

SOUTH SANGAMON WATER COMMISSION
SANGAMON COUNTY, ILLINOIS

ORDINANCE NUMBER 10-21

A MASTER ORDINANCE OF SOUTH SANGAMON WATER
COMMISSION, SANGAMON COUNTY, ILLINOIS,
AUTHORIZING AND PROVIDING CERTAIN TERMS AND
SECURITY FOR BONDS OF THE COMMISSION

ADOPTED BY THE BOARD OF COMMISSIONERS

August 31, 2010

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ORDINANCE NO. 10-21

A Master Ordinance of South Sangamon Water Commission, Sangamon County, Illinois, authorizing and providing certain terms and security for bonds of the Commission

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.* and all laws amendatory thereof and supplementary thereto (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, construct and operate a common source of supply of water (the "System") 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, Donohue & Associates, Inc., Champaign, Illinois, and Environmental Management Corporation, St. Louis, Missouri the Commission's Engineers; and

WHEREAS, the Commission has previously issued its Water Commission Revenue Bonds, Series 2010A pursuant to Ordinance No. 10-7 (the "2010A Bonds") in the maximum principal amount not to exceed \$7,000,000 to pay a portion of the costs of the Project; and

WHEREAS, the Village of Chatham has issued it \$2,715,000 Debt Certificates (Waterworks System), Series 2010 (the "2010 Debt Certificates") and loaned the proceeds thereof to the Commission to pay a portion of the costs of the Project; and

WHEREAS, it is desirable for the Commission to provide for the issuance of senior lien water revenue bonds and junior lien alternate bonds for such purposes at such different times as hereinafter provided; and

WHEREAS, the Villages have each approved and entered into Wholesale Water Agreements with the Commission (individually, a "Contract" and collectively, the "Contracts") and the Villages and Commission shall enter an Intergovernmental Agreement dated as of September 1, 2010 to be approved by the Commission and the Villages, all pursuant to the Intergovernmental Cooperation article of the Illinois Constitution (Section 10 of Article VII of the Constitution of the State of Illinois) and the Intergovernmental Cooperation Act 5 ILCS 220/1 *et seq.* pursuant to which the Villages will provide revenues to the Commission that are governmental revenue sources as defined in Section 3 of the Reform Act (such Intergovernmental Agreement together with the Contracts being collectively, the "Intergovernmental Agreements"); and

WHEREAS, the Commission may from time to time issue incur debt in accordance with the provisions of this Ordinance; and

WHEREAS, the Commission desires to adopt this ordinance to structure the issuance of the Commission's bonds and future debt; 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:

Article One
Definitions and Provisions of General Application

Section 1.01. Definitions.

For all purposes of this Ordinance, except as otherwise expressly provided or unless the context otherwise requires:

A. The terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular.

B. All references in this Ordinance to designated “Articles,” “Sections,” and other subdivisions are to the designated Articles, Sections, and other subdivisions of this Ordinance as originally executed.

C. The words “herein,” “hereof,” and “hereunder” and other words of similar import refer to this Ordinance as a whole and not to any particular Article, Section, or other subdivision.

“Accounts” means the accounts established by Section 7.02 of this Ordinance.

“Act” means the Illinois Municipal Code, 65 ILCS 5/1-1-1 *et seq.* and all laws amendatory thereof and supplementary thereto.

“Act of Bondholder” means, with respect to a Bondholder, an act as defined in Section 1.02 hereof.

“Adjusted Net Revenues” means Net Revenues for any period adjusted to reflect increases or decreases resulting from the adjustments as follows:

- (a) Revenues anticipated to be generated by rates or contracts in effect at the time of issuance of proposed additional Bonds;
- (b) Revenues anticipated to be generated based upon rates established (but not yet in effect) in an ordinance duly adopted by the Commission;
- (c) Revenues anticipated from new customers resulting from the improvements, enlargements, or additions to the System to be financed with proposed additional Bonds.

“Alternate Bonds” means bonds of the Commission issued pursuant to Section 15 of the Reform Act, payable from Revenues credited to the Junior Lien Bond and Interest Account as provided herein.

“Applicable Acts” means the Act and Division 135 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 and other applicable law, as amended from time to time.

“Authentication Date” means a date that Bonds are authenticated by a Bond Registrar acting under this Ordinance as supplemented by one or more Junior Lien Series Ordinances, Senior Lien Series Ordinances, or other supplemental or amendatory ordinances.

“Board” means the Board of Commissioners of the Commission or governing body thereof, from time to time, by whatever name known.

“Bond and Interest Accounts” means the Senior Lien Bond and Interest Account or the Junior Lien Bond and Interest Account, or both, as applicable, as established by this Ordinance as supplemented by one or more Senior Lien Series Ordinances or other supplemental or amendatory ordinances.

“Bond Insurer” means, with respect to a series of Bonds, an insurance company that has insured the payment of the principal of and interest on such Bonds pursuant to a Municipal Bond Insurance Policy.

“Bond Order” means an Officer’s Certificate setting forth the details of Bonds to be issued under this Ordinance, a Senior Lien Series Ordinance or a Junior Lien Series Ordinance.

“Bond Register” means the bond register of the Commission kept by the Bond Registrar pursuant to Section 4.07 of this Ordinance.

“Bond Registrar” means any Person authorized by the Commission pursuant to this Ordinance, a Senior Lien Series Ordinance, a Junior Lien Series Ordinance, or a supplemental or amendatory ordinance to act as bond registrar hereunder for any series of Bonds.

“Build America Bond Subsidies” means interest payments for which the Commission will receive an interest rate subsidy in connection with issuance of a “Build America Bond” pursuant to §54AA of the Code and The American Recovery and Reinvestment Act of 2009 or future program of a similar nature that may be authorized by the United States Government.

“Bondholder” means a Registered Owner of a Bond.

“Bonds” means the Junior Lien Bonds and Senior Lien Bonds, but excluding, specifically, Subordinate Bonds.

“Code” means the Internal Revenue Code of 1986, as amended, and includes related and applicable regulations promulgated by the Treasury Department.

“Commission Ordinance” or “Commission Resolution” mean, respectively, an ordinance or resolution duly passed by the Board and effective as provided by law.

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

“Current Debt Service Requirement” means, for any Fiscal Year, the sum of the amounts of the Principal Requirements, Mandatory Redemption Requirements, and Interest Requirements with respect to Senior Lien Bonds and Junior Lien Bonds, as applicable, during such Fiscal Year,

but excluding (i) the amount of interest that will be paid from bond proceeds for the Fiscal Year from amounts on deposit in the Senior Lien or Junior Lien Bond and Interest Accounts, (ii) any Refundable Principal Installment, and (iii) Build America Bond Subsidies. For purposes of this definition, the Interest Requirement on Bonds having a variable interest rate shall be determined as if such interest rate were a fixed rate equal to the average of the maximum rate payable on such Bonds and a rate not less than the initial rate at which issued.

“Dated Date” means the date as of which Bonds of a series are dated and from which they initially begin to bear interest as provided herein or the applicable Junior Lien Series Ordinance for additional series of Junior Lien Bonds or the applicable Senior Lien Series Ordinance for additional series of Senior Lien Bonds.

“Defeasance Obligations” means obligations which are non-callable or otherwise subject to prepayment or acceleration and which are lawful investments for the Commission when purchased and which are:

- (a) obligations of, or obligations guaranteed as to principal and interest by, the U.S. or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the U.S. including, without limitation, such obligations when issued by:
 - Farmers Home Administration
 - General Services Administration
 - Guaranteed Title XI financing
 - Government National Mortgage Association (GNMA)
- (b) the interest component of the obligations of Resolution Funding Corp which have been stripped by request to the Federal Reserve Bank of New York and are in book entry form.
- (c) pre-refunded municipal bonds rated in the highest rating category by a rating agency that is recognized by the U.S. Securities and Exchange Commission and which pre-refunded bonds have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations.
- (d) other obligations accepted for defeasance purposes by a national rating agency that is recognized by the U.S. Securities and Exchange Commission

“Depreciation, Repair and Replacement Monthly Requirement” means the sum of \$5,000.00 from time to time required to be credited monthly to the Depreciation, Repair and Replacement Account as such requirement is established in this Ordinance as supplemented by one or more Junior Lien Series Ordinances, Senior Lien Series Ordinances, or other supplemental or amendatory ordinances.

“Depreciation, Repair and Replacement Requirement” means the sum of \$500,000.00 required to be deposited to the credit of the Depreciation, Repair and Replacement Account as such requirement is established in this Ordinance as supplemented by one or more Junior Lien Series Ordinances, Senior Lien Series Ordinances, or other supplemental or amendatory ordinances.

“DTC” means The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York, as depository of the Bonds, and any successor depository of the Bonds.

“Fiscal Year” means that twelve calendar month period beginning May 1 of any calendar year and ending on the last day of April 30 of the following calendar year or such other twelve month period as is established from time to time by the Board as the fiscal year for the System.

“Independent” when used with respect to any specified Person means such a Person who is in fact independent and is not connected with the Commission as an officer, employee, underwriter, or person performing similar functions. Whenever it is herein provided that any Independent Person’s opinion or certificate shall be furnished, such Person shall be appointed by the Commission, and such opinion or certificate shall state that the signer has read this definition and that the signer is Independent within the meaning hereof.

“Interest Payment Date” means a Stated Maturity of interest on Bonds.

“Interest Requirement” means, for any Fiscal Year, the aggregate amount of interest on Outstanding Senior Lien Bonds or Outstanding Junior Lien Bonds, or both, as applicable having a Stated Maturity during such Fiscal Year, but excluding the amount of interest that will be paid from bond proceeds for the Fiscal Year from amounts on deposit in the Senior Lien or Junior Lien Bond and Interest Accounts.

“Investment Earnings” means all interest when earned, as determined in accordance with generally accepted accounting principles, from investments made from moneys on deposit hereunder or derived from Revenues and may include interest when earned on the proceeds of Bonds issued for the purpose of paying costs of improving, replacing, enlarging, or extending the System and held in a construction fund, project fund, improvement fund, or like fund or account as provided herein or in the Ordinance providing for the issuance of such Bonds.

“Intergovernmental Agreements” means collectively, the Contracts and the Intergovernmental Agreement dated as of September 1, 2010 providing governmental revenue sources to Commission.

“Junior Lien Bonds” means the Alternate Bonds payable from the Junior Lien Bond and Interest Account established by this Ordinance.

“Junior Lien Series Ordinance” means an ordinance of the Commission creating a series of Junior Lien Bonds.

“Mandatory Redemption Requirement” means, for any Fiscal Year, and with respect to Outstanding Senior Lien Bonds or Outstanding Junior Lien Bonds, or both, as applicable, the aggregate principal amount of such Bonds subject to Mandatory Redemption during such Fiscal Year.

“Mandatory Redemption” means redemption of Bonds as required by operation of the Senior Lien Bond and Interest Account or the Junior Lien Bond and Interest Account as provided

in this Ordinance as supplemented by one or more Senior Lien Series Ordinances or Junior Lien Series Ordinances, as applicable.

“Maturity” when used with respect to any Bond means the date on which the principal of such Bond becomes due and payable as therein or herein provided, whether at the Stated Maturity or call for redemption or otherwise.

“Maximum Annual Debt Service” means an amount equal to the highest Current Debt Service Requirement of all Outstanding Senior Lien Bonds or Outstanding Junior Lien Bonds, or both, as applicable, in any Fiscal Year, including and subsequent to the Fiscal Year in which the computation is made.

“Municipal Bond Insurance Policy” means a municipal bond insurance policy issued by a Bond Insurer guaranteeing to the registered owners of a series of Bonds the payment of the principal of and interest on such Bonds.

“Net Revenues” means for any period Revenues less Operation and Maintenance Costs of the System.

“Officer” means the Chairman, Clerk, or Treasurer of the Commission.

“Officer’s Certificate” and any other Commission certificate means a certificate signed by one or more of the Officers. Wherever this Ordinance requires that such be signed also by an engineer or other expert, such engineer or other expert may (except as otherwise expressly provided in this Ordinance) be in the full-time employ of the Commission.

“Operation and Maintenance Costs” means all costs of operating, maintaining, and routine repairing of the System as determined and reported under generally accepted accounting principles, including, without limitation, wages, salaries, costs of materials and supplies, fuel, insurance, Paying Agent and Bond Registrar fees, counsel fees, contract services for operation of the System or advice related thereto, audit or accounting expenses, expenses of billing and making collections, studies for rate determinations, provision for loss in collection, and such other reasonable current expenses as shall be determined in accordance with generally accepted accounting principles; but do not include amounts required to be deposited to the credit of the Senior Lien Bond and Interest Account, the Junior Lien Bond and Interest Account, the Senior Lien Reserve Account, or the Depreciation, Repair and Replacement Account hereunder, or otherwise required for debt service, amortization, depreciation or reserves.

“Opinion of Counsel” means a written opinion of counsel who may (except as otherwise expressly provided in this Ordinance) be counsel for the Commission.

“Ordinance” means this Ordinance as supplemented by one or more Junior Lien Series Ordinances, Senior Lien Series Ordinances, and any supplemental or amendatory ordinances upon becoming effective as provided by law.

“Outstanding” when used with respect to Bonds means, as of the date of determination, all Bonds theretofore authenticated and delivered hereunder, except as follows:

- (a) Bonds theretofore paid and cancelled;
- (b) 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, premium, if any, and interest thereof, (ii) which have matured and with respect to which moneys have been paid to the Commission pursuant to Section 9.18 hereof, or (iii) the provision for payment of which has been made by the Commission in accordance with the provisions of Section 10.01A (iii) hereof;
- (c) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered under this Ordinance;
- (d) Bonds alleged to have been destroyed, lost, or stolen which have been paid as provided in Section 4.08;

provided, however, that in determining whether the Holders of the requisite principal amount of Outstanding Bonds have given any request, demand, authorization, direction, notice, consent, or waiver hereunder, Bonds owned by the Commission, or any Person controlled (by voting share) by the Commission, shall be disregarded and deemed not to be Outstanding.

“Paying Agent” means any Person authorized by the Commission pursuant to this Ordinance, a Senior Lien Series Ordinance, a Junior Lien Series Ordinance, or a supplemental or amendatory ordinance to pay the principal of (and premium, if any) or interest on any Bonds.

“Permitted Investments” means such investments as are lawful for the Commission at the time of purchase and are further limited to those investments as follows: (1) all investments listed as Defeasance Obligations, (2) the Illinois Public Treasurers Investment Pool, (3) mutual funds continuously investing at least 90% of assets in obligations as described in clause (1), (4) money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating in one of the three highest rating categories assigned by a rating agency that is recognized by the U.S. Securities and Exchange Commission, (5) certificates of deposit secured at all times by collateral described in clause (1) above, which certificates must be issued by commercial banks, savings and loan associations or mutual savings banks, and which collateral must be held by a third party, (6) certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC, (7) commercial paper rated at the time of purchase in the highest short term ratings category by a rating agency that is recognized by the U.S. Securities and Exchange Commission, (8) bonds or notes issued by any state or municipality which are rated in one of the two highest rating categories assigned by a rating agency that is recognized by the U.S. Securities and Exchange Commission, and (9) federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating in the highest short term rating category of a rating agency that is recognized by the U.S. Securities and Exchange Commission.

“Person” means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government, or any agency or political subdivision thereof.

“Pledged Taxes” means the ad valorem property taxes levied to pay debt service on Alternate Bonds by the Commission.

“Predecessor Bonds” of any particular Bond means every previous Bond evidencing all or a portion of the same debt as that evidenced by such particular Bond; and, for purposes of this definition, any Bond authenticated and delivered under Section 4.08 in lieu of a lost, destroyed, or stolen Bond shall be deemed to evidence the same debt as the lost, destroyed, or stolen Bond.

“Principal Requirement” means, for any Fiscal Year, and with respect to Outstanding Senior Lien Bonds, Outstanding Junior Lien Bonds, or both, as applicable, the aggregate principal amount of Bonds having a Stated Maturity during such Fiscal Year.

“Prior Lien Obligation” means any indebtedness and the evidence thereof, if any, secured by a Prior Lien.

“Prior Lien” means any mortgage, lien, charge, or encumbrance on or pledge of or security interest in any of the property of the System or Revenues superior to the lien created by this Ordinance.

“Project” means the improvements described and defined as such in the preambles to this Ordinance.

“Qualified Reserve Account Instrument” means a letter of credit, surety bond or non-cancelable insurance policy issued by a domestic or foreign bank, insurance company or other financial institution whose debt obligations are rated in one of the two highest rating categories by a rating agency that is recognized the U.S. Securities and Exchange Commission. Any Qualified Reserve Account Instrument shall be issued in the name of a paying agent or other depository and shall contain no restrictions on the ability of the paying agent or other depository to receive payments there under other than a certification of the paying agent or other depository that the funds drawn there under are to be used for purposes for which moneys in the Senior Lien Reserve Account may be used.

“Redemption Date” when used with respect to any Bond to be redeemed means the date fixed for such redemption according to the terms of and pursuant to the requirements set forth in this Ordinance.

“Redemption Price” when used with respect to any Bond to be redeemed means the price at which it is to be redeemed pursuant to this Ordinance, including the applicable premium, if any, but excluding installments of interest having a Stated Maturity on or before the Redemption Date.

“Reform Act” means The Local Government Debt Reform Act, 30 ILCS 350/1 *et seq.*, as amended and supplemented.

“Refundable Principal Installment” means any Principal Requirement for any series of Bonds which the Commission intends to pay with the proceeds of Bonds or moneys which are not Revenues, if such intent was expressed in the ordinance authorizing such series of Bonds.

“Registered Owner” when used with respect to any Bond means the Person in whose name such Bond is registered in the Bond Register.

“Regular Record Date” for the interest payment on any Interest Payment Date or a redemption date on the Bonds of any series means the date specified in the provisions of this Ordinance.

“Reserve Monthly Requirement” means the amount from time to time required to be credited monthly to the Senior Lien Reserve Account for one or more series of Bonds as applicable, as established in this Ordinance as supplemented by one or more Senior Lien Series Ordinances, or other supplemental or amendatory ordinances.

“Reserve Requirement” means the amount required to be on deposit from time to time to the credit of the Senior Lien Reserve Account for one or more series of Bonds as applicable, as established by this Ordinance as supplemented by one or more Senior Lien Series Ordinances or other supplemental or amendatory ordinances.

“Revenues” means all revenues received by the Commission from the Villages under the Intergovernmental Agreements and all income from whatever source derived from the System as determined and reported under generally accepted accounting principles for municipal enterprise funds, including (i) all user fees for use of the System, (ii) Investment Earnings and investment income on all accounts created hereunder; (iii) 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; but excluding expressly (a) non-recurring income from the sale of property of the System; (b) governmental or other grants; (c) advances or grants made to the Commission, (d) special assessment revenues; and (e) Build America Bond Subsidies.

“Senior Lien Bonds” means Bonds payable from the Senior Lien Bond and Interest Account established by this Ordinance.

“Senior Lien Series Ordinance” means an ordinance of the Commission creating a series of Senior Lien Bonds.

“Series Ordinances” means Senior Lien Series Ordinances and Junior Lien Series Ordinances.

“Stated Maturity” when used with respect to any Bond or any interest thereon means the date specified in such Bond as the fixed date on which the principal of such Bond or such interest is due and payable.

“Subordinate Bonds” means bonds or any other obligation made payable from the Surplus Account pursuant to Section 7.08 and includes, without limitation, obligations having demand and put provisions or subject to frequent or periodic refunding.

“System Fund” means the fund created in Section 7.01 of this Ordinance. The various accounts of the System Fund shall have the meanings set forth for them in Section 7.02 of this Ordinance.

“System” means the real and personal property of the Commission, and interests therein, constituting the existing facilities for water system purposes and all other property and facilities of the Commission used or to be used for such purposes all as now existing or as they may hereafter be extended or improved; and also all extensions, additions, and improvements thereto or replacements thereof hereafter constructed or acquired by purchase, contract, or otherwise; all wherever located.

“Term Bonds” means Bonds designated as such herein, in a Junior Lien Series Ordinance, or in a Senior Lien Series Ordinance and subject to Mandatory Redemption.

Section 1.02. Acts of Bondholders.

Any request, demand, authorization, direction, notice, consent, waiver, or other action provided by this Ordinance to be given or taken by Bondholders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Bondholders in person or by an agent duly appointed in writing; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Commission. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Ordinance and conclusive in favor of the Commission if made in the manner provided in this Section.

The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof. Whenever such execution is by an officer of a corporation or a member of a partnership on behalf of such corporation or partnership, such certificate or affidavit shall also constitute sufficient proof of his or her authority.

The ownership of Bonds shall be proved by the Bond Register.

Any request, demand, authorization, direction, notice, consent, waiver, or other action by the Registered Owner of any Bond shall bind every future Registered Owner of the same Bond and the Registered Owner of every Bond issued upon the transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Commission in reliance thereon, whether or not notation of such action is made upon such Bond, *except* in the event such action shall be such as requiring the consent of the Registered Owner of each Outstanding Bond affected thereby as described in Section 12.02 hereof, and, in such case, such action shall be binding upon such subsequent Registered Owner only in the event notation of such action is made upon the Outstanding Bonds held by such Registered Owner or upon such Registered Owner having actual notice of such action at the time of acquisition of such Outstanding Bonds.

Section 1.03. Notices to Bondholders; Waiver.

Where this Ordinance provides for publication of notice to Bondholders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to each Registered Owner of such Bonds, at the address

of such Registered Owner as it appears in the Bond Register, not later than the latest date, and not earlier than, the earliest date, prescribed for the first publication of such notice.

In any case where notice to Bondholders is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Bondholder shall affect the sufficiency of such notice with respect to other Bondholders. Where this Ordinance provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Bondholders shall be filed with the Commission, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 1.04. Benefit of Rights under Ordinance.

Except as herein expressly otherwise provided, nothing in this Ordinance expressed or implied is intended or shall be construed to confer upon any Person other than the Commission and the Holders of the Bonds issued under and secured by this Ordinance, and their respective successors, any right, remedy or claim, legal or equitable, under or by reason of this Ordinance or any covenant, condition, or stipulation hereof; this Ordinance and all its covenants, conditions, and stipulations being intended to be and being for the sole exclusive benefit of the Commission and the Holders of the Bonds and their respective successors.

Section 1.05. Severability.

In case any one or more of the provisions of this Ordinance or of the Bonds shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Ordinance or of the Bonds; but this Ordinance and the Bonds shall be construed and enforced as if such illegal or invalid provision had not been contained therein. In case any covenant, stipulation, obligation, or agreement contained in the Bonds or in the Ordinance shall for any reason be held to be partly unenforceable or in violation of law, then such covenant, stipulation, obligation, or agreement of the Commission shall be enforceable to the full extent that the power to incur such obligation or to make such covenant, stipulation, or agreement shall have been conferred on the Commission by law.

Section 1.06. Bonds Limited Obligations.

The Senior Lien Bonds shall not constitute an indebtedness of the Commission within the meaning of any statutory or constitutional limitation or a pledge of the full faith and credit or the taxing power of the Commission, and shall be payable solely from the Net Revenues and the moneys on deposit in the accounts of the System Fund as herein provided.

Each series of Junior Lien Bonds shall be issued only as Alternate Bonds and shall not constitute an indebtedness of the Commission within the meaning of any constitutional or statutory limitation, unless the Pledged Taxes for such series of Junior Lien Bonds shall have been extended pursuant to the general obligation, full faith and credit promise supporting such series of Junior Lien Bonds, in which case the amount of such series of Junior Lien Bonds then outstanding shall be included in the computation of indebtedness of the Commission for purposes of all statutory provisions or limitations until such time as an audit of the Commission shall show that such series of Junior Lien Bonds have been paid from Revenues for a complete Fiscal Year, in accordance with the Applicable Acts.

Section 1.07. Merger of Paying Agent or Bond Registrar.

Any bank or trust company with or into which any Paying Agent or Bond Registrar may be merged or consolidated, or to which the assets and business of any Paying Agent or Bond Registrar may be sold, shall be deemed the successor of such Paying Agent or Bond Registrar for the purposes of this Ordinance.

Section 1.08. Payments Due on Saturdays, Sundays, etc.

Whenever a date upon which a payment is to be made under this Ordinance falls on a Saturday, Sunday, a legal holiday, or any other day on which banking institutions are authorized to be closed in the state in which the payment is to be made, such payment may be made on the next succeeding day on which such banking institutions are open for business without interest for the intervening period.

Section 1.09. Applicable Law.

This Ordinance shall be construed under and governed by the laws of the State of Illinois.

**Article Two
Pledge of Revenues**

Section 2.01. Pledge of Revenues for Benefit of the Bondholders.

The Commission for good and valuable consideration and in order to secure the payment of principal of, premium, if any, and interest on and any other sums payable on the Bonds Outstanding hereunder from time to time, according to their tenor and effect, and to secure the observance and performance by the Commission of all the covenants expressed or implied herein and in the Bonds does hereby grant a security interest in, and pledges to the payment of the Outstanding Bonds, all right, title, and interest of the Commission in and to the Net Revenues, non-recurring income from the sale of property of the System, governmental or other taxes, grants, or transfers to the System to the extent permitted by the terms thereof and applicable law, collections of insurance awards or condemnation proceeds constituting income of or receipts related to the System, the moneys and investments held hereunder, and all other rights hereinafter granted or purported to be granted for the further securing of said Bonds.

The Commission shall not issue any bonds, notes or other evidences of indebtedness payable from or having a lien on Revenues prior to the lien granted under this Ordinance in favor of any future registered owners of Senior Lien Bonds that the Commission may issue. The pledge of the Net Revenues to the Senior Lien Bonds shall be senior and superior to the pledge for any other bonds, notes or other evidences of indebtedness to which the Revenues may be pledged. The pledge of the Net Revenues to the Junior Lien Bonds shall be junior and inferior only to the pledge thereof to the Senior Lien Bonds.

The System Fund and funds or accounts derived from proceeds of Bonds shall be funds held in trust for the Registered Owners of the Outstanding Bonds, all as and to the extent provided in this ordinance and subject to use and disbursement as provided in this Ordinance.

The pledges, security interests, and liens granted in this Ordinance are valid and binding from the date Bonds are issued, without any physical delivery or further action, and shall be valid and binding as against, and prior to any claim of all other parties having claims of any kind in

tort, contract, or otherwise against the Commission or any other person, irrespective of whether the other parties have notice of such pledges, security interests, and liens.

Funds and investments held by the Commission for Bonds in a capacity which results in such Bonds being no longer "Outstanding" hereunder shall be held in separate trust, separate and apart, for the benefit of the Holders of such Bonds until paid or such funds and investments are returned to the Commission as provided in Section 9.18 hereof.

Article Three Findings and Determinations

Section 3.01. Incorporation of Preambles.

The Commission hereby finds that all of the recitals contained in the preambles to this Ordinance are true and correct and does incorporate them into this Ordinance by this reference.

Section 3.02. Authorization.

The Commission does hereby authorize the refunding of the 2010A Bonds, the refunding of the 2010 Debt Certificates, the acquisition and construction of the Project, the funding of reserves, and the making of all related expenditures as provided herein and, for the purpose of paying a part of the costs thereof, the issuance of the Bonds.

Section 3.03. Determination of Period of Operation.

The Commission intends to operate the System for a period of not less than forty (40) years from the date of adoption hereof.

Article Four Provisions Generally Applicable to Bonds of All Series

Section 4.01. General Title.

The general title of the Senior Lien Bonds shall be "Water Revenue Bonds" or "Water Revenue Refunding Bonds" or any combination of such terms as the Commission may determine. The general title of the Junior Lien Bonds shall be "General Obligation Bonds (Alternate Revenue Source)" or "General Obligation Refunding Bonds (Alternate Revenue Source)" or any combination of such terms as the Commission may determine.

Section 4.02. General Limitations; Issuable in Series.

Except as provided in this Ordinance and except as may be limited by law, the aggregate principal amount of Bonds which may be authenticated and delivered and Outstanding under this Ordinance is not limited.

The Bonds may be issued in series as from time to time authorized by the Commission. The Junior Lien Bonds shall be issued as Alternate Bonds.

With respect to the Bonds of any particular series, the Commission may incorporate in or add to the general title of such Bonds any words, letters, or figures designed to distinguish that series.

Section 4.03. Terms of Particular Series.

Each series of Bonds shall be created by an ordinance, supplemental hereto and becoming a part hereof upon its becoming effective, establishing the terms and provisions of such series of Junior Lien Bonds or Senior Lien Bonds and the form of the Bonds of such series. Any of the several series of Junior Lien Bonds and Senior Lien Bonds may differ as between series in any respect not in conflict with the provisions of this Ordinance and as may be prescribed in the ordinances creating such series.

The Commission may at the time of the creation of any series of Bonds or at any time thereafter make, and the Bonds of such series may contain, provision for the terms as follows:

- (a) the exchange or conversion of the Bonds of such series at the option of the Holders thereof for or into new Bonds of a different series;
- (b) limiting the aggregate principal amount of the Bonds of such series; and
- (c) exchanging Bonds of such series, at the option of the Holders thereof, for other Bonds of the same series of the same aggregate principal amount and interest rate of a different authorized kind or authorized denomination or denominations; all upon such terms as the Commission may determine.

All Bonds of the same series shall be substantially identical except that any series may have different Stated Maturities, different interest rates, different terms of redemption for different Stated Maturities, and different denominations.

Section 4.04. Form and Denominations.

The form of the Bonds of each series shall be established by the provisions of this Ordinance, as supplemented in the case of Junior Lien Bonds by one or more Junior Lien Series ordinances, and in the case of Senior Lien Bonds by one or more Senior Lien Series Ordinances. The Bonds of each series shall be distinguished from the Bonds of other series in such manner as may be determined by the Commission.

The Bonds of each series shall be issuable in such denominations as shall be provided by the provisions of this Ordinance as supplemented in the case of Junior Lien Bonds by one or more Junior Lien Series Ordinances, and in the case of Senior Lien Bonds by one or more Senior Lien Series Ordinances.

Notwithstanding anything herein to the contrary, the Commission may enhance the security of any series of the Bonds, including issuing one or more series as Alternate Bonds.

Section 4.05. Execution, Authentication, Delivery, and Dating.

The Bonds shall be executed on behalf of the Commission by its Chairman and attested by its Clerk. The signature of any of these Officers on the Bonds may be manual or facsimile. Bonds bearing the manual or facsimile signatures of individuals who were at any time the proper Officers of the Commission shall bind the Commission, notwithstanding that such individuals or any of them shall have ceased to hold such offices prior to the authentication and delivery of such Bonds or shall not have held such offices at the date of such Bonds.

All Bonds shall bear both a Dated Date and an Authentication Date. The date of each Stated Maturity of each Junior Lien Bond and each Interest Payment Date of each Junior Lien Bond shall be determined by one or more Junior Lien Series Ordinances or the applicable Bond Order. The date of each Stated Maturity of each Senior Lien Bond and each Interest Payment Date of each Senior Lien Bond shall be determined by one or more Senior Lien Series Ordinances or the applicable Bond Order.

No Bond shall be entitled to any lien, right, or benefit under this Ordinance or be valid or obligatory for any purpose unless there appears on such Bond a certificate of authentication executed by the Bond Registrar by manual signature; and such certificate upon any Bond shall be conclusive evidence, and the only evidence, that such Bond has been duly authenticated and delivered.

Section 4.06. Book-Entry System.

Any series of Bonds may be registered so as to participate in a securities depository system with DTC (the "DTC System") as set forth herein or in any ordinance authorizing the issuance of such series of Bonds. The Bonds which participate in the DTC System shall be initially issued in the form of a single fully registered Bond for each of the maturities. Upon initial issuance, the ownership of such Bond shall be registered in the Bond Register in the name of Cede & Co., as nominee of DTC. The Commission, the Bond Registrar and the Paying Agent are authorized to execute and deliver such letters to or agreements with DTC as shall be necessary to effectuate the DTC System (the "Representation Letter"). In the event of any conflict between the terms of the Representation Letter and the terms of this Ordinance, the terms of this Ordinance shall control. DTC may exercise the rights of a Bondholder only in accordance with the terms hereof applicable to the exercise of such rights.

With respect to Bonds registered in the Bond Register in the name of Cede & Co., as nominee of DTC, the Commission, Bond Registrar and Paying Agent shall have no responsibility or obligation to any broker-dealer, bank or other financial institution for which DTC holds Bonds from time to time as securities depository (each such broker-dealer, bank or other financial institution being referred to herein as a "DTC Participant"). Without limiting the immediately preceding sentence, the Commission, Bond Registrar and Paying Agent shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than a Bondholder, as shown in the Bond Register, of any notice with respect to the Bonds, including any notice of redemption, (iii) the payment to any DTC Participant or any other person, other than a Bondholder, as shown in the Bond Register, of any amount with respect to any Bonds or (iv) any consent given by DTC as registered owner. So long as certificates for the Bonds are not issued as provided herein, the Commission, Bond Registrar and Paying Agent may treat DTC or any successor securities depository as, and deem DTC or any successor securities depository to be, the absolute owner of the Bonds for all purposes whatsoever, including without limitation (i) the payment of principal and interest on the Bonds, (ii) giving notice of redemption and other matters with respect to the Bonds, (iii) registering transfers with respect to the Bonds and (iv) the selection of Bonds for redemption. While in the DTC System, no person other than Cede & Co., or any successor thereto, as nominee for DTC, shall receive a Bond certificate with respect to any Bond. Upon delivery by DTC to the Commission of written notice to the effect that DTC has determined to

substitute a new nominee in place of Cede & Co., and subject to the provisions in this Ordinance, the name "Cede & Co." in this Ordinance shall refer to such new nominee of DTC.

In the event that (a) the Commission determines that DTC is incapable of discharging its responsibilities described herein and in the Representation Letter, (b) the Representation Letter shall be terminated for any reason or (c) the Commission determines that it is in the best interest of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, the Commission shall notify DTC of the availability through DTC of Bond certificates and the Bonds shall no longer be restricted to being registered on the Bond Register in the name of Cede & Co., as nominee of DTC. At that time, the Commission may determine that the Bonds shall be registered in the name of and deposited with a successor depository operating a securities depository system, as may be acceptable to the Commission, or such depository's agent or designee, or if the Commission does not select such an alternate securities depository system then the Bonds may be registered in whatever name or names registered owners of Bonds transferring or exchanging Bonds shall designate, in accordance with the provisions hereof.

Notwithstanding any other provision of this Ordinance to the contrary, so long as any of the Bonds are registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, in the manner provided in the Representation Letter. The Bond Registrar may request in each notice sent to Cede & Co. pursuant to the terms of this Ordinance that Cede & Co. forward or cause to be forwarded such notice to the DTC Participants, but neither the Bond Registrar nor the Commission shall be liable if the Bond Registrar fails to make such request or if Cede & Co. fails to honor such request.

Section 4.07. Registration, Transfer, and Exchange.

The Commission shall cause to be kept, at the office of one or more Bond Registrars, the Bond Register(s) in which, subject to such reasonable regulations as the Commission may prescribe, the Commission shall provide for the registration of Bonds and registration of transfers of Bonds entitled to be registered or transferred as herein provided.

Upon surrender for transfer of any Bond at the principal corporate trust office of the Bond Registrar therefor, the Commission shall execute, and the Bond Registrar shall authenticate, date, and deliver, in the name of the designated transferee or transferees, one or more new fully registered Bonds of the same series, of any authorized denominations and of a like aggregate principal amount and interest rate.

To the extent so provided with respect to the Bonds of any series, at the option of the Registered Owner, Bonds of such series may be exchanged for other Bonds of the same series, of any authorized denominations and of a like aggregate principal amount and interest rate upon surrender of the Bonds to be exchanged at the principal corporate trust office of the Bond Registrar for such series. Whenever any Bonds are so to be surrendered for exchange, the Commission shall execute, and the Bond Registrar shall authenticate and deliver, the Bonds which the Bondholder making the exchange is entitled to receive.

All Bonds surrendered upon any exchange or transfer provided for in this Ordinance shall be promptly cancelled by the Bond Registrar and thereafter disposed of.

All Bonds issued upon any transfer or exchange of Bonds shall be the valid and binding limited obligations of the Commission, evidencing the same debt, and entitled to the same security and benefits under this Ordinance, as the Bonds surrendered upon such transfer or exchange.

Every Bond presented or surrendered for transfer or exchange shall (if so required by the Commission or the Bond Registrar) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Commission and the Bond Registrar duly executed, by the Registered Owner thereof or his attorney duly authorized in writing.

No service charge shall be made for any transfer or exchange of Bonds, but the Commission may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed by any Person other than the Commission in connection with any transfer or exchange of Bonds, other than (a) exchanges under Sections 4.06 or 12.04 not involving any transfer and (b) exchanges occasioned by redemption of Bonds.

The Commission and the Bond Registrar shall not be required to issue, transfer, or exchange any Bond of any series during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of Bonds of such series under Section 6.06 and ending at the close of business on the day of such mailing.

Section 4.08. Mutilated, Destroyed, Lost, and Stolen Bonds.

If (a) the Commission and the Bond Registrar receive evidence to their satisfaction of the destruction, loss, or theft of any Bond or any mutilated Bond is surrendered to the Bond Registrar, and (b) there is delivered to the Commission and the Bond Registrar such security or indemnity as is requested to save each of them harmless then, in the absence of notice to the Commission or the Bond Registrar that such Bond has been acquired by a bona fide purchaser, the Commission shall execute and upon the Commission's request the Bond Registrar shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost, or stolen Bond, a new Bond of the same series and of like tenor and principal amount and interest rate bearing a number not contemporaneously outstanding. In case any such mutilated, destroyed, lost, or stolen Bond has become or is about to become due and payable, the Commission in its discretion may, instead of issuing a new Bond, pay such Bond.

Upon the issuance of any new Bond under this Section, the Commission may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed by any Person other than the Commission in relation thereto and any other expenses connected therewith.

Every new Bond issued pursuant to this Section in lieu of any destroyed, lost, or stolen Bond shall constitute an original additional contractual obligation of the Commission, whether or not the destroyed, lost, or stolen Bond shall be at any time enforceable by anyone, and shall be entitled to all the security and benefits of this Ordinance equally and ratably with all other Outstanding Bonds.

Except as provided in applicable law, including but not limited to the Illinois Uniform Commercial Code and the Illinois Bond Replacement Act, as such may be hereafter amended or

supplemented, the provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost, or stolen Bonds.

Section 4.09. Payment of Interest on Bonds; Interest Rights Preserved.

Interest on any Bond of any series which is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the Person in whose name that Bond (or one or more Predecessor Bonds) is registered at the close of business on the Regular Record Date for such interest specified in the provisions of this Ordinance or the applicable Junior Lien Series Ordinance for a series of Junior Lien Bonds and the applicable Senior Lien Series Ordinance for a series of Senior Lien Bonds.

Each Bond delivered under this Ordinance upon transfer of or in exchange for or in lieu of any other Bond shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bond, and each such Bond shall bear interest from such date in order that neither gain nor loss in interest shall result from such transfer, exchange or substitution.

Section 4.10. Persons Deemed Owners.

The Commission, the Bond Registrar, the Paying Agent and any agent of the Commission or the Bond Registrar or the Paying Agent may treat the Person in whose name any Bond is registered as the owner of such Bond for the purpose of receiving payment of interest on and principal of (and premium, if any), whether or not such Bond be overdue; and the Commission, the Bond Registrar, the Paying Agent, and any such agent shall not be affected by notice to the contrary.

Section 4.11. Cancellation.

Bonds surrendered for payment, redemption, transfer, or exchange, if surrendered to the Bond Registrar, shall be promptly cancelled by it, and, if surrendered to any Person other than the Bond Registrar, shall be delivered to the Bond Registrar and, if not already cancelled, shall be promptly cancelled by it. The Commission may at any time deliver to the Bond Registrar for cancellation any Bonds previously authenticated and delivered hereunder which the Commission may have acquired in any manner whatsoever; and all Bonds so delivered shall be promptly cancelled by the Bond Registrar. No Bond shall be authenticated in lieu of or in exchange for any Bond cancelled as provided in this Section, except as expressly provided by this Ordinance. All cancelled Bonds held by the Bond Registrar shall be disposed of as directed by the Commission.

Section 4.12. Municipal Bond Insurance.

The Board recognizes a Bond Insurer may be providing a Municipal Bond Insurance Policy resulting in a lower interest cost. In consideration thereof, the Board authorizes any of its Officers, as available, to make such usual and ordinary representations and covenants as may be required by such Bond Insurer, including as follows:

- (a) *Consent to Amendments.* That any provision of this Ordinance expressly recognizing or granting rights in or to any such Bond Insurer or to Bondholders generally may not be amended in any manner which affects the rights of the Bond

Insurer or Bondholders generally without the prior written consent of the Bond Insurer.

- (b) *Notices.* That the Commission may be required to furnish to the Bond Insurer information or notices.
- (c) *Non-Defeasance and Subrogation.* That in the event that the principal and/or interest due on the Bonds shall be paid by the Bond Insurer pursuant to a Municipal Bond Insurance Policy, the Bonds shall remain outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Commission, and the pledge of Net Revenue and all covenants, agreements and other obligations of the Commission to the Bondholders shall continue to exist and shall run to the benefit of the Bond Insurer, and the Bond Insurer shall be subrogated to the rights of such Bondholders.
- (d) *Payment Procedure Pursuant to Municipal Bond Insurance Policy.* That so long as the Municipal Bond Insurance Policy shall be in full force and effect, the Commission and any Paying Agent and Bond Registrar agree to comply with such reasonable timing and notice procedures to properly effectuate Bond payment.
- (e) *Control of Proceedings; Vote.* That subject to subsection (f) of this Section and except for those matters that require the consent of the Registered Owner of each Outstanding Bond affected thereby under Section 11.02, so long as the Municipal Bond Insurance Policy shall be in full force and effect and not in default (i) the Bond Insurer may exercise the rights of the registered owners of the Bonds in connection with the enforcement of all rights and remedies, and may vote the interests of the owners of such bonds in connection with bankruptcy, reorganization or insolvency plan or proceeding, and (ii) the Bond Insurer may exercise the rights of the registered owners of the Bonds for the purpose of any approval, consent, waiver or other instrument of similar purpose pursuant to any provision of Article Eleven
- (f) *Termination of Bond Insurer's Rights* All rights of any Bond Insurer under subsection (e) of this Section shall cease and terminate if (i) such Bond Insurer has failed to make any payment under its bond insurance policy; (ii) such bond insurance policy shall cease to be valid and binding on such Bond Insurer or shall be declared to be null and void, or the validity or enforceability of any provision thereof is being contested by such Bond Insurer, or such Bond Insurer is denying further liability or obligation under such bond insurance policy; (iii) a petition has been filed and is pending against such Bond Insurer under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution, liquidation or rehabilitation law of any jurisdiction and has not been dismissed within sixty days after such filing; (iv) such Bond Insurer has filed a petition, which is still pending, in voluntary bankruptcy or is seeking relief under any provision of any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution, liquidation or rehabilitation law of any jurisdiction, or has consented to the filing of any petition against it under any such law; or (v) a receiver has been appointed for such Bond Insurer under the insurance laws of any jurisdiction.

Article Five
Senior Lien Bonds and Junior Lien Bonds

Section 5.01. Form Generally.

The Bonds shall be issued as fully registered bonds conforming to the industry customs and practices of printing, including part on the front and part on the reverse of the certificates, as appropriate, the blanks to be appropriately completed when the Bonds are printed. The Bonds shall be prepared in compliance with the National Standard Specifications for Fully Registered Municipal Securities prepared by the American National Standards Institute. The form of the Bonds, the registration grids and the Bond Registrar's Certificate of Authentication shall be substantially in the forms set forth in this Ordinance and may have such letters, numbers, or other marks of identification and such legends or endorsements placed thereon as may be required to comply with the rules of any securities exchange, or as may, consistently herewith, be determined by the officers executing such Bonds as evidenced by their execution thereof.

Section 5.02. Form of Senior Lien Bonds.

Senior Lien Bonds shall be in substantially the form as follows:

UNITED STATES OF AMERICA
STATE OF ILLINOIS
COUNTY OF SANGAMON
SOUTH SANGAMON WATER COMMISSION
WATER REVENUE BOND
SENIOR LIEN SERIES 20_____

REGISTERED NO. _____ REGISTERED \$ _____

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
_____	_____	_____	_____

Registered Owner:

Principal Amount: _____ Dollars.

[1] 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 in lawfully money of the United States of America semiannually on the first day of January and July in each year, commencing _____, until the Principal Amount hereof shall have been paid, by

check or draft mailed to the Registered Owner of record hereof as of the fifteenth (15th) day of the calendar month next preceding such interest payment date, at the address of such Registered Owner appearing on the registration books maintained for such purpose at _____, as Series 20__ Bond Registrar (including its successors, the "Series 20__ Bond Registrar"). This Series 20__ Bond, as to principal and premium, if any, when due, will be payable in lawful money of the United States of America upon presentation and surrender of this Series 20__ Bond at the principal corporate trust office of _____, as Series 20__ Paying Agent (including its successors, the "Series 20__ Paying Agent").

[2] This Series 20__ Bond is one of a series of bonds set forth in the title hereto issued in the aggregate principal amount of \$ _____. The Series 20__ Bonds is one of several series of Senior Lien Bonds which have heretofore or may hereafter be 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 Division 135 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 and other applicable law, each as supplemented and amended (collectively the "Applicable Acts"), and pursuant to and in accordance with Ordinance No. 10-21 adopted by the Board of Commissioners of the Commission on August 31, 2010 (the "Master Bond Ordinance"), as supplemented by Ordinance Number _____ adopted _____ (the "Series 20__ Ordinance" and collectively with the Master Bond Ordinance, the "Bond 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 20__ Bond assents. As provided in the Bond Ordinance, bonds are issuable in several series which may vary as permitted therein.

[3] The Series 20__ Bonds have been issued as Senior Lien Bonds for the purpose of paying the costs of _____, as defined, relating to the water system of the Commission, as defined (the "System"). The Senior Lien Bonds are equally and ratably payable from Revenues, as defined, derived from certain Intergovernmental Agreements with the Village of New Berlin, Illinois and the Village of Chatham, Illinois and from the operation of the System and deposited into the Senior Lien Bond and Interest Account established pursuant to the Bond Ordinance, all in accordance with the provisions of the Applicable Acts, and are of like tenor except as to variations in date of authentication, rate of interest, maturity, and privilege of redemption.

[4] This Series 20__ Bond shall not constitute an indebtedness of the Commission within the meaning of any constitutional or statutory provision or limitation.

[5] Under the Applicable Acts and the Bond 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 from the Revenues, providing an adequate depreciation fund, and in making all payments required to maintain the accounts established under the terms of the Bond Ordinance. Parity bonds and subordinate bonds may be issued pursuant to the terms of the Bond Ordinance.

[6] Outstanding Senior Lien Bonds issued and authenticated pursuant to the Bond 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 Senior Lien Bonds. Amounts once deposited to the credit of a subaccount of the Senior Lien Reserve Account for a series of Senior Lien Bonds shall not be available to pay amounts due on other Senior Lien Bonds.

[7] *(Optional redemption provisions of the Series 20__ Bonds, if any, shall be set forth here.)*

[8] *(Term Bond provisions to be used only if Term Bonds are issued)* The Series 20__ Bonds maturing on _____, are subject to mandatory redemption prior to maturity, by lot, on _____ and on each _____ thereafter, at a redemption price equal to the principal amount thereof to be redeemed, and in an amount required to satisfy the following mandatory redemption requirements (the "Term Bonds"):

<u>Year</u>	<u>Amount of Redemption Requirement</u>
2__	
2__	

The Commission may purchase Term Bonds, either in the open market or pursuant to a tender offer, for settlement on or before the date of such mandatory redemption. To the extent that the Commission shall have purchased any Term Bonds, the Commission may reduce the principal amount of the Term Bonds to be redeemed at subsequent redemption dates by a like principal amount.

[9] Notice of redemption will be given to the registered owners of Series 20__ Bonds to be redeemed by first class mail, postage prepaid, not less than 30 days nor more than 60 days prior to the date fixed for redemption at their addresses as shown on the registration books of the Series 20__ Bond Registrar. The Series 20__ 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 Series 20__ 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 Series 20__ Bonds or portions thereof shall cease to accrue and become payable. If there shall be called for redemption less than all of a Series 20__ Bond, the Commission shall execute and the Series 20__ Bond Registrar shall authenticate and deliver, upon the surrender of such Series 20__ Bond, without charge to the registered owner thereof, for the unredeemed balance of the Series 20__ Bond so surrendered, Series 20__ Bonds of like maturity and of the denomination of \$5,000 or any authorized integral multiple thereof.

[10] This Series 20__ 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 Series 20__ Bond Registrar

together with a written instrument of transfer satisfactory to the Series 20__ Bond Registrar duly executed by the Registered Owner or by such a Registered Owner's duly authorized attorney, and thereupon a new registered Series 20__ Bond or Series 20__ Bonds, in the authorized denominations of \$5,000 or any authorized integral multiple thereof and of the same aggregate principal amount as this Series 20__ Bond shall be issued to the transferee in exchange therefor. In like manner, this Series 20__ Bond may be exchanged for an equal aggregate principal amount of Series 20__ Bonds of any authorized denomination. The Series 20__ Bond Registrar shall not be required to exchange or transfer any Series 20__ Bond during the period from the fifteenth (15th) day of the month next preceding any interest payment date to such interest payment date. The Commission or the Series 20__ 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 Series 20__ Bond. No other charge shall be made for the privilege of making such transfer or exchange. The Commission, the Series 20__ Paying Agent and the Series 20__ Bond Registrar may treat and consider the person in whose name this Series 20__ 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 Series 20__ Bond to the extent of the sum or sums so paid, and neither the Commission nor the Series 20__ Paying Agent or the Series 20__ Bond Registrar shall be affected by any notice to the contrary.

[11] The Bond Ordinance permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Commission and the rights of the Registered Owners of the Series 20__ Bonds under the Bond Ordinance at any time by the Commission with the consent of the Registered Owners of 66-2/3% in aggregate principal amount of the bonds of all series at the time Outstanding affected by such modification.

[12] No recourse shall be had for the payment of any Series 20__ 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 Series 20__ Bonds, or on any other basis. The Commission may remove the Series 20__ Bond Registrar or Series 20__ Paying Agent at any time and for any reason and appoint a successor.

[13] This Series 20__ Bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been duly executed by the Series 20__ Bond Registrar.

[14] It is hereby certified, recited and declared that all acts, conditions and things required to be done, exist and be performed precedent to and in the issuance of this Series 20__ Bond in order to make it a legal, valid and binding obligation of the Commission have been done, exist and have been performed in regular and due time, form and manner as required by law; that the series of Series 20__ Bonds of which this Series 20__ Bond is one, together with all other indebtedness of the Commission is within every debt or other limit prescribed by law; that provision has been made for the pledge and collection of the Revenues, and the segregation of the Revenues to pay the interest hereon as it falls due and also to pay and discharge the principal hereof at maturity; and that the Commission hereby covenants and agrees that it will properly account for the Revenues and will comply with all the covenants of and maintain the funds and accounts as provided by the Bond Ordinance.

IN WITNESS WHEREOF, the South Sangamon Water Commission, Sangamon County, Illinois, has caused this Series 20__ Bond to be executed in its name and on its behalf by the manual or facsimile signature of its Chairman, and its corporate seal, or a facsimile thereof, to be affixed or otherwise reproduced hereon and attested by the manual or facsimile signature of its Clerk, all as of the Dated Date set forth above.

SOUTH SANGAMON WATER COMMISSION,
Sangamon County, Illinois

Chairman

(SEAL)

Attest:

Clerk, South Sangamon Water Commission,

CERTIFICATE OF AUTHENTICATION

This Series 20__ Bond is one of the Water Revenue Bonds, Senior Lien Series _____, described in the within mentioned Bond Ordinance.

Date: _____

By: _____

Authorized Officer

Bond Registrar _____
and Paying Agent: _____

ASSIGNMENT

For value received the undersigned sells, assigns and transfers unto

[Name, Address and Social Security Number or FEIN of Assignee]

the within Series 20__ Bond and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature

Signature Guarantee:

Notice: The signature on 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 5.03. Form of Junior Lien Bonds.

Junior Lien Bonds shall be in substantially the form as follows:

UNITED STATES OF AMERICA
STATE OF ILLINOIS
COUNTY OF SANGAMON
SOUTH SANGAMON WATER COMMISSION
GENERAL OBLIGATION BOND
(ALTERNATE REVENUE SOURCE)
SERIES 20__

REGISTERED NO. _____ REGISTERED \$ _____
INTEREST RATE _____ MATURITY DATE _____ DATED DATE _____ CUSIP _____

Registered Owner:

Principal Amount: _____ Dollars.

[1] 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 in lawfully money of the United States of America semiannually on the first day of January and July in each year, commencing _____, until the Principal Amount hereof shall have been paid, by check or draft mailed to the Registered Owner of record hereof as of the fifteenth (15th) day of the calendar month next preceding such interest payment date, at the address of such Registered Owner appearing on the registration books maintained for such purpose at _____, as Series 20__ Bond Registrar (including its successors, the "Series 20__ Bond Registrar"). This Series 20__ Bond, as to principal and premium, if any, when due, will be payable in lawful money of the United States of America upon presentation and surrender of this Series 20__ Bond at the principal corporate trust office of _____, as Series 20__ Paying Agent (including its successors, the "Series 20__ Paying Agent").

[2] This Series 20__ Bond is one of a series of Series 20__ Bonds issued in aggregate principal amount of \$_____, which are all of like tenor, except as to maturity, interest rate and right of redemption. The Series 20__ Bonds are one of several series of junior lien bonds 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 Division 135 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 and other applicable law, each as supplemented and amended (collectively the “Applicable Acts”), and pursuant to and in accordance with Ordinance No. 10-21 adopted by the Board of Commissioners of the Commission on August 31, 2010 (the “Master Bond Ordinance”) as supplemented by Ordinance Number _____ adopted _____, 20__ (the “Series 20__ Ordinance” and collectively with the Master Bond Ordinance, the “Bond 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 20__ Bond assents. As provided in the Master Bond Ordinance, senior lien bonds and junior lien alternate bonds of the Commission are issuable in several series which may vary as permitted therein.

[3] The Series 20__ Bonds have been issued for the purpose of paying a portion of the costs of _____, as defined, relating to the water system of the Commission, as defined (the “System”). The Series 20__ Bonds are equally and ratably payable from Revenues, as defined, derived from certain Intergovernmental Agreements with the Village of New Berlin, Illinois and the Village of Chatham, Illinois and from the operation of the System and deposited into the Junior Lien Bond and Interest Account established pursuant to the Master Bond Ordinance, all in accordance with the provisions of the Applicable Acts, and are of like tenor except as to variations in date of authentication, rate of interest, maturity, and privilege of redemption. The Series 20__ Bonds are junior and subordinate to Senior Lien Bonds which have heretofore been, or may hereafter be, issued pursuant to the Master Bond Ordinance, and have a subordinate and inferior lien on the Net Revenues to all Senior Lien Bonds authorized to be issued under the provisions of the Master Bond Ordinance. The Series 20__ Bonds are payable from the Revenues available for deposit into the Junior Lien Bond and Interest Account and from ad valorem taxes levied against all of the taxable property in the Commission without limitation as to rate or amount (the “Pledged Taxes”), all in accordance with the provisions of the Applicable Acts.

[4] This Series 20__ Bond shall not constitute an indebtedness of the Commission within the meaning of any constitutional or statutory provision or limitation, unless the Pledged Taxes shall have been extended pursuant to the general obligation, full faith and credit promise supporting the Series 20__ Bonds, in which case the amount of the Series 20__ Bonds, as then Outstanding, shall be included in the computation of indebtedness of the Commission for purposes of all statutory provisions or limitations until such time as an audit of the Commission shall show that the Series 20__ Bonds shall have been paid from the Revenues for a complete Fiscal Year.

[5] Under the Applicable Acts and the Bond 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 bonds of the Commission that are payable by their terms from the Revenues, providing an adequate depreciation fund, and in making all payments required to maintain the accounts established under the terms of the Bond Ordinance. Senior Lien Bonds with a lien on the Revenues senior to the Series 20__ Bonds and additional junior lien alternate bonds in parity with the Series 20__ Bonds, and subordinate bonds may be issued pursuant to the terms of the Bond Ordinance.

[6] Outstanding Series 20__ Bonds issued and authenticated pursuant to the Series 20__ 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 Series 20__ Bonds. Amounts once deposited to the credit of a subaccount of the Junior Lien Bond and Interest Account for a series of Junior Lien Bonds shall not be available to pay amounts due on other Junior Lien Bonds.

[7] *(Optional redemption provisions of the Series 20__ Bonds, if any, shall be set forth here.)*

[8] *(Term Bond provisions to be used only if Term Bonds are issued)* The Series 20__ Bonds maturing on _____, are subject to mandatory redemption prior to maturity, by lot, on _____ and on each _____ thereafter, at a redemption price equal to the principal amount thereof to be redeemed, and in an amount required to satisfy the following mandatory redemption requirements (the "Term Bonds"):

<u>Year</u>	<u>Amount of Redemption Requirement</u>
2__	
2__	

The Commission may purchase Term Bonds, either in the open market or pursuant to a tender offer, for settlement on or before the date of such mandatory redemption. To the extent that the Commission shall have purchased any Term Bonds, the Commission may reduce the principal amount of the Term Bonds to be redeemed at subsequent redemption dates by a like principal amount.

[9] Notice of the redemption of Series 20__ Bonds shall be mailed not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for such redemption to the registered owners of Series 20__ Bonds to be redeemed at their last addresses appearing on such registration books. The Series 20__ 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 Series 20__ 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 mailed 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 Series 20__ Bonds or portions thereof shall cease to accrue and become payable. If there shall be called for redemption less than all of a Series 20__ Bond, the Commission shall execute and the Series 20__ Bond Registrar shall authenticate and deliver, upon the surrender of such Series 20__ Bond, without charge to the registered owner thereof, for the unredeemed balance of the Series 20__ Bond so surrendered, Series 20__ Bonds of like maturity and of the denomination of \$5,000 or any authorized integral multiple thereof.

[10] This Series 20__ 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 Series 20__ Bond Registrar together with a written instrument of transfer satisfactory to the Series 20__ Bond Registrar duly executed by the Registered Owner or by such a Registered Owner's duly

authorized attorney, and thereupon a new registered Series 20 ___ Bond or Series 20 ___ Bonds, in the authorized denominations of \$5,000 or any authorized integral multiple thereof and of the same aggregate principal amount as this Series 20 ___ Bond shall be issued to the transferee in exchange therefor. In like manner, this Series 20 ___ Bond may be exchanged for an equal aggregate principal amount of Series 20 ___ Bonds of any authorized denomination. The Series 20 ___ Bond Registrar shall not be required to exchange or transfer any Series 20 ___ Bond during the period from the fifteenth (15th) day of the month next preceding any interest payment date to such interest payment date or during a period of fifteen (15) days next preceding the mailing of a notice of redemption which could designate all or a part of such Series 20 ___ Bond for redemption. The Commission or the Series 20 ___ 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 Series 20 ___ Bond. No other charge shall be made for the privilege of making such transfer or exchange. The Commission, the Paying Agent and the Series 20 ___ Bond Registrar may treat and consider the person in whose name this Series 20 ___ 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 Series 20 ___ Bond to the extent of the sum or sums so paid, and neither the Commission nor the Paying Agent or the Series 20 ___ Bond Registrar shall be affected by any notice to the contrary.

[11] The Master Bond Ordinance permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Commission and the rights of the Registered Owners of the bonds under the Master Bond Ordinance at any time by the Commission with the consent of the Registered Owners of 66-2/3% in aggregate principal amount of the bonds of all series at the time Outstanding affected by such modification, including the Series 20 ___ Bonds.

[12] No recourse shall be had for the payment of any Series 20 ___ 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 Series 20 ___ Bonds, or on any other basis. The Commission may remove the Series 20 ___ Bond Registrar or Paying Agent at any time and for any reason and appoint a successor.

[13] This Series 20 ___ Bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been duly executed by the Series 20 ___ Bond Registrar.

[14] It is hereby certified, recited and declared that all acts, conditions and things required to be done, exist and be performed precedent to and in the issuance of this Series 20 ___ Bond in order to make it a legal, valid and binding obligation of the Commission have been done, exist and have been performed in regular and due time, form and manner as required by law; that the series of Series 20 ___ Bonds of which this Series 20 ___ Bond is one, together with all other indebtedness of the Commission is within every debt or other limit prescribed by law; that provision has been made for the pledge and collection of the Revenues and the levy and collection of the Pledged Taxes, and the segregation of the Revenues and Pledged Taxes to pay the interest hereon as it falls due and also to pay and discharge the principal hereof at maturity; and that the Commission hereby covenants and agrees that it will properly account for the Revenues and Pledged Taxes and will comply with all the covenants of and maintain the funds

and accounts as provided by the Bond Ordinance. For the prompt payment of this Series 20__ Bond, both principal and interest at maturity, the full faith, credit and resources of the Commission are hereby irrevocably pledged.

IN WITNESS WHEREOF, the South Sangamon Water Commission, Sangamon County, Illinois, has caused this Series 20__ Bond to be executed in its name and on its behalf by the manual or facsimile signature of its Chairman, and its corporate seal, or a facsimile thereof, to be affixed or otherwise reproduced hereon and attested by the manual or facsimile signature of its Clerk, all as of the Dated Date set forth above.

SOUTH SANGAMON WATER COMMISSION,
Sangamon County, Illinois

Chairman

(SEAL)
Attest:

Clerk

CERTIFICATE OF AUTHENTICATION

This Series 200__ Bond is one of the General Obligation Bonds (Alternate Revenue Source), Series 20 ___, described in the within mentioned Series 20 ___ Ordinance.

Date: _____

By: _____

Authorized Officer

Bond Registrar _____
and Paying Agent: _____

ASSIGNMENT

For value received the undersigned sells, assigns and transfers unto _____

[Name, Address and Social Security Number or FEIN of Assignee]

the within Bond and hereby irrevocably constitutes and appoints _____
attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature

Signature Guarantee:

Notice: The signature on 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 5.04. Senior Lien Reserve Account.

Each ordinance authorizing a series of Senior Lien Bonds may contain provisions establishing a Senior Lien Reserve Requirement and a Senior Lien Monthly Reserve Requirement for such Senior Lien Bonds. The Senior Lien Reserve Requirement for a series shall be maintained in a separate subaccount of the Senior Lien Reserve Account. Moneys once credited to such subaccounts shall be subject to a first and prior lien for the series of Senior Lien Bonds for which credited in accordance with the terms of the ordinance authorizing such bonds. The Senior Lien Reserve Requirement for a series may be net of Build America Bond Subsidies that the Commission expects to receive for such series.

Section 5.05. Qualified Reserve Account Instruments.

In lieu of the deposit of money in a Reserve Account in satisfaction of a Reserve Requirement, the Commission may provide Qualified Reserve Account Instruments credited to the such Reserve Account. The Commission shall not accept any insurance policy or surety bond as a Qualified Reserve Account Instrument until it shall have been provided with an opinion of counsel of the Commission of such Qualified Reserve Account Instrument that such Qualified Reserve Account Instrument is a valid and binding obligation of such Commission enforceable in accordance with its terms and is exempt from the registration requirements of applicable federal securities laws. Each such insurance policy or surety bond shall not permit the cancellation thereof by the Commission. In computing the value of a Qualified Reserve Account Instrument, each insurance policy or surety bond shall be valued at the amount of the coverage under such insurance policy or surety bond that may be drawn upon by the Commission on such date of valuation. Any withdrawal from a Reserve Account shall be made from moneys or Permitted Investments held therein prior to the application of any amounts available from the use of a Qualified Reserve Account Instrument for such account.

Article Six

Provisions Generally Applicable to Redemption of Bonds of All Series

Section 6.01. General Applicability of Article.

Bonds which are redeemable before their Stated Maturity shall be redeemable in accordance with their terms and (except as otherwise provided with respect to the Bonds of any particular series by the provisions of this Ordinance as supplemented by a Senior Lien Series Ordinance or a Junior Lien Series Ordinance creating such series) in accordance with this Article.

Section 6.02. Election to Redeem; Notice to Bond Registrar.

For a mandatory redemption, unless otherwise notified by the Commission, the Bond Registrar will proceed on behalf of the Commission as its agent to provide for the mandatory redemption of such Term Bonds without any further order or direction hereunder or otherwise.

For optional redemption, the election of the Commission to redeem any Bonds shall be evidenced by an Officer's Certificate. In case of any such redemption, the Commission shall, at least 45 days prior to the Redemption Date fixed by the Commission (unless a shorter notice shall be satisfactory to the Bond Registrar) notify the Bond Registrar of each of the following:

- (a) the Redemption Date; and

- (b) the series of Bonds to be redeemed and, if less than all Bonds of a series are to be redeemed, then
 - (i) the principal amount of the Bonds of such series to be redeemed, and
 - (ii) the Bonds so selected for redemption (designated by Stated Maturity or bond number or any other manner reasonably identifying such Bonds).
- (c) If applicable, for a partial redemption of Term Bonds, the effect thereof on the mandatory redemption schedule of such Term Bonds

Section 6.03. Mandatory Redemption Pursuant to Bond and Interest Accounts.

Subject to the provisions of Sections 7.04 and 7.06 relating to operation of the Senior Lien Bond and Interest Account and the Junior Lien Bond and Interest Account, when Mandatory Redemption of Bonds is required and timely deposits have been made by the Commission pursuant to applicable Mandatory Redemption Requirements, the Commission shall proceed with such redemption without further order or direction from the Board and the Bond Registrar shall proceed on behalf of the Commission as its agent to provide for the mandatory redemption of such Term Bonds without any further order or direction hereunder or otherwise.

Section 6.04. Term Bonds Purchase or Redemption

If the Commission redeems pursuant to optional redemption or purchases Term Bonds of any maturity and cancels the same from funds in the Senior Lien Bond and Interest Account or the Junior Lien Bond and Interest Account as hereinafter described, then an amount equal to the principal amount of the Term Bonds so redeemed or purchased shall be deducted from the mandatory redemption requirements provided for Term Bonds of such maturity, first, in the current year of such requirement, until the requirement for the current year has been fully met, and then in any order of such Term Bonds as due at maturity or subject to mandatory redemption in any year, as the Commission shall determine. If the Commission redeems pursuant to optional redemption or purchases Term Bonds of any maturity and cancels the same from moneys other than in the Senior Lien Bond and Interest Account or the Junior Lien Bond and Interest Account, then an amount equal to the principal amount of Term Bonds so redeemed or purchased shall be deducted from the amount of such Term Bonds as due at maturity or subject to mandatory redemption requirement in any year, as the Commission shall determine.

Section 6.05. Selection of Bonds to be Redeemed.

If less than all the Outstanding Bonds of any series are to be redeemed and if any portion of the Outstanding Bonds to be redeemed is to be selected by lot, then the particular Bonds to be redeemed shall be selected not more than 60 days prior to the Redemption Date by the Bond Registrar from such Outstanding Bonds in such manner of lottery as the Bond Registrar shall deem fair and appropriate; provided, however, that each Bond of the smallest denomination permitted for such series or portion of Bond in such denomination shall be as likely to be called for redemption as any other such Bond or portion of such denomination. Such selection shall include the redemption of portions (equal to the greater of \$5,000 or the smallest authorized denomination of the Bonds of such series, or an integral multiple thereof) of the principal of Bonds of a denomination larger than \$5,000.

The Bond Registrar shall promptly notify the Commission and Paying Agent in writing of the Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed.

For all purposes of this Ordinance, unless the context otherwise requires, all provisions relating to the redemption of Bonds shall relate, in the case of any Bond redeemed or to be redeemed only in part, to the portion of the principal of such Bond which has been or is to be redeemed.

Section 6.06. Notice of Redemption; Conditional.

(a) Notice of Redemption of the Bonds subject to redemption shall be given by first class mail, postage prepaid, mailed not less than 30 nor more than 60 days prior to the Redemption Date, to each Registered Owner of a Bond or Bonds to be redeemed, at his address appearing in the Bond Register.

(b) In addition to any other provisions the Commission may deem appropriate to include, all notices of redemption shall state:

- (i) the Redemption Date;
- (ii) the Redemption Price;
- (iii) the principal amount of Bonds of each series and Stated Maturity to be redeemed, and, if less than all Outstanding Bonds of a series or Stated Maturity are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Bonds of such series and Stated Maturity to be redeemed;
- (iv) that on the Redemption Date, the Redemption Price of each of the Bonds to be redeemed will become due and payable and that the interest thereon shall cease to accrue from and after said Redemption Date; and
- (v) the place or places where the Bonds of each series to be redeemed are to be surrendered for payment of the Redemption Price, which shall be the principal corporate trust office of the Paying Agent(s) for each such series.

(c) Notice of redemption of Bonds to be redeemed at the election of the Commission shall be given, at the Commission's request, by the Bond Registrar in the name and at the expense of the Commission.

(d) 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 Commission, 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 Commission 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.

Section 6.07. Deposit of Redemption Price.

Prior to any Redemption Date, the Commission shall deposit with the Paying Agent(s) for Bonds to be redeemed an amount of money sufficient to pay the Redemption Price of all the Bonds which are to be redeemed on that date. Such money shall be held in trust for the benefit of the Holders entitled to such Redemption Price.

Section 6.08. Bonds Payable on Redemption Date.

Notice of redemption having been given as aforesaid, the Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Commission shall default in the payment of the Redemption Price), such Bonds shall cease to bear interest. Upon surrender of any such Bond for redemption in accordance with said notice, such Bond shall be paid by the Commission at the Redemption Price. Interest having a Stated Maturity on or prior to the Redemption Date shall be payable to the Registered Owners of the Bonds registered as such on the relevant Regular Record Dates according to the terms of such Bonds and the provisions of Section 4.09.

If any Bond called for redemption shall not be so paid upon surrender thereof for redemption, the principal (and premium, if any) shall, until paid, bear interest from the Redemption Date at the rate prescribed therefor in the Bond.

Section 6.09. Bonds Redeemed in Part.

Any Bond which is to be redeemed only in part shall be surrendered at the office of the Bond Registrar (with, if the Commission or the Bond Registrar so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Commission and the Bond Registrar duly executed by, the Registered Owner thereof or his attorney duly authorized in writing), and the Commission shall execute and the Bond Registrar shall authenticate and deliver to the Registered Owner of such Bond, without service charge, a new Bond or Bonds of the same series, interest rate, and Stated Maturity of any authorized denomination or denominations as requested by such Registered Owner in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered.

Section 6.10. Insufficiency in Notice Not Affecting Other Bonds; Waiver.

Neither the failure to mail a redemption notice, nor any defect in any notice so mailed, to any particular registered owner of a Bond, shall affect the sufficiency of such notice with respect to other registered owners. Notice having been properly given, failure of a 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. Such notice may be waived in writing by a registered owner of a Bond entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by registered owners shall be filed with the Bond Registrar, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver. In lieu of the foregoing official notice, so long as the Bonds are held in Book Entry Form, notice may be given as provided in the Letter of Representations, and the giving of such notice shall constitute a waiver by the book entry depository and the book entry owner, as Registered Owner, of the foregoing notice.

Section 6.11. Additional Notice.

The Commission may provide such additional notice of redemption as it may deem advisable at such time as it determines to redeem Bonds, taking into account any requirements or guidance of the Securities and Exchange Commission, the Municipal Securities Rulemaking Board, the Government Accounting Standards Board, or any other federal or state agency having jurisdiction or authority in such matters; *provided, however*, that such additional notice shall be (1) advisory in nature, (2) solely in the discretion of the Commission, (3) not be a condition precedent of a valid redemption or a part of the Bond contract, and (4) any failure or defect in such notice shall not delay or invalidate the redemption of Bonds for which proper official notice shall have been given. Reference is also made to the provisions of the Continuing Disclosure Undertaking with respect to the Bonds, which may contain other provisions relating to notice of redemption of Bonds.

Article Seven
The System Fund and Accounts

Section 7.01. The System Fund.

There is hereby created a special fund of the Commission designated the "System Fund". All Revenues shall be deposited into the System Fund, which shall be a trust fund for the sole purposes of carrying out the covenants, terms, and conditions of the Act and this Ordinance. The Commission and the officers of the Commission shall set aside as collected and deposit as received all Revenues into the System Fund.

Section 7.02. Accounts of the System Fund; Flow of Funds.

There are hereby created and established, or continued as the case may be, the following accounts (collectively, the "Accounts") of the System Fund to be held and administered by the Commission as herein provided.

- (a) Operations and Maintenance Account
- (b) Senior Lien Bond and Interest Account;
- (c) Senior Lien Reserve Account;
- (d) Junior Lien Bond and Interest Account;
- (e) Depreciation, Repair and Replacement Account; and
- (f) Surplus Account.

There shall be credited on a given day of each month as selected by the chief financial officer of the Commission, without any further official action or direction, in the order in which said accounts are set forth above, all moneys held in the System Fund in accordance with the following Sections.

Section 7.03. Operations 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.

Section 7.04. Senior Lien Bond and Interest Account.

There shall be credited to the Senior Lien Bond and Interest Account and held, in cash and investments, a fractional amount of the then current Interest Requirement for all Outstanding Senior Lien Bonds and also a fractional amount of the then current Principal Requirement and Mandatory Redemption Requirement for all Outstanding Senior Lien Bonds until there shall have been accumulated and held, in cash and investments, in the Senior Lien Bond and Interest Account on or before the 25th day of the month preceding each Stated Maturity of interest or principal, or both, and each Mandatory Redemption date, an amount sufficient to pay such principal or interest, or both, as due or called for Mandatory Redemption.

In computing the fractional amount to be set aside each month in the Senior Lien Bond and Interest Account, the fraction shall be so computed that a sufficient amount will be set aside in said Account and will be available for the prompt payment of such principal of and interest on all Outstanding Senior Lien Bonds and shall be not less than that fractional amount of interest or principal next coming due or subject to Mandatory Redemption having a numerator of one and a denominator equal to the number of months from one Stated Maturity or Mandatory Redemption Date of interest or principal to the next such Stated Maturity or Mandatory Redemption Date, as applicable, until there is sufficient money in said Account to pay such principal or interest, or both. Credits to said Account may be suspended in any Fiscal Year at such time as the balance in said Account equals the sum of the amounts of (i) the then current Interest Requirement for the Outstanding Senior Lien Bonds less amounts attributable to such requirement actually paid, (ii) the then current Principal Requirement for the Outstanding Senior Lien Bonds, and (iii) the then current Mandatory Redemption Requirement for the Outstanding Senior Lien Bonds, but shall be resumed whenever the credit to said Account is less than said sum (for any reason).

All moneys to the credit of the Senior Lien Bond and Interest Account shall be used as follows:

- (a) amounts credited against the Interest Requirement for the Outstanding Senior Lien Bonds shall be used solely to pay interest on the Senior Lien Bonds;
- (b) amounts credited against the Principal Requirement to pay principal of Outstanding Senior Lien Bonds at Stated Maturity shall be used solely to pay such principal as it becomes due; and
- (c) amounts credited against the Mandatory Redemption Requirement to pay principal of Outstanding Senior Lien Bonds subject to Mandatory Redemption shall, at the option of the Commission, be used only:
 - (i) to redeem the Outstanding Senior Lien Bonds subject to Mandatory Redemption on the date of such Mandatory Redemption;
 - (ii) to purchase Outstanding Senior Lien Bonds subject to Mandatory Redemption, either in the open market or pursuant to tender offer, for settlement on or before the date of such Mandatory Redemption, at a price of not greater than the applicable Redemption Price upon such Mandatory Redemption; or
 - (iii) any combination of the foregoing, subject to the condition that redemption or purchase of the Outstanding Senior Lien Bonds subject to Mandatory

Redemption shall have been duly provided for in the amount, from the series, and on or before the date or dates so provided for Mandatory Redemption;

provided, however, that in the event there are insufficient funds to pay at Maturity any of the Outstanding Senior Lien Bonds, there shall be no preference or priority between outstanding Senior Lien Bonds having a Stated Maturity and those having a Redemption Date on such date of Maturity, notwithstanding that relatively more or less may be available from credits against the Principal Requirement or the Mandatory Redemption Requirement.

Section 7.05. Senior Lien Reserve Account.

A series of Senior Lien Bonds may have a subaccount created within the Senior Lien Reserve Account into which there shall be credited and held, in cash and investments, the Reserve Requirement for such series in accordance with and as specified in the Senior Lien Series Ordinance authorizing such series. Such subaccount shall be pledged to the series of Senior Lien Bonds for which such subaccount is created and Revenues once credited to a Senior Lien Reserve Subaccount shall be subject to a first and prior lien for the series of Senior Lien Bonds for which credited.

Unless the amount on deposit to the credit of each subaccount of the Senior Lien Reserve Account equals or exceeds the amount of the Senior Lien Reserve Requirement for each series of Senior Lien Bonds, there shall next be credited to the Senior Lien Reserve Subaccount the amount of the Senior Lien Reserve Monthly Requirement for the series of Senior Lien Bonds for which such shortfall exists.

Amounts to the credit of subaccounts of the Senior Lien Reserve Account shall be used to pay principal of and applicable premium or interest only on the series of Outstanding Senior Lien Bonds to which such subaccount is pledged at any time when there are insufficient funds available in the Senior Lien Bond and Interest Account to pay the same at Maturity but only after application of all moneys to the credit of the Surplus Account, and the Depreciation, Repair and Replacement Account to such purpose in the order of priority stated. Amounts on deposit to the credit of a subaccount of the Senior Lien Reserve Account shall not be available to pay amounts due on other Senior Lien Bonds.

In the event of a withdrawal from a Senior Lien Reserve Subaccount resulting in the amount on deposit to the credit thereof being less than the Reserve Requirement, the Reserve Monthly Requirement shall be at the rate of not less than 1/12th of the deficiency per month. In the event of a decreased valuation of investments resulting in the amount on deposit to the credit thereof being less than the required amount, the Reserve Monthly Requirement shall be at the rate of not less than 1/3rd of the deficiency per month.

If moneys available to be credited to the Senior Lien Reserve Account are insufficient to fully satisfy the Senior Lien Reserve Requirement for all Senior Lien Bonds, the money available shall be credited ratably among the Senior Lien Bonds then requiring a deposit.

Amounts to the credit of the Senior Lien Reserve Account in excess of the Senior Lien Reserve Requirement may be transferred as provided in Section 7.15 hereof.

Section 7.06. Junior Lien Bond and Interest Account.

Each series of Junior Lien Bonds shall have a subaccount within the Junior Lien Bond and Interest Account and there shall be credited to the Junior Lien Bond and Interest Account and held, in cash and investments, the aggregate amount necessary to satisfy the monthly Junior Lien Bond and Interest subaccount principal and interest deposit requirements for each series of Junior Lien Bonds in accordance with and as specified in the Junior Lien Series Ordinances.

Pledged Taxes, if any, collected to pay a series of Junior Lien Bonds shall be credited directly to the subaccount for such series of Junior Lien Bonds. Once credited to a subaccount, the Revenues and Pledged Taxes in such subaccount shall be subject to a first and prior lien for the series of Junior Lien Bonds for which credited.

If moneys available to be credited to the Junior Lien Bond and Interest Account are insufficient to fully satisfy the amount then needed for deposit into the Junior Lien Bond and Interest Account for all Junior Lien Bonds, the money then available shall be credited ratably among the subaccounts for the Junior Lien Bonds then requiring a deposit.

All moneys to the credit of a Junior Lien Bond and Interest subaccount for a series of Junior Lien Bonds shall be used solely to pay principal of, interest on, and any Mandatory Redemption payments for, such Junior Lien Bonds as determined by the Junior Lien Series Ordinance for such Junior Lien Bonds.

Section 7.07. Depreciation, Repair and Replacement Account.

There shall next be credited to the Depreciation, Repair and Replacement Account the amount of the Depreciation, Repair and Replacement Monthly Requirement until the amount on deposit in such Account equals the amount of the Depreciation, Repair and Replacement Requirement.

Amounts to the credit of said Account shall be used for (a) the payment of the cost of extraordinary maintenance, necessary repairs and replacements, or contingencies, in order that the System may at all times be able to render effective and efficient service; (b) the payment of the cost of routine maintenance, but only when no other funds are available for such purpose; (c) the payment of the cost of improvements and extensions to or acquisitions for the System, including equipment; and (d) the payment of principal of or interest or applicable Redemption Price on first the Outstanding Senior Lien Bonds, and then the Outstanding Junior Lien Bonds at any time when there are insufficient funds in the Senior Lien Bond and Interest Account or the Junior Lien Bond and Interest Account to pay the same at Maturity and shall be transferred without further order or direction to the Senior Lien Bond and Interest Account or the Junior Lien Bond and Interest Account, or both, for such purpose, but only after application of all moneys on deposit to the credit of the Surplus Account to such purpose in the order of priority stated.

Whenever an amount is withdrawn from the Depreciation, Repair and Replacement Account, monthly credits to such account of the Depreciation, Repair and Replacement Monthly Requirement shall resume until the amount on deposit in such account is restored to the Depreciation, Repair and Replacement Requirement.

Amounts to the credit of said Account in excess of the Depreciation, Repair and Replacement Requirement may be transferred as provided in Section 7.15 hereof.

Section 7.08. 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 any of said Accounts shall be credited to the Surplus Account. Moneys to the credit of the Surplus Account shall be used in the order of priority as follows:

- A. Except to the extent held for payment of principal or interest of Subordinate Bonds, or in an express reserve account therefor, such amount as may be necessary shall be used to make up any deficiencies occurring at any time in the System Fund or any of the Accounts thereof having a prior lien on the Revenues in the order of priority listed in this Article. Any moneys held for payment of principal of or interest on Subordinate Bonds, or in an express reserve account therefor, in accounts or subaccounts of the System Fund shall, once credited to any such accounts, be subject to a first and prior lien for the Subordinate Bonds for which credited, in accordance with the terms of the ordinance authorizing such Subordinate Bonds.
- B. The balance of the moneys to the credit of the Surplus Account shall be used for one or more of the following purposes, without any priority among them (except as, may be determined by an ordinance supplemental hereto or amendatory hereof):
 - (i) for the purpose of constructing or acquiring repairs, replacements, renewals, improvements, or extensions to the System;
 - (ii) for the purpose of calling and redeeming Outstanding Bonds which are callable at the time;
 - (iii) for the purpose of purchasing Outstanding Bonds at a price which, prior to six months prior to the earliest Redemption Date of the Outstanding Bonds to be purchased, shall be as determined by the Commission and, thereafter, shall not exceed the Redemption Price payable on the Outstanding Bonds to be purchased at the next Redemption Date plus accrued interest to the date of purchase;
 - (iv) for the purpose of paying principal of and interest and applicable premium on any Subordinate Bonds or for creating, increasing or maintaining express reserves for such bonds; or
 - (vi) for any other lawful purpose related to the System and the Commission.

Section 7.09. Special Covenant for Deficiencies.

It is hereby covenanted and agreed that the Revenues are to be first retained in the System Fund for the payment of Operation and Maintenance Costs and then paid into the various special Accounts hereinabove established and created in the order in which said Accounts have been listed, and if within any period of time the Revenues are insufficient to make the required credits to any of said Accounts, the deficiencies shall be made up during the following period or periods.

Section 7.10. Insurance Dividends.

Any dividend paid by an insurance company shall be deposited into the fund out of which the premium which produced or resulted in such dividend was paid.

Section 7.11. Credits to Accounts to be in Cash.

Regardless of what accounting method is used by the Commission, the monthly credits to the Senior Lien Bond and Interest Account, the Junior Lien Bond and Interest Account, the Senior Lien Reserve Account, and the Depreciation, Repair and Replacement Account shall be in cash, and the moneys so credited shall be held separate and apart in cash and Permitted Investments; provided, however, that moneys in the System Fund, Depreciation, Repair and Replacement Account, and Surplus Account may be commingled for investment purposes provided such investments meet the investment limitations applicable to each of said Accounts.

Section 7.12. Investment of Moneys in the Funds and Accounts.

Moneys to the credit of the System Fund prior to the monthly accounting and crediting to accounts may be invested pursuant to any authorization granted to the Commission by Illinois law and in accordance with the Commission's then current investment policy. Moneys in the Accounts may be invested from time to time by the Commission as follows:

- A. Investments in the Accounts shall mature or be subject to redemption at the option of the holder thereof prior to the time when needed, and, in any event, within the times as follows:

<u>ACCOUNT</u>	<u>TIME</u>
Operation and Maintenance	6 months
Bond and Interest	1 year
Senior Lien Reserve	5 years
Depreciation, Repair and Replacement	5 years
Surplus	5 years

provided, however, that amounts on deposit in a Bond and Interest Account intended to be applied to interest due beyond a period of one year (such as interest capitalized from bond proceeds) may be invested to the time expected to be paid out for such purpose.

- B. In addition to the requirements of subparagraph A above, all investments in the System Fund shall mature or be subject to redemption by the Commission prior to the time the money so invested is needed.
- C. Moneys in any fund or account shall be invested, if necessary, in 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 Commission shall refer to any investment restrictions covenanted by the Commission or any officer of the Commission as part of the transcript of proceedings for the issuance of Bonds, and to appropriate Opinions of Counsel.

Section 7.13. Deposit of Investment Earnings.

Investment Earnings from investments made from the Senior Lien Reserve Account shall be credited to and held therein so long as the credit balance in such Account is less than the Senior Lien Reserve Requirement, but otherwise shall be transferred to the System Fund. Such Investment Earnings, wherever credited, shall be treated as Revenues.

Investment Earnings from investments made from the Depreciation, Repair and Replacement Account shall be credited to and held therein but may be used to offset an equal amount of required credits to said Account. Such Investment Earnings, wherever credited, shall be treated as Revenues.

All other Investment Earnings in the System Fund shall be retained in the System Fund, transferred from the various Accounts of the fund to the unallocated portion of the fund, and treated as Revenues therein.

Investment Earnings from any construction fund, project fund, improvement fund, or like fund or account derived from the proceeds of Bonds shall be allocated to such lawful purposes as the Commission may determine and, to the extent allocated to one or more of the Accounts of the System Fund, shall be treated as Revenues.

Section 7.14. Valuation of Investments.

For the purpose of determining whether sufficient cash and investments are on deposit in such accounts under the requirements of this Ordinance, investments shall be valued as of the close of each Fiscal Year in the manner as follows: If in a Reserve Account or Depreciation, Repair and Replacement Account, at the market value, and if in other accounts, at amortized cost.

Section 7.15. Application of Excess in Certain Accounts.

As of the first month in any Fiscal Year and at such other times as the Commission may determine, the amount of money on deposit to the credit of the Senior Lien Reserve Account or the Depreciation, Repair and Replacement Account which is in excess of the Senior Lien Reserve Requirement or the Depreciation, Repair and Replacement Requirement respectively, shall be transferred to the System Fund.

Section 7.16. Build America Bond Subsidies.

Build America Bond Subsidies received by the Commission for any series of bonds shall be deposited to the Bond and Interest Account for such series.

Article Eight

Prior Lien Obligations, Senior Lien and Junior Lien Bonds

Section 8.01. Issuance of Senior Lien Bonds and Junior Lien Bonds.

The Commission may from time to time issue Senior Lien Bonds and Junior Lien Bonds for the purposes herein permitted. All Senior Lien Bonds shall be of the same rank as all other Outstanding Senior Lien Bonds and shall be payable from credits to the Senior Lien Bond and Interest Account. All Junior Lien Bonds shall be of the same rank as all other Outstanding Junior Lien Bonds and shall be payable from credits to the Junior Lien Bond and Interest Account. Senior Lien Bonds and Junior Lien Bonds shall bear such other specific terms and be

issued at such prices as shall be approved by the applicable Senior Lien Series Ordinance or Junior Lien Series Ordinance of the Commission.

Prior to the delivery by the Commission of any of such Senior Lien Bonds or Junior Lien Bonds subsequent to the first issuance of Bonds under this Master Bond Ordinance, there shall be filed with the Commission Clerk and made a part of the transcript for the issuance of such Bonds each of the showings as follows:

- (a) a copy, duly certified by the Clerk, of such Senior Lien Series Ordinance or Junior Lien Series Ordinance and supplemental proceedings and Bond Orders and Officer's Certificates, if any, creating the series of Senior Lien Bonds or Junior Lien Bonds and confirming the sale thereof and fixing the rates of interest to be borne thereby;
- (b) an Officer's Certificate, dated as of the date of delivery, that the aforementioned ordinance and proceedings are still in full force and effect without amendments or supplements except as shown in said filings;
- (c) such other certificates and showings as may be required pursuant to the provisions of this Article and of this Ordinance;
- (d) an Officer's Certificate to the effect that, immediately after the issuance of the proposed Senior Lien Bonds or Junior Lien Bonds, no default shall exist under this Ordinance;
- (e) an unqualified opinion of bond counsel of national standing approving the Senior Lien Bonds or Junior Lien Bonds then being delivered as being valid and binding special obligations of the Commission.

Section 8.02. No Prior Lien Obligations, Bonds or Subordinate Bonds.

All Outstanding Senior Lien Bonds shall enjoy complete parity of lien, one with the other, on the Revenues, and all Junior Lien Bonds shall enjoy complete parity of lien, one with the other, on the Revenues, subordinate and inferior to the Senior Lien Bonds as provided herein, despite the fact that any of such Bonds may be delivered at an earlier date than any other of the Bonds. The Commission will issue no Prior Lien Obligations and will issue no Senior Lien Bonds, Junior Lien Bonds, Subordinate Bonds or any other obligation of any kind or nature payable from or enjoying a lien on the Net Revenues or any part thereof except as herein permitted.

Section 8.03. Senior Lien Bonds for Refunding.

Senior Lien Bonds may be issued for the purpose of refunding Outstanding Senior Lien Bonds at or in advance of Maturity; provided that either of the conditions set forth in A or B as follows are met:

- A. The Commission shall have received the certificate of a Commission Officer (i) setting forth the Current Debt Service Requirement of all Outstanding Senior Lien Bonds during the then current Fiscal Year and for each Fiscal Year to and including the Fiscal Year of the last Maturity of any Outstanding Senior Lien Bonds (determined immediately prior to the proposed date of authentication and delivery of such refunding Bonds) (a) with respect to all such Outstanding Senior

Lien Bonds immediately prior to the proposed date of authentication and delivery of such refunding Bonds and (b) with respect to all Outstanding Senior Lien Bonds immediately thereafter and (ii) demonstrating that the amount set forth for each Fiscal Year pursuant to (b) above is no greater than the amount set forth for each such Fiscal Year pursuant to (a) above except for the last Fiscal Year of such comparison, for which year it shall be demonstrated that the amount set forth in (b) above is not greater than the average for all Fiscal Years (excluding the last) of the amounts set forth in (a) above; or

- B. All Outstanding Senior Lien Bonds are being refunded under arrangements which immediately result in making provision for the payment thereof in such manner as they shall no longer be deemed Outstanding.

Outstanding Senior Lien Bonds which may be subject to Mandatory Redemption by operation of the Senior Lien Bond and Interest Account shall remain so subject as if the escrow or trust fund or account from which provision for refunding will be made were the Senior Lien Bond and Interest Account hereunder.

Senior Lien Bonds may also be issued to refund Outstanding Senior Lien Bonds in order to avoid or remedy default in the payment of principal of or interest on such Outstanding Senior Lien Bonds; provided the refunding bonds are issued to avoid such default not earlier than three months prior to the due date of such principal or interest.

Section 8.04. Junior Lien Bonds for Refunding.

Junior Lien Bonds may be issued for the purpose of refunding Outstanding Junior Lien Bonds at or in advance of Maturity; provided that either of the conditions set forth in A or B as follows are met:

- A. The Commission shall have received the certificate of a Commission Officer (i) setting forth the Current Debt Service Requirement of all Outstanding Junior Lien Bonds during the then current Fiscal Year and for each Fiscal Year to and including the Fiscal Year of the last Maturity of any Outstanding Junior Lien Bonds (determined immediately prior to the proposed date of authentication and delivery of such refunding Bonds) (a) with respect to all such Outstanding Junior Lien Bonds immediately prior to the proposed date of authentication and delivery of such refunding Bonds and (b) with respect to all Outstanding Junior Lien Bonds immediately thereafter and (ii) demonstrating that the amount set forth for each Fiscal Year pursuant to (b) above is no greater than the amount set forth for each such Fiscal Year pursuant to (a) above except for the last Fiscal Year of such comparison, for which year it shall be demonstrated that the amount set forth in (b) above is not greater than the average for all Fiscal Years (excluding the last) of the amounts set forth in (a) above; or
- B. All Outstanding Junior Lien Bonds are being refunded under arrangements which immediately result in making provision for the payment thereof in such manner as they shall no longer be deemed Outstanding.

Outstanding Junior Lien Bonds which may be subject to Mandatory Redemption by operation of the Junior Lien Bond and Interest Account shall remain so subject as if the escrow or trust fund or account from which provision for refunding will be made were the Junior Lien Bond and Interest Account hereunder.

Junior Lien Bonds may also be issued to refund Outstanding Junior Lien Bonds in order to avoid or remedy default in the payment of principal of or interest on such Outstanding Junior Lien Bonds; provided the refunding bonds are issued to avoid such default not earlier than three months prior to the due date of such principal or interest.

Section 8.05. Senior Lien Bonds and Junior Lien Bonds Under Net Revenue Test.

In addition to the issuance of Senior Lien Bonds and Junior Lien Bonds for refunding purposes as set forth in Sections 8.04 and 8.05, Senior Lien Bonds and Junior Lien Bonds subsequent to the first issuance of Bonds under this Master Bond Ordinance may be issued for any other lawful purpose upon compliance with the conditions set forth in A and B as follows:

- A. The amounts required to be on deposit in the respective Accounts of the System Fund described in Article Seven of this Ordinance shall have been credited in full as determined immediately after the issuance of said Senior Lien Bonds or Junior Lien Bonds, as evidenced by an Officer's Certificate.
- B. The conditions set forth in either subparagraph (1) or (2) as follows have been met.
 - (1) The Net Revenues as shown in the audit of an Independent certified accountant for the last completed Fiscal Year prior to the issuance of such Senior Lien Bonds or Junior Lien Bonds shall have been at least equal to 1.10 times Maximum Annual Debt Service on all Outstanding Bonds computed immediately after the issuance of the proposed Senior Lien Bonds or Junior Lien Bonds, but in only for those Fiscal Years in which the Outstanding Bonds immediately prior to such issuance will continue to be Outstanding as provided in the Master Bond Ordinance.
 - (2) The Adjusted Net Revenues during any 12 consecutive months within the 18 months immediately preceding the issuance of such Senior Lien Bonds or Junior Lien Bonds shall have been at least equal to 1.10 times Maximum Annual Debt Service on Outstanding Bonds as computed immediately after the issuance of the proposed Senior Lien Bonds or Junior Lien Bonds, but only for those Fiscal Years in which the Outstanding Bonds immediately prior to such issuance will continue to be Outstanding as provided in the Master Bond Ordinance. Adjusted Net Revenues shall be evidenced by an Officer's Certificate or by a report of an Independent certified accountant, a consulting Engineer, or a feasibility analyst, the latter having a national reputation for expertise in such matters. The reference to and acceptance of the Officer's Certificate or report, and the determination of the Board as to sufficiency of the

Adjusted Net Revenues shall be conclusive evidence that the conditions of this subparagraph (2) have been met and that the Bonds are valid.

Section 8.06. Purposes for Which Bonds May Be Issued.

Bonds may be issued for any lawful purpose of the Commission.

**Article Nine
General Covenants**

Section 9.01. In General.

The Commission hereby makes the following covenants, in addition to all other covenants in this Ordinance, with each and every successive Registered Owner of any of the Outstanding Bonds so long as any of said Bonds remain Outstanding.

Section 9.02. Maintenance.

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.

Section 9.03. Rate Covenant.

The Commission shall establish and maintain at all times fees, charges, and rates for the use and service of the System and provide for the collection thereof and the segregation and application of the Revenues sufficient at all times to pay or provide for Operation and Maintenance Costs, to provide Net Revenues in each Fiscal Year in an amount not less than 110% of the Current Debt Service Requirement for all Outstanding Senior Lien Bonds and Outstanding Junior Lien Bonds for the Fiscal Year or respective portions of Fiscal Years contemporaneous with such Fiscal Year. Such Revenues shall also be sufficient after application of the Net Revenues to pay the Current Debt Service Requirements for such Fiscal Year, to make such additional deposits as may be required into the Accounts as provided by the Ordinance and to pay any other obligations payable from the Revenues.

Section 9.04. Report on Insufficiency in Bond and Interest Accounts.

In the event the audit of the Commission at the close of a Fiscal Year evidences that the Commission failed to meet the rate covenant contained in Section 9.03 for such Fiscal Year or credits to the Senior Lien Bond and Interest Account and the Junior Lien Bond and Interest Account have been insufficient to meet the requirements for either of said Accounts, resulting in the transfer and use of funds from some other Account to pay principal of or interest on Outstanding Bonds, the Commission covenants promptly to have prepared a report by an Independent engineer or an Independent utility financial consultant of nationally recognized experience and standing employed for that purpose. Such report shall include a statement of causes of the insufficiency of Revenues to meet Account requirements and possible actions or alternatives available to increase Net Revenues.

Section 9.05. Reimbursement from Third Parties.

Any moneys received from a third party for damages to the System shall be deposited in or credited to the Fund or Account out of which moneys have been or will be expended to repair such damages.

Section 9.06. No Sale, Lease, or Encumbrance.

The Commission will not sell, lease, loan, mortgage, or in any manner dispose of or encumber the System or the Revenues (subject to the reserved right of the Commission to issue additional obligations as provided in this Ordinance) or any improvements and extensions thereto, while any Bonds remain Outstanding; provided, however, that the Commission may sell or dispose of property of the System subject to the conditions as follows:

- (a) the Commission may sell or dispose of any property of the System which in the judgment of the Commission is no longer useful in the operation of the System.
- (b) the Commission may sell or dispose of any property of the System when such sale or disposal is in the judgment of the Commission advisable for the best interests of the Commission and the System and which will not impair the ability of the Commission to produce Revenues sufficient to meet the rate covenant set forth herein; provided, however, that if such sale or disposal is of property having a book value in excess of 10% of the total book value of the System, then, prior to such sale or disposal, the Commission must also obtain a certificate of an Independent Consulting Engineer concurring in the Commission's finding that such sale or disposal will not impair the ability of the Commission to produce Revenues sufficient to meet the rate covenant set forth herein. The proceeds from the sale of any property shall be credited to the Depreciation, Repair and Replacement Account.

Section 9.07. Books, Records and Accounts.

The Commission covenants that it will keep an accurate record of the total cost of the System, of the Revenues and other funds collected and of the application of such Revenues. Such records shall be open at all reasonable times to the inspection of any Registered Owner or the agents and representatives thereof. The Commission further covenants that no later than 120 days after the close of each Fiscal Year it will cause an audit to be completed of its books and accounts relating to the System by an Independent certified public accountant. Such audit shall include, without limiting the scope thereof, each of the following:

- (a) an income and expenses statement;
- (b) all deposits to the credit of and withdrawals from each fund or account created under the provisions of this ordinance;
- (c) the details of all Outstanding Bonds issued, paid, purchased, or redeemed;
- (d) a balance sheet as of the end of each such year;
- (e) revisions (if any) in fees, rates, and other charges;
- (f) the amounts on deposit at the end of each such Fiscal Year to the credit of each fund or account and showing the details of any investments thereof;
- (g) the accountant's comments as to compliance with this Ordinance.

Section 9.08. Operations, Rules, and Regulations.

The Commission covenants that it will establish and enforce reasonable rules and regulations governing the use of the System and the operation thereof, that it will at all times

maintain the same in good repair and sound operating condition, and will make or cause to be made all necessary repairs, renewals, and replacements, and that it will observe and perform all of the terms and conditions contained in law and in this Ordinance.

Section 9.09. Other Obligations.

The Commission covenants that it will not issue any notes, bonds, limited obligations, or other evidences of indebtedness, except pursuant to the provisions of this Ordinance, secured by a pledge of or claim upon the income or any part of the Revenues; that the Commission will not create or suffer to be created any lien or charge upon the System or any part thereof or upon the Revenues except the lien and charge of the Bonds secured hereby upon such Revenues, Subordinate Bonds, or such other bonds that may be issued pursuant to the provisions of this Ordinance; and that, from the Revenues or other available funds, it will pay or cause to be discharged, or will make adequate provisions to satisfy and discharge, within 60 days after the same shall become payable, all lawful claims and demands for labor, materials, supplies, or other objects which, if unpaid, might by law become a lien upon the System or any portion thereof or the Revenues; provided, however, that nothing in this Section contained shall require the Commission to pay or cause to be discharged, or make provision, for, any such lien or charge so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings which stay the enforcement thereof.

Section 9.10. Existence of Commission.

The Commission shall maintain its corporate identity and shall make no attempt to cause its corporate existence to be abolished.

Section 9.11. No Loss of Pledge of or Lien on Revenues.

The Commission shall not do, or omit to do, or suffer to be done or omitted to be done, any matter or thing whatsoever whereby the pledge of or lien of the Outstanding Bonds on the Net Revenues or any part thereof might or could be lost or impaired.

Section 9.12. Interest on Bonds to Remain Tax Exempt.

With respect to Bonds of any series sold on the basis that interest thereon will not be includible in gross income for federal income tax purposes, the Commission covenants and agrees that it will not take or authorize or permit any action to be taken with respect to the System or any part thereof, any of the proceeds of the Bonds, or insurance, condemnation, or any other proceeds derived directly or indirectly from the Bonds or the System which will result in the interest payable on such series of Bonds becoming includible in the gross income for federal income tax purposes of the Registered Owners of such series of Bonds.

Section 9.13. Recordation of Instruments.

The Commission shall cause all necessary filings of this ordinance, or amendments or supplements, or other documents necessary or advisable to perfect and preserve the rights of the Bondholders.

Section 9.14. Provisions a Contract.

The provisions of this Ordinance shall constitute a contract between the Commission and the Registered Owners of the Bonds. Any registered owner of a bond issued through this Ordinance may proceed by civil action, mandamus or other proceeding to compel performance

of all duties required by the Ordinance, including the establishment and collection of sufficient fees, charges and rates for the service supplied by the System and the application of Revenues.

Section 9.15. No Free Service.

The Commission covenants not to furnish service from the System free of charge and not to establish preferential rates for users of the same class.

Section 9.16. Enforcement of Rates, Fees, Charges and Connections.

The Commission shall compel the prompt payment of rates, fees, charges, and penalties imposed for services rendered and, to that end, will enforce all of the provisions of the Intergovernmental Agreements, any ordinance, resolution, or contract of the Commission having to do with provision of water, connections, rates, fees, charges, or penalties and all of the rights and remedies permitted the Commission under law.

Section 9.17. No Competing System.

The Commission to the full extent permitted by law will not grant any franchise, license or permit, nor cause or permit the granting of any franchise, license or permit, to any firm, corporation, agency or body, public or private or any person whatsoever, for the supplying of water services within the corporate limits of the Commission in competition with the System, except as may exist on the effective date of the Ordinance or as may be required by law.

Section 9.18. Moneys Held by Paying Agents; Unclaimed Moneys.

The Commission will cause each Paying Agent to execute and deliver to the Commission an instrument in which each such Paying Agent shall agree, subject to the provisions of this Section, that such Paying Agent will hold all sums held by it for the payment of principal of (and premium, if any) or interest on Bonds in trust for the benefit of the Holders of such Bonds until such sums shall be paid to the Holders or otherwise disposed of as herein provided.

The Commission may at any time, for the purpose of obtaining the satisfaction and discharge of this Ordinance or for any other purpose, pay, or by Officer's Certificate direct any Paying Agent to pay, to the Commission all money held in trust by such Paying Agent, such money to be held by the Commission; and, upon such payment by any Paying Agent to the Commission, such Paying Agent shall be released from all further liability with respect to such money.

Any money deposited with any Paying Agent for the payment of the principal of or premium or interest on any Bond and remaining unclaimed for six years after such principal or premium or interest has become due and payable shall be paid to the Commission, and the Registered Owner of such Bond shall thereafter, as an unsecured general creditor of the System, look only to the Commission for payment thereof, and all liability of such Paying Agent with respect to such trust money, and all liability of the Commission as Commissioner thereof or obligation of the Commission to hold such money segregated shall thereupon cease.

Section 9.19. Budget Covenant.

For each Fiscal Year, the Commission shall adopt a budget prepared in accordance with the provisions hereof and of applicable law. Each such budget shall set forth in reasonable detail the estimated Revenues based on rates which have been duly adopted by the Board and to be in

effect for such Fiscal Year and the estimated Operation and Maintenance Costs, Current Debt Service Requirements for all Outstanding Bonds, various Account credit requirements as set forth herein, and any other payments required herein or as required by Senior Lien Series Ordinances, Junior Lien Series Ordinances, or other supplemental or amendatory ordinances.

Section 9.20. Insurance and Condemnation Awards.

The Commission will carry insurance on the System of the kinds and in the amounts which are usually carried by private parties operating similar properties; provided, however, that the Commission may self insure over all or a part of such risks by establishing reasonable reserves or budgetary provisions. All moneys received for loss under such insurance policies shall be deposited to the credit of the Depreciation, Repair and Replacement Account. The payment of premiums for all insurance policies required under the provisions of this covenant shall be considered an Operation and Maintenance Cost.

Proceeds of condemnation awards received by the Commission as a result of any taking of any part of the System shall be deposited to the credit of the Depreciation, Repair and Replacement Account.

The proceeds derived from any and all policies for worker's compensation or public liability shall be paid into the System Fund and used in paying the claims or reimbursing the Fund for the payment of claims on account of which they were received.

Article Ten
Defeasance

Section 10.01. Payment, Satisfaction and Discharge of Lien of This Ordinance.

Whenever the following conditions shall exist, namely:

- A. All Bonds theretofore authenticated and delivered have been cancelled or delivered to the Bond Registrar for cancellation, excluding, however:
 - (i) Bonds for the payment of which money has theretofore been deposited in trust with a Paying Agent (other than the Commission) or discharged from such trust as provided in Section 9.18;
 - (ii) Bonds alleged to have been destroyed, lost, or stolen which have been replaced or paid as provided in Section 4.08, except for any such Bond which, prior to the satisfaction and discharge of this Ordinance, has been presented to the Commission with a claim of ownership and enforceability by the Registered Owner thereof and where enforceability has not been determined adversely against such Registered Owner by a court of competent jurisdiction; and
 - (iii) Bonds, other than those referred to in the foregoing clauses, have been defeased by deposits in trust in accordance with Section 10.02 hereof.
- B. The Commission has paid or caused to be paid all other sums payable hereunder by the Commission.

- C. The Commission has received an opinion of Counsel stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Ordinance have been complied with.

Then, this Ordinance and the lien, rights, and interests created hereby shall cease, determine, and become null and void (except as to any surviving rights of transfer or exchange of Bonds herein or therein provided for).

Section 10.02. Defeasance of Bonds.

Any Bonds or interest installments appertaining thereto, whether at or prior to the maturity or the redemption date of such Bonds, shall be deemed to have been paid within the meaning of this Article if (1) in case any such Bonds are to be redeemed prior to the maturity thereof, there shall have been taken all action necessary to call such Bonds for redemption and notice of such redemption shall have been duly given or provision shall have been made for the giving of such notice, and (2) there shall have been irrevocably deposited in trust with a bank or trust company by or on behalf of the Commission either (a) moneys or (b) Defeasance Obligations, in an amount sufficient, including any income or increment to accrue thereon, but without the necessity of any reinvestment, to pay when due the principal or redemption price, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and accompanied by a report of an Independent certified public accountant as to such sufficiency and an Opinion of Counsel nationally recognized as competent in matters relating to tax exempt bonds that such provision for payment and discharge does not cause the interest on the Bonds to become subject to federal income taxation. Upon such payment or deposit in the amount and manner provided by this Section, such Bonds shall no longer be deemed outstanding for all purposes of this Ordinance and all liability of the Commission with respect to such Bonds shall cease and be completely discharged, and the holders thereof shall be entitled only to payment out of the money or securities so deposited.

Section 10.03. Application of Deposited Money.

Moneys deposited with any financial institution pursuant to Section 10.02 shall constitute a separate trust fund for the benefit of the Persons entitled thereto. Such moneys shall be applied by the financial institution to the payment (either directly or through any Paying Agent), to the Persons entitled thereto, of the principal (and premium, if any) and interest for whose payment such moneys have been deposited. Upon such deposit, the Persons entitled thereto shall be entitled only to payment out of the money or securities so deposited.

Article Eleven
Amendatory or Supplemental Ordinances

Section 11.01. Amendatory Ordinances Without Consent of Bondholders.

Without the consent of the Holders of any Bonds, the Commission may adopt one or more ordinances amendatory or supplemental hereto for any of the following purposes:

- (a) to correct or amplify the description of the System and the Revenues subject to the lien of this ordinance, or better to assure, convey, and confirm unto the Bondholders the Revenues or any property subject or required to be subjected to

the lien of this Ordinance, or to subject to the lien of this Ordinance additional security;

- (b) to add to the conditions, limitations, and restrictions on the authorized amount, terms, or purposes of issue, authentication, and delivery of Bonds or of any series of Bonds, as herein set forth, additional conditions, limitations, and restrictions thereafter to be observed not inconsistent with the provisions hereof;
- (c) to provide for the issuance of any series of Senior Lien Bonds or Junior Lien Bonds by a Senior Lien Series Ordinance or Junior Lien Series Ordinance, as applicable, in such form and manner as permitted hereby, and if issued in bearer form, to make such modifications hereto as are necessary or appropriate for such form, and to make such other provisions as provided in Section 4.03;
- (d) to modify, supplement, or eliminate any of the terms of this Ordinance, provided, however, that such supplemental or amendatory ordinance shall expressly provide that any such modifications or eliminations shall become effective only when there is no Bond Outstanding of any series created prior to the execution of such supplemental or amendatory ordinance;
- (e) to add to the covenants of the Commission for the benefit of the Holders of all or any series of Bonds; or
- (f) to cure any ambiguity, to correct or supplement any provision herein which may be inconsistent with any other provision herein or to make any other provisions, with respect to matters or questions arising under this ordinance, which shall not be inconsistent with the provisions of this Ordinance, provided such action shall not adversely affect the interests of the Holders of the Bonds.

Section 11.02. Amendatory or Supplemental Ordinances With Consent of Bondholders.

With the consent of the Holders of not less than 66-2/3% in aggregate principal amount of all Bonds then Outstanding affected by such supplemental or amendatory ordinance, by Act of such Holders delivered to the Commission, the Commission may adopt an ordinance or ordinances amendatory or supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Ordinance or of modifying or waiving in any manner the rights of the Holders of the Bonds under this Ordinance and Series Ordinances; provided, however, that no such supplemental or amendatory ordinance shall, without the consent of the Registered Owner of each Outstanding Bond affected thereby:

- (a) change the Stated Maturity of the principal of, or any interest on, any Bond, or change the date or dates upon which such Bond is callable for redemption, or reduce the principal amount thereof or the interest thereon or any premium payable upon the redemption thereof, or change any place of payment where, or the coin or currency in which, any Bond, or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity thereof (or, in the case of redemption, on or after the Redemption Date);
- (b) reduce the percentage in principal amount of the Outstanding Bonds, the consent of whose Holders is required for any such supplemental or amendatory ordinance, or the consent of whose Holders is required for any waiver provided for in this

Ordinance of compliance, with certain provisions of this Ordinance or certain defaults hereunder and their consequences;

- (c) modify or alter the provisions of the proviso to the definition of the term "Outstanding";
- (d) modify any of the provisions of this Section, except to increase any percentage provided thereby or to provide that certain other provisions of this Ordinance cannot be modified or waived without the consent of the Registered Owner of each Bond affected thereby;
- (e) modify any of the provisions of this Ordinance relating to the creation of any lien ranking prior to the lien of the Bonds expressed in this ordinance or with respect to the lien priority of the Senior Lien Bonds over the Junior Lien Bonds or the priority of the Senior Lien Bonds and the Junior Lien Bonds over any Subordinate Bonds or other obligations payable from amounts on deposit to the credit of the Surplus Account or terminate the lien of this Ordinance on any property at any time subject hereto or deprive the Registered Owner of any Bond of the security and lien priority afforded by the lien of this Ordinance; or
- (f) modify, in the case of Bonds of any series for which Mandatory Redemption is provided, any of the provisions of this Ordinance in such manner as to affect the rights of the Holders of such Bonds to the benefits of such Mandatory Redemption.

It shall not be necessary for any Act of Bondholders under this Section to approve the particular form of any proposed supplemental or amendatory ordinance, but it shall be sufficient if such Act shall approve the substance thereof.

Section 11.03. Effect of Supplemental or Amendatory Ordinances.

Upon the execution and acceptance of any supplemental or amendatory ordinance under this Article, this Ordinance shall be modified in accordance therewith and such supplemental or amendatory ordinance shall form a part of this Ordinance for all purposes; and every Registered Owner of Bonds theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

Section 11.04. Reference in Bonds to Supplemental or Amendatory Ordinances.

Bonds authenticated and delivered after the execution of any supplemental or amendatory ordinance pursuant to this Article may bear a notation in form approved by the Commission as to any matter provided for in such supplemental or amendatory ordinance. If the Commission shall so determine, new Bonds so modified as to conform to any such supplemental or amendatory ordinance may be prepared and executed by the Commission and authenticated and delivered by the Bond Registrar in exchange for Outstanding Bonds.

Section 11.05. Bond Insurer.

If a given Series of Bonds is fully and irrevocably insured or otherwise provided for as to the timely payment of principal and interest by a Municipal Bond Insurance Policy, a letter of credit, or some other means, and such Bond Insurer or letter of credit provider shall not be in default, then any consent to amendment as herein provided shall not be given by the owners of

Bonds of such Series, but rather shall be obtained from such Bond Insurer or letter of credit provider, whose consent may or may not be given in its complete discretion, and whose consent shall be binding on such owners and all successors in interest.

Section 11.06. Subordinate Lien Bonds.

Notwithstanding anything herein to the contrary, Section 7.08(A) of this Master Bond Ordinance may not be amended without the unanimous consent of all owners of Subordinate Lien Bonds.

Article Twelve
Refunding of Series 2010A Bonds and Series 2010 Debt Certificates

The Commission shall provide for refunding of the 2010A Bonds and the 2010 Debt Certificates upon the first issuance of any Bonds under this Master Bond Ordinance

Article Thirteen
Repealer, Effective Date, and Execution

Section 13.01. 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.

Section 13.02. Effective Date.

This ordinance shall become effective immediately upon its passage.

PASSED by the Board of Commissioners on August 31, 2010.

APPROVED: August 31, 2010.

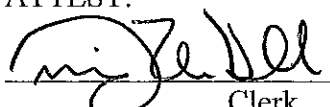

Chairman

AYES: Pfeister Hall McLeod

NAYS: - 0 -

ABSENT: None

RECORDED IN the Records of the Commission on August 31, 2010.

ATTEST:

Clerk

(SEAL)

CERTIFICATE


I, Laura VanProyen, Clerk of the South Sangamon Water Commission, Sangamon County, Illinois (the "Commission"), hereby certify that the foregoing Ordinance No. 10-21 entitled:

Master Ordinance of South Sangamon Water Commission, Sangamon County, Illinois, authorizing and providing certain terms and security for bonds of the Commission

is a true copy of an original Ordinance which was duly adopted by the recorded affirmative votes of a majority of the members of the Board of Commissioners of the Commission at a meeting thereof which was duly called and held in compliance with the Open Meetings Act on August 31, 2010, and at which a quorum was present and acting throughout, and that said copy has been compared by me with the original Ordinance signed by the Chairman of the Commission and recorded in the records of the Commission and that it is a correct transcript thereof and of the whole of said Ordinance, and that said Ordinance has not been altered, amended, repealed or revoked, but is in full force and effect.

I do further certify that said Ordinance was published in pamphlet form on said date, by authority of the Board of Commissioners, and that said ordinance as so published was on said date readily available for public inspection and distribution, in sufficient number to meet the needs of the general public, at my office as Clerk located in the Commission.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the South Sangamon Water Commission, Sangamon County, Illinois this 31 August 2010.

 8-31-10
Clerk

(SEAL)