



SOUTH SANGAMON WATER COMMISSION

ORDINANCE NUMBER 10-7

AN ORDINANCE authorizing and providing for the issue of not to exceed \$7,000,000 Water Commission Revenue Bonds, Series 2010A, of the South Sangamon Water Commission, Sangamon County, Illinois

ADOPTED BY THE BOARD OF COMMISSIONERS

APRIL 28, 2010

PUBLISHED IN PAMPHLET FORM BY AUTHORITY OF THE BOARD OF COMMISSIONERS OF THE SOUTH SANGAMON WATER COMMISSION, SANGAMON COUNTY, ILLINOIS ON APRIL 28, 2010.

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PREAMBLES

WHEREAS, the South Sangamon Water Commission, Sangamon County, Illinois (the "Commission"), has heretofore been duly organized and is now operating as a commission and public corporation under the provisions of the Illinois Municipal Code, 65 ILCS 5/1-1-1, *et seq.*, as supplemented and amended (the "Act"), and in particular, 65 ILCS 5/11-135-1, *et seq.* thereof ("Division 135"); and

WHEREAS, the Village of Chatham, Illinois and the Village of New Berlin, Illinois (collectively, the "Villages") adopted ordinances pursuant to which the Villages elected to jointly acquire and operate a common source of supply of water and establish the Commission under the authority granted by Division 135; and

WHEREAS, the Board of Commissioners of the Commission (the "Board") and the Villages have determined it is advisable, necessary and in the best interests of the Villages and the Commission to proceed with the development and construction of a common source of supply of water, described generally as follows (the "Project"):

A new water well field and new water treatment facilities located east of the Village of Rochester, Illinois designed to treat 3.3 million gallons per day of water, plus 18" and 20" transmission main to carry water 20 miles to the Village of Chatham, a 10" transmission line to the Village of New Berlin and a booster station that will feed 10 miles of water main, including all necessary engineering, design, land acquisition, connections, appurtenances, material, labor and equipment incident thereto, all mechanical, electrical and other services necessary, useful or advisable to such projects, and, incidental to such improvements, and all bond discount, bond interest, bond reserve account funding, legal, financing, and administrative expenses

all in accordance with the preliminary plans and estimate of costs, which have been prepared for the Commission by Greene & Bradford, Inc., Springfield, Illinois, the Commission's Engineer; and

WHEREAS, the Commission has determined that the total estimated costs of the Project, as defined, are \$24,000,000 plus capitalized interest and costs of financing; and

WHEREAS, the Commission has insufficient funds on hand and lawfully available to pay the costs of the Project; and

WHEREAS, the Commission deems it necessary and advisable to incur interim temporary short term indebtedness to finance the initial costs of construction and to evidence such indebtedness by issuing from time to time its Water Commission Revenue Bonds, Series 2010A in the aggregate principal amount not to exceed \$7,000,000 (the "Bonds") as provided herein; and

WHEREAS, the Commission intends to refund the Bonds as part of the long term financing of the Project on or before January 1, 2012; and

WHEREAS, Section 11-135-1 of Division 135 authorizes the Villages to pay, to advance or to obligate themselves to the Commission to bear a proportionate share of the construction and operating costs of the Project by adopting ordinances declaring their intention to do so; and

WHEREAS, the President and Board of Trustees of the Village of Chatham, Illinois (the "Village of Chatham") adopted Ordinance No. 10-16 on April 13, 2010 ("Ordinance No. 10-16") obligating the Village of Chatham to pay the Commission \$6,300,000 on January 1, 2012, provided however that (i) the maximum amount paid shall not exceed the sum equal to 90% of the principal and interest to come due on the Bonds, and (ii) if the Commission's Bonds are refunded prior to their maturity, such obligation shall terminate and be of no further force and effect; and

WHEREAS, the President and Board of Trustees of the Village of New Berlin, Illinois (the "Village of New Berlin") adopted Ordinance No. 2010-05 on April 21, 2010 ("Ordinance No. 2010-05") obligating the Village of New Berlin to pay the Commission \$700,000 on January 1, 2012, provided however that (i) the maximum amount paid shall not exceed the sum equal to 10% of the principal and interest to come due on the Bonds, and (ii) if the Commission's Bonds are refunded prior to their maturity, such obligation shall terminate and be of no further force and effect; and

WHEREAS, Ordinance No. 10-16 and Ordinance No. 2010-05 (the "Village Ordinances") obligate the Villages to the Commission to pay their respective proportionate amounts which in the aggregate is sufficient to provide revenues to the Commission that will pay principal and interest on the Bonds; and

WHEREAS, the Commission approves the foregoing obligations of the Villages to pay their proportionate share; and

WHEREAS, the Villages have each approved and entered into Wholesale Water Agreements with the Commission (individually, a "Contract" and collectively, the "Contracts"); and

WHEREAS, there has been presented an Agreement for Issuance of Bonds by and between the Villages and the Commission (the "Agreement for Issuance of Bonds") to further evidence the Villages' obligations to pay their proportionate share of the costs; and

WHEREAS, the Villages have requested the Commission to issue the Bonds payable from the revenues derived by the Commission from the payments made by the Villages pursuant

to the Village Ordinances, the Contracts and the Agreement for Issuance of Bonds (the “Revenues”), and issued pursuant to the Act, the Intergovernmental Cooperation article of the Illinois Constitution (Section 10 of Article VII of the Constitution of the State of Illinois), the Intergovernmental Cooperation Act 5 ILCS 220/1 *et seq.*, the Illinois Municipal Code including the Municipal Bond Reform Act, 65 ILCS 5/8-4.1-1 *et seq.*, the Local Government Debt Reform Act, 30 ILCS 350/1 *et seq.*, the Omnibus Bond Acts, 5 ILCS 70/8 and other applicable law (collectively, “Applicable Acts”); and

WHEREAS, the Board hereby finds that the Commission is now authorized at this time to issue bonds in the aggregate amount not to exceed \$7,000,000 for the purpose of defraying the cost of constructing the Project, to be paid from the Revenues and issued pursuant to the Applicable Acts; and

WHEREAS, for convenience of reference only this Ordinance is divided into numbered sections with headings, which shall not define or limit the provisions hereof as follows:

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NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF COMMISSIONERS OF THE SOUTH SANGAMON WATER COMMISSION, SANGAMON COUNTY, ILLINOIS, AS FOLLOWS:

Section 1. Definitions.

The following words and terms used in this Ordinance shall have the following meanings unless the context or use clearly indicates another or different meaning is intended.

“Applicable Acts” means the Act, Division 135, the Intergovernmental Cooperation article of the Illinois Constitution (Section 10 of Article VII of the Constitution of the State of Illinois), the Intergovernmental Cooperation Act 5 ILCS 220/1 *et seq.*, the Municipal Bond Reform Act, 65 ILCS 5/8-4.1-1 *et seq.*, the Local Government Debt Reform Act, 30 ILCS 350/1 *et seq.*, the Omnibus Bond Acts, 5 ILCS 70/8 and other applicable law.

“Board” means the Board of Commissioners of the Commission.

“Bond” or “Bonds” means the \$7,000,000 Water Commission Revenue Bonds, Series 2010A, authorized to be issued by this Ordinance, including bonds issued in exchange for or upon transfer or replacement of bonds previously issued under this Ordinance.

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

“Bond Registrar” means the Commission, acting through its Treasurer, or a successor thereto designated as Bond Registrar hereunder.

“Commission” means the South Sangamon Water Commission, Sangamon County, Illinois.

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

“Designated Officials” means the Chairman and Clerk of the Commission acting together.

“Fiscal Year” means the twelve-month period constituting or designated by the Commission as its fiscal year.

“Interest Rate” means 1.89% per annum.

“Issue Date” means the date the Bonds are issued in exchange for payment of the purchase price by the Purchaser for the Bonds.

“Operation and Maintenance Costs” means all costs of operating, maintaining and routine repair of the System, including wages, salaries, costs of materials and supplies, power, fuel, insurance (including all payments by the Commission pursuant to long term contracts for such services); but excluding debt service, depreciation, capital improvements or replacements or engineering expenses in anticipation thereof or in connection therewith, or any reserve

requirements; and otherwise determined in accordance with generally accepted accounting principles for municipal enterprise funds.

“Ordinance” means this Ordinance passed by the Board on April 28, 2010.

“Outstanding Bonds” means Bonds which are outstanding and unpaid; provided, however, such term shall not include Bonds (i) which have matured and for which moneys are on deposit with proper paying agents, or are otherwise properly available, sufficient to pay all principal thereof and interest thereon, or (ii) the provision for payment of which has been made by the Commission by the deposit in an irrevocable trust or escrow of funds or direct, full faith and credit obligations of the United States of America, the principal of and interest on which will be sufficient to pay at maturity or as called for redemption all the principal of and interest on such Bonds.

“Paying Agent” means the Commission, acting through its Treasurer, or a successor thereto designated as Paying Agent hereunder.

“Purchase Agreement” means the Bond Purchase Agreement to be entered into by and between the Commission and the Purchaser in connection with the Bonds.

“Purchaser” means Bank of Springfield, Springfield, Illinois, the purchaser in connection with the Bonds.

“Revenues” means all income and revenues of the Commission derived from the Village Ordinances, the Contracts, the Agreement for Issuance of Bonds, and the System, including (i) investment income on all accounts created hereunder; (ii) user connection permit, and inspection fees and the like for the use of the System; (iii) penalties and delinquency charges; (iv) capital development, reimbursement, or recovery charges and the like.

“System” means all property, real, personal or otherwise owned or to be owned by the Commission or under the control of the Commission and used for water treatment and supply purposes, including but not limited to the Project and facilities constructed in accordance with this Ordinance and any and all further extensions, improvements and additions thereto.

“System Fund” means the fund by said name created and established in Section 11 of this Ordinance.

Section 2. Incorporation of Preambles.

The Board hereby find that the recitals contained in the preambles to this Ordinance are full, true, and correct and do hereby incorporate them into this Ordinance by this reference.

Section 3. Determination To Issue Bonds.

The Board does hereby find that it is necessary and in the best interests of the Commission to construct the Project and to issue the Bonds to pay a portion of the costs thereof. It is the intent of the Board to invoke all supplemental power and authority available under and pursuant to the Applicable Acts.

Section 4. Determination of Useful Life.

The Board does hereby determine the period of usefulness of the Project and the System to be no less than forty (40) years.

Section 5. Bond Details.

To meet part of the estimated cost of the Project, Bonds of the Commission shall be issued and sold from time to time in an aggregate principal amount of not to exceed \$7,000,000, shall each be designated "Water Commission Revenue Bonds, Series 2010A", and shall be issued in the denomination of \$1,000 or any authorized integral multiple thereof.

The Designated Officials are hereby authorized to proceed, without any further authorization or direction whatsoever from the Board, to sell and deliver the Bonds upon the terms as prescribed in this Section to the Purchaser from time to time in such principal amounts as the Designated Officials deem necessary to pay costs of the Project. The Bonds shall be sold at a price of not less than the par value of the principal amount thereof. Nothing in this Section shall require the Designated Officials to sell or deliver the Bonds, but the Designated Officials shall have the authority to sell the Bonds in any event so long as the limitations set forth in this Ordinance and the conditions of this Section shall have been met.

Upon the sale of the Bonds from time to time, the Designated Officials shall prepare a Bond Order in the form contained in Section 15 hereof, which shall include the pertinent details of sale as provided herein, and such shall be entered into the records of the Commission and made available to the Board at the next public meeting thereof.

The authority contained herein for the sale and issuance of the Bonds is hereby limited and will expire July 1, 2011.

The Bonds shall be numbered consecutively from 1 upwards in order of their issuance and may bear such identifying numbers or letters as shall be useful to facilitate the registration, transfer and exchange of the Bonds. Each Bond shall be dated the date of issuance.

The Bonds shall mature on January 1, 2012. The Board intends, and expressly finds and determines, that the Bonds be and are temporary short-term financing obligations of Project costs which will be refunded with long term financing on or before January 1, 2012.

Each Bond shall bear interest at the Interest Rate from its date, or from the most recent interest payment date to which interest has been paid or duly provided for, computed on the basis of a 360-day year consisting of twelve 30-day months. The principal of and premium, if any, and interest on the Bonds shall be payable on January 1, 2012, in lawful money of the United States of America upon presentation and surrender thereof at the principal corporate office of the Paying Agent.

Section 6. Redemption.

The Bonds may be called for redemption and payment prior to maturity at the option of the Commission on any date, in whole or in part (if in part, Bonds to be selected in multiples of \$1,000 principal amount by lot by the Bond Registrar in such manner as it shall deem fair and

appropriate) at a redemption price equal to the principal amount thereof plus accrued interest to the date fixed for redemption.

Notice of the redemption of Bonds shall be delivered not less than one (1) day prior to the date fixed for such redemption to the registered owners of Bonds to be redeemed at their last addresses appearing on such registration books. The Bonds or portions thereof specified in such notice shall become due and payable at the applicable redemption price on the redemption date therein designated, and if, on the redemption date, moneys for payment of the redemption price of all the Bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be on deposit with the Paying Agent for such payment on such date, and if notice of redemption shall have been delivered as aforesaid (and notwithstanding any defect therein or the lack of actual receipt thereof by any registered owner) then from and after the redemption date interest on such Bonds or portions thereof shall cease to accrue and become payable. If there shall be called for redemption less than all of a Bond, the Commission shall execute and the Bond Registrar shall authenticate and deliver, upon the surrender of such Bond, without charge to the registered owner thereof, for the unredeemed balance of the Bond so surrendered, Bonds of like maturity and of the denomination of \$1,000 or any authorized integral multiple thereof.

Section 7. Execution; Authentication.

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

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

Section 8. Registration of Bonds; Persons Treated as Owners.

The Commission shall cause books (the "Bond Register") for the registration and for the transfer of the Bonds as provided in this Ordinance to be kept at the principal corporate office of the Bond Registrar which is hereby constituted and appointed the bond registrar of the Commission for the Bonds. The Commission is authorized to prepare, and the Bond Registrar or such other agent as the Commission may designate shall keep custody of, multiple Bond blanks executed by the Commission for use in the transfer and exchange of the Bonds.

Any Bond may be transferred or exchanged, but only in the manner, subject to the limitations, and upon payment of the charges as set forth herein. Upon surrender for transfer or exchange of any Bond at the principal corporate office of the Bond Registrar, duly endorsed by, or accompanied by a written instrument or instruments of transfer or exchange in form satisfactory to the Bond Registrar and duly executed by, the registered owner or his attorney duly authorized in writing, the Commission shall execute and the Bond Registrar shall authenticate, date and deliver in the name of the registered owner, transferee or transferees (as the case may be) a new fully registered Bond or Bonds of the same maturity and interest rate of authorized denominations, for a like aggregate principal amount.

The execution by the Commission of any fully registered Bond shall constitute full and due authorization of such Bond; and the Bond Registrar shall thereby be authorized to authenticate, date and deliver such Bonds; provided, however, the principal amount of Outstanding Bonds of each maturity authenticated by the Bond Registrar shall not at any one time exceed the authorized principal amount of Bonds for such maturity less the amount of such Bonds which have been paid.

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

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

Section 9. Form of Bond.

The Bonds shall be issued as fully registered bonds conforming to the industry customs and practices of printing. The Bonds shall be in substantially the form, with the blanks to be appropriately completed when the Bonds are printed, as follows:

(Form of Bond)

UNITED STATES OF AMERICA
STATE OF ILLINOIS
COUNTY OF SANGAMON
SOUTH SANGAMON WATER COMMISSION
WATER COMMISSION REVENUE BOND
SERIES 2010A

REGISTERED NO. _____

REGISTERED \$ _____

INTEREST RATE:
1.89%

MATURITY DATE:
January 1, 2012

DATED DATE:

Registered Owner:

Principal Amount: DOLLARS.

KNOW ALL PERSONS BY THESE PRESENTS that the South Sangamon Water Commission, a commission and public corporation situated in the County of Sangamon, in the State of Illinois (the "Commission"), acknowledges itself indebted and for value received hereby promises to pay to the Registered Owner identified above, or registered assigns, the Principal Amount set forth above on the Maturity Date specified above, and to pay interest on such Principal Amount from the Dated Date hereof, or from the most recent interest payment date to which interest has been paid, at the Interest Rate per annum set forth above, computed on the basis of a 360-day year consisting of twelve 30-day months and payable on the Maturity Date, by check or draft to the Registered Owner of this Bond appearing on the registration books maintained for such purpose by the Commission, as Bond Registrar (including its successors, the "Bond Registrar"). This Bond, as to principal and interest when due, will be payable in lawful money of the United States of America upon presentation and surrender of this Bond at the principal office of the Commission as Paying Agent (including its successors, the "Paying Agent").

(1) This Bond is one of a series of Bonds issued from time to time in aggregate principal amount of not to exceed \$7,000,000 under a single authorization of the Commission, which are all of like tenor. The Bonds are authorized and issued under and pursuant to the Constitution and laws of the State of Illinois, including the Illinois Municipal Code, 65 ILCS 5/1-1-1, *et seq.*, and in particular, 65 ILCS 5/11-135-1, *et seq.* thereof, the Intergovernmental Cooperation article of the Illinois Constitution (Section 10 of Article VII of the Constitution of the State of Illinois), the Intergovernmental Cooperation Act 5 ILCS 220/1 *et seq.*, the Municipal Bond Reform Act, 65 ILCS 5/8-4.1-1 *et seq.*, the Local Government Debt Reform Act, 30 ILCS 350/1 *et seq.*, the Omnibus Bond Acts, 5 ILCS 70/8, each as supplemented and amended, and other applicable law (collectively the "Applicable Acts"), and pursuant to and in accordance with Ordinance No. 10-7 adopted by the Board of Commissioners of the Commission on April 28, 2010 (the "Ordinance"), to which reference is hereby expressly made for all definitions and terms and to all the provisions of which the holder by acceptance of this Series 2010A Bond assents.

(2) The Bonds are payable solely from the Revenues, as defined and not otherwise, and are issued under authority of the provisions of the Applicable Acts for the purpose of providing temporary short term financing to pay a portion of the costs of the Project, as defined, of constructing a new water treatment and supply system of the Commission (the "System") to supply wholesale water to the Village of Chatham, Illinois and the Village of New Berlin, Illinois. This Bond does not constitute an indebtedness of the Commission or any municipality represented by the Commission within the meaning of any constitutional or statutory provision or limitation.

(3) Under the Act and the Ordinance, the Revenues are to be deposited into the System Fund, which shall be used only and is hereby pledged for paying Operation and Maintenance Costs, paying the principal of and interest on all Bonds of the Commission that are payable by their terms only from the Revenues, providing an adequate depreciation fund, and in making all payments required to maintain the accounts established under the terms of the Ordinance.

(4) Outstanding Bonds issued and authenticated pursuant to the Ordinance are co-equal as to the lien on the Revenues for their payment and share ratably, without any preference, priority, or distinction, the one over the other, as to the source or method of payment and security of any Outstanding Bonds.

(5) The Bonds may be called for redemption and payment prior to maturity at the option of the Commission on any date, in whole or in part (if in part, Bonds to be selected in multiples of \$1,000 principal amount by lot by the Bond Registrar in such manner as it shall deem fair and appropriate) at a redemption price equal to the principal amount thereof plus accrued interest to the date fixed for redemption.

(6) Notice of the redemption of Bonds shall be delivered not less than one (1) day prior to the date fixed for such redemption to the registered owners of Bonds to be redeemed at their last addresses appearing on such registration books. The Bonds or portions thereof specified in such notice shall become due and payable at the applicable redemption price on the redemption date therein designated, and if, on the redemption date, moneys for payment of the redemption price of all the Bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be available for such payment on such date, and if notice of redemption shall have been delivered as aforesaid) and notwithstanding any defect therein or the lack of actual receipt thereof by any registered owner) then from and after the redemption date interest on such Bonds or portions thereof shall cease to accrue and become payable. If there shall be called for redemption less than all of a Bond, the Commission shall execute and the Bond Registrar shall authenticate and deliver, upon the surrender of such Bond, without charge to the registered owner thereof, for the unredeemed balance of the Bond so surrendered, Bonds of like maturity and of the denomination of \$1,000 or any authorized integral multiple thereof.

(7) This Bond is transferable only upon the registration books therefor by the Registered Owner hereof in person, or by such Registered Owner's attorney duly authorized in writing, upon surrender hereof at the principal office of the Bond Registrar together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the Registered Owner or by such a Registered Owner's duly authorized attorney, and thereupon a new registered Bond or Bonds, in the authorized denominations of \$1,000 or any authorized integral multiple thereof and of the same aggregate principal amount as this Bond shall be issued to the transferee in exchange therefor. In like manner, this Bond may be exchanged for an equal aggregate principal amount of Bonds of any authorized denomination. The Commission or the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to the transfer or exchange of this Bond. No other charge shall be made for the privilege of making such transfer or exchange.

(8) The Commission, the Paying Agent and the Bond Registrar may treat and consider the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal, premium, if any, and interest due hereon and for all other purposes whatsoever, and all such payments so made to such Registered Owner or upon such Registered Owner's order shall be valid and effectual to satisfy and discharge the liability upon this Bond to the extent of the sum or sums so paid, and neither the Commission nor the Paying Agent or the Bond Registrar shall be affected by any notice to the contrary.

(9) No recourse shall be had for the payment of any Bonds against the Chairman, any member of the Board of Commissioners or any other officer or employee of the Commission (past, present or future) who executes any Bonds, or on any other basis. The Commission may remove the Bond Registrar or Paying Agent at any time and for any reason and appoint a successor.

(10) The Commission has designated the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986.

(11) It is hereby certified and recited that all acts, conditions and things required to be done precedent to and in the issuance of this Bond have been done and have happened and have been performed in regular and due form of law and that provision has been made for depositing into the System Fund the Revenues, and such are to be applied in the manner as hereinabove set forth; and the Commission hereby covenants and agrees that it will fix and maintain rates for the use and service of the System and collect and account for the Revenues sufficient at all times to pay Operation and Maintenance Costs, to promptly pay principal of and interest on all Bonds issued by the Commission which are payable solely from the Revenues, to provide an adequate depreciation fund, and to comply with all the covenants of and to maintain the accounts created by the Ordinance.

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

(13) IN WITNESS WHEREOF, the South Sangamon Water Commission, Sangamon County, Illinois, by its Board of Commissioners, has caused this Bond to be executed with the duly authorized manual or facsimile signature of its Chairman and attested by the duly authorized manual or facsimile signature of its Clerk and its corporate seal or a facsimile thereof to be impressed or reproduced hereon, all as appearing hereon and as of the Dated Date identified above.

Chairman

(SEAL)

Clerk

CERTIFICATE
OF
AUTHENTICATION

Bond Registrar
and Paying Agent:

South Sangamon Water Commission
Chatham, Illinois

This Bond is one of the Bonds described in the within mentioned Ordinance and is one of the Water Commission Revenue Bonds, Series 2010A, of the South Sangamon Water Commission, Sangamon County, Illinois.

South Sangamon Water Commission,
as Bond Registrar

Date of Authentication:

By: _____,
Treasurer

(ASSIGNMENT)

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

(Name and Address of Assignee)

the within Bond and does hereby irrevocably constitute and appoint _____

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

Dated: _____

Signature Guaranteed: _____

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

Section 10. Bonds Limited Obligations.

The Bonds shall be payable solely from the Revenues and shall not constitute an indebtedness of the Commission or any municipality represented by the Commission within the meaning of any constitutional or statutory limitation. Pursuant to Section 13 of the Local Government Debt Reform Act and the Applicable Acts, the Commission pledges and assigns the Revenues as security for the payment of the Bonds. The Commission covenants and agrees with the purchasers and the holders of the Bonds to apply the Revenues to pay principal and interest due on the Bonds. The Commission further covenants and agrees that so long as any of the

Bonds remain outstanding, the Commission will take no action or fail to take any action which in any way would adversely affect the ability of the Commission to collect the Revenues. The Commission and its officers covenant and agree to comply with all present and future applicable laws in order to assure that the Revenues will be collected and applied as provided herein.

Section 11. Creation of System Fund and Accounts Thereof.

Upon the issuance of the Bonds, the System shall be operated on a Fiscal Year basis. All of the Revenues shall be set aside as collected and be deposited into a separate fund and in an account in a bank to be designated by the Board, which fund is hereby created and is designated as the "System Fund" of the Commission, which shall constitute a trust fund pledged for the sole purpose of carrying out the covenants, terms, and conditions of this Ordinance, and shall be used only in paying Operation and Maintenance Costs, providing an adequate depreciation fund, paying the principal of and interest on the Bonds and all revenue bonds of the Commission which by their terms are payable solely from the Revenues, and providing for the establishment of and expenditure from the respective accounts as hereinafter described.

Section 12. Flow of Funds.

There shall be and there are hereby created separate accounts in the System Fund to be known as the "Operation and Maintenance Account," the "Bond and Interest Account", the "Depreciation, Improvement and Extension Account" and the "Surplus Account," to which there shall be credited on or before the first day of each month by the financial officer of the Commission, without any further official action or direction, in the order in which said accounts are hereinafter mentioned, all moneys held in the System Fund, in accordance with the following provisions.

(a) Operation and Maintenance Account: There shall be credited to the Operation and Maintenance Account an amount sufficient, when added to the amount then on deposit in said Account, to establish a balance to an amount not less than the amount necessary to pay Operation and Maintenance Costs for the then current month. Amounts in said Account shall be used to pay Operation and Maintenance Costs.

(b) Bond and Interest Account: After making the foregoing payment, if any, there next shall be deposited to the Bond and Interest Account and held, in cash and investments, the amount of principal and interest becoming due on the next succeeding principal and interest payment date on all Outstanding Bonds until there shall have been accumulated and held, in cash and investments in the Bond and Interest Account on or before the first day of the month preceding such payment date the amount sufficient to pay such principal and interest. All moneys in said Account shall be used only for the purpose of paying interest on and principal of Outstanding Bonds.

Moneys on deposit in the Bond and Interest Account shall be applied to redeem Bonds so as to deplete such Account at least annually to an amount not in excess of the greater of (i) the earnings on the Bond and Interest Account for the immediately preceding bond year or (ii) 1/12th of the particular annual debt service on the Bonds for the immediately preceding year.

(c) Depreciation, Improvement and Extension Account: Beginning the month after the Project is placed in service, there shall be credited to the Depreciation, Improvement and Extension Account and held, in cash and investments, such sums deemed necessary by the Board. Amounts to the credit of said Account shall be used first to provide an adequate allowance for depreciation as shall be determined from time to time by the Board, or if not so needed, may be used from time to time to pay for the effective and efficient operation of the System, for any extraordinary maintenance, repairs and necessary replacements, or for improvements of the System. Said funds shall be used at any time to pay principal of or interest on any Outstanding Bonds whenever there are no other funds available to pay the same, and shall not be allowed to accumulate in an amount that exceeds the lesser of (1) the maximum annual principal and interest requirements on the Bonds; (2) 10% of the issue price of the Bonds; and (3) 125% of the average annual principal and interest requirements of the Bonds.

(d) Surplus Account: All moneys remaining in the System Fund, after crediting the required amounts to the respective accounts hereinabove provided for, and after making up any deficiency in the accounts described in subsections (a) to (c), inclusive, shall be credited each month to the Surplus Account. Funds in the Surplus Account shall first be used to make up any subsequent deficiencies in the Depreciation, Improvement and Extension Account and thereafter in any of the other accounts hereinabove named, secondly shall be used for the purpose of paying principal of and interest on subordinate or junior lien bonds or obligations issued for the purpose of acquiring or constructing repairs, replacements, or improvements or extensions to the System (which such bonds or obligations are hereby expressly authorized to be issued payable from the Surplus Account), and thirdly, at the discretion of the Board, shall be used for one or more of the following purposes without any priority among them:

- (1) For constructing or acquiring repairs, replacements, or improvements to the System; or
- (2) For calling and redeeming Outstanding Bonds which are callable at the time; or
- (3) For purchasing Outstanding Bonds at the time at a price of not to exceed par and accrued interest to the date of purchase; or
- (4) For any other lawful corporate purpose (including but not limited to payments in lieu of taxes and general supervision and administrative charges by the Commission).

(e) Investment of Moneys in Accounts: Moneys to the credit of the System Fund may be invested pursuant to any authorization granted to municipal corporations by Illinois statute or court decision. Such investments may be sold from time to time by the Treasurer of the Commission as funds may be needed for the purpose for which said respective accounts have been created. All interest on any funds so invested shall be credited to the System Fund and is hereby deemed and allocated as expended with the next expenditure(s) of money from the System Fund.

Moneys in any of said accounts shall be invested by the Treasurer, if necessary, in tax-exempt obligations whose interest is tax-exempt or investments restricted as to yield, which investments may be in United States Treasury Obligations -- State and Local Government Series, if available, and to such end the Treasurer shall refer to any investment restrictions covenanted by the Commission or any officer thereof as part of the transcript of proceedings for the issuance of the Bond, and to appropriate opinions of counsel.

(f) Excess over Requirements: Any amounts to the credit of the Accounts in excess of the then current requirement therefor may be transferred by the Board to such other Account or Accounts of the System Fund as they may in their sole discretion designate.

Section 13. General Covenants.

The Commission covenants and agrees with the holders and registered owners of the Outstanding Bonds that the Commission shall diligently and punctually take any and all actions necessary to construct and complete the Project and shall establish sufficient user rates for the System and take any and all other actions necessary refund the Bonds on or before their maturity date. So long as there are any Outstanding Bonds, the Commission covenants and agrees with the holders and registered owners of the Outstanding Bonds as follows:

(a) The Commission will maintain the System in good repair and working order, will operate the same efficiently and faithfully and will punctually perform all duties with respect thereto required by the Constitution and laws of the State of Illinois.

(b) The Commission will establish and maintain at all times reasonable fees, charges, and rates for the use and service of the System and will provide for the collection thereof and the segregation and application of the Revenues in the manner provided by this Ordinance, sufficient at all times to pay Operation and Maintenance Costs, to provide an adequate depreciation fund, to pay the principal of and interest on all revenue bonds of the Commission which by their terms are payable solely from the Revenues, and to provide for the creation and maintenance of the respective accounts as provided in Section 11 of this Ordinance. Whenever money in the Bond and Interest Account is insufficient to pay principal of or interest on Outstanding Bonds, the Commission covenants to promptly have prepared a rate study for the System by an independent consultant employed for that purpose, and further, to send a copy of such study, when completed, to the Purchaser along with a letter indicating what action the Commission has taken responsive to such study.

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

(d) The Commission will establish such rules and regulations for the control and operation of the System necessary for the safe, lawful, efficient and economical operation thereof.

(e) The Commission will make and keep proper books and accounts (separate and apart from all other records and accounts of said Commission), in which complete entries shall be made of all transactions relating to the System, and hereby covenants that within 120 days following the close of each Fiscal Year, it will cause the books and accounts of the System to be audited by independent certified public accountants. Each such audit, in addition to whatever matters may be thought proper by the accountants to be included therein, shall, without limiting the generality of the foregoing, include the following:

- (i) A statement in detail of income and expenditures of the System for such Fiscal Year and comparable information from the previous Fiscal Year.
- (ii) A balance sheet as of the end of such Fiscal Year, including a statement of the amount held in each of the accounts of the System Fund and comparable information from the previous Fiscal Year.
- (iii) A list of all insurance policies in force at the end of the Fiscal Year, setting out as to each policy the amount of the policy, the risks covered, the name of the insurer, and the expiration date of the policy.
- (iv) The number of users of the System during such Fiscal Year.
- (v) A summary of rates in effect at the end of such Fiscal Year for services of the System and any changes in such rates effective during such Fiscal Year.
- (vi) The amount and details of all Outstanding Bonds.
- (vii) The accountant's comment regarding the manner in which the Commission has carried out the requirements of this Ordinance, and the accountant's recommendations for any changes or improvements in the operation of the System.

All expenses of the audit required by this Section shall be regarded and paid as Operation and Maintenance Costs.

It is further covenanted and agreed that a copy of each such audit shall be furnished upon completion to the original purchaser of the Bonds, and a summary thereof shall be furnished to any bondholder upon request.

(f) The Commission will keep the books and accounts for the System in accordance with generally accepted fund reporting practices for municipal enterprise funds; provided, however, that the monthly credits to the Bond and Interest Account, and the Depreciation, Improvement and Extension Account shall be in cash and said funds shall be held separate and apart in cash and investments. For the purpose of determining whether sufficient cash and investments are on deposit in such accounts under the terms and requirements of this Ordinance, investments shall be valued at amortized cost.

(g) The Commission will not sell, lease, loan, mortgage or in any manner dispose of or encumber the System (subject to the right of the Commission to issue bonds subordinate to Outstanding Bonds, and to dispose of real or personal property which is no longer useful or necessary to the operation of the System), and the Commission will take no action in relation to the System which would unfavorably affect the security of the Outstanding Bonds or the prompt payment of the principal thereof and interest thereon. Any amounts received from the sale of property of the System shall be deposited to the credit of the Bond and Interest Account.

(h) Any holder or registered owner of a Bond or the right to receive interest thereon may proceed by civil action to compel performance of all duties required by law and this Ordinance, including enforcing the Village Ordinances and the Agreement for Issuance of Bonds, and the making and collecting of sufficient charges and rates for the service supplied by the System and the application of the income and revenue therefrom.

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

(j) The Commission will adopt a budget for the System Fund prior to the beginning of each Fiscal Year, subject to applicable state law, providing for payment of all sums to be due in the Fiscal Year so as to comply with the terms of this Ordinance. The budget may include in its estimate of income, the use of available surplus moneys or other funds of the Commission appropriated for the purpose. If during the Fiscal Year there are extraordinary receipts or payments of unusual cost, the Commission will adopt an amended budget for the remainder of the Fiscal Year, providing for receipts or payments pursuant to this Ordinance.

Section 14. Approval of Agreement for Issuance of Bonds and Purchase Agreement.

The Agreement for Issuance of Bonds and the Purchase Agreement, in substantially the forms thereof presented before this meeting of the Board shall be and are hereby approved. The Chairman is authorized and directed to execute and deliver the Agreement for Issuance of Bonds and the Purchase Agreement in substantially the forms presented at this meeting, together with such changes and completions as may be approved by the Chairman, subject to the limitations of this Ordinance. The execution of the Agreement for Issuance of Bonds and the Purchase Agreement shall constitute conclusive evidence of the approval of such changes and completions. All things done by the Commission's Chairman, Clerk, Treasurer and attorneys in connection with the issuance and sale of the Bonds shall be and are hereby ratified, confirmed and approved.

The Chairman, Clerk, Treasurer, the Commission's attorneys and other officials of the Commission are hereby authorized and directed to do and perform, or cause to be done or performed for or on behalf of the Commission, each and everything necessary for the issuance of the Bonds, including the proper execution, delivery and performance of the Agreement for Issuance of Bonds and the Purchase Agreement and related instruments and certificates by the Commission and the purchase by and delivery of the Bonds from time to time to or at the direction of the Purchaser.

Section 15. Form of Bond Order

The form of Bond Orders for execution by the Designated Officials and determinations by the Designated Officials of the principal amount of the Bonds to be issued from time to time shall be in substantially the following form, with the blanks to be appropriately completed by the Designated Officials:

(form of Bond Order)

BOND ORDER NO. ____

SOUTH SANGAMON WATER COMMISSION
WATER COMMISSION REVENUE BOND
SERIES 2010A

We, _____ and _____, do hereby certify that we are, respectively, the Chairman and Clerk of South Sangamon Water Commission, Sangamon County, Illinois (the "Commission"), and as such officers, we have reviewed the books, records, minutes and files of the Commission, and from such review and based on our authority, we do further certify as follows:

1. On April 28, 2010, the Board of Commissioners (the "Board") adopted Ordinance Number 10-7 of the Commission (the "Bond Ordinance") entitled:

AN ORDINANCE authorizing and providing for the issue of not to exceed \$7,000,000 Water Commission Revenue Bonds, Series 2010A, of the South Sangamon Water Commission, Sangamon County, Illinois

The terms used herein are defined in the Bond Ordinance.

2. We are the Designated Officials under the Bond Ordinance, and we are authorized, in accordance within the delegated limits contained in the Bond Ordinance, to sell the Bonds from time to time to provide temporary short term financing of the costs of the Project.

3. We hereby approve the sale of a \$_____ principal portion of the Bonds to Bank of Springfield, Springfield, Illinois, at a price of par (the "Current Bond"). The principal amount of the Current Bond, when added to the principal amount of the Bonds previously issued

pursuant to the Bond Ordinance, equals \$_____ of the authorized principal amount of not to exceed \$7,000,000 of Bonds.

4. We find and determine that no person holding any office of the Commission either by election or appointment, is in any manner interested, either directly or indirectly, in his own name or in the name of any other person, association, trust or corporation, in the Bonds or in the Purchase Agreement for such bonds with the Purchaser.

5. This Bond Order shall be entered into the records of the Commission and made available to all members of the Board.

IN WITNESS WHEREOF, we have affixed our official signatures and have caused the Commission's corporate seal to be affixed hereto, this _____, 20____.

SOUTH SANGAMON WATER COMMISSION,
Sangamon County, Illinois

Chairman

(SEAL)
Attest:

Clerk

Section 16. Use of Proceeds.

The proceeds derived from the sale of the Bonds shall be used as follows:

(a) Accrued interest, if any, received upon the sale and delivery of the Bonds shall be credited to the Bond and Interest Account.

(b) The sum necessary to pay costs of issuing the Bonds shall be applied to pay expenses of issuance of the bonds. Disbursements shall be made at closing or deposited into an account designated the "Expense Fund" and disbursed from time to time upon the direction of the Commission. Any excess in said fund shall be paid into the Construction Fund after one months from the date of issuance of the Bonds.

(c) The remaining funds shall be set aside in a separate fund hereby created and designated as the "Construction Fund" which shall be deposited in such bank or banks designated by the Board and shall be withdrawn from time to time as needed for the payment of costs of the Project and paying the fees and expenses incidental thereto. Said money shall be withdrawn from time to time by the Commission only upon submission of the following:

(i) If such withdrawal of funds is for payment to a supplier, materialman, or contractor for work done in connection with the Project, a statement

executed by the engineer in charge of the construction of the Project stating the amount of materials supplied or the nature of the work completed, that such materials have been properly accepted or such work approved by him, the amount due and payable thereon, and the amount remaining to be paid in connection with the Project; and

- (ii) Approval of the engineer's statement by the Board and authorization of the disbursement.

Within sixty (60) days after full depletion of the Construction Fund or payment of all costs of the Project, as herein referred to, and as heretofore approved by the Board, the Treasurer shall certify to the Board the fact of such depletion or the engineer in charge of the Project shall certify to the Board the fact that the work has been completed according to approved plans and specifications, as applicable, and upon approval of such certification by the Board, funds (if any) remaining in the Construction Fund shall be transferred to the Bond and Interest Account; and the Construction Fund shall be closed.

Funds on deposit in the Construction Fund may be invested at the direction of the Commission, provided such investments shall be scheduled to come due before needed to pay costs of the Project.

Section 17. Non-Arbitrage.

The principal proceeds from the sale of the Bonds shall be devoted to and used with due diligence to pay the costs of the Project as herein provided, and the Board represents and certifies:

(a) That the Commission has incurred, or within six (6) months after the delivery of the Bonds expects to incur, a substantial binding obligation to a third party to expend at least 5 percent of the net sale proceeds of the Bonds on the Project. An obligation is not binding if it is subject to contingencies within the Commission's or a related party's control;

(b) That the Commission expects that all of the money derived from the sale of the Bonds and deposited in the Construction Fund, which is the fund from which the cost of the Project is to be paid, and all of the investment earnings on said money, will be expended within three (3) years following the date of issue of the Bonds;

(c) That work on the Project is expected to proceed with due diligence to completion;

(d) No part of the System has been or is expected to be sold or otherwise disposed of in whole or in material part prior to the last maturity of the Bonds. "Material part" means (i) land, or (ii) any building, or (iii) personal property or fixtures in excess of that which is expected to be sold, traded in or discarded upon wearing out or becoming obsolete.

(e) Except for the Bond and Interest Account established hereunder, the Commission has not created or established and does not expect to create or establish any sinking fund or other similar fund for the Bonds.

(f) The Bond and Interest Account has been established and will be funded in a manner primarily to achieve proper matching of revenues and debt service, and will be depleted at least annually to an amount not in excess of the greater of (i) the earnings on the Bond and Interest Account for the immediately preceding bond year or (ii) 1/12th of the particular annual debt service on the Bonds for the immediately preceding year. Money deposited in the Bond and Interest Account will be spent within a 13 month period beginning on the date of deposit, and investment earnings in the Bond and Interest Account will be spent or withdrawn from the Bond and Interest Account within a one year period beginning the date of receipt.

(g) The Depreciation, Improvement and Extension Account shall accumulate deposits from funds other than proceeds of the Bonds. Moneys in such Account are to be used to pay the cost of repairs or replacements to the System as may be necessary from time to time for the continued efficient operation of the System. Although amounts in such Account may be required to be used to pay principal and interest on the Bonds to prevent or remedy a default, such amounts are not expected to be used to pay principal and interest on the Bonds to prevent or remedy a default, and there is no assurance (due to the necessity of making reasonable repairs or replacements to the System, from time to time, as discussed above) that such amounts will be available to pay principal and interest on the Bonds even if all other sources of payment are exhausted.

(h) It shall not at any time permit any of the proceeds of any Bonds or other moneys to be used directly or indirectly to acquire any securities or obligations the acquisition of which would cause the Bonds to be an "arbitrage bond" as defined in Section 148 of the Code, or a "private activity bond" within the meaning of Section 141 of the Code.

(i) It will not take any action or omit to take any action which is lawful and within its power to take, and which, if taken or omitted, would cause interest on the Bonds to be includible in the gross income of the owners of the Bonds for Federal income tax purposes.

(j) The Commission has not been notified of any disqualification or proposed disqualification of it by the Commissioner of the Internal Revenue Service as a bond issuer which may certify bond issues under Treas. Reg. §1.148-2.

(k) To the best of the knowledge and belief of the Board, there are no facts, estimates or circumstances that would materially change the conclusions and representations set out in this section, and the expectations hereinabove set out are reasonable.

The Commission also certifies and further covenants with the purchasers and holders of the Bonds from time to time outstanding that so long as any of the Bonds remain outstanding, moneys on deposit in any fund or account in connection with the Bonds, whether or not such moneys were derived from the proceeds of sale of the Bonds or from any other source, will not be used in a manner which will cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and any related lawful regulations as the same presently exist, or may from time to time hereafter be amended, supplemented, replaced or revised. The Board reserves the right, however, to make any investment of moneys on deposit in any fund or account in connection with the Bonds permitted or authorized by Illinois law and this Ordinance, if, when

and to the extent that such Section 148 or the related regulations shall be repealed or relaxed or shall be held void by final decision of a court of competent jurisdiction, but only if any investment made by virtue of such repeal, relaxation or decision would not, in the opinion of an attorney at law or a firm of attorneys of nationally recognized standing in matters pertaining to tax-exempt bonds, result in the inclusion of interest on the Bonds in gross income for federal income tax purposes under Section 103 of the Code.

The appropriate officers of the Commission are hereby authorized and directed to make such further covenants, estimates, representations, or assurances as may be necessary or advisable to the end that the Bonds not be "arbitrage bonds" as aforesaid.

Section 18. Arbitrage Rebate Exemption

The Board recognizes that the provisions of Section 148 of the Code require a rebate to the United States in certain circumstances. An exemption to the rebate requirement applicable to the Bonds appears at Section 148(f)(4)(B)(i) of the Code and Treasury Regulation 1.148-7. The Commission reasonably expects that all the proceeds of the Bonds and investment earnings thereon will be expended in accordance with the following schedule:

- (i) 15% within six months of the Issue Date;
- (ii) 60% within one year of the Issue Date; and
- (iii) 100% within 18 months of the Issue Date.

Notwithstanding the Commission's expectation that the Bonds will be exempt from rebate to the United States, the Commission hereby authorizes establishment of a special fund, designated as the "Rebate Fund" and in the event that the Commission shall invest moneys in any investments which generate income that must be rebated or paid to the United States of America pursuant to Section 148(f) of the Code, such income shall be deposited in the Rebate Fund. Moneys in the Rebate Fund shall be applied to pay such sums as are required to be paid to the United States of America pursuant to Section 148(f) of the Code and are hereby appropriated and set aside for such purpose. Moneys in the Bonds Rebate Fund may be reappropriated and used for other purposes. No such reappropriation and use shall relieve the Commission of its obligation to make payments to the United States of America as required by Section 148(f) of the Code.

Section 19. Designation as Qualified Tax-Exempt Obligations.

The Board recognizes that Section 265(b)(3) of the Code provides that a "qualified tax-exempt obligation" as therein defined may be treated by certain financial institutions as if it were acquired on August 7, 1986, for certain purposes. The Board hereby designates the Bonds as may be from time to time outstanding for purposes of Section 265(b)(3) of the Code as a "qualified tax-exempt obligation" as provided therein. In support of such designation, the Board covenants, represents and certifies as follows:

- (a) the Bonds are not "private activity bonds" as defined in Section 141(a) of the Code.

(b) including the Bonds, the Commission (including any entities subordinate thereto) has not issued to date and does not reasonably expect to issue qualified tax-exempt obligations (other than private activity bonds) during the calendar year of issuance of the Bonds in an amount in excess of \$30,000,000.

(c) including the Bonds, not more than \$30,000,000 of obligations issued by the Commission (including any entities subordinate thereto) during the calendar year of issuance of the Bonds have been designated to date or will be designated by the Commission for purposes of said Section 265(b)(3).

Section 20. Bonds Not Private Activity Bonds.

In support of its conclusion that none of the Bonds is a "private activity bond" as defined in Section 141(a) of the Code, the Commission covenants, represents, and certifies as follows:

(a) none of the proceeds of the Bonds are to be used, directly or indirectly, in any trade or business carried on by any person other than a state or local governmental unit.

(b) no direct or indirect payments of the principal or interest are to be made on any Bond with respect to any private business use by any person other than a state or local governmental unit.

(c) none of the proceeds of the Bonds are to be used, directly or indirectly, to make or finance loans to persons other than a state or local governmental unit; and

(d) no user of the System will use the same on any basis other than the same basis as the general public, and no person (as defined in the Code) will be a user of the System as a result of (i) ownership; (ii) actual or beneficial use pursuant to a lease or a management or incentive payment; or (iii) any other arrangement.

Section 21. Provisions a Contract.

The provisions of this Ordinance shall constitute a contract between the Commission, the Villages and the registered owners from time to time of the Outstanding Bonds; and no changes, additions, or alterations of any kind shall be made hereto, except as herein provided, so long as there are any Outstanding Bonds. The Villages and any registered owner of a Bond may proceed by civil action, mandamus or other proceeding to compel performance of all duties required by this Ordinance, the Wholesale Water Agreement, and the Agreement for Issuance of Bonds, including the establishment and collection of fees, charges and rates for the services supplied by the System

Section 22. Registered Form.

The Commission recognizes that Section 149 of the Code requires the Bonds to be issued and to remain in fully registered form in order to be and remain tax-exempt. In this connection, the Commission agrees that it will not take any action to permit the Bonds to be issued in, or converted into, bearer or coupon form.

Section 23. Rights and Duties of Bond Registrar.

If requested by the Bond Registrar, the Chairman and Clerk of the Commission are authorized to execute the Bond Registrar's standard form of agreement between the Commission and the Bond Registrar with respect to the obligations and duties of the Bond Registrar hereunder. The Clerk is hereby directed to file a certified copy of this Ordinance with the Bond Registrar.

Section 24. Effective Date and Publication.

Pursuant to the Applicable Acts, this Ordinance shall be in full force and effect immediately upon its adoption. The Clerk is authorized to publish this Ordinance in pamphlet form.

Section 25. Severability.

If any section, paragraph, clause or provision of this Ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this Ordinance. Bonds which are issued pursuant hereto are issued in part pursuant to the Applicable Acts.

Section 26. Repealer.

All ordinances, resolutions or orders, or parts thereof, in conflict with the provisions of this Ordinance are to the extent of such conflict hereby repealed.

PASSED by the Board of Commissioners on April 28, 2010.

APPROVED: April 28, 2010.


Chairman

AYES: Pfeffer ; McCord

NAYS: 0

ABSENT: Hall

PUBLISHED in pamphlet form on April 28, 2010.

RECORDED and filed in the office of the Clerk on April 28, 2010.

ATTEST:


Clerk

(SEAL)