bidder will be furnished a "No Litigation Certificate" certifying to the foregoing as of and at the time of delivery of the Bonds.

Bond Insurance

The Bonds have not been submitted to any bond insurer to be made eligible for a municipal bond insurance policy. Prospective bidders may contact the bond insurer(s) for information concerning eligibility for bond insurance and premium prices.

If the Bonds qualify for issuance of any policy of municipal bond insurance or commitment therefore at the option of the successful bidder, the purchase of any such insurance policy or the issuance of any such commitment shall be at the sole option and expense of the successful bidder of the Bonds. Any increase in the costs of issuance of the Bonds resulting from such purchase of insurance shall be paid by the successful bidder, except that, if the Village has requested and received a rating on the Bonds from a rating agency, the Village will pay that rating fee. Any other rating agency fees, shall be the responsibility of the successful bidder. Failure of the municipal bond insurer to issue the policy after the Bonds have been awarded to the successful bidder shall not constitute cause for failure or refusal by the successful bidder to accept delivery on the Bonds.

The utilization of a municipal bond insurance policy will be at the option of the bidder. If utilized, the cost of the municipal bond insurance policy and any other fee associated therewith will be borne by the successful bidder.

List of Members of Account

Bidders are required to list on the bid form all of the names of the members of the account on whose behalf the bid is made.

CUSIP Numbers

It is anticipated that CUSIP numbers will be obtained for the Bonds, but any error with respect thereto shall not constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds in accordance with the terms hereof. The winning bidder of the Bonds shall (i) apply for CUSIP numbers within 24 hours of completion of the sale of the Bonds, (ii) pay the fee charged by the CUSIP Service Bureau and (iii) accept the Bonds with the CUSIP numbers as entered on the Bonds.

Costs to be Paid by the Village

Bond Counsel fees, Paying Agent fees, Bond Registrar fees, Financial Advisor fees, Rating Agency fees and the cost of printing 25 final Official Statements are to be paid by the Village.

Official Statement and Other Information

Copies of this Official Notice of Sale, the Official Bid Form and Official Statement will be furnished to any potential bidder upon request made to the Financial Advisor at: Kane, McKenna Capital, Inc., 150 North Wacker Drive, Suite 1600, Chicago, Illinois 60606, (312) 444-1702.

The Preliminary Official Statement is in a form deemed final by the Village within the meaning of Rule 15c2-12(b)(1) (the "Rule") promulgated by the Securities and Exchange Commission except for the omission of certain information permitted to be omitted therefrom pursuant to the Rule, but is subject to revision, amendment and completion in a final Official Statement. Promptly after the sale date, but in no event later than seven (7) business days after such date, the Village will provide the successful bidder with a reasonable number of copies of the final Official Statement. Such final Official Statements may be obtained, without cost to the successful bidder, in an amount not greater than 25. The successful bidder agrees to supply the Village all pricing information necessary to complete the Official Statement within 24 hours after the award of the Bonds. Additional copies of the final Official Statement may be obtained at additional cost to the successful bidder.

By making a bid for the Bonds, the successful bidder agrees (1) to disseminate to all members of the underwriting syndicate copies of the final Official Statement, including any supplements prepared by the Village, (2) to promptly file a copy of the final Official Statement, including any supplements prepared by the Village, with the Electronic Municipal Market Access (EMMA) system, and (3) to take any and all other actions necessary to comply with applicable Securities and Exchange Commission rules and Municipal Securities Rulemaking Board rules governing the offering, sale and delivery of the Bonds and the Official Statement to ultimate purchasers, including but not limited to, MSRB Rules G-8, G-11 and G-36. 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.

Continuing Disclosure Requirements

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 the Rule. The Undertaking shall be as described in the Official Statement, with such changes as may be agreed in writing by the Underwriter.

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.

Right to Modify or Amend

The Village reserves the right to modify or amend this Official Notice of Sale including, but not limited, to the right to adjust and change the aggregate principal amount of the Bonds being offered; however, such notifications of amendments shall be made not less than twenty-four (24) hours prior to the date and time for the receipt of bids on the Bonds and any such modification or amendment will be announced on the MuniAuction website and through Thomson Municipal News.

Certification

The Village will deliver to the purchaser of the Bonds a certificate of an officer of the Village, dated the date of delivery of the Bonds, stating that, as of the date thereof, to the best knowledge and belief of said officer, the Official Statement does not contain any untrue statement of a material fact or omit to state any material fact necessary, in order to make the statements made therein, in light of the circumstances under which they were made, not misleading, and further, certifying that such officer knows of no material adverse change in the condition of the Village which would make it unreasonable for the purchaser of the Bonds to rely upon the Official Statement in connection with the resale of the Bonds.

/s/ Kenneth H. Kessler
President
Village of Mundelein
Lake County, Illinois

July 6, 2010

OFFICIAL BID FORM
(OPEN AUCTION INTERNET SALE)

President and Board of Trustees
Village of Mundelein
Lake County, Illinois

President and Board of Trustees:

Subject to all of the provisions of your Official Notice of Sale, which is expressly made a part of this bid, we offer to purchase all, and not less than all, of the $9,275,000* Village of Mundelein, Lake County, Illinois, General Obligation Refunding Bonds, Series 2010B dated July 15, 2010 (the "Bonds"), as described in said Notice, for the sum of:

$_____
(Purchase price not to be less than 99.00% of the aggregate principal amount of the Bonds)

The Bonds are to bear interest at the following respective interest rates.

Maturity (December 15)	Amount*	Interest Rate
2011	$765,000	___%
2012	985,000	___
2013	1,000,000	___
2014	1,015,000	___
2015	1,040,000	___
2016	1,065,000	___
2017	1,095,000	___
2018	1,135,000	___
2019	1,175,000	___

The Bonds are to be accompanied by the approving legal opinion of Chapman and Cutler LLP, Chicago, Illinois ("Bond Counsel") and a certificate evidencing that no litigation is pending against the Village which will affect the validity of the Bonds. Bond Counsel fees, Paying Agent fees, Bond Registrar fees, Financial Advisor fees, Village Attorney fees, Rating Agency fees, CUSIP numbers and the cost of printing 25 final Official Statements are to be paid by the Village. The bidder agrees to (i) apply for CUSIP numbers within 24 hours of the completion of the sale, (ii) pay the fees charged by the CUSIP Service Bureau and (iii) accept the Bonds with the CUSIP numbers as entered on the Bonds.

The Bonds maturing December 15, 20__ through 20__, inclusive are combined into a term bond having a final maturity on December 15, __ (Cross out language if no term bonds).

We are/are not (cross out language which does not apply) utilizing bond insurance. The Bonds will be insured by _____ (state name of bond insurance company).

If we are determined to be the Winning Bidder (as determined pursuant to the Official Notice of Sale), as evidence of our good faith, we have agreed to submit a good faith deposit (the "Deposit") by means of a wire transfer in the amount of $185,500 under the terms as provided in the Official Notice of Sale not later than 3:00 p.m. (C.D.S.T.) on July 12, 2010 or at a time solely acceptable to the Village.

We have noted that payment of the purchase price is to be made with immediately available funds at the time of delivery of the Bonds.

Subject to your acceptance hereof, we agree to make a bona fide public offering of all the Bonds at not in excess of the initial public offering prices (or less than yields) set forth on the cover page of the Official Statement, plus accrued interest. We further agree to comply with the terms of the Official Notice of Sale.

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* Preliminary, subject to change. The Village reserves the right to increase or decrease: (1) the aggregate principal amount of the Bonds by an amount not to exceed $250,000; and (ii) the principal amount of each maturity of the Bonds by an amount not to exceed $50,000, as further described in the Official Notice of Sale. In such event, the purchase price of the Bonds will be adjusted proportionately allowing the same dollar amount of gross spread per $1,000 Bond (assuming a delivery date of July 27, 2010).

We represent that we have full and complete authority to submit this bid on behalf of our bidding syndicate and that the undersigned will serve as the lead manager for the group if the Bonds are awarded pursuant to this bid.

I certify (or declare) under penalty of perjury under the laws of the State of Illinois that this bid is genuine; and not a sham or collusive, nor made in the interest of or on behalf of any person not named herein; and that the bidder has not directly or indirectly induced or solicited any other bidder to put in a sham bid, or any other person, firm or corporation to refrain from bidding, and that the bidder has not in any manner sought by collusion to secure for itself an advantage over any other bidder.

Submitted By:

_____

_____

_____

_____

_____

(Attached full list of Account Members)

Acceptance Authorized by Ordinance No. _____

By: _____
Village Clerk

On _____ _____, 2010

---------- Not Part of Bid ----------

For information only, and not as a part of this bid, we calculate that on a true interest cost ("TIC") basis the net effective interest rate is _____% per annum.

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OFFICIAL STATEMENT

$7,100,000
Village of Mundelein
Lake County, Illinois
Taxable General Obligation Bonds
Series 2010A

$9,135,000
Village of Mundelein
Lake County, Illinois
General Obligation Refunding Bonds
Series 2010B

INTRODUCTION

The purpose of this Official Statement is to set forth certain information concerning the Village of Mundelein, Lake County, Illinois (the "Village"), and its $7,100,000 Taxable General Obligation Bonds, Series 2010A (the "Series 2010A Bonds") and $9,135,000 General Obligation Refunding Bonds, Series 2010B (the "Series 2010B Bonds") (the Series 2010A Bonds and the Series 2010B Bonds are collectively referred to as the "Bonds"). This Official Statement includes the cover page and the Appendices.

The Series 2010A Bonds are being issued pursuant to the home-rule powers of the Village under Section 6, Article VII of the Illinois Constitution of 1970 and an ordinance to be adopted by the President and Board of Trustees of the Village (the "Board") on July 12, 2010 (the "Series 2010A Bond Ordinance"). The Series 2010B Bonds are being issued pursuant to the home rule powers of the City under Section 6, Article VII of the Illinois Constitution of 1970 and an ordinance to be adopted by the City Council on July 12, 2010 (the "Series 2010B Bond Ordinance" and together with the Series 2010A Bond Ordinance, the "Ordinances").

The Series 2010A Bonds are being issued to provide funds to pay for: (i) a portion of the costs of the Project (as defined herein); and (ii) costs of issuance relating to the Series 2010A Bonds. See "PLAN OF FINANCE – The Project" and "ESTIMATED SOURCES AND USES OF FUNDS – Series 2010A Bonds" herein.

The Series 2010B Bonds are being issued to provide funds for: (i) a current refunding of all or a portion of the Village's outstanding General Obligation Bonds, Series 1998 (the "Series 1998 Bonds"); (ii) an advanced refunding of all or a portion of the Village's outstanding General Obligation Bonds, Series 1999 (the "Series 1999 Bonds"); and (iii) costs of issuance relating to the Series 2010B Bonds. See "PLAN OF FINANCE – The Refunding" and "ESTIMATED SOURCES AND USES OF FUNDS – Series 2010B Bonds" herein.

The Village intends to designate the Series 2010B 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, which affords banks and thrift institutions purchasing the Bonds more favorable treatment of their deduction for interest expense than would otherwise be allowed under Section 265(b)(2) of such Code for taxable years of such institutions ending after December 31, 1986.

Amalgamated Bank of Chicago, Chicago, Illinois is appointed to serve as bond registrar and paying agent (the "Bond Registrar" and "Paying Agent") for the Bonds under the Ordinances.

In the opinion of Chapman and Cutler LLP, Chicago, Illinois ("Bond Counsel"), the Bonds are valid and legally binding upon the Village, and are payable from ad valorem taxes levied against all taxable property in the Village 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.

PLAN OF FINANCE

The Project

The Village plans to use the proceeds of the Series 2010A Bonds to provide funds for the acquisition of various real property located in the TIF District (as such term is hereinafter defined) and the demolition of structures and construction of various infrastructure improvements thereon.

In addition, the Village plans to use a portion of the proceeds of the Series 2010A Bonds to provide for the costs of issuance relating to the Series 2010A Bonds.

The Refunding

Proceeds of the Series 2010B Bonds will be used for the purposes of: (i) refunding, on a current basis, a portion of the outstanding $5,000,000 General Obligation Bonds, Series 1998 (having a current outstanding principal balance of $4,005,000) (the "Series 1998 Refunded Bonds"); (ii) refunding, in advance of their maturity, a portion of the outstanding $7,000,000 General Obligation Bonds, Series 1999 (having a current outstanding principal balance of $5,470,000) (the "Series 1999 Refunded Bonds"); and (iii) paying certain expenses incurred in connection with the issuance of the Series 2010B Bonds.

Series 1998 Bonds

The Village expects to deposit $3,815,721 from the proceeds of the Series 2010B Bonds into the Escrow Account created pursuant to an Escrow Agreement between the Village and Amalgamated Bank of Chicago, Chicago, Illinois, as escrow agent ("the Escrow Account") for the purpose of refunding, on a current basis, Series 1998 Refunded Bonds . The table below sets forth the maturities, interest rates, principal amount of the Series 1998 Refunded Bonds to be refunded and the redemption date for the Series 1998 Refunded Bonds.

Series 1999 Bonds

The Village expects to deposit $5,328,648 from the proceeds of the Series 2010B Bonds into the Escrow Account for the purpose of refunding in advance of their maturity the Series 1999 Refunded Bonds. The table below sets forth the maturities (with mandatory sinking fund payments), interest rates and principal amount of the Series 1999 Refunded Bonds to be refunded and the redemption date for the Series 1999 Refunded Bonds to be refunded.

Escrow Account

To provide for the advance refunding of the Series 1999 Refunded Bonds, and the current refunding of the Series 1998 Refunded Bonds, certain proceeds of the Series 2010B Bonds will be deposited into the Escrow Account and used to purchase State and Local Government Series (the "SLGs"), the principal of which, together with interest to be earned thereon, and other funds deposited in the escrow fund must be sufficient to pay: (i) the interest on and redemption price of the Series 1998 Refunded Bonds when due and, (ii) the interest on and redemption price of the Series 1999 Refunded Bonds when due. Neither the maturing principal of the SLGs purchased to refund the Series 1999 Refunded Bonds and the Series 1998 Refunded Bonds nor the interest earned thereon will serve as security for or be available for payment of the principal of or interest on the Series 2010B Bonds.

Bonds to Be Refunded

Issue: General Obligation Bonds, Series 1998
Purpose: To fund certain capital improvements including a public safety facility and 911 communications equipment

Dated Date: August 1, 1998
Final Maturity Date: December 1, 2018

Year	Principal Amount To Be Refunded	Principal Amount Not Refunded	Interest Rate	Redemption Date
2010	$135,000	$230,000	4.625%	August 26, 2010
2011	$380,000	0	4.625%	
2012	$400,000	0	4.625%	
2013	$420,000	0	4.625%	
2014	$440,000	0	4.625%	
2015	$465,000	0	4.625%	
2016	$485,000	0	4.625%	
2017	$510,000	0	4.625%	
2018	$540,000	0	4.625%	
Total	$3,775,000	$230,000		

Issue: General Obligation Bonds, Series 1999
Purpose: To fund certain capital improvements including a public safety facility and fire station headquarters

Dated Date: January 15, 1999
Final Maturity Date: December 1, 2019

Year	Principal Amount To Be Refunded	Principal Amount Not Refunded	Interest Rate	Redemption Date
2010	$140,000	$255,000	4.400%	December 1, 2010
2011	$415,000	0	4.400%	
2012	$435,000	0	4.400%	
2013	$455,000	0	4.400%	
2014	$475,000	0	4.500%	
2015	$495,000	0	4.500%	
2016	$520,000	0	4.500%	
2017	$545,000	0	4.500%	
2018	$570,000	0	4.500%	
2019	$1,165,000	0	4.500%	
Total	$5,215,000	$255,000		

Verification of Mathematical Computations

Concurrently with the delivery of the Series 2010B Bonds, Barthe & Wahrman, PA, Edina, Minnesota, independent certified public accountants (the "Verifier"), will deliver a verification report stating that they have verified the mathematical accuracy of certain computations relating to (i) the sufficiency of the amounts to be deposited in the Escrow Account to provide for the timely payment of the principal of, redemption premium, if any, and interest on the Series 1998 Refunded Bonds as of the closing date; and (ii) the sufficiency of the maturing principal of and interest on the SLGs to pay, when due, the principal of and interest on and redemption premium of the Series 1999 Refunded Bonds. The verification will be based solely on assumptions and information supplied by the Village. Additionally, the Verifier will restrict its procedures to verifying the mathematical accuracy of certain computations and will not conduct any study or evaluation of the assumptions and information on which such computations are based and, accordingly, will not express an opinion on the data used.

ESTIMATED SOURCES AND USES OF FUNDS

Series 2010A Bonds

The sources and uses of funds relating to the sale and delivery of the Series 2010A Bonds to be paid from the proceeds of the Series 2010A Bonds are estimated as shown below:

Sources of Funds:	
Principal Amount of Series 2010A Bonds	$7,100,000.00
Reoffering Premium	20,806.90
Accrued Interest	12,107.50
Total	$7,132,914.40
Uses of Funds:	
Project Costs	$7,000,000.00
Costs of Issuance	120,806.90
Debt Service Fund	12,107.50
Total	$7,132,914.40

Series 2010B Bonds

The sources and uses of funds relating to the sale and delivery of the Series 2010B Bonds to be paid from the proceeds of the Series 2010B Bonds are estimated as shown below:

Sources of Funds:	
Principal Amount of Series 2010B Bonds	$9,135,000.00
Reoffering Premium	155,445.75
Accrued Interest	7,533.75
Total	$9,297,979.50
Uses of Funds:	
Deposit to Series 2010B Escrow Fund	$9,144,370.21
Costs of Issuance	146,075.54
Debt Service Fund	7,533.75
Total	$9,297,979.50

THE BONDS

Description

The Bonds are issuable in fully registered form in the denomination of $5,000 or integral multiples thereof. The Bonds will be dated July 15, 2010 and will bear interest from that date and mature, subject to prior redemption, on the dates set forth on the cover page of this Official Statement. Interest (computed on the basis of a 360-day year) on the Bonds is payable on December 15, 2010 and semiannually on each June 15 and December 15 thereafter to the person in whose name the Bond is registered at the close of business on the 1st day of the month of a regularly scheduled interest payment date or the 1st day of the month of an interest payment date occasioned by a redemption of Bonds other than on a regularly scheduled interest payment date. Principal of and interest on the Bonds will be paid as described under the caption "THE BONDS - Book-Entry Only System for the Bonds" herein.

The Bonds will be initially issued only in book-entry form in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"), as registered owner of the Bonds and immobilized in the custody of the Depository. No physical delivery of the Bonds will be made to purchasers. So long as Cede & Co. is the registered owner, as nominee of DTC, references to Bondholders or registered owners herein shall mean Cede & Co., and shall not mean the beneficial owners of the Bonds. See "THE BONDS - Book-Entry Only System for the Bonds.

Book-Entry Only System for the Bonds

The following information concerning DTC has been extracted from a schedule prepared by DTC entitled "Sample Offering Document Language Describing Book-Entry Only Issuance." Neither the Village, Bond Counsel, the Financial Advisor nor the Underwriter makes any representation as to the completeness or accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

1. The DTC 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 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 Participant's 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 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 the 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 a 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 shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as securities 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 securities depository is not obtained, Security certificates are required to be printed and delivered.

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

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. NEITHER THE VILLAGE NOR THE UNDERWRITER WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO: (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (2) THE PAYMENT BY DTC, ANY DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO PRINCIPAL OF, OR INTEREST ON, THE BONDS; (3) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDHOLDERS; OR (4) ANY CONSENT GIVEN BY DTC OR OTHER ACTION TAKEN BY DTC AS A BONDHOLDER.

Optional Redemption

The Series 2010A Bonds maturing on or after December 15, 2020, are subject to redemption prior to maturity at the option of the Village, from any available funds, in whole or in part, on any date on or after December 15, 2019, and if in part, in any order of maturity as selected by the Village, and if less than an entire maturity, in integral multiples of $5,000, selected by lot by the Bond Registrar, at the redemption price of par plus accrued interest to the date fixed for redemption.

The Series 2010B Bonds are not subject to optional redemption prior to maturity.

Mandatory Sinking Fund Redemption

The Series 2010A Bonds maturing on December 15, 2023 are subject to mandatory sinking fund redemption by the Village prior to maturity at a redemption price equal to 100% of the principal amount of such Series 2010A Bonds redeemed plus accrued interest to the date of redemption as shown below:

December 15 of the Year	Principal Amount
2022	415,000
2023	435,000 (Final Maturity)

The Series 2010A Bonds maturing on December 1, 2025 are subject to mandatory sinking fund redemption by the Village prior to maturity at a redemption price equal to 100% of the principal amount of such Series 2010A Bonds redeemed plus accrued interest to the date of redemption as shown below:

December 15 of the Year	Principal Amount
2024	$460,000
2025	485,000 (Final Maturity)

The Series 2010A Bonds maturing on December 1, 2028 are subject to mandatory sinking fund redemption by the Village prior to maturity at a redemption price equal to 100% of the principal amount of such Series 2010A Bonds redeemed plus accrued interest to the date of redemption as shown below:

December 15 of the Year	Principal Amount
2027	$540,000
2028	575,000 (Final Maturity)

The Series 2010A Bonds maturing on December 15, 2030 are subject to mandatory sinking fund redemption by the Village prior to maturity at a redemption price equal to 100% of the principal amount of such Series 2010A Bonds redeemed plus accrued interest to the date of redemption as shown below:

December 15 of the Year	Principal Amount
2029	$610,000
2030	645,000 (Final Maturity)

Notice of Redemption

Notice of the redemption of any Bonds, which by their terms shall have become subject to redemption, shall be given to the registered owner of each such Bond or portion of such Bond called for redemption not less than 30 or more than 60 days before any date established for redemption of Bonds, by the Bond Registrar, on behalf of the Village, by first class mail sent to the registered owner's last address shown on the registration books kept by the Bond Registrar, or at such other address furnished in writing by such registered owner to the Bond Registrar. All notices of redemption will include at least the information as follows: (1) the redemption date; (2) the redemption price; (3) if less than all of the Bonds of a particular maturity are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed; (4) a statement that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption and that interest thereon shall cease to accrue after such date; and (5) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal corporate trust office of the Bond Registrar.

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

Neither the failure to mail such redemption notice, nor any defect in any notice so mailed, to any particular registered owner of a Bond will affect the sufficiency of such notice with respect to other registered owners. Notice having been properly given, failure of the registered owner of a Bond to receive such notice shall not be deemed to invalidate, limit or delay the effect of the notice or redemption action described in the notice.

SECURITY FOR THE BONDS

The Bonds are general obligation bonds and in the opinion of Bond Counsel, the Bonds are valid and legally binding upon the Village, and are payable from ad valorem taxes levied against all taxable property in the Village without limitation as to rate or amount, all except as limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws relating to the enforcement of creditors' rights and subject to the exercise of judicial discretion.

In connection with the issuance of the Bonds, the Village will adopt an ordinance authorizing issuance of the Series 2010A Bonds (the "Series 2010A Bond Ordinance") and an ordinance authorizing issuance of the Series 2010B Bonds (the "Series 2010B Bond Ordinance")(the Series 2010A Bond Ordinance and the Series 2010B Bond Ordinance are hereinafter collectively referred to as the "Bond Ordinances"). The Series 2010A Bond Ordinance will provide for the levy of full faith and credit taxes in amounts sufficient to pay, as and when due, all principal of and the interest on the Series 2010A Bonds and the Series 2010B Bond Ordinance will provide for the levy of full faith and credit taxes in amounts sufficient to pay, as and when due, all principal of and interest on the Series 2010B Bonds. The Bond Ordinances will be filed with the County Clerk of Lake County (the "County Clerk") and will serve as authorization to the County Clerk to extend and collect such property taxes.

The Village also reserves the right to use other funds from any lawful source for the purpose of paying any principal of or interest on the Series 2010A Bonds so as to enable the abatement of taxes. The Bond Ordinances require that no taxes will be abated with respect to such series of Bonds unless and until the proper amount of such abatement has been deposited irrevocably into the Debt Service Fund relating to such series of Bonds. A certified copy or other notification of any such proceedings abating taxes may then be filed with the County Clerk in a timely manner to effect such abatement. The Village has covenanted in each of the Bond Ordinances that as long as the Bonds issued pursuant to such ordinance remain outstanding and unless and to the extent that moneys are then irrevocably on deposit in the Debt Service Fund, the Village will take no action or fail to take any action which in any way would adversely affect the ability of the Village to levy and collect the ad valorem taxes.

BOND RATING

The Bonds have been assigned a rating of "Aa1" by Moody's Investor Service, Inc. ("Moody's"). The Village did not apply to any other rating service for a rating on the Bonds. No other rating service has a rating published for outstanding general obligation bonds of the Village.

Such rating only reflects the view of Moody's and any explanation of the significance of such rating may be obtained from Moody's. 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. Certain information concerning the Bonds and the Village not included in the Official Statement was furnished to Moody's by the Village. An explanation of the significance of the investment rating may be obtained from the rating agency: Moody's Investor Service, Inc., 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, (212) 553-0300.

VILLAGE OF MUNDELEIN
LAKE COUNTY, ILLINOIS

General Description

The Village is a home rule municipality under Illinois law, by way of a Special Census completed September 2, 1997. The Village is located approximately 35 miles northwest of downtown Chicago and encompasses approximately 9.24 square miles. The Village is bordered generally by the Village of Libertyville to the north and east, the Village of Vernon Hills on the south and unincorporated land to the west.

The Village was settled in 1835 and incorporated in 1909 and was previously known by several names. In 1924, the name of the Village was changed to Mundelein after George Cardinal Mundelein, Roman Catholic Archbishop of the Chicago Archdiocese.

Certain population statistics for the Village are set forth below.

1980 (U.S. Census)	17,053
1990 (U.S. Census)	21,215
1993 (Special Census)	23,722
1997 (Special Census)	28,012
2000 (U.S. Census)	30,935

The Village is situated within a significant regional transportation network which enables residents to be linked to the Chicago metropolitan area. The Village is approximately four (4) miles west of the Tri-State Tollway (Interstate 94). Commuter rail service is provided by METRA (the North Central Line) with a rail station located in downtown Mundelein. A rail station is also located in Libertyville (the Metra Milwaukee North Line) approximately 2 miles northeast of Mundelein.

Gas and electric service for the Village are provided by Nicor and North Shore Gas and Commonwealth Edison, respectively. The Village purchases Lake Michigan water from the Central Lake County Joint Action Water Agency (CLCJAWA). Sewage is collected through Village mains and is transported through transmission lines and treated at the Village's sewage plant located in unincorporated Lake County.

Recreational opportunities are provided by the Mundelein Park and Recreation District including approximately 28 park sites. Library service is provided by the Fremont Township Library located in the Village, the Lake Memorial Library and Vernon Township Library, located outside the Village.

The Village is served by Mundelein Elementary School District Numbers 70, 73, 75, 76 and 79, High School District Numbers 120, 125 and 128. The Village is served by Community College District Number 532 (College of Lake County). Other Education institutions located in the Village are Santa Maria Grade School, Carmel High School, and the University of Saint Mary of the Lake.

Advocate Condell Medical Center in Libertyville is located within two (2) miles of the Village.

Village Organization and Administration

The Village is governed by an elected Mayor and six Trustees. The Mayor is the Village's chief executive officer and is elected to a four-year term. Trustees are elected to staggered four-year terms. Three trustees will next be elected in April, 2011. The remaining three trustees and the Mayor will next be elected in April, 2013. The Mayor and the Trustees are all elected on an at-large basis.

The Village, by statute, provides public safety, public works, planning and zoning, and general administrative services.

As of May 1, 2010 the Village employed 183 full-time. As of May 1, 2010, the Police Department was staffed by a total of 51 full-time officers. The Fire Department was staffed by 25 full-time firefighters and paramedics and 18 paid on call firefighter/paramedics and 7 contractual firefighter/paramedics. In addition to the above, the Village also employs 6 part-time crossing guards (during school year only).

Key Administrative Staff

Set forth below are brief descriptions of the background of several of the City's key administrative staff: The Village Administrator, the Assistant Village Administrator and the Finance Director.

John A. Lobaito, Village Administrator. Mr. Lobaito has been in his current position since 2006, prior to which he was the Director of Community Development of the Village (2002 to 2006). Mr. Lobaito has nearly 20 years experience in the public sector after graduating from Illinois State University with a Bachelor of Science degree in Construction Management Technology. He spent seven years in Mundelein's Building Department before accepting a position with the City of McHenry as the Community Development Director. During his tenure in McHenry, he was appointed by the Lake County Board to serve on the Lakes Region Sanitary District Board. In 1997 he accepted the position of City Administrator for the City of McHenry (pop. 21,000). McHenry is a full service community and its management organization at such time consisted of five departments and employed 120 people. In 2002 he returned to Mundelein to a position as the Community Development Director. With his varied and extensive background in government, John has applied his knowledge and experience to improving the operations and economic outlook of Mundelein.

Michael A. Flynn, Assistant Village Administrator. Mr. Flynn has been the Mundelein Assistant Village Administrator since 1991. He began with the Village of Mundelein as the Administrative Assistant in 1988. Prior to coming to Mundelein, Mr. Flynn served with the United States Department of Agriculture for 11 years. Mr. Flynn holds a Bachelor of Art in Political Science from Virginia Polytechnic Institute, and a Master in Public Administration from the University of Wisconsin, Milwaukee. He is a member of the International City Management Association, the Illinois City Management Association, and the Illinois Association of Management Assistants. Mr. Flynn is a Credentialed City Administrator by the International City Management Association, a member of the Executive Committee of the Solid Waste Agency of Lake County, and a recipient of the 2004 Studs Terkel Humanities Award.

Mary K. Hatton, Finance Director/Village Treasurer. Ms. Hatton has been in her current position since 1981, prior to which she was an assistant to the Treasurer of the Village (1979-1981). Ms. Hatton holds a Bachelor of Accounting and Finance from St. Norberts College and a Master of Business Administration from the Lake Forest Graduate School of Management. Ms. Hatton is a member of the National, State and Local Chapter of the Government Finance Officers Association and Municipal Treasurers Association of the United States and Canada (MTA US&C). Ms. Hatton serves on the Board of Directors of the Intergovernmental Risk Management Agency, and is the recipient of the MTA US&C Certificate of Excellence Award for the Village's Cash and Investment Policy.

Selected Socioeconomic and Demographic Characteristics

The following tables compare the Village to Lake County and State of Illinois medians according to the U.S. Census data for selected socioeconomic and demographic characteristics.

	Per Capita Income (Estimated 1999) Amount	Median Family Income (2000) Amount	% Owner Occupied Housing (2000)
Village of Mundelein	$26,280	$75,083	79.7%
Lake County	32,102	76,424	77.8
State of Illinois	23,104	55,545	67.3

Source: 2000 U.S. Census for the Village, Lake County, State of Illinois.

	Median Home Value, 2000	Median Home Value, 1990	% Change
Village of Mundelein	$164,300	$115,900	41.76%
Lake County	198,200	136,700	44.99
State of Illinois	130,800	80,900	61.68

Source: 1990 and 2000 U.S. Census for the Village, Lake County, State of Illinois.

Note: Census information is over 10 years old; a number of changes may have occurred in the above data since such information was published.

Employment

The following table lists the ten largest employers located within the Village.

Employer	Product/Business	Approximate Employment as of June 14, 2010
Medline Industries	Hospital Supplies	3,000
Amcor Flexibles - Healthcare	Polyethylene Packaging	350
Mundelein Elementary School District No. 75	Public Elementary Schools	240
University of St. Mary of the Lake	Seminary/School for Priesthood	220
Mundelein Consolidated High School District No. 120	Public High School	211
McLean Fogg Co.	Automotive Fasteners and Corp. Headquarters	200
Village of Mundelein	Village Government	198
U.S. Music Corp	Music Equipment Manufacturing	180
Carter-Hoffman	Food Service Equipment Manufacturing	110
Northfield Block Co.	Concrete Brick & Block Manufacturing and Corp. Headquarters	90

Source: 2010 Illinois Manufacturers Directory, the 2010 Illinois Services Directory and Village.

The following table sets forth unemployment statistics for the Village, Lake County and the State of Illinois for January, 2010 through May, 2010, and annual averages from 2005 through 2009.

Period	Village	Lake County	State of Illinois
May, 2010	9.1%	9.4%	10.0%
April, 2010	11.2	11.2	10.7
March, 2010	14.3	13.0	11.7
February, 2010	14.2	13.5	12.0
January, 2010	13.7	13.4	12.2
Annual Avg., 2009	9.6%	9.8%	10.1%
Annual Avg., 2008	6.4	6.6	6.4
Annual Avg., 2007	5.1	5.1	5.1
Annual Avg., 2006	4.5	4.5	4.6
Annual Avg., 2005	4.7	4.8	5.8

Source:Local Area Unemployment Statistics, Illinois Department of Employment Security as of June 30, 2010.

Principal Taxpayers in the Village

The ten largest taxpayers in the Village according to the 2009 Equalized Assessed Valuations (the most recent date for which such information is available) are shown below:

Taxpayers	Type of Business	Equalized Assessed Valuation, 2009	% of Total EAV, 2009*
Park Butterfield Apartment Assoc. LLC	Rental Apartments	$9,002,833	0.93%
Mundelein 83	Retail (Mundelein Crossings)	8,410,643	0.87%
1200 Townline Road Associated LP	Hospital Supplies (Medline)	7,009,290	0.72%
Centro Bradley Long Meadow LLC	Shopping Center (Dominicks)	4,852,340	0.50%
Oak Creek Plaza LLC	Shopping Center	4,242,228	0.44%
Target Corporation T-1912	Retail Store (Target)	3,946,272	0.41%
Apex Investment Assoc. Inc.	Retail Store (Jewel)	3,585,206	0.37%
Hickory Walnut, LLC	Rental Apartments	3,210,406	0.33%
Northfield Block Company	Concrete/Masonry	2,782,787	0.29%
Wintrust Asset Mgmt Co.	Rental Apartments	2,667,621	0.28%
		$49,709,626	5.14%

*The Total EAV of the Village for tax year 2009 is $968,000,017

Construction Activity

Outlined below is building permit data for all types of building for the Village from calendar 1999 through 2009 and 2010 through June 1, 2010 (the latest for which such report is available).

	Total Value of Building Permits
1999	36,726,183
2000	43,661,946
2001	29,345,235
2002	15,763,235
2003	46,900,653
2004	33,718,676
2005	22,233,913
2006	63,571,993
2007	83,179,214
2008	40,073,508
2009	30,259,939
2010	25,114,017

Source: Village

CURRENT ECONOMIC DEVELOPMENT ACTIVITIES

Located in central Lake County, the Village of Mundelein is approximately 35 miles from downtown Chicago. The Village has grown significantly from the 1990 U.S. Census (pop. 21,000) to an estimated 2009 population of 33,148. The Village actively encourages economic development to maintain and expand its property and sales tax bases. The Village's economic development efforts are directed toward property redevelopment, expansion of retail opportunities, and construction of additional residential units.

The Village, in November, 2004, adopted a Planned Unit Development (PUD) ordinance to better facilitate development and redevelopment within the Village. Later this year it is expected the Village Board will be adopting a new Zoning Ordinance. The new ordinance will be in line with today's development trends, reduce the number of nonconformities, and be more user-friendly. It will outline the development review process, thus streamlining and expediting development review and approval. Additionally, the Zoning Ordinance will create a downtown zoning district to foster the development and redevelopment of the downtown pursuant to the recommendations of the TOD (as hereinafter defined). The Village's Comprehensive Plan is currently being rewritten. The Comprehensive Plan is the Village's official guide to land use, physical improvement and development. The Village has concluded the initial meetings and the initial public participation. The Village expects the Comprehensive Plan to be finalized and accepted by the Village Board at the end of this year.

Property redevelopment in the downtown area is a major focus evidenced by the completion of the Transit Orientated Development ("TOD") study conducted with a Regional Transportation Authority grant completed late in 2004 encompassing property within a 1.5 mile radius of the Village's commuter rail station in the downtown. Understanding the need for incentives to make the TOD plan reality, the Village, in January 2005, established a Tax Increment Financing District (the "TIF District") including some 80 parcels, 58 structures and 99 acres surrounding the commuter rail station. Since then, the Village has approved the Cardinal Square residential project, which consists of nine buildings with a total of 564 condominium and townhome units. The first building constructed, and now fully occupied, was a condominium building with a total of 84 units.

Currently for Village Board consideration is a mixed-use development proposed by a local resident and business owner. The project consists of a four-story, 21-unit condominium building with 8,000 square feet of commercial space and underground parking.

The Village has seen other development activities throughout the downtown, such as the opening of new restaurants, bakeries, cafés, the expansion of existing restaurants, façade renovations and remodeling. Aside from these projects, the Village has seen an array of activity in the downtown: façade renovations, expansion of existing eateries and real estate purchases from ranging from corporate entities to private individuals.

In 2007, the Village Board approved an approximately 600,000 square-foot shopping center located at the Village's far northwestern corporate boundary, by the name of Mundelein Town Center. Anchors retailers were expected to include Super Wal-Mart, Menards and Kohl's. Due to delays caused by litigation, which has since been concluded, the construction is now anticipated to begin spring/summer of 2011.

Medline Industries, currently the largest employer in the Village, is currently constructing an approximately 125,000 square-foot building, adding to their existing corporate campus. Medline Industries is a privately owned company with 1,200 employees. Occupancy is expected in March 2011, with a projected 135 new employees added to the community. It is anticipated that, over the course of 8 years, this facility will be increased by another 600 employees to completely fill this new building.

Ruprecht Meat Company, a meat processing and packaging business that serves restaurants, grocery stores and supermarkets, is expected to consolidate of three of its plants, two in Chicago and one in Wheeling, into one facility of approximately 108,000 sq. ft. to be located in the Village in 2010. The company's move to Mundelein is expected to bring 100 jobs to the community.

The Village is experiencing continued interest in residential development. Cambridge Homes/DR Horton Builders has been in discussions with the Village over possible acquisition of a residential subdivision in distress with acquisition anticipated in 2010. In 2006, the Village Board approved an active adult community proposed by Del Webb, which consists of 725 single-family homes. The project is approximately 60% completed and construction has continued with 32 building permits issued in 2010. The Village is in discussions with one shopping center owner who is interested in tearing down the entire center and rebuilding with a mixed use development. The redevelopment of the shopping center is expected to be the catalyst for the redevelopment of other properties along the commercial corridor near the intersection of State Routes 45 and 60.

The Building Department is staffed by Director, two (2) building inspectors, code enforcement officer, plumbing inspector, secretary and two (2) clerical personnel with a total staffing level of 8 full-time positions. The Village's Insurance Services Office, Inc. (ISO) rating as of June 1, 2010 is Class 3 for commercial and industrial property and Class 4 for 1 and 2 family residential properties. ISO is the leading supplier of statistical data, underwriting information, and actuarial analysis to the property/casualty insurance industry.

REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES, LAKE COUNTY

Assessment and Equalization

The Village of Mundelein is located within the Vernon Township, Libertyville Township and Fremont Township in Lake County (the "County"). The Vernon Township Assessor is responsible for the original assessment of all taxable property within the Vernon Township, the Libertyville Township Assessor is responsible for the original assessment of all taxable property in Libertyville Township and the Fremont Township Assessor is responsible for the original assessment of all taxable property within Fremont Township. Such assessments are subject to review and adjustment by the Lake County Supervisor of Assessments, except for railroad property used for transportation purposes and pollution control property, both of which are assessed directly by the State of Illinois. All taxable property is assessed at 33% of fair market value (the "Assessed Value") except for farmland. The assessment formula for farmland relates to farm revenue, farm expense, farm net income and soil quality and is based on productivity.

Property subject to taxation must be reassessed at least every four years pursuant to State law. Using market surveys, the Vernon Township Assessor, the Libertyville Township Assessor and the Fremont Township Assessor identify areas to reassess each year and periodically revalue properties whose condition has changed significantly in the past year because of improvements, damages or market changes.

The County Board of Review has established procedures enabling taxpayers to contest the Assessed Value set by the Township Assessor. Taxpayers also have access to a second level of appeal before the Illinois Property Tax Appeal Board. In addition, limited judicial review of assessments is available to taxpayers during the collection process.

Under State of Illinois law, assessments are to be equalized at 33% of estimated fair market value prior to any applicable exemptions. Following any County Board of Review revisions, the Illinois Department of Revenue is required by statute to review the Assessed Valuations. The Illinois Department of Revenue establishes an equalization factor (commonly called the "multiplier") for each county, to make all valuations uniform among the 102 counties in the State. Additionally, each County Board of Review establishes different multipliers for each Township which are subject to review by the Illinois Department of Revenue. The Illinois Department of Revenue established a multiplier of 1.0 for Lake County for the 2009 tax year. The Lake County Board of Review established a multiplier of 1.0134 for Vernon Township for the 2009 tax year, 1.0304 for Libertyville Township for the 2009 tax year and 1.000 for Fremont Township for the 2009 tax year (the vast majority of the equalized assessed value within the Village lies within Fremont Township).

Once the equalization factor is established, the Assessed Values determined by the Township Assessors as revised by the Lake County Board of Review, are multiplied by the equalization factors for the appropriate County and the appropriate Township to determine the Equalized Assessed Valuations. The Equalized Assessed Valuations, after adjustment for the exemptions and tax deferrals described in the following paragraph, are the final property valuations used for determination of tax liability. The aggregate Equalized Assessed Valuation for all parcels in any taxing body's jurisdiction plus the valuation of certain railroad property assessed directly by the State of Illinois constitutes the total property tax base for that unit (or portion thereof which lies within the County) and is the figure utilized to calculate tax rates.

Exemptions

An annual General Homestead Exemption provides that the Equalized Assessed Valuation (*"EAV"*) of certain property owned and used for residential purposes (*"Residential Property"*) may be reduced by the amount of any increase over the 1977 EAV, up to a maximum reduction of $5,500 for assessment year 2008 and $6,000 for assessment years 2009 and thereafter (the *"General Homestead Exemption"*).

The Homestead Improvement Exemption applies to Residential Properties that have been improved or 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 (the "Senior Citizens Homestead Exemption) operates annually to reduce the EAV on a senior citizen's home by $3,500 for all counties. For taxable years 2008 and thereafter, the maximum Senior Citizens Homestead Exemption is $4,000. 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 pro-rata 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 (the "Senior Freeze Exemption") freezes property tax assessments for homeowners who are 65 and older, reside in their property as their principal place of residence and receive household income not in excess of the maximum income limitation of (i) $50,000 or less in assessment years 2006 and 2007 and (ii) $55,000 or less in assessment years 2008 and thereafter. In general, the Senior Freeze Exemption limits the annual real property tax bill of such property by granting to qualifying senior citizens an exemption as to a portion of the valuation of their property.

Beginning with assessment year 2007, the Disabled Persons' Homestead Exemption (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 the Disabled Veteran Exemption (as such term is hereinafter defined) or claiming exemption under the Disabled Veterans Standard Homestead Exemption cannot claim the Disabled Persons' Homestead Exemption (as such term is hereinafter defined).

Exemptions available to disabled veterans include the following:

(a) An exemption which provides a reduction of up to $70,000 to the Assessed Valuation of property owned and used exclusively by such veterans or their spouses for residential purposes (the "Disabled Veteran Exemption").

(b) The Disabled Veterans Standard Exemption (the "Disabled Veterans Standard 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.

However, disabled veterans may only avail themselves of one of the above exemptions. Furthermore, the individuals claiming the Disabled Veteran Exemption or the Disabled Veteran's Standard Exemption may not claim the Disabled Persons' Homestead Exemption.

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.

Lastly, 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.

Tax Levy and Collections

The Board of Trustees of the Village, as part of its annual financial planning process, adopts an ordinance in which it determines to levy property taxes. This tax levy ordinance imposes property taxes in terms of a dollar amount. The Village certifies its property tax levy, as established by ordinance, to the County Clerk of Lake County. The remaining administration and collection of the property tax is statutorily assigned to the County Clerk and the County Treasurer.

The County Clerk then computes the total tax rate applicable to each parcel of property by aggregating the tax rates of all taxing units having jurisdiction over that particular parcel. The County Clerk enters that tax determined by multiplying the total tax rate by the Equalized Assessed Valuation of that parcel in the books prepared for the County Collector along with the tax rates, the Assessed Valuation and the Equalized Assessed Valuation. These 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.

Taxes are extended on adjusted assessed values after equalization. Real estate tax bills are payable in two equal installments. The first installment is computed after the assessed valuations for the current year have been determined and are payable in June. The second installment is payable in September. Railroad taxes are payable in one installment with the same penalty date as the second installment of real estate tax bills. Property is subject to sale by the County Treasurer of the respective County to recover delinquent taxes. The property tax cycle follows the calendar year. Taxes not paid when due are subject to a penalty rate of 1½% per month until paid. Unpaid property taxes constitute a valid lien against the property on which the tax was levied. Property is subject to sale by each County Treasurer to recover delinquent taxes.

LEGISLATION CONCERNING PROPERTY TAX AUTHORITY

The Truth in Taxation Act

The Truth in Taxation Law (the "Law") requires that the corporate authority of each taxing district determine, prior to the adoption of its aggregate levy, the amount of money, exclusive of election costs and bond principal and interest, estimated to be necessary to be raised by taxation for that year upon the taxable property in the Village. If the estimated amount as so determined is more than 105% of the amount extended or estimated to be extended upon the levy of the preceding year, exclusive of election costs and levies for bond principal and interest, the corporate authority must publish notice of and hold a hearing on its intent to adopt a levy in an amount which is more than 105% of the preceding year's extension, exclusive of election costs and levies for bond principal and interest. If the levy as adopted exceeds the estimated amount of the levy specified in the notice, or exceeds 105% of the prior year's levy and no notice was required under the Law, notice of the adoption of such levy must be published within 15 days of the adoption thereof. No amount more than 105% of the amount, exclusive of election costs and levies for bond principal and interest, which has been extended or is estimated to be extended on the levy of the preceding year may be extended unless the levy is accompanied by a certification of compliance with the foregoing publication and hearing procedures. The express purpose of the Law is to require published disclosure of, and hearing on, an intention to adopt a levy in excess of the specified levels.

Property Tax Extension Limitation Law

The Property Tax Extension Limitation Law of the State of Illinois (the "Limitation Law") limits annual increases in property tax extensions for non-home rule taxing districts including the Village. The effect of the Limitation Law is to limit the amount of property taxes that can be extended by a non-home rule unit including the Village. In addition, general obligations payable from ad valorem taxes unlimited as to rate of amount cannot be issued by non-home rule units of local government including the Village unless approved by referendum, are alternate bonds or are for certain refunding purposes.

The annual growth permitted under the Limitation Law is the lesser of (i) 5% or (ii) the percentage increase in the Consumer Price Index during the calendar year proceeding the tax levy year. Property taxes can also be increased due to new construction, annexation, and referendum approval for tax increases.

There can be no assurance that the General Assembly will not take further action that has the impact of reducing tax assessments, levies, or extensions. Any such action, including the action cited above, could result in a reduction of future increases in property tax revenues.

Since the Village is a home rule unit of government by virtue of the Special Census, the Property Tax Extension Limitation Law does not, in its current form, limit the taxing authority or debt issuance ability of the Village.

CERTAIN FINANCIAL INFORMATION REGARDING THE VILLAGE

General

The accounting policies of the Village conform to accounting principles generally accepted in the United States of America as applicable to governments.

As defined by generally accepted accounting principles established by the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of the primary government, as well as component units, which are legally separate organizations for which elected officials of the primary government are financially accountable.

Based upon the application criteria, no component units have been included within the Village.

Government-wide and Fund Financial Statements

The government-wide Statement of Net Assets and Statement of Activities report the overall financial activity of the Village. Eliminations have generally been made to minimize the double-counting of internal activities of the Village; however, interfund services provided and used are not eliminated in the process of consolidation. The financial activities of the Village consist of governmental activities, which are primarily supported by taxes and intergovernmental revenues, and business-type activities, which rely to a significant extent on fees and charges for services.

The Statement of Net Assets presents the Village's non-fiduciary assets and liabilities with the difference reported in three categories: (a) Invested in capital assets, net of related debt, (b) Restricted net assets, and (c) Unrestricted net assets.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function (i.e., general government, public safety, etc.) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (a) charges paid by the recipients of goods or services offered by the programs (including fines and fees), and (b) grants and contributions that are restricted to meeting the operational requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. Fiduciary funds are excluded from the government-wide financial statements.

The Village also provides financial statements for governmental funds, proprietary funds and fiduciary (agency) funds, even through the later are excluded from the government-wide financial statements. The fund financial statements provide information about the Village's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. The Village has the following major governmental fund – the General Fund. All remaining governmental funds are aggregated and reported as non-major governmental funds. The Village has the following major enterprise fund – Waterworks and Sewerage Fund.

The Village administers the General Fund as the Village's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The services which are administered by the Village and accounted for in the general fund include general government, public safety and public works.

The Village administers the Waterworks and Sewerage Fund for the provision of water and sewer services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund, including but not limited to, administration, operations, maintenance, financing and related debt service and billing and collection.

Additionally, the Village administers fiduciary (pension trust) funds for assets held by the Village in a fiduciary capacity on behalf of certain public safety employees. The Village reports two pension trust funds, the Police Pension Fund and Firefighters Pension Fund which account for resources accumulated for retirement annuities for sworn police offers and uniformed fire department personnel.

The Village reports the following agency funds; the Special Assessments Fund, the Deposits Fund and the Reimbursement Fund. These funds hold various monies collected by the Village from property owners and developers.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Non-exchange transactions, in which the Village gives (or receives) value without directly receiving (or giving) equal value in exchange, including various taxes, State shared revenues and various State, Federal and local grants. On an accrual basis, revenues from taxes are recognized when the Village has a legal claim to the resources. Grants, entitlements, State shared revenues and similar items are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 90 days of the end - of the current fiscal year (60 days for property taxes).

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village for its comprehensive annual financial report for the fiscal year ended April 30, 2009. The Village has received the award for each of the last sixteen (16) fiscal years. According to the GFOA, this award represents a significant accomplishment for a government and its management and is the highest form of recognition in the field of governmental reporting.

Cash Management

The Village's policy regarding cash management is based upon the realization that there is a time-value to money. Temporarily idle cash may be invested for a period of 14 days to an excess of one year depending upon the cash flow projections. Accordingly, the Village Treasurer shall cause to be prepared written cash management procedures which shall include, but not be limited to, the following:

Receipts: All monies due the Village shall be collected as promptly as possible. Monies that are received shall be deposited in an approved financial institution no later than two working days after receipt by the Village. Amounts that remain uncollected after a reasonable length of time shall be subject to any available legal means of collection.

Disbursements: Any disbursements to suppliers of goods and/or services or to employees for salaries and wages shall be contingent upon an available appropriated amount. Disbursements shall be rendered upon the approval of the Village Board of Trustees.

The Village's investments are made pursuant to an investment policy adopted by the Village in 2005. The policy of the Village is to invest public funds in a manner which will provide the highest investment return with the maximum security, while meeting the daily cash flow demands of the Village and conforming to all state and local statutes governing the investment of public funds. The Village maintains a cash and investment pool that is available for use by all funds, except the pension trust funds. Illinois State Statutes and the investment policy authorize the Village to invest in the investments permitted pursuant to 30 ILCS 235/2 (Public Funds Investment Act). Pension funds may also invest in certain non-US obligations, mortgages, veteran's loan, life insurance company contracts and certain equities (subject to limitations).

Annual Financial Planning Process

Each year the Village Board holds a planning session to review, discuss and decide the major focus of Village Activities. The outcome of the session sets the tone for the budget planning process.

All departments of the government submit budget requests to the government's administrator so that a budget may be prepared. The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year. A three year special projects budget is included in the budget identifying uses and sources of anticipated non-operating expenditures. Special projects include capital equipment, infrastructure improvements, and planning services. A five year capital improvement plan is included identifying longer term uses of non-operating expenditures requiring more lead time and strategic planning is included in the budget planning process.

The proposed budget is presented to the governing body for review. The governing body holds committee meetings and may add to, subtract from or change appropriations, but may not change the form of the budget.

The administrator is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the governing body.

The above budgeting process is completed at the end of April. Before July 31, the Appropriation Ordinance is prepared, based upon the budget and available funds, and a hearing is held by the Village Board prior to adopting the Appropriation Ordinance.

Expenditures may not legally exceed appropriations at the fund level.

Certain Financial Information

The following pages set forth (i) the Village's statement of net assets as of April 30, 2009, (ii) the Village's combined balance sheet for all fund types and account groups as of April 30, 2009 and (ii) a summary of the operating results and fund balances of the Village General Fund for the fiscal years ended April 30, 2005 through 2009. This summary is qualified in its entirety by reference to the audited financial statements of the Village for the fiscal years ended April 30, 2005 through 2009.

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Village of Mundelein, Illinois
Statement of Net Assets
April 30, 2009

	Governmental Activities	Business-Type Activities	Total
Assets			
Current			
Cash and Investments	$25,464,057	$7,262,206	$32,726,263
Receivables			
Property taxes	11,812,369	-	11,812,369
Accounts	241,424	1,195,566	1,436,990
Accrued interest	140,944	26,608	167,552
Inventories	22,144	-	22,144
Due from other governments	2,861,735	-	2,861,735
Prepaid items	562,910	91,830	654,740
Total Current Assets	41,105,583	8,576,210	49,681,793
Noncurrent			
Net pension asset	1,037,433	-	1,037,433
Capital assets (net of accumulated depreciation)			
Land	41,112,439	1,718,514	42,830,953
Construction in progress	1,182,735	495,680	1,678,415
Buildings	16,821,115	16,001,504	32,822,619
Improvements other than buildings	669,327	16,449,734	17,119,061
Machinery, equipment and vehicles	1,110,829	1,327,175	2,438,004
Sidewalks	3,786,051	-	3,786,051
Streets, curbs and gutters	17,455,344	-	17,455,344
Traffic signals	96,974	-	96,974
Storm sewers	10,238,315	-	10,238,315
Net Capital Assets	92,473,129	35,992,607	128,465,736
Total noncurrent assets	93,510,562	35,992,607	129,503,169
Total Assets	$134,616,145	$44,568,817	$179,184,962

Source: Comprehensive Annual Financial Report of Village for fiscal year ended April 30, 2009

Village of Mundelein, Illinois
Statement of Net Assets - Continued
April 30, 2009

	Governmental Activities	Business-Type Activities	Total
Liabilities			
Current			
Accounts payable	$407,806	$569,565	$977,371
Accrued payroll	693,568	94,200	787,768
Accrued interest payable	257,974	-	257,974
Refundable deposits	-	91,218	91,218
Unearned property tax revenue	11,795,065	-	11,795,065
Compensated absences payable	681,729	86,605	768,334
Other liabilities	326,915	-	326,915
Pension contributions payable	1,648,570	-	1,648,570
Net other post-employment obligation	31,383	-	31,383
General obligation bonds payable	925,000	-	925,000
IEPA loan payable	-	269,017	269,017
Total current liabilities	16,768,010	1,110,605	17,878,615
Noncurrent			
IEPA loan payable	-	2,626,940	2,626,940
General obligation bonds payable, net	13,790,414	-	13,790,414
Total noncurrent liabilities	13,790,414	2,626,940	16,417,354
Total liabilities	30,558,424	3,737,545	34,295,969
Net Assets			
Invested in capital assets, net of related debt	77,757,715	33,096,650	110,854,365
Restricted			
Debt Service	859,206	-	859,206
Capital improvements	4,185,592	6,483,245	10,668,837
Other improvements	3,147,248	-	3,147,248
Employee benefits	414,459	-	414,459
Public safety	318,249	-	318,249
Unrestricted	17,375,252	1,251,377	18,626,629
Total net assets	$104,057,721	$40,831,272	$144,888,993

Source: Comprehensive Annual Financial Report of Village for fiscal year ended April 30, 2009

Village of Mundelein, Illinois
Balance Sheet - Governmental Funds
April 30, 2009

		General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
	Cash and Investments	$14,954,540	$10,509,517	$25,464,057
	Receivables			
	Property taxes	6,929,742	4,882,627	11,812,369
	Accounts	241,424	-	241,424
	Accrued interest	99,357	41,587	140,944
	Inventories	22,144	-	22,144
	Due from other funds	-	315,377	315,377
	Due from other governments	2,799,961	61,774	2,861,735
	Prepaid items	420,106	142,804	562,910
	Total Assets	$25,467,274	$15,953,686	$41,420,960
Liabilities				
	Accounts payable	$321,637	$86,169	$407,806
	Accrued payroll	502,076	191,492	693,568
	Deferred property taxes	6,912,438	4,882,627	11,795,065
	Due to other funds	327,377	-	327,377
	Other liabilities	-	314,915	314,915
	Total liabilities	8,063,528	5,475,203	13,538,731
Fund Balances				
	Reserved for inventories	22,144	-	22,144
	Reserved for prepaid items	420,106	142,804	562,910
	Reserved for drug enforcement	32,698	-	32,698
	Reserved - other improvements	-	625,000	625,000
	Reserved for debt service	-	859,206	859,206
	Unreserved - designated for capital and other improvements - special revenue fund	-	6,875,527	6,875,527
	Unreserved - undesignated			
	General fund	16,928,798	-	16,928,798
	Special revenue fund	-	1,975,946	1,975,946
	Total fund balances	17,403,746	10,478,483	27,882,229
	Total liabilities and fund balances	$25,467,274	$15,953,686	$41,420,960

Source: Comprehensive Annual Financial Report of Village for fiscal year ended April 30, 2009

VILLAGE OF MUNDELEIN, ILLINOIS
GENERAL FUND
SUMMARY OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FISCAL YEARS ENDED APRIL 30, 2005 THROUGH APRIL 30, 2009

	2009	2008	2007	2006	2005
Revenues					
Charges for services	$815,853	$1,102,408	$1,097,158	$670,354	$728,414
Licenses and permits	1,826,631 (1)	3,071,865	3,304,643 (2)	1,721,157	1,963,664
Grants	228,849	47,930	139,488	130,711	286,008
Donations(3)	28,442	1,275,619	2,782,939	-	-
Fines and forfeits	680,561	662,667	730,693	701,062	728,147
Property taxes	6,235,061	5,898,630	5,617,754	5,340,825	5,190,893
Sales tax	4,290,512	4,587,992	4,654,837	4,359,423	4,047,750
Home rule sales tax	3,150,015	3,675,492	3,375,888	2,760,846	2,397,425
Hotel occupation tax	301,135	356,935	336,284	318,703	280,831
Income tax	2,785,702	3,166,335	2,416,405	2,392,870	2,155,577
Use tax	459,832	422,602	405,575	378,753	325,559
Replacement tax	-	39,528	72,690	60,099	27,542
Telecommunications tax	1,017,584	1,043,307	816,302 (4)	-	-
Other taxes	1,997	2,263	4,333	634	1,883
Interest	885,257	1,092,050	-	-	-
Investment income	-	-	680,014	289,802	180,815
Miscellaneous	406,131	94,262	283,915	169,770	115,303
Total Revenues	23,113,562	26,539,885	26,718,918	19,295,009	18,429,811
Expenditures					
Current					
General government	6,213,025	5,758,442	5,592,261	5,109,965 (5)	5,501,578
Public Safety	13,314,299	12,319,460	11,388,755	10,505,052	9,850,139
Public Works	3,175,287	5,352,054	2,882,750	5,595,961	2,588,819
Total Expenditures	22,702,611	23,429,956	19,863,766	21,210,978	17,940,536
Excess (deficiency) of revenues over expenditures	410,951	3,109,929	6,855,152	(1,915,969)	489,275
Other financing sources (uses)					
Transfer in	187,406	-	-	-	-
Transfer out	(210,000)	(210,000)	(1,777,764)	-	-
Total other financing sources (uses)	(22,594)	(210,000)	(1,777,764)	0	0
Net change in fund balances	388,357	2,899,929	5,077,388	(1,915,969)	489,275
Fund balances - beginning	17,015,389	14,115,460	9,038,072	10,954,041	9,280,294
Fund balances - ending	$17,403,746	$17,015,389	$14,115,460	$9,038,072	$9,769,569

Source: Comprehensive Annual Financial Report of the Village for fiscal years ended April 30, 2005 through April 30, 2009

Footnotes:

(1) Reflects reductions in new construction building permit and inspection fees
(2) Includes the first installment of the DelWebb annexation fee of $750,000
(3) Reflects donations in lieu of water addition and expansion fees provided by DelWebb
(4) Village imposed the telecommunication tax pursuant to the Simplified Municipal Telecommunications Tax Act which previously was imposed as an Infrastructure Maintenance Fee and included in the category of Licenses and Permits for fiscal years April 30, 2005 and 2006
(5) Reflects a reduction in debt service

Property Taxes

The following table sets forth certain information concerning property tax levies, collections and property valuations in the Village for the past five tax levy years.

TAX LEVY YEAR/ COLLECTION YEAR	2009/10	2008/09	2007/08	2006/07	2005/06
Equalized Assessed Valuation	$968,000,017	$968,152,034	$908,746,131	$852,237,899	$805,496,344
Tax Extensions/Net Certified To Collect	11,412,720	11,065,978	10,135,539	9,595,879	9,153,561
Total Taxes Collected During Year	4,311,700[b]	11,033,973	10,116,862	9,582,658	9,134,640
Total Collections as a Percentage of Extensions[(a)]	37.78%	99.71%	99.82%	99.86%	99.79%

[a]Includes back tax distributions. Total taxes collected includes collections of delinquent taxes and taxes paid under protest.
[b]Partial year tax collections and distributions through June 10, 2010; second installment of taxes are due on September 1, 2010.

Source: Lake County Treasurer.

The following table sets forth the amount of equalized assessed valuation of the Village by category for the tax levy years 2007, 2008 and 2009.

Equalized Assessed Valuation by Property Classification

	2009 EAV		2008 EAV		2007 EAV	
	Amount	%	Amount	%	Amount	%
Residential	$759,107,565	78.42%	$761,739,676	78.68%	$705,899,102	77.68%
Commercial	137,493,895	14.20%	135,791,259	14.03%	133,981,503	14.74%
Industrial	70,099,256	7.24%	69,269,838	7.15%	67,751,575	7.46%
Railroad	1,287,444	0.13%	1,339,783	0.14%	1,101,795	0.12%
Farm	11,857	0.00% *	11,478	0.00% *	12,156	0.00% *
Total	$968,000,017	99.99%	$968,152,034	100.00%	$908,746,131	100.00%

*Less than 1/10 of 1%

Source: Lake County Clerk

Tax Rates

The following is a table showing the actual tax rates levied by the Village per $100 of Equalized Assessed Valuation on property located in the Village for the past five tax levy years. Since the Village is now home rule, no levy limits apply.

		Tax Levy Year				
Purpose	2009	2008	2007	2006	2005	2004
Corporate	0.514	0.551	0.524	0.539	0.541	0.548
Bonds	0.140	0.121	0.150	0.162	0.171	0.182
IL Municipal Retirement (IMRF)	0.093	0.089	0.078	0.071	0.071	0.073
Firefighter's Pension	0.067	0.052	0.049	0.049	0.050	0.050
Police Pension	0.141	0.120	0.114	0.104	0.107	0.108
Social Security	0.110	0.112	0.108	0.112	0.113	0.098
Street & Bridge	0.114	0.098	0.000	0.000	0.000	0.000
Total*	1.179	1.143	1.023	1.037	1.053	1.059
Libertyville Township	0.043	0.042	0.087	0.086	0.081	0.078
Fremont Township	0.026	0.026	0.095	0.090	0.084	0.081
Vernon Hills Township	0.023	0.022	0.097	0.095	0.090	0.087

*May not add due to rounding.

Source: Lake County Clerk.

A representative property owner living in the Village had combined tax rates for the past five tax levy years as set below.

		Tax Levy Year			
	2009	2008	2007	2006	2005
Representative Tax Rate (Fremont Township TCA 001)	8.034	7.890	7.887	8.050	8.328

Source: Lake County Clerk.

Debt Statement

As a home-rule unit of government under the Illinois Constitution, the Village has no general obligation debt limit, nor is it required to seek referendum approval for the issuance of general obligation indebtedness.

Debt instruments and other items included in the computation for determining outstanding general obligation indebtedness include the principal of general obligation full faith and credit bonds outstanding and any other long-term indebtedness which represents a direct claim against the Village's tax receipts. Cash and investments available and applicable to the retirement of outstanding debt and notes payable from specific tax levies are deducted for purposes of determining compliance with the debt limits.

Outstanding General Obligation Debt (as of closing of this Issue):

General Obligation Bonds, Series 1998	$ 230,000
General Obligation Bonds, Series 1999	255,000
General Obligation Bonds, Series 2005	4,335,000
Taxable General Obligation Bonds, Series 2010A	7,100,000
General Obligation Refunding Bonds, Series 2010B	9,135,000
Gross General Obligation Direct Debt	$21,055,000

Overlapping and Underlying Bonded Debt (as of 6/1/10)

Taxing Body	Outstanding Bonded Debt As of 6/1/10	Applicable to the Village Percent	Applicable to the Village Amount
Lake County	36,360,000	3.21%	1,167,156
Lake County Forest Preserve	266,666,000	3.21%	8,559,979
Central Lake County Joint Action Water Agency	22,545,000	12.22%	2,754,999
Community College District No. 532	7,545,560	3.37%	254,285
Elementary School District No. 70	15,494,889	0.04%	6,198
Elementary School District No. 73	48,435,158	14.77%	7,153,873
Elementary School District No. 75	13,688,960	98.79%	13,523,324
Elementary School District No. 76	8,868,733	34.95%	3,099,622
Elementary School District No. 79	30,825,000	24.06%	7,416,495
High School District No. 120	7,743,592	57.90%	4,483,540
High School District No. 125	27,240,000	0.61%	166,164
High School District No. 128	33,385,000	1.60%	534,160
Freemont Public Library District	6,455,000	51.12%	3,299,796
Mundelein Park & Recreation District	3,245,000	88.29%	2,865,011
Vernon Hills Park District	6,235,000	0.00% (1)	0
Total Overlapping Debt			55,284,601
Total Gross Direct and Overlapping Debt			76,339,601

Notes:
(1) Less than .01%

Source: Lake County Clerk's Office

Debt Ratios:

Estimated Full Value of Taxable Property, 2009	$2,904,029,091
Equalized Assessed Valuation, 2009	$ 968,000,017
Population, 2000 U.S. Special Census	30,935

	Gross Direct Debt	Gross Direct and Overlapping Debt
Per Capita	$680.62	$2,467.74
Percent of Estimated Full Value	0.73%	2.63%
Percent of Equalized Assessed Value	2.18%	7.89%

Debt Maturity Schedule:

The following schedule sets forth the maturity schedule for all General Obligation bonded debt of the Village as of the closing of this issue.

Calendar Year	Annual Retirement	Cumulative Retirement Amount	Cumulative Retirement Percent
2010	690,000	690,000	3.28%
2011	835,000	1,525,000	7.24%
2012	1,190,000	2,715,000	12.89%
2013	1,225,000	3,940,000	18.71%
2014	1,255,000	5,195,000	24.67%
2015	1,590,000	6,785,000	32.23%
2016	1,630,000	8,415,000	39.97%
2017	1,690,000	10,105,000	47.99%
2018	1,750,000	11,855,000	56.30%
2019	1,810,000	13,665,000	64.90%
2020	665,000	14,330,000	68.06%
2021	700,000	15,030,000	71.38%
2022	730,000	15,760,000	74.85%
2023	765,000	16,525,000	78.48%
2024	805,000	17,330,000	82.31%
2025	845,000	18,175,000	86.32%
2026	510,000	18,685,000	88.74%
2027	540,000	19,225,000	91.31%
2028	575,000	19,800,000	94.04%
2029	610,000	20,410,000	96.94%
2030	645,000	21,055,000	100.00%

Short-Term Borrowing

The Village has not utilized short-term borrowing.

Future Debt

The Village does not currently have plans to issue any general obligation debt. However, the Village anticipates issuing debt in the future to provide for additional economic development activities related to the TIF District.

Pension and Retirement Fund Commitments

The Village participates in three defined benefit pension plans: the Illinois Municipal Retirement Fund (IMRF), the Police Pension Fund and the Firefighters Pension Fund. The funding status of each of these plans is summarized in the table below. This summary is qualified in its entirety by reference to the audited financial statements of the Village for the fiscal year ended April 30, 2009 attached hereto as the Appendix A.

The amount shown as the "actuarial accrued liability" is a standardized disclosure measure of the present value of pension benefits estimated to be payable in the future as a result of employee service to date. The measure is intended to help users assess the funding status of the pension trusts on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among employers. The measure is the actuarial present value of credited projected benefits and is independent of the funding method used to determine contributions to the pension trusts.

		Police Pension	Firefighters Pension	Illinois Municipal Retirement Fund
Actuarial Valuation Date:		May 1, 2009	May 1, 2009	December 31, 2006
Significant Actuarial Assumptions:				
a)	Rate of Return on Investment of Present and Future Assets	7.00% Compounded Annually	7.00% Compounded Annually	7.50% Compounded Annually
b)	Projected Salary Increases - Attributable to Inflation	5.50% Compounded Annually	5.50% Compounded Annually	4.00% Compounded Annually
c)	Additional Projected Salary Increases - Depending on Age and Service	(Note - Separate information for (b and c) not available)		0.4% to 11.6%
d)	Post Retirement Benefit Increases	3.00% Compounded Annually	3.00% Compounded Annually	3.00%
Actuarial Accrued Liability (AAL)		$30,469,387	$15,500,056	$20,747,359*
Actuarial Value of Assets		$15,478,019	$11,567,232	$14,717,730*
Unfunded AAL		$14,991,368	$3,932,824	$6,029,629*

Source: Comprehensive Annual Financial Report of the Village for the Fiscal Year ended April 30, 2009.

*As of December 31, 2008.

INSURANCE COVERAGE

The government participates in the Intergovernmental Risk Management Agency (IRMA). IRMA is an organization of municipalities and special districts in Northeastern Illinois which have formed an association under the Illinois Intergovernmental Cooperations Statute to pool their risk management needs. The agency administers a mix of self-insurance and commercial insurance coverages; property/casualty and workers' compensation claim administration/litigation management services; unemployment claim administration; extensive risk management/loss control consulting and training programs; and a risk information system and financial reporting service for its members.

Types of Coverages	Pool Self-Insured Retention	Limits
General Liability	$3,000,000	$10,000,000
Police Professional	w/ $1,000,000	
Employee Benefits (Fire/Paramedic)	Corridor	
Professional Liability	(x $5,000,000)	
Abuse/Molestation		
Auto Liability	$3,000,000	$10,000,000
Uninsured/Underinsured Motorist	w/ $1,000,000	$ 500,000
Public Officials Liability	$3,000,000	$10,000,000
Employment Practices	w/ $1,000,000	
	Corridor	
	(x $5,000,000)	
Workers' Compensation	$1,500,000	$151,500,000
Employer's Liability		1,000,000
First Party Property – All Risk	$450,000	$250,000,000
		Per occurrence
Flood Zone A	$1,000,000	$3,500,000
Contingent Business Interruption (Sales Tax)	$450,000	$5,000,000
Scheduled Emergency Vehicles-Agreed Value	$100,000	Scheduled
Boiler/Machinery	$150,000	$50,000,000
Crime	$100,000	
Employee Theft (Dishonesty)		$5,000,000
Forgery, Alteration & Counterfeit Currency		$5,000,000
Credit Card Forgery		$5,000,000
Computer Fraud		$5,000,000
Non-Faithful Performance		$2,500,000
Public Officials Bonds	$0	Blanket Statutory Limits

Yearly Aggregates	Limits
Member Annual Payment Cap (Applies to general/auto liability and public officials liability Loss Fund Payments only)	$6,000,000
Agency Aggregate Cap	$75,677,979

TAX MATTERS

Series 2010A Bonds

Interest on the Series 2010A Bonds is not excludable from gross income for federal income tax purposes. Holders of the Series 2009A Bonds should consult their tax advisors with respect to the inclusion of interest on the Series 2010A Bonds in gross income for federal income tax purposes.

Interest on the Series 2010A Bonds is not exempt from present State of Illinois income taxes. Ownership of the Series 2010A 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 Series 2010A Bonds. Prospective purchasers of the Series 2010A Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

Series 2010B Bonds

Federal tax law contains a number of requirements and restrictions which apply to the Series 2010B 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 Series 2010B 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 Series 2010B Bonds to become includable in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2010B Bonds.

Subject to the Village's compliance with the above referenced covenants, under present law, in the opinion of Bond Counsel, interest on the Series 2010B Bonds (i) is excludable from the 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 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 and upon the mathematical computation of the yield on the Bonds and the yield on certain investments by Barthe & Wahrman, PA, Edina, Minnesota, Certified Public Accountants. 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, 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, including interest on the Series 2010B 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 Series 2010B 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 Series 2010B Bonds is the price at which a substantial amount of such maturity of the Series 2010B 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 Series 2010B Bonds is less than the principal amount payable at maturity, the difference between the Issue Price of each such maturity, if any, of the Series 2010B 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 Issuer 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, as described above; and (d) the accretion of original issue discount in each year may result in an alternative minimum tax liability for corporations or 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 the Series 2010B Bonds who dispose of the Series 2010B Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase the Series 2010B Bonds in the initial public offering, but at a price different from the Issue Price or purchase the Series 2010B Bonds subsequent to the initial public offering should consult their own tax advisors.

If a Series 2010B Bonds is purchased at any time for a price that is less than the Series 2010B 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 Series 2010B 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 Series 2010B Bonds.

An investor may purchase a Series 2010B 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 Series 2010B 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 Series 2010B Bond. Investors who purchase a Series 2010B Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the Series 2010B Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Series 2010B 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 Series 2010B 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 Series 2010B 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 Series 2010B 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 Series 2010B Bond, 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 Series 2010B Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Series 2010B 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 Series 2010B 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 Series 2010B Bonds is not exempt from present State of Illinois income taxes. Ownership of the Series 2010B 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 Series 2010B Bonds. Prospective purchasers of the Series 2010B Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

QUALIFIED TAX-EXEMPT OBLIGATIONS – SERIES 2010B BONDS

Subject to the Village's compliance with certain covenants, in the opinion of Bond Counsel, the Series 2010B 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 certain information repositories pursuant to the requirements of Section (b)(5) of Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange 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."

In connection with the issuance by the Village of $5,000,000 General Obligation Bonds, Series 1998, on August 25, 1998, the Village, pursuant to the Rule, entered into an Continuing Disclosure Undertaking Agreement, dated August 25, 1998. The Village is current on all its Undertakings.

A failure by the Village to comply with the Undertaking will not constitute a default under the Bond Ordinance and beneficial owners of the Bonds are limited to the remedies described in the Undertaking. See "THE UNDERTAKING — Consequences of Failure of the Issuer 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) electronically through the Electronic Municipal Market Access ("EMMA") system established by the Municipal Securities Rule Making Board (the "MSRB") in accordance with the rules and procedures established by the MSRB, as hereinafter provided. The Village is required to deliver such information so that the information is received by the dates specified in the Undertaking.

Audited Financial Statements. To the MSRB electronically through the EMMA system, when and if available, the audited financial statements of the Village for each twelve (12) month period, beginning with the twelve (12) month period ending April 30, 2009, together with the opinion of such independent certified public accountants engaged by the Village and all notes thereto, within sixty (60) days of receipt from said accountants; and

Financial Information in this Official Statement. To the MSRB electronically through the EMMA system, within 240 days of each April 30, beginning with the calendar year ending April 30, 2010, unaudited annual information for the Village for such calendar year including the following Official Statement Section:

Village of Mundelein, Lake County, Illinois
- Principal Taxpayers in the Village, page 13
- Construction Activity, page 13

Real Property Assessment, Tax Levy and Collection Procedures, Lake County, pages 15-17

Certain Financial Information Regarding the Village
- Certain Financial Information, pages 21-25
- Property Taxes, page 26
- Tax Rates, page 27
- Debt Statement, pages 28-30
- Short-Term Borrowing, page 30
- Pension and Retirement Fund Commitments, page 31

Insurance Coverage, page 32

Material Events Disclosure

The Village covenants that it will disseminate (i) electronically to the MSRB through EMMA system, in a timely manner the disclosure of the occurrence of an Event (as described below), that is material, as materiality is interpreted under the Securities Exchange Act of 1934, as amended. The "Events" are:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;

6. Adverse tax opinions or events affecting the tax-exempt status of the security;
7. Modifications to rights of security holders;
8. Bond calls;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the securities; and
11. Rating changes.

Note: Some of the foregoing events may not be applicable to the Bonds.

Consequences of Failure of the Village to Provide Information

The Village shall give notice in a timely manner to the MSRB through the EMMA system, 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 Bond 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.

Amendments; Waiver

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

(a) The amendment or the waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Village, or type of business conducted;

(b) The Undertaking, as amended, or the provisions, 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

(c) The amendment or waiver does not materially impair the interests of the beneficial owners of the Bonds, as determined either by parties unaffiliated with the Village (such as Bond Counsel).

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 Bond Ordinance. The Village shall give notice to the MSRB, if any, 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 Statement 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 Agent

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.

DEFEASANCE

Any Bond or Bonds (a) which are paid and canceled; (b) which have matured and for which sufficient sums been deposited with the Bond Registrar to pay all principal and interest due thereon; or (c) (i) for which sufficient funds and Defeasance Obligations have been deposited with the Bond Registrar or similar institution to pay, taking into account investment earnings on such obligations, all principal of and interest on such Bond or Bonds when due at maturity, pursuant to an irrevocable escrow or trust agreement, (ii) accompanied by an opinion of Bond Counsel as to compliance with the covenants with respect to such Bonds, and (iii) accompanied by an express declaration of defeasance by the Board; shall cease to have any lien on or right to receive or be paid from the ad valorem property taxes and any other moneys deposited into the Debt Service Fund and investment income held in the Debt Service Fund and shall no longer have the benefits of any covenant for the registered owners of outstanding Bonds as set forth herein as such relates to lien and security of the outstanding Bonds. All covenants relative to the Qualified Build America Bonds status of the Bonds; and payment, registration, transfer, and exchange; are expressly continued for all Bonds whether outstanding Bonds or not. For purposes of this section, *"Defeasance Obligations"* means (a) noncallable, non-redeemable, direct and general full faith and credit obligations of the United States Treasury (*"Directs"*), (b) certificates of participation or trust receipts in trusts comprised wholly of Directs or (c) other noncallable, non-redeemable, obligations unconditionally guaranteed as to timely payment to maturity by the United States Treasury.

LITIGATION

General

There is no controversy or litigation of any nature pending or, to the knowledge of the Village, threatened which, in the opinion of the Attorney for the Village, may present material financial liability to the Village.

The Bonds

There is no controversy or litigation of any nature pending or, to the knowledge of the Village, 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 approval of Chapman and Cutler LLP, Chicago, Illinois, who have been retained by and act as Bond Counsel to the Village. Other than the statement describing their opinion contained in the sixth paragraph on the cover page; the statements under "TAX MATTERS"; and the statements under this caption; Bond Counsel has not been retained or consulted on disclosure matters and has not independently reviewed and assumes no responsibility for the statements or information contained in the Official Statement. 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. Certain other legal matters may be subject to review for the Village by its attorney, Charles F. Marino, Chicago, Illinois, if requested by the Village in writing.

FINANCIAL ADVISOR

Kane, McKenna Capital, Inc., Chicago, Illinois, is serving as financial advisor to the Village with respect to the sale of the Bonds. Kane, McKenna and Associates, Inc., the parent of Kane, McKenna Capital, Inc., has and continues to provide certain other advisory services to the Village.

UNDERWRITING

The Village has accepted the bid of Sterne, Agee & Leach, Inc., to purchase the Series 2010A Bonds from the Village at a price of $7,032,314.40 plus accrued interest from July 15, 2010.

The Village has accepted the bid of M & I Marshall & Ilsley Bank, to purchase the Series 2010B Bonds from the Village at a price of $9,217,846.00 plus accrued interest from July 15, 2010.

The Bonds may be offered and sold to certain dealers and others at prices lower than the offering prices stated in terms of yield on the cover page hereof. The offering prices may be changed from time to time.

AUTHORIZATION

This Official Statement has been approved by the Village for distribution to prospective purchasers of the $7,100,000 Village of Mundelein, Lake County, Illinois Taxable General Obligation Bonds, Series 2010A and the $9,135,000 General Obligation Refunding Bonds, Series 2010B.

The Board, acting through its Mayor, will provide to the initial purchaser of each series of the Bonds at the time of delivery of the Bonds, a certificate confirming to such initial purchaser that, to the best of its knowledge and belief, the Official Statement with respect to the Bonds, together with any supplements thereto, at the time of acceptance and adoption of the Bond Ordinance and at the time of delivery of the Bonds, was true and correct in all material respects and did not at any time contain an untrue statement of a material fact or omit to state a material fact required to be stated, where necessary to make the statements therein in light of the circumstances under which they were made, not misleading.

/s/ Kenneth H. Kessler
Mayor
Village of Mundelein
Lake County, Illinois

Dated: July 12, 2010

APPENDIX A

Audited Financial Statements of the Village for the Fiscal Year Ended April 30, 2009

EXHIBIT B

TIF - Joint Review Board Meeting - January 24, 2011

I. Call to order. Mayor Kessler, was elected Chairman at the last meeting and remains the chairman. He presides over the Joint Review Board until he steps down.

II. Attendance. Clerk calls the role.
Name of the Governmental Unit should be called. The names listed are those I expect will attend, but the member can send whomever they choose.
Members:

Village of Mundelein, (Mayor, Ken Kessler);
School District 75 (Board Member, Wells Frice);
School District 76 (Finance Director, Collette Ford);
District 120 (Finance Director, Gary Lonquist);
Fremont Library District (Executive Director, Scott Davis);
Libertyville Township (Superintendent, Kathleen O'Connor);
Libertyville Township Road and Bridge (Superintendent, Bill Morgan); Mundelein Park District (Margaret Resnick);
Public Member;
County of Lake (Lake County Board Representative, Diana O'Kelly);
CLC (President, Girard Weber)

III. Approval of the Minutes - January 25, 2010

IV. Introduction - Phil McKenna will explain the purpose for the Joint Review Board and give a brief overview of the Annual Report.

V. TIF Report - John Lobaito will highlight several major points in the report.

a. Page 4 - There have been no amendments to the Redevelopment Project Area Plan, or the boundaries of the TIF during FYE 10.
b. Page 5 - The Village has complied with all the requirements of the Act during FYE 10. Mayor's certification is provided (page 6) as well as the attorney's certification (page 8).
c. Page 9 - Review of the activities undertaken in FYE 10 to further the plans objectives (see attached).
d. Page 10 - No agreements adopted in FYE 10 regarding property disposition or redevelopment.
e. Page 12 - A contract was entered into with Kane, McKenna and Associates, Inc. by the Village in the reporting Fiscal Year. Kane, McKenna and Associates did not enter into any contracts with entities receiving payments financed by TIF revenues of the Village of Mundelein Downtown TIF.
f. Page 14 and 15 - Summary of obligations issued by the municipality (see attached).
g. TIF audit - Audit letter from McGladrey & Pullen is provided.

VI. TIF Budget Summary - Phil McKenna will summarize the Fund Balance Report, pages 18 -30.

VII. TIF Projects - John Lobaito will highlight any upcoming projects in the TIF.

VIII. Questions.

IX. Adjourn.

EXHIBIT C

VILLAGE OF MUNDELEIN, ILLINOIS
Mundelein, Illinois

Tax Increment Finance Area #2 Fund Report
For the Year Ended April 30, 2011

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Clifton Gunderson LLP
Certified Public Accountants & Consultants

Independent Auditor's Report
on Compliance With Illinois Municipal Code
Subsection (q) of Section 11-74.4-3 of Public Act 85-1142

Board of Trustees
Village of Mundelein, Illinois
Mundelein, Illinois

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund Information of the Village of Mundelein, Illinois as of and for the year ended April 30, 2011 which collectively comprise the Village of Mundelein, Illinois' basic financial statements and have issued our report thereon dated October 25, 2011. Those financial statements are the responsibility of the Village of Mundelein, Illinois' management. Our responsibility is to express opinions on those financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Compliance with laws, regulations, contracts, and grants applicable to the Village of Mundelein, Illinois, is the responsibility of the Village of Mundelein, Illinois' management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests on the Village of Mundelein, Illinois' compliance with provisions of Subsection (q) of Section 11-74.4-3 of Public Act 85-1142, an act in relation to tax increment financing. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion. However, the results of our tests disclosed no instances of noncompliance with Subsection (q) of Section 11-74.4-3 of Public Act 85-1142.

This report is intended solely for the information and use of the Board of Trustees, management, the State of Illinois, and others within the Village and is not intended to be and should not be used by anyone other than those specified parties.

Clifton Gunderson LLP

Milwaukee, Wisconsin
October 25, 2011

Member of HLB International

Village of Mundelein, Illinois
Tax Increment Finance Area #2 Fund
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual
Year Ended April 30, 2011

	Original Budget	Final Budget	Actual
Revenues			
Property taxes	$ 600,000	$ 600,000	$ 641,988
Interest	-	-	642
Total revenues	600,000	600,000	642,630
Expenditures			
General government			
Contingent	690,000	690,000	325,391
Net change in fund balance	$ (90,000)	$ (90,000)	317,239
Fund balance - beginning			169,257
Fund balance - ending			$ 486,496

EXHIBIT D

I hereby certify that the attached is an original of

Resolution No. 10-04-12

that said Resolution was adopted on April 26, 2010;

that the record of the final vote on the passage of said

Resolution is found on Page 52 of Journal 44;

that it was posted in the Village Hall commencing on the

28th day of April, 2010 and for at least 10

days thereafter. Copies are available for public inspection

upon request in the Customer Service Office.

Village Clerk

RESOLUTION NO. 10-04-12

RESOLUTION APPROVING AND AUTHORIZING THE EXECUTION OF (1) REAL ESTATE SALE CONTRACT WITH HAWLEY PARTNERS, LLC FOR THE PURCHASE OF REAL ESTATE AT 225 E. HAWLEY STREET, MUNDELEIN, ILLINOIS AND (2) INDUSTRIAL BUILDING LEASE UNDER WHICH SAIDREAL ESTATE SHALL BE LEASED BACK TO HAWLEY PARTNERS, LLC UNTIL NOVEMBER 30, 2010

WHEREAS, the Village of Mundelein has established a Tax Increment Financing District which includes within its area certain real estate at 225 E. Hawley Street, Mundelein, Illinois; and

WHEREAS, said real estate at 225 E. Hawley Street, Mundelein, Illinois is approximately 10.4 acres in size and is improved with a building containing approximately 192,000 sq. ft. of office, warehouse and manufacturing space; and

WHEREAS, the Village Board of Trustees has determined that it would be in the best interests of the Village to acquire said real estate at 225 E. Hawley Street, Mundelein, Illinois for future redevelopment when economic conditions permit and has found that Hawley Partners, LLC, is prepared to sell said real estate at the price and on the terms and conditions set forth in the Real Estate Sale Contract attached hereto as **Exhibit 1**, provided it is allowed to lease it back until November 30, 2010 and further provided it is granted the exclusive right to lease other real estate owned by the Village at 165 N. Archer Avenue, Mundelein, Illinois while it is awaiting redevelopment at such time as economic conditions so permit; and

WHEREAS, a copy of a proposed Real Estate Sale Contract for said real estate at 225 E. Hawley Street, Mundelein, Illinois is attached hereto as Exhibit 1 and a copy of proposed Industrial Building Lease with respect to said real estate at 225 E. Hawley Street, Mundelein, Illinois is attached hereto as **Exhibit 2**; and

WHEREAS, the Board of Trustees of the Village of Mundelein has determined that it is in the best interests of the Village to acquire from Hawley Partners, LLC said real estate at 225 E. Hawley Street, Mundelein, Illinois for redevelopment and lease it back to Hawley Partners, LLC until November 30, 2010; and

WHEREAS, by a separate ordinance, the corporate authorities of the Village will be considering the approval of an agreement granting Hawley Partners, LLC the exclusive right to lease said real estate at 165 N. Archer Avenue, Mundelein, Illinois which agreement is an incentive for Hawley Partners, LLC selling to the Village the real estate at 225 E. Hawley Street, Mundelein, Illinois at the price and upon the terms and conditions set forth in said Real Estate Sale Contract.

NOW, THEREFORE, BE IT RESOLVED BY THE PRESIDENT AND BOARD OF TRUSTEES OF THE VILLAGE OF MUNDELEIN, COUNTY OF LAKE, STATE OF ILLINOIS as follows:

SECTION 1: The Real Estate Sale Contract for the purchase of the Property at 225 E. Hawley Street, Mundelein, Illinois, a copy of which is attached hereto as Exhibit 1, is hereby approved subject to such non-substantive revisions as may be made by the Village Administrator in consultation with the Village's attorneys, and the Mayor and Village Clerk are hereby authorized and directed to execute said Real Estate Sale Contract on behalf of the Village and deliver it to Village's attorneys for deposit into an escrow at the Chicago Title Insurance Company.

SECTION 2: The Industrial Building Lease on the Property at 225 E. Hawley Street, Mundelein, Illinois, a copy of which is attached hereto as Exhibit 2, is hereby approved subject to such non-substantive revisions as may be made by the Village Administrator in consultation

with the Village's attorneys, and the Mayor and Village Clerk are hereby authorized and directed to execute said Industrial Building Lease on behalf of the Village and deliver it to Village's attorneys for deposit into an escrow at the Chicago Title Insurance Company.

PASSED this 26th day of April 2010, by a roll call vote.

AYES	NAYS	ABSENT AND/OR NOT VOTING
Trustees:	None	Trustee:
Voss		Semple
Sullivan		
Lentz		
Meier		
Nutschnig		

Mayor Pro Tempore

PASSED: April 26, 2010

APPROVED: April 26, 2010

ATTEST:

Village Clerk

Revised 5/4/10

REAL ESTATE SALES CONTRACT

1. The Village of Mundelein, Illinois, an Illinois municipal corporation, or its nominee ("Purchaser") agrees to purchase at a price of $7,040,000.00 on the terms set forth herein, the following described real estate located at 225 East Hawley Street, Mundelein, Illinois ("Property"):

See legal description of the property in the attached "Exhibit A".

2. Hawley Partners, LLC, an Illinois limited liability company ("Seller"), agrees to sell the real estate and the property described above, if any, at the price and terms set forth herein, and to convey or cause to be conveyed to Purchaser or Purchaser's nominee title thereto by a recordable Trustee's deed, subject only to: general taxes years not billed by Lake County; easements, covenants, conditions and restrictions of record and public utility easement and roads and highways, if any. The Seller has prepared a list of all fixtures it intends to remove from the Property upon turning over possession to the Purchaser. A copy of said list is attached as Exhibit C to this contract. All other items of personal property must be removed from the Property prior to turning over possession of the Property.

3. Within five (5) business days from the time of acceptance of the contract, Purchaser shall deposit $50,000.00 as earnest money to be applied on the purchase price, and Purchaser agrees to pay or satisfy the balance of the purchase price, plus or minus prorations, at the time of closing.

4 Purchaser will obtain a current ALTA/ACSM Land Title Urban Survey of the above real estate made, dated within six months of this closing, and so certified by the surveyor to Purchaser (or Purchaser's Nominee), the title insurer and Purchaser's lender, containing a legal description conforming to the title insurance commitment. Purchaser shall identify the Purchaser's Nominee and Purchaser's lender within five (5) business days of the date of this contract. Seller shall reimburse the Purchaser for the cost of the survey at the closing.

5. The time of closing shall be July 29, 2010, or a date mutually agreed to by the parties, or on the date, if any, to which such time is extended by reason of paragraph 2 of the Conditions and Stipulations hereafter becoming operative (whichever date is later) unless subsequently mutually agreed otherwise, at the office of Chicago Title Insurance Company, provided title is shown to be good or is accepted by Purchaser.

6. Seller and Purchaser each warrant to the other that no broker was utilized in this transaction.

7. The earnest money shall be held by Chicago Title & Trust Company, as Escrow Agent, in a Joint Order Escrow, with the escrow fees, if any, to be split equally by the parties. If the Purchaser desires to cause said funds to be invested, the Purchase will pay all such investment expenses and will be entitled to any interest earned thereon.

8. A duplicate original of this contract, duly executed by the Seller shall be delivered to the Purchaser within three (3) business days from the date hereof, otherwise, at the Purchaser's option, this contract shall become null and void and the earnest money shall be refunded to the Purchaser. Each party shall deposit a copy of the contract, signed in counterparts, with the Escrow Agent.

This contract is subject to the Conditions and Stipulations, which are made a part of this contract.

Dated: May 10, 2010

Purchaser: Village of Mundelein Illinois

By: _____
Its: Mayor/President

Hawley Partners, LLC

By: _____
Its:

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CONDITIONS AND STIPULATIONS

1. Seller shall deliver or cause to be delivered to Purchaser or Purchaser's agent, not less than thirty (30) days prior to the time of closing, a title commitment for an owner's title insurance policy issued by the Chicago Title Insurance Company with or without extended coverage, in the amount of the total purchase price of the land and building, covering title to the real estate on or after the date hereof, showing title in the intended grantor subject only to (a) the title exceptions set forth above, and (b) title exceptions pertaining to liens or encumbrances of a definite or ascertainable amount which may be deducted from the purchase price and removed by the delivery of the deed (all of which are herein referred to as the permitted exceptions). The title commitment shall be conclusive evidence of good title as therein shown as to all matters insured by the policy, subject only to the exceptions as therein stated. Purchaser shall be responsible for any costs for any additional coverage or endorsements required by Purchaser or Purchaser's lender.

2. If the title commitment or plat of survey discloses either unpermitted exceptions or survey matters that render the title unmarketable (herein referred to as "survey defects"), Seller shall have 10 business days from the date of delivery thereof to have the exceptions removed from the commitment or to correct such survey defects or to have the title insurer commit to insure against loss or damage that may be occasioned by such exceptions or survey defects, and in such event, the time of closing shall be 10 business days after delivery or the commitment or the time expressly specified in paragraph 5 on the front page hereof, whichever is later. If the Seller fails to have such exceptions or survey defects waived or insured over within the specified time, Purchaser may terminate the contract or may elect, upon notice to Seller within 10 days after the expiration of the 10 business day period, to take title as is with the right to deduct from the purchase price prior encumbrances of a definite or ascertainable amount.. If Purchaser does not so elect, this contract shall become null and void without further action of the parties. Seller shall furnish Purchaser at closing an affidavit of title covering the date of closing and shall sign any other customary forms required for issuance of an ALTA insurance policy.

3. Water and other utility charges, fuels, prepaid service contract, general taxes, and other similar items shall be adjusted ratably as of the day prior to closing. The amount of the current general real estate taxes not then ascertainable shall be adjusted on the basis of 105% of the most recent real estate tax bill. All prorations are final.

4. If prior to the delivery of the deed, the building shall be destroyed or damaged by fire or other casualty, this Contract shall not be terminated. Instead, the Purchaser shall accept the property with the destroyed or damaged building with the right to deduct from the purchase price any insurance proceeds received or to be received by the Seller payable as a result of such destruction or damage (except for such insurance which covers business interruption). The provisions of the Uniform Vendor and Purchaser Risk Act of the State of Illinois shall be applicable to this contract, except as modified by this paragraph. In the event that the amount of such proceeds is not known at the time of closing, there shall be no reduction in the purchase price, but Seller shall assign to Purchaser all insurance proceeds applicable to the Building.

5. If this contract is terminated without Purchaser's fault, including but not limited to Seller's inability to convey merchantable title to the property, the earnest money and any interest earned thereon shall be returned to the Purchaser, along the Purchaser's costs incurred to the date of default including, but not limited to, environmental inspections, financing, and reasonable attorney's fees. In addition, the Purchaser shall have all other remedies at law or equity, including specific performance. If the termination is caused by the Purchaser's fault, then as Seller's sole remedy the earnest money and any interest thereon shall be forfeited to the Seller as liquidated damages.

6. This sale shall be closed through an escrow with Chicago Title Insurance Company, in accordance with the general provisions of the usual form of Deed and Money Escrow Agreement then in use by Chicago Title Insurance Company, with such special provisions inserted in the escrow agreement as may be required to conform with this contract. Upon the creation of such an escrow, anything herein to the contrary notwithstanding, payment of purchase price and delivery of deed shall be made through the escrow and this contract and the earnest money shall be deposited in the escrow. The cost of the escrow and any "gap" fees shall be divided equally between Seller and Purchaser. The cost of the Purchaser's money lender's escrow shall be paid by Purchaser.

7. Time is of the essence of this contract.

8. All notices herein required shall be in writing and shall be served on the parties at the addresses following their signatures with copies sent to their respective attorneys. The mailing of this notice by certified mail, return receipt requested, shall be sufficient service. Service via facsimile transmission during regular business hours shall also be deemed to be sufficient service. Service may also be sent via Federal Express or any comparable commercial overnight delivery courier. Notices shall be sent to the following:

If for the Purchaser:	Village of Mundelein Attn: Mr. John Lobaito Village Administrator 440 E. Hawley Street Mundelein, Illinois 60060 Tel. No. (847) 949-3225 E-Mail: jlobaito@mundelein.org
with a copy to:	Lawrence R. LaLuzerne, Esq. Smith & LaLuzerne, Ltd. 209 W. Madison, 2nd Floor Waukegan, Illinois 60085 Fax No. (847) 662-6834 Tel. No. (847) 775-7700 E-Mail: lawrence.laluzerne@csmithlaw.com
If for the Seller:	Hawley Partners LLC Attn: Dave Knop 225 E. Hawley Street Mundelein, Illinois 60060

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Tel. No. (847) 388-3040
E-Mail: dknop@sigmasvs.com

with a copy to: Bruce Goodman
Timm & Garfinkel, LLC
770 Lake Cook Road, Suite 150
Deerfield, Illinois 60015
Tel. No (847)236-0490
Fax No. (847) 236-9100
E-Mail: bgoodman@ltglegal.com

9. Seller represents that seller is not a "foreign person" as defined in Section 1445 of the Internal Revenue Code and is therefore exempt from the withholding requirements of said Section. Seller will furnish Purchaser at closing the Exemption Certification set forth in said Section.

10. This Contract is subject to Purchaser's approval in Purchaser's sole and absolute discretion of environmental, soil and other physical conditions, covenants and restrictions of record and easements, appraisals and inspection of the Property and personal property thereon, intended to be left on the property after the closing, during the due diligence period expiring June 25, 2010 (the "Inspection Period").

Seller shall cooperate with Purchaser and shall provide reasonable access during normal business hours upon reasonable advance notice to the Seller during the Inspection Period for Purchaser's inspections, including but not limited to environmental investigations, soil borings, zoning investigations and such other investigations as Purchaser in its sole discretion and at Purchaser's sole expense may desire. Purchaser agrees to indemnify, defend, and hold Seller harmless from any and all liability from personal injury or property damage directly as a result of Purchaser or Purchaser's agents' negligence in performing said investigations. Purchaser acknowledges that the foregoing indemnification is a contractual undertaking for purposes of 745 ILCS 10/2-101(a) and is not prohibited by the common law or statutory doctrines of sovereign immunity. In no event shall the Purchaser be liable for any consequential damages as a result of said negligence. If Purchaser gives Seller notice that Purchaser does not approve of the property for any reason or for no reason at all, this contract shall be deemed terminated, null and void, and the Earnest Money shall be returned to Purchaser. If Purchaser fails to give notice on or before the expiration of said Inspection Period, then this Purchaser approval contingency as specified in Paragraph 10 of these Conditions and Stipulations shall be deemed waived.

In the event the Purchaser's inspections raise concerns about the condition of the property for which the Purchaser requests the Seller to correct, remediate, or cure, or seeks additional concessions from the Seller, the Purchaser will provide the Seller with a copy of the reports which document the condition of the property. The Seller shall not be under any obligation to correct or cure any items requested by the Purchaser. Said reports remain the property of the Purchaser and the Seller shall not disclose or share any of the information in the

reports to any third parties without the written permission of the Purchaser, nor shall Purchaser disclose such reports to third parties unless required by law or court order

11. This Contract is subject to Purchaser receiving authorization to sell bonds in the amount of $7,040,000 or such other amount acceptable to Purchaser, at a rate acceptable to Purchaser and a closing date on the bonds by July 12, 2010. If Purchaser is unable to obtain Bond Financing by said date, either party shall have the right to declare this contract null and void, and the Earnest Money shall be returned to the Purchaser

12. No new leases or options shall be entered into by Seller during said Inspection Period, or subsequently thereto if said inspection contingency is waived by Purchaser.

13. *Closing costs shall be allocated and paid as follows:

COST	RESPONSIBLE PARTY
Title Commitment required to be delivered pursuant to Section 1, hereof	Seller
Premium for standard form Title Policy required to be delivered pursuant to Section 1, hereof	Seller
Premium for any upgrade of Title Policy for extended or additional coverage and any endorsements to the Title Policy desired by Purchaser, any inspection fee charged by the Title Company, tax certificates, municipal and utility lien certificates, and any other Title Company charges	Purchaser
Costs of Survey- Reimburse Purchaser at closing	Seller
Costs of any revisions, modifications or re-certifications to the Survey	Seller
Costs for UCC Searches	Purchaser
Recording Fee	Purchaser
Any deed taxes, documentary stamps, transfer taxes, intangible taxes, mortgage taxes or other similar taxes, fees or assessments	Seller
Any escrow fee charged by Escrow Agent for holding the Earnest Money or conducting the Closing	Split
All other closing costs, expenses, charges and fees	Each party responsible for their own usual and customary closing fees

*In consideration for the Seller paying the above closing costs, the Purchaser will agree to waive the outstanding costs of $56,736.86 which were incurred by the Seller, and owed to the Village

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of Mundelein, pursuant to the Reimbursement Agreement By and Between The Village of Mundelein and Hawley Street Partners L.L.C., dated April 5, 2006 ("Agreement"). Further, the parties mutually declare the Agreement null and void, and no longer in effect.

14. The recording of this Contract or any memorandum hereof, or any affidavit pertaining hereto shall be prohibited without the prior written consent of Seller. There shall be no recordation of this Contract, and any such recordation of this Contract or memorandum or affidavit by Purchaser without the prior written consent of Seller shall constitute a default hereunder by Purchaser, whereupon Seller shall have the remedies to terminate this Contract and collect the earnest money pursuant to section 5 of these Terms and Conditions. In addition to any such remedies, Purchaser shall be obligated to execute an instrument in recordable form releasing this Contract or memorandum or affidavit, and Purchaser's obligations pursuant to this Section shall survive any termination of this Contract as a surviving obligation.

15. Purchaser acknowledges and agrees that upon Closing, Seller shall sell and convey to Purchaser and Purchaser shall accept the Property "**AS-IS, WHERE-IS, WITH ALL FAULTS**". Purchaser will conduct such inspections and investigations of the Property as Purchaser deems necessary including, but not limited to, the physical and environmental conditions thereof, and shall rely upon the same. By failing to terminate this Agreement prior to expiration of the Inspection Period, Purchaser acknowledges that Seller has afforded Purchaser a full opportunity to conduct such investigations of the Property as Purchaser deemed necessary to satisfy itself as to the condition of the Property and the existence or non-existence or curative action to be taken with respect to any conditions on the Property. Notwithstanding the foregoing provisions of this Section 15, in the event that, within three (3) years after Closing, a third party notifies the Purchaser in writing that real estate owned by such third party has been damaged by a Release of Hazardous Materials emanating from the Property, and the Purchaser reasonably determines that such Hazardous Materials originated from the operations of Seller on the Property, Purchaser shall notify Seller, and Seller shall thereupon defend, indemnify and hold Purchaser harmless against all loss, cost, damage and expense (including the reasonable fees and costs of attorneys, consultants and experts selected by Seller) arising from such third-party claim, demand or lawsuit. For purposes of this Section 15, the terms "Hazardous Materials" and "Release" shall have the meanings given to them in that certain Lease of even date between Purchaser, as lessor, and Seller, as lessee, for the property commonly known as 165 N. Archer, Mundelein, Illinois.

16. Seller shall have the right but not the obligation to continue occupying a portion or all of the property for a period of four (4) months following the closing for a total triple net rental rate of $50.00 per month, in accordance with the lease attached as "Exhibit B". (Referred to in the Resolution approving this contract as Exhibit 2.)

During such occupancy, Seller shall be responsible for the payment of all utilities, insurance premiums, maintenance, repairs and replacements as provided in said lease. The Seller shall give the Purchaser as credit at closing for the real estate taxes for 2010 from January 1, 2010 through November 30, 2010 based on the 2009 real estate taxes. In the event the Purchaser applies for tax exempt status for the Property for 2010 and receives a determination of tax exempt status from the Illinois Department of Revenue, the Purchaser shall rebate to the Seller that portion of the 2010 real estate taxes from the date of closing to November 30, 2010 which

the Purchaser receives from the Lake County Treasurer for any Certificate of Error issued to the Purchaser

REVISED DRAFT
04/30/2010

GEORGE E. COLE® **No. 1201-REC**
LEGAL FORMS December 2004

INDUSTRIAL BUILDING LEASE

CAUTION: Consult a lawyer before using or acting under this form. *Neither the publisher nor the seller of this form makes any warranty with respect thereto, including any warranty of merchantability or fitness for a particular purpose.*

Above Space for Recorder's use only

TERM OF LEASE BEGINNING	ENDING
July 1, 2010	December 31, 2017

MONTHLY RENT	DATE OF LEASE	LOCATION OF PREMISES
$5,307.08	April ___, 2010	Approximately 27,100 sq. ft. of office and warehouse space in the building at 165 N. Archer, Mundelein, Illinois, as depicted on Exhibit A attached hereto and made a part hereof.

PURPOSE
Additional terms, conditions and provision of this Lease are set forth on Rider attached hereto and made a part hereof as Exhibit B.

LESSEE **LESSOR**

NAME	• Eternabond, Inc., an Illinois corporation	NAME	• VILLAGE OF MUNDELEIN, an Illinois municipal corporation
ADDRESS	• 75 E. Division Street	ADDRESS	• 440 E. Hawley Street
CITY	• Mundelein, Illinois 60060	CITY	• Mundelein, Illinois 60060

In consideration of the mutual covenants and agreements herein stated, Lessor hereby leases to Lessee and Lessee hereby leases from the Lessor solely for the above purposes designated above (the "Premises"), together with the appurtenances thereto, for the above Term.

LEASE COVENANTS AND AGREEMENTS

1. **RENT.** Lessee shall pay Lessor or Lessor's agent as rent for the Premises the sum stated above, monthly in advance, until termination of this lease, at Lessor's address stated above or such other address as Lessor may designate in writing.

2. **CONDITION AND UPKEEP OF PREMISES.** Lessee has examined and knows the condition of the Premises and has received the same in good order and repair, and acknowledges that no representations as to the condition and repair thereof have been made by Lessor, or it's employees or agent, prior to or at the execution of this lease that are not herein expressed. The parties acknowledge that the Americans With Disabilities Act of 1990 (42 U.S.C. § 12101 et seq.) and regulations and guidelines promulgated thereunder, as all of the same may be amended and supplemented from time to time (collectively referred to herein as the "ADA") establish requirements under Title III of the ADA ("Title III"), and that such requirements may be unclear and may or may not apply to the Premises. The parties acknowledge and agree that Lessee has been provided an opportunity to inspect the Premises sufficient to determine whether or not the Premises in their condition current as of the date hereof deviate in any manner from the ADA Accessibility Guidelines("ADAAG") or any other requirements under the ADA pertaining to the accessibility of the Premises. Lessee acknowledges and agrees that Lessee accepts the Premises in "as-is" condition and agrees that Lessor makes no representation or warranty as to whether the Premises conform to the requirements of the ADAAG or any other requirements under the ADA pertaining to the accessibility of the Premises. Lessee shall be responsible for all Title III compliance and costs in connection with the Premises, including structural work, if any, and including any leasehold improvements or other work to be performed in the Premises under or in connection with this Lease. Lessee will keep the Premises including all appurtenances, in good repair, replacing all broken glass with glass of the same size and quality as that broken, and will replace all damaged plumbing fixtures with other of equal quality, and will keep the Premises, including adjoining alleys, in a clean and healthful condition according to the applicable municipal ordinances and the direction of the proper public officers during the term of this Lease at Lessee's expense, and will without injury to the roof, remove all snow and ice from the same when necessary, and will remove the snow and ice from the sidewalk abutting the Premises; and upon the termination of this lease, in any way, will yield up the Premises to Lessor, in good condition and repair, loss by fire and ordinary wear excepted, and will deliver the keys therefor at the place of payment of said rent.

3. **LESSEE NOT TO MISUSE; SUBLET; ASSIGNMENT.** Lessee will not allow Premises to be used for any purpose that will increase the rate of insurance thereon, nor for any purpose other than that hereinbefore specified, and will not load floors with machinery or goods beyond the floor load rating prescribed by applicable municipal ordinances, and will not allow the Premises to be occupied in whole, or on part, by any other person, and will not sublet the same, or any part thereof, nor assign this lease without in each case the written consent of the Lessor first hand, and Lessee will not permit any transfer by operation of law of the interest in Premises acquired through this lease, and will not permit Premises to be used for any unlawful purpose, or for any purpose that will injure the reputation of the building or increase the fire hazard of the building, or disturb the tenants or the neighborhood, and will not permit the same to remain vacant or unoccupied for more than ten consecutive days; and will not allow any signscards or placards to be posted, or placed thereon, nor permit any alteration of or addition to any of the Premises, except by prior written consent of Lessor; all alterations and additions to the Premises shall remain for the benefit of Lessor unless otherwise provided in the consent aforesaid.

4. **MECHANIC'S LIEN.** Lessee will not permit any mechanic's lien or liens to be placed upon the Premises or any building or improvement thereon during the term hereof, and in case of the filling of such lien Lessee will promptly pay same. If default in payment thereof shall continue for thirty (30) days after written notice thereof from Lessor to the Lessee, the Lessor shall have the right and privilege at Lessor's option of paying the same or any portion thereof without inquiry as to the validity thereof, and any amounts so paid, including attorney fees, expenses and interest, shall be so much additional indebtedness hereunder due from Lessee to Lessor and shall be repaid to Lessor immediately on rendition of bill therefor.

5. **INDEMNITY FOR ACCIDENTS.** Lessee covenants and agrees that it will protect and save and keep the Lessor, its managers, members, officers, directors, shareholders, employees and agent forever harmless and indemnified against and from all claims and liabilities including attorney fees and costs, any penalty or damages or charges imposed for any violation of any laws or ordinances, whether occasioned by neglect of Lessee or those holding under Lessee, and that Lessee will at all times protect, indemnify and save and keep harmless the Lessor, its managers, members, officers, directors, shareholders, employees and agent against and from any and all loss, cost, damage or expenses, arising out of or from any accident or other occurrence on or about the Premises, causing injury to any person or property whomsoever or whatsoever and will protect, indemnify and save and keep harmless the Lessor, its managers, members, officers, directors, shareholders, employees and agent against and from any and all claims and against and from any and all loss, cost, damage or expense arising out of any failure of Lessee in any respect to comply with and perform all the requirements and provision hereof

6. **NON-LIABILITY OF LESSOR.** Except as provided by Illinois statute, Lessor, its managers, members, officers, directors, shareholders, employees and agent shall not be liable for any damage occasioned by failure to keep the Premises in repair, nor for any damage done or occasioned by or from plumbing, gas, water, sprinkler, steam or other pipes or sewerage or the bursting, leaking or running of any pipes, tank or plumbing fixtures, in, above, upon or about Premises or any building or improvement thereon nor for any damage occasioned by water, snow or ice being upon or coming through the roof, skylights, trap door or otherwise, nor for any damages arising from acts or neglect of any owners or occupants of adjacent or contiguous property.

7. **REAL ESTATE TAXES, WATER, GAS AND ELECTRIC CHARGES.** Lessee will pay, in addition to the rent above specified, all real estate taxes and assessments (general and specific), water rates, gas, electric light and power, bills taxed, levied or charged on the Premises, for and during the time for which this lease is granted, and in case said water rates and bills for gas, electric light and power shall not be paid when due, Lessor shall have the right to pay the same, which amounts so paid, together with any sums paid by Lessor to keep the Premises in a clean and healthy condition as above specified, are declared to be so much additional rent and payable with the installment of rent next due thereafter. Lessee shall deliver to Lessor duplicate receipts (or photostatic copies thereof) showing evidence of payments of all of the foregoing expenses and charges for the Premises within thirty (30) days after the respective payments evidenced thereby.

8. **KEEP PREMISES IN REPAIR.** Lessor shall not be obliged to incur any expense for repairing any improvements upon the Premises or connected therewith, and the Lessee at its own expense will keep, repair and maintain, all exterior and interior improvements, including but not limited to the heating, ventilating and air conditioning equipment, the roof, the landscaping and the parking areas, structural and non-structural repairs, in good repair as well as in good tenantable and wholesome condition, and will comply with all local or general regulations, laws and ordinances applicable thereto, as well as lawful requirements of all competent authorities in that behalf. Lessee will, as far as possible, keep said improvements from deterioration due to ordinary wear and from falling temporarily out of repair. If Lessee does not make repairs as required hereunder promptly and adequately, Lessor may but need not make such repairs and pay the costs thereof, and such costs shall be so much additional rent immediately due from and payable by Lessee to Lessor.

9. **ACCESS TO PREMISES.** Lessee will allow Lessor free access to the Premises for the purpose of examining or exhibiting the same, or to make any repairs, or alterations thereof which Lessor may see fit to make and will allow to have placed upon the Premises at all times notice of "For Sale" and "To Rent", and will not interfere with the same.

10. **ABANDONMENT AND RELETTING.** If Lessee shall abandon or vacate the Premises, or if Lessee's right to occupy the Premises be terminated by Lessor by reason of Lessee's breach of any of the covenants herein, the same may be re-let by Lessor for such rent and upon such terms as Lessor may deem fit, subject to Illinois statute; and if a sufficient sum shall not thus be realized monthly, after paying the expenses of such re-letting and collecting to satisfy the rent hereby reserved, Lessee agrees to satisfy and pay all deficiency monthly during the remaining period of this lease.

11. **HOLDING OVER.** Lessee will, at the termination of this lease by lapse of time or otherwise, yield up immediate possession to Lessor, and failing to do so, will pay as liquidated damages, for the whole time such possession is withheld, the sum of ~~Dollars~~ ($ 353.80) per day; but the provisions of this clause shall not be held as a waiver by Lessor of any right of re-entry as hereinafter set forth; nor shall the receipt of said rent or any part thereof, or any other act in apparent affirmance of tenancy, operate as a waiver of the right to forfeit this lease and the term hereby granted for the period still unexpired, for a breach of any of the covenants herein.

12. **EXTRA FIRE HAZARD.** There shall not be allowed, kept, or used on the Premises any inflammable or explosive liquids or materials save such as may be necessary for use in the business of the Lessee, and in such case, any such substances shall be

delivered and stored in amount, and used, in accordance with the rules of the applicable Board of Underwriters and statutes and ordinances now or hereafter in force.

13. DEFAULT BY LESSEE. If default be made in the payment of the above rent, or any part thereof, or in any of the covenants herein contained to be kept by the Lessee, Lessor may at any time thereafter at his election declare said term ended and reenter the Premises or any part thereof, with or (to the extent permitted by law) without notice or process of law, and remove Lessee or any persons occupying the same, without prejudice to any remedies which might otherwise be used for arrears of rent, and Lessor shall have at all times the right to distrain for rent due, and shall have a valid and first lien upon all personal property which Lessee now owns, or may hereafter acquire or have an interest in, which is by law subject to such distraint, as security for payment of the rent herein reserved.

14. NO RENT DEDUCTION OR SET OFF. Lessee's covenant to pay rent is and shall be independent of each and every other covenant of this lease. Lessee agrees that any claim by Lessee against Lessor shall not be deducted from rent nor set off against any claim for rent in any action.

15. RENT AFTER NOTICE OR SUIT. It is further agreed, by the parties hereto, that after the service of notice or the commencement of a suit or after final judgement for possession of the Premises, Lessor may receive and collect any rent due, and the payment of said rent shall not waive or affect said notice, said suit, or said judgment.

16. PAYMENTS OF COSTS. Lessee will pay and discharge all reasonable costs, attorney fees and expenses that shall be made and incurred by Lessor in enforcing the covenants and agreements of this lease.

17. RIGHTS CUMULATIVE. The rights and remedies of Lessor under this lease are cumulative. The exercise or use of any one or more thereof shall not bar Lessor from exercise or use of any other right or remedy provided herein or otherwise provided by law, nor shall exercise nor use of any right or remedy by Lessor waive any other right or remedy.

18. FIRE AND CASUALTY. In case the Premises shall be rendered untenantable during the term of this lease by fire or other casualty, Lessor at its option may terminate the lease or repair the Premises within 60 days thereafter. If Lessor elects to repair, this lease shall remain in effect provided such repairs are completed within said time. If Lessor shall not have repaired the Premises within said time, then at the end of such time the term hereby created shall terminate. If this lease is terminated by reason of fire or casualty as herein specified, rent shall be apportioned and paid to the day of such fire or casualty.

19. SUBORDINATION. This lease is subordinate to all mortgages which may now or hereafter affect the Premises.

20. PLURALS; SUCCESSORS. The words "Lessor" and "Lessee" wherever herein occurring and used shall be construed to mean "Lessors" and "Lessees" in case more than one person constitutes either party to this lease; and all the covenants and agreements contained shall be binding upon, and inure to, their respective successors, heirs, executors, administrators and assigns and may be exercised by its or their attorney or agent.

21. SEVERABILITY. Wherever possible each provision of this lease shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this lease shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this lease.

22. WAIVER OF SUBROGATION. Lessor and Lessee agree to have all fire and extended coverage and other property damage insurance which may be carried by either of them endorsed with a clause providing that any release from liability of, or waiver of claim for, recovery from the other party entered into in writing by the insured thereunder prior to any loss or damage shall not affect the validity of said policy or the right of the insured to recover thereunder and providing further that the insurer waives all rights of subrogation which such insurer might have against the other party. Without limiting any release or waiver of liability or recovery set forth elsewhere in this Lease, and notwithstanding anything in this Lease which may appear to be to the contrary, each of the parties hereto waives all claims for recovery from the other party for any loss or damage to any of its property insured under valid and collectible insurance policies to the extent of any recovery collectible under such insurance policies. Notwithstanding the foregoing or anything contained in this Lease to the contrary, any release or any waiver of claims shall not be operative, nor shall the foregoing endorsements be required, in any case where the effect of such release or waiver is to invalidate insurance coverage or invalidate the right of the insured to recover thereunder or to increase the cost thereof (provided that in the case of increased cost the other party shall have the right, within ten (10) days following written notice, to pay such increased cost keeping such release or waiver in full force and effect).

23. **LESSEE'S INSURANCE.** Lessee shall procure and maintain policies of insurance, at its sole cost and expense, during the entire term hereof with terms and coverage and companies satisfactory to Lessor and with such increases in limits as Lessor may from time to time request. Prior to the commencement of the term, Lessee shall furnish to Lessor policies or certificates evidencing such coverage, which policies or certificates shall state that such insurance coverage may not be reduced, cancelled or not renewed without at least thirty (30) days' prior written notice to Lessor and Lessee.

24. **LESSEE'S OBLIGATIONS WITH RESPECT TO ENVIRONMENTAL MATTERS.**

(a) During the term of this Lease, (i) Lessee shall comply at its sole cost and expense with all Environmental Laws; (ii) Lessee shall not Manage, or authorize the Management of, any Hazardous Materials on the Premises, including installation of any underground storage tanks, without prior written disclosure to and prior written approval by Lessor; (iii) Lessee shall not take any action that would subject the Premises to the permit requirements under RCRA for storage, treatment or disposal of Hazardous Materials; (iv) Lessee shall not dispose of Hazardous Materials in dumpsters provided by Lessor for Lessee use or otherwise; (v) Lessee shall not discharge Hazardous Materials into drains or sewers serving the Premises; and (vi) Lessee shall not cause or allow the release of any Hazardous Materials on, to or from the Premises or surrounding land. Notwithstanding anything contained in this Lease to the contrary, Lessee shall reimburse, defend, indemnify and hold Lessor, and its managers, members, officers, directors, shareholders, employees, and agents, free and harmless from and against any and all claims, losses, liabilities, damages, costs, and expenses, including, without limitation, loss of rental income, loss due to business interruption, and reasonable attorneys' fees and costs, arising out of or in any way connected with violations of the foregoing provisions.

(b) "Environmental Laws" shall mean and include all federal, state and local statutes, ordinances, regulations and rules in effect and as amended from time to time relating to environmental quality, health, safety, contamination and cleanup, including, without limitation, the Clean Air Act, 42 U.S.C. Section 7401 et seq.; the Clean Water Act, 33 U.S.C. Section 1251 etse q., and the Water Quality Act of 1987; the Federal Insecticide, Fungicide, and Rodenticide Act ("FIFRA"), 7 U.S.C. Section 136 et seq.; the Marine Protection, Research, and Sanctuaries Act, 33 U.S.C. Section 1401 et seq.; the National Environmental Policy Act, 42 U.S.C. Section 4321 et seq.; the Noise Control Act, 42 U.S.C. Section 4901 et seq.; the Occupational Safety and Health Act, 29 U.S.C. Section 651 et seq.; the Resource Conservation and Recovery Act ("RCRA"), 42 U.S.C. Section 6901 et seq., as amended by the Hazardous and Solid Waste Amendments of 1984; the Safe Drinking Water Act, 42 U.S.C. Section 300f et seq.; the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), 42 U.S.C. Section 9601 et seq., as amended by the Superfund Amendments and Reauthorization Act, the Emergency Planning and Community Right-to-Know Act, and the Radon Gas and Indoor Air Quality Research Act; the Toxic Substances Control Act ("TSCA"), 15 U.S.C. Section 2601 et seq.; the Atomic Energy Act, 42 U.S.C. Section 2011 et seq., and the Nuclear Waste Policy Act of 1982, 42 U.S.C. Section 10101 et seq.; and the Environmental Protection Act of Illinois ("JEPA"), Ill. Rev. Stat. ch. 111/2, para. 1001 et seq., and state and local superlien and environmental statutes and ordinances, with implementing regulations, rules and guidelines, as any of the foregoing may be amended from time to time. Environmental Laws shall also include all state, regional, county, municipal, and other local laws, regulations, and ordinances insofar as they are equivalent or similar to the federal laws recited above or purport to regulate Hazardous Materials (as hereinafter defined).

(c) "Hazardous Materials" shall mean and include the following, including mixtures thereof: any hazardous substance, pollutant, contaminant, waste, by-product or constituent regulated under CERCLA; oil and petroleum products and natural gas, natural gas liquids, liquefied natural gas and synthetic gas usable for fuel; pesticides regulated under FIFRA; asbestos and asbestos-containing materials, PCBs, and other substances regulated under TSCA; source material, special nuclear material, by-product material and any other radioactive materials or radioactive wastes, however produced, regulated under the Atomic Energy Act or the Nuclear Waste Policy Act; chemicals subject to the OSHA Hazard Communication Standard, 29 C.F.R. § 1910.1200 et seq.and industrial process and pollution control wastes whether or not hazardous within the meaning of RCRA, and any other hazardous substance, pollutant or contaminant regulated under any other Environmental Law.

(d) "Manage" or "Management" means to generate, manufacture, process, treat, store, use, re-use, refine, recycle, reclaim, blend or burn for energy recovery, incinerate, accumulate speculatively, transport, transfer, dispose of or abandon Hazardous Materials. "Release" or "Released" shall mean any actual or threatened spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping or disposing of Hazardous Materials into the environment, as "environment" is defined in CERCLA. "Response" or "Respond" shall mean action taken to correct, remove, remediate, clean up, prevent, mitigate, monitor, evaluate, investigate, assess or abate the Release of a Hazardous Material.

25. **SECURITY DEPOSIT.** Lessee has deposited with Lessor the sum of ~~Dollars~~ ($ 10,614.16) as security for the full and faithful performance of every provision of this Lease to be performed by Lessee. If Lessee defaults with respect to any provision of this Lease, including, but not limited to, the provisions relating to the payment of rent, Lessor may use, apply or retain all or any part of said security deposit for the payment of any Rent and any other sum in default or for the payment of any other amount which Lessor may spend or become obligated to spend by reason of Lessee's default or to

compensate Lessor for any other loss or damage which Lessor may suffer by reason of Lessee's Default. If any portion of said security deposit is to be used or applied, Lessee shall deposit cash with Lessor within five (5) days after written demand therefor in an amount sufficient to restore the security deposit to its original amount, and Lessee's failure to do so shall be a material breach of this Lease. Lessor (or its beneficiary) shall not be required to keep said security deposit separate from its general funds, and Lessee shall not be entitled to interest on any security deposit.

26. MODIFICATION IN WRITING No modification, waiver or amendment of this Lease or of any of its conditions or provisions shall be binding upon Lessor unless in writing signed by Lessor.

27. HEADINGS. The headings of Articles and Sections are for convenience only and do not limit, expand or construe the contents of the Sections.

28. TIME OF ESSENCE. Time is of the essence of this Lease and of all provisions hereof.

29. SHORT FORM OF LEASE. Lessee shall promptly execute a short form of lease for recording and shall deliver the same to Lessor within ten (10) days following Lessor's request for the same.

30. ENTIRE AGREEMENT. All understandings and agreements, oral or written, heretofore made between the parties hereto are merged in this Lease, which alone fully and completely expresses the agreement between Lessor and Lessee.

If this instrument is executed by a corporation, such execution has been authorized by a duly adopted resolution of the Board of Directors of such corporation.

This lease consists of 13 pages numbered 1 to 13, including a rider consisting of 7 pages, identified by Lessor and Lessee.

IN WITNESS WHEREOF, the parties hereto have executed this instrument this day and year first above written.

_____ LESSOR: VILLAGE OF MUNDELEIN (SEAL)

_____ BY: _____ (SEAL)
KENNETH H. KESSLER, MAYOR

Please print or type name(s) below signature(s). LESSEE: ETERNABOND, INC. (SEAL)

BY: _____ (SEAL)
GAIL M. MARGARITES, President

ASSIGNMENT BY LESSOR

On this _____, 20 ____, for value received, Lessor hereby transfers, assigns and sets over to _____, all right, title and interest in and to the above Lease and the rent thereby reserved, except rent due payable prior to _____, 20_____.

_____ (SEAL)

_____ (SEAL)

GUARANTEE

On this MARCH, 20 10, in consideration of Ten Dollars ($10.00) and other goods and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned Guarantor hereby fully guarantees the payment of rent and all sums payable by Lessee under the Lease and performance by Lessee, Lessee's heirs, executors, administrators, successors or assigns of all covenants and agreements of the above Lease including attorney fees and costs of collection.

_____ (SEAL)
CHRISTOPHER E. MARGARITES, INDIVIDUALLY

_____ (SEAL)

Legal Description:

LEGAL DESCRIPTION OF PROPERTY AT 165 N. ARCHER, MUNDELEIN, ILLINOIS, OF WHICH THE DEMISED PREMISES IS PART, IS SET FORTH ON EXHIBIT C ATTACHED HERETO AND MADE A PART HEREOF.

Permanent Real Estate Index Number(s) 11-30-100-039 11-30-100-040

Address(es) of Real Estate 165 N. ARCHER AVENUE, MUNDELEIN, ILLINOIS