

SOUTH SANGAMON WATER COMMISSION
SANGAMON COUNTY, ILLINOIS

ORDINANCE NUMBER 10-22

AN ORDINANCE AUTHORIZING ISSUANCE OF GENERAL OBLIGATION BONDS (ALTERNATE REVENUE SOURCE), SERIES 2010 OF THE SOUTH SANGAMON WATER COMMISSION, SANGAMON COUNTY, ILLINOIS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$30,000,000

ADOPTED BY THE BOARD OF COMMISSIONERS
AUGUST 31, 2010

ORDINANCE NO. 10-22

An Ordinance authorizing issuance of General Obligation Bonds (Alternate Revenue Source), Series 2010 of the South Sangamon Water Commission, Sangamon County, Illinois in an aggregate principal amount not to exceed \$30,000,000

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 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), 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, pursuant to the Intergovernmental Agreements, the Villages will provide the revenues to the Commission sufficient to pay the hereinafter described Series 2010 Bonds; 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 necessary and in the best interest of the Commission to refund the 2010A Bonds and the 2010 Debt Certificates with proceeds from alternate bonds pursuant to the Reform Act as hereinafter defined (the “Refunding”); and

WHEREAS, the total aggregate estimated costs of the Project and the Refunding are \$30,000,000 and the Commission is authorized to issue water revenue bonds to pay the costs of the Project and the Refunding pursuant to the Applicable Acts hereinafter defined; and

WHEREAS, there are no funds on hand and lawfully available to pay costs of the Project and the Refunding and accordingly such costs must be met from up to \$30,000,000 proceeds of alternate bonds being issued in lieu of the water revenue bonds pursuant to the Act, Division 135, the Intergovernmental Cooperation article of the Illinois Constitution (Section 10 of Article VII of the Constitution of the State of Illinois), the Intergovernmental Cooperation Act 5 ILCS 220/1 *et seq.*, the Municipal Bond Reform Act, 65 ILCS 5/8-4.1-1 *et seq.*, the Local Government Debt Reform Act, 30 ILCS 350/1 *et seq.*, the Omnibus Bond Acts, 5 ILCS 70/8 and other applicable law (collectively, “Applicable Acts”); and

WHEREAS, the Board adopted Ordinance No. 10-18 on June 15, 2010 (the “Alternate Bond Authorizing Ordinance”), authorizing the issuance of \$30,000,000 aggregate principal amount of alternate bonds to finance the costs of the Project and the Refunding as provided in the Applicable Acts; and

WHEREAS, the Alternate Bond Authorizing Ordinance and the notice of intent to issue the alternate bonds were published in the *Chatham Clarion* on June 17, 2010 and the *New Berlin Bee* on June 18, 2010, being newspapers published and having general circulation in the Commission, and an affidavit evidencing the publication of the Alternate Bond Authorizing Ordinance and the notice of intent has heretofore been presented to the Board and made a part of the permanent records of the Board; and

WHEREAS, no petitions were filed with the Commission requesting the questions of proceeding with the Project, the Refunding and issuance of the alternate bonds therefor be submitted to the legal voters of the Commission; and

WHEREAS, pursuant to and in accordance with the provisions of the Bond Issue Notification Act. 30 ILCS 352/1 *et seq.*, the Board called a public hearing (the "Hearing") for July 7, 2010, concerning the intent of the Board to sell said alternate bonds; and

WHEREAS, notice of the Hearing was given by (i) publication in the *Chatham Clarion* on June 24, 2010 and the *New Berlin Bee* on June 25, 2010, dates not less than seven (7) nor more than thirty (30) days before the date of the Hearing, and (ii) posting a copy of said notice at the principal office of the Board and at the location of the Hearing at least 48 hours before the Hearing; and

WHEREAS, the Hearing was held on July 7, 2010, and at the Hearing, the Board explained the reasons for the proposed bond issue and permitted persons desiring to be heard an opportunity to present written or oral testimony; and

WHEREAS, the Hearing was adjourned on July 7, 2010; and

WHEREAS, the Commission has satisfied the conditions of the Bond Issue Notification Act and the Applicable Acts, and the Commission is authorized to issue alternate bonds payable from the revenues of the System for the Project and the Refunding to the amount of \$30,000,000 (the "Authorized Amount"); and

WHEREAS, the Board adopted Ordinance No. 10-21 on August 31, 2010 entitled "A Master Ordinance of South Sangamon Water Commission, Sangamon County, Illinois, authorizing and providing certain terms and security for bonds of the Commission" (the "Master Bond Ordinance; and

WHEREAS, the Commission now proposes to issue as part of the Authorized Amount its General Obligation Bonds (Alternate Revenue Source), Series 2010 in the aggregate principal amount of not to exceed \$30,000,000 (the "Series 2010 Bonds") as junior lien alternate bonds in accordance with the Master Bond Ordinance as supplemented by this series ordinance; and

WHEREAS, the Series 2010 Bonds will be payable from Revenues as defined in the Master Bond Ordinance; and

WHEREAS, the Revenues are revenues to be received from another governmental unit under an intergovernmental cooperation agreement and are a governmental revenue source as defined in Section 3 of the Reform Act; and

WHEREAS, it is necessary for the Board to determine that the Revenues of the Commission as defined in the Master Bond Ordinance are sufficient to provide for or pay in each year to final maturity of the Series 2010 Bonds all of the following: (1) costs of operation and maintenance of the System, but not including depreciation, (2) debt service on all outstanding revenue bonds payable from revenues of the System, (3) all amounts required to meet any fund or

account requirements with respect to outstanding revenue bonds, (4) other contractual or tort liabilities obligations, if any, payable from such revenues of the System, and (5) in each year, an amount not less than 1.10 times debt service of all (i) alternate bonds payable from revenues of the System previously issued and outstanding and (ii) the Series 2010 Bonds (items (1) through (5) hereinafter being called the "Reform Act Costs"); and

WHEREAS, the determination of the sufficiency of the Revenues may be supported by reference to the most recent audit of the Commission or, if the audit does not show the sufficiency of Revenues, the report of an independent accountant demonstrating the sufficiency of the Revenues and explaining by what means the Revenues will be greater than as shown in the audit; and

WHEREAS, the Commission's last audit does not show that Revenues will be sufficient to pay the Reform Act Costs; and

WHEREAS, the Board adopted Ordinance No. 10-20 on August 31, 2010 establishing charges to the Villages under the Contracts that will increase Revenues (the "Village Charges"), and such Village Charges have been properly imposed by an ordinance adopted prior to the time of delivery of Series 2010 Bonds; and

WHEREAS, there has been submitted the report dated August 31, 2010 of Sikich LLP, certified public accounts (the "Reform Act Report") explaining by what means the Revenues will be greater than as shown in the audit and demonstrating the sufficiency of the Revenues to provide for the Reform Act Costs; and

WHEREAS, the Reform Act Report has been presented to the Board and is now on file with the Clerk of the Commission; and

WHEREAS, the Reform Act Report shows that after implementation of the Village Charges, the Revenues are sufficient to pay all of the Reform Act Costs in each year to final maturity of the Series 2010 Bonds, including no less than 1.10 times debt service for the Series 2010 Bonds; and

WHEREAS, the Board accepts the Reform Act Report and expressly determines that the Revenues are a governmental revenue source under the Reform Act and will be sufficient to provide or pay in each year to final maturity of the Series 2010 Bonds all of the Reform Act Costs, and such determination is supported by reference to the Reform Act Report; and

WHEREAS, the Board finds and determines that the conditions of Section 15 of the Reform Act have been met and that the Series 2010 Bonds may be validly issued; and

WHEREAS, the Commission now desires to adopt this Series 2010 Ordinance supplementing the Alternate Bond Authorizing Ordinance and the Master Bond Ordinance to authorize the issue of the Series 2010 Bonds in the amount not to exceed \$30,000,000; and

WHEREAS, the Series 2010 Bonds will be issued in three series, namely (i) the Taxable General Obligation Bonds (Alternate Revenue Source), Series 2010B (Build America Bonds -

Direct Payment) (the “Series 2010B Bonds”), (ii) the Tax-Exempt General Obligation Bonds (Alternate Revenue Source), Series 2010C (the “2010C Bonds”), and (iii) the Taxable General Obligation Bonds (Alternate Revenue Source), Series 2010D (the “Series 2010D Bonds”); and

WHEREAS, the Series 2010B Bonds will be issued as “Build America Bonds” pursuant to §54AA(g) of the Code; and

WHEREAS, the Board reasonably anticipates that the date on which the Project is to be placed in service and perform at substantially the level for which it is designed is January 1, 2012 as certified by the Commission’s engineers (the “Placed in Service Date”); and

WHEREAS, for convenience of reference only this Series 2010 Ordinance is divided into numbered sections with headings, which shall not define or limit the provisions hereof, as follows:

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

Section 1. Definitions

As used or referred to in this Series 2010 Ordinance, unless otherwise defined herein or unless the context otherwise requires, all words and terms defined in Section 1.01 of the Master Bond Ordinance shall have the meaning ascribed therein. In addition, the following terms shall have the following meanings in this Series 2010 Ordinance:

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

“Issue Date” means the date the Series 2010 Bonds are issued in exchange for payment of the purchase price by the Purchaser for the Series 2010 Bonds.

“Master Bond Ordinance” means Ordinance No. 10-21 adopted by the Board on August 31, 2010, as amended and supplemented.

“Official Statement” means the Official Statement used in connection with the sale of the Series 2010 Bonds.

“Pledged Taxes” means the ad valorem taxes levied against all of the taxable property in the Commission without limitation as to rate or amount pledged hereunder by the Commission as security for all the Series 2010 Bonds as described in Section 17 of this Series 2010 Ordinance.

“Purchaser” means collectively, Edward D. Jones & Co., L.P., St. Louis, Missouri, Illinois, the lead underwriter with respect to the Series 2010 Bonds and BMO Capital Markets GKST Inc., the co-managing underwriter with respect to the Series 2010 Bonds.

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

“Series 2010 Bond Order” means the Bond Order executed by the Chairman specifying the details of the Series 2010 Bonds as provided in Section 5 of the Series 2010 Ordinance.

“Series 2010 Bond Purchase Agreement” means the contract of purchase between the Commission and the Purchaser for the purchase of the Series 2010 Bonds.

“Series 2010 Bond Register” means the books of the Commission kept by the Series 2010 Bond Registrar to evidence the registration and transfer of the Series 2010 Bonds.

“Series 2010 Bond Registrar” means The Bank of New York Mellon Global Corporate Trust, St. Louis, Missouri, or a successor thereto or designated as Series 2010 Bond Registrar hereunder.

“Series 2010 Bond” or “Series 2010 Bonds” means the Series 2010B Bonds, the Series 2010C Bonds and the Series 2010D Bonds.

“Series 2010B Bond” or “Series 2010B Bonds” means the Commission’s Taxable General Obligation Bonds (Alternate Revenue Source), Series 2010B (Build America Bonds - Direct Payment), authorized to be issued by this Series 2010 Ordinance, including bonds issued in exchange for or upon transfer or replacement of such bonds previously issued under this Series 2010 Ordinance.

“Series 2010C Bond” or “Series 2010C Bonds” means the Commission’s Tax-Exempt General Obligation Bonds (Alternate Revenue Source), Series 2010C authorized to be issued by this Series 2010 Ordinance, including bonds issued in exchange for or upon transfer or replacement of such bonds previously issued under this Series 2010 Ordinance.

“Series 2010D Bond” or “Series 2010D Bonds” means the Commission’s Taxable General Obligation Bonds (Alternate Revenue Source), Series 2010D, authorized to be issued by this Series 2010 Ordinance, including bonds issued in exchange for or upon transfer or replacement of such bonds previously issued under this Series 2010 Ordinance.

“Series 2010 Ordinance” means this ordinance, as authorized under the Master Bond Ordinance.

“Series 2010 Paying Agent” means The Bank of New York Mellon Global Corporate Trust, St. Louis, Missouri, or any successor thereto or designated as Paying Agent hereunder.

Section 2. Authority and Purpose

This Series 2010 Ordinance is adopted pursuant to the Constitution and applicable laws of the State of Illinois, including the Applicable Acts, for the purpose of financing a portion of the Project to be undertaken by the Commission.

The Board hereby finds that the recitals contained in the preambles to this Series 2010 Ordinance are full, true, and correct and does hereby incorporate them into this Series 2010 Ordinance by this reference.

Section 3. Determination To Issue Series 2010 Bonds

It is necessary and in the best interests of the Commission and for the public health, safety, and welfare to issue the Series 2010 Bonds for the purpose of paying the costs of the Project and the Refunding. The Board finds that all conditions precedent to the issuance of alternate bonds under the Reform Act payable from the Revenues have been met or have occurred and that the Series 2010 Bonds may be validly issued as junior lien alternate bonds under the Master Bond Ordinance in parity with other junior lien bonds heretofore or hereafter issued under the Master Bond Ordinance.

Section 4. Determination of Useful Life

The Board does hereby determine the period of usefulness of the Project and the System to be at least forty (40) years from the date of issuance of the Series 2010 Bonds.

Section 5. Authorization and Terms of Series 2010 Bonds

For the purpose of paying the costs of issuing the Series 2010 Bonds, of funding capitalized interest and a reserve fund for the Series 2010 Bonds, of the Refunding, and of the Project, the Series 2010 Bonds of the Commission shall be issued and sold, and there shall be borrowed on the credit of and for and on behalf of the Commission the sum of not to exceed \$30,000,000 for the purposes aforesaid. The Series 2010 Bonds shall be issued in three series, namely Series 2010B Bonds, Series 2010C Bonds and Series 2010D Bonds, in such combination of principal amounts as determined by the Chairman in the Series 2010 Bond Order for the Series 2010 Bonds (the "Series 2010 Bond Order").

The Series 2010B Bonds shall be designated "Taxable General Obligation Bonds (Alternate Revenue Source), Series 2010B (Build America Bonds - Direct Payment)". The Series 2010C Bonds shall be designated "Tax-Exempt General Obligation Bonds (Alternate Revenue Source), Series 2010C". The Series 2010D Bonds shall be designated "Taxable General Obligation Bonds (Alternate Revenue Source), Series 2010D. The Series 2010 Bonds shall be issuable in the denomination of \$5,000 or any authorized integral multiple thereof.

The Series 2010 Bonds are hereby authorized to be issued in such aggregate principal amount not to exceed \$30,000,000 and in such serial principal maturities and sinking fund installments as the Chairman shall certify in the Series 2010 Bond Order and the order to the Series 2010 Bond Registrar to authenticate and deliver the Series 2010 Bonds. The determination of such serial principal maturities and sinking fund installments as may be certified by the Chairman are hereby specifically authorized and approved without any further action or approval by the Board other than as set forth in this Series 2010 Ordinance. Subject to the limitations contained in this Series 2010 Ordinance, authority is delegated to the Chairman to sell the Series 2010 Bonds to the Purchaser by executing and delivering to the Purchaser the Series 2010 Bond Purchase Agreement, to determine the principal amount of Series 2010 Bonds to be issued and the interest rates, maturities and sinking fund installments thereof, to determine any optional or mandatory redemption provisions for the Series 2010 Bonds in addition to those provided herein and the make whole redemption price, and to determine all other details of the Series 2010 Bonds not specified or determined in this Series 2010 Ordinance. The sale of the Series 2010 Bonds and the determination of the details of the Series 2010 Bonds shall be evidenced by the Series 2010 Bond Order, which shall be executed by the Chairman and attested by the Clerk or Assistant Clerk of the Commission and filed with the Clerk prior to the issuance of the Series 2010 Bonds. The execution and filing of the Series 2010 Bond Order shall constitute conclusive evidence that the sale of the Series 2010 Bonds and the determination of the details of the Series 2010 Bonds by the Chairman have been approved and determined in accordance with this Section.

The Series 2010 Bonds shall be sold to the Purchaser provided that, the aggregate purchase price of the Series 2010B Bonds shall not be less than 98% of the aggregate reoffering price of the Series 2010B Bonds, the aggregate purchase price of the Series 2010C Bonds shall

not be less than 95% of the aggregate reoffering price of the Series 2010C Bonds, the aggregate purchase price of the Series 2010D Bonds shall not be less than 95% of the aggregate reoffering price of the Series 2010D Bonds, the true interest cost of the Series 2010 Bonds shall not exceed 7.0%, the interest rate shall not exceed 9.0% per annum, the Current Debt Service Requirement payable on the Series 2010 Bonds does not exceed \$3,000,000.00 in any of the following calendar years: 2011 through 2045, inclusive, and, after giving credit for that amount of debt service on the Series 2010 Bonds provided for by the setting aside of proceeds of the Series 2010 Bonds or other moneys at the time of the delivery of the Series 2010 Bonds, the Revenues are sufficient to pay all of the Reform Act Costs in each year to final maturity of the Series 2010 Bonds, including no less than 1.10 times debt service for the Series 2010 Bonds.

The Series 2010 Bonds shall become due and payable serially on January 1 in any one or more of the years 2011 to 2045 inclusive, subject to redemption as the Chairman may determine in the Series 2010 Bond Order.

The Series 2010 Bonds shall bear interest from their date or from the most recent interest payment date to which interest has been paid or duly provided for, until the principal amount of the Series 2010 Bonds is paid, such interest (computed upon the basis of a 360 day year of twelve 30-day months) being payable semi-annually on January 1 and July 1 of each year commencing January 1, 2011 and thereafter to maturity. Interest on each Series 2010 Bond shall be paid by check or draft of the Series 2010 Paying Agent, payable upon presentation in lawful money of the United States of America, to the person in whose name such Series 2010 Bond is registered at the close of business on the 15th day of the month preceding the interest payment date. The principal of the Series 2010 Bonds shall be payable in lawful money of the United States of America at the principal corporate trust office of the Series 2010 Bond Registrar.

The Series 2010 Bonds may be issued as term bonds and subject to mandatory redemption prior to maturity as provided in the Series 2010 Bond Order (the "Term Bonds"). 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 Bond to be redeemed at subsequent redemption dates by a like principal amount as provided in the Series 2010 Bond Order, provided however (i) if on or before 45 days preceding the applicable mandatory redemption date for a Term Bond, the Commission redeems pursuant to optional redemption or purchases Term Bonds of any maturity and cancels the same from funds in the Bond and Interest Account, 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, and (ii) if on or before 45 days preceding the applicable mandatory redemption date of a Term Bond, the Commission redeems pursuant to optional redemption or purchases Term Bonds of any maturity and cancels the same from moneys other than in the 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. Sale of Series 2010 Bonds; Official Statement

The form of the Series 2010 Bond Purchase Agreement as presented at this meeting is approved. The Chairman is authorized to execute and deliver, and the Clerk or Assistant Clerk to attest the Chairman's signature, the Series 2010 Bond Purchase Agreement with such changes as may be deemed appropriate by the Chairman as determined in the Series 2010 Bond Order. The form of Official Statement prepared with respect to the Series 2010 Bonds is hereby approved and the distribution thereof to prospective purchasers and the use thereof by the Purchaser of the Series 2010 Bonds in connection with the offering of the Series 2010 Bonds is authorized and approved. The Official Statement is "deemed final" as of its date for purposes of Securities and Exchange Commission Rule 15c2-12 promulgated under the Securities Exchange Act of 1934. The use by the Purchaser of the Preliminary Official Statement and the Official Statement is hereby ratified, approved and authorized; the execution and delivery of the Official Statement is hereby authorized; and the Officers are hereby authorized to take any action as may be required on the part of the Commission to consummate the transactions contemplated by this Series 2010 Ordinance, the Series 2010 Bond Purchase Agreement, the Preliminary Official Statement, the Official Statement and the Series 2010 Bonds.

The Officers are hereby authorized and directed to do and perform, or cause to be done or performed for or on behalf of the Commission each and everything necessary for the issuance of the Series 2010 Bonds, including the proper execution and delivery of the Series 2010 Bonds, the Series 2010 Bond Purchase Agreement, the Official Statement and the Continuing Disclosure Undertaking. The Chairman is authorized to approve such changes and revisions to the Series 2010 Bond Purchase Agreement and the Official Statement as shall be necessary and proper in connection with the negotiated sale and public offering of the Series 2010 Bonds. The execution and delivery of the Series 2010 Bond Purchase Agreement, Series 2010 Bond Order and the Official Statement shall constitute conclusive evidence that such documents, in final form, have been approved in accordance with this Section.

Section 7. Redemption.

The Series 2010B Bonds and the Series 2010D Bonds maturing on or after January 1, 2021 shall be subject to redemption prior to maturity at the option of the Commission, in such principal amounts and from such maturities as the Commission shall determine, and by lot within a single maturity, on January 1, 2020 and on any date thereafter, at a redemption price of par plus accrued interest to the date fixed for redemption.

The Series 2010C Bonds maturing on or after January 1, 2017 shall be subject to redemption prior to maturity at the option of the Commission, in such principal amounts and from such maturities as the Commission shall determine, and by lot within a single maturity, on January 1, 2016 and on any date thereafter, at a redemption price of par plus accrued interest to the date fixed for redemption.

If less than all of the Series 2010B Bonds of a single maturity or less than all of the Series 2010C Bonds of a single maturity are to be redeemed, the particular Series 2010 Bonds or portions of Series 2010 Bonds to be redeemed shall be selected by the Series 2010 Bond Registrar pro-rata based upon the aggregate principal amount thereof then Outstanding; provided, however, that the portion of any Series 2010 Bond of a denomination of more than the minimum

authorized denomination to be redeemed shall be in the principal amount of an authorized denomination and that, in selecting portions of such Series 2010 Bonds for redemption, the Series 2010 Bond Registrar shall treat each such Series 2010 Bond as representing that number of Series 2010 Bonds of said minimum authorized denomination which is obtained by dividing the principal amount of such Series 2010 Bond to be redeemed in part by said minimum authorized denomination. If the Series 2010 Bonds are held in book entry form at the time of such redemption, the Commission shall direct the Series 2010 Bond Registrar to instruct DTC to select the specific Series 2010 Bonds within such maturity for redemption pro-rata among such Series 2010 Bonds. The Commission and the Series 2010 Bond Registrar shall have no responsibility or obligation to insure that DTC properly selects such Series 2010 Bonds for redemption.

Section 8. Execution and Authentication

Each Series 2010 Bond shall be executed in the name of the Commission by the manual or authorized facsimile signature of its Chairman and the corporate seal of the Commission, or a facsimile thereof, shall be thereunto affixed, impressed or otherwise reproduced or placed thereon and attested by the manual or authorized facsimile signature of its Clerk.

In case any officer whose signature, or a facsimile of whose signature, shall appear on any Series 2010 Bond shall cease to hold such office before the issuance of such Series 2010 Bond, such Series 2010 Bond shall nevertheless be valid and sufficient for all purposes, the same as if the person whose signature, or a facsimile thereof, appears on such Series 2010 Bond had not ceased to hold such office. Any Series 2010 Bond may be signed, sealed or attested on behalf of the Commission by any person who, on the date of such act, shall hold the proper office, notwithstanding that at the date of such Series 2010 Bond such person may not hold such office. No recourse shall be had for the payment of any Series 2010 Bonds against the Chairman or any member of the Board of Commissioners or any officer or employee of the Commission (past, present or future) who executes the Series 2010 Bonds, or on any other basis.

Each Series 2010 Bond shall bear thereon a certificate of authentication executed manually by the Series 2010 Bond Registrar. No Series 2010 Bond shall be entitled to any right or benefit under this Series 2010 Ordinance or shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Series 2010 Bond Registrar by manual signature, and such certificate of authentication upon any such Series 2010 Bond shall be conclusive evidence that such Series 2010 Bond has been authenticated and delivered under this Series 2010 Ordinance. The certificate of authentication on any Series 2010 Bond shall be deemed to have been executed by the Series 2010 Bond Registrar if signed by an authorized officer of the Series 2010 Bond Registrar, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Series 2010 Bonds issued hereunder.

Section 9. Transfer, Exchange and Registration

Subject to the general provisions relating to exchanges as set forth in the Master Bond Ordinance, all Series 2010 Bonds, upon surrender at the principal corporate office of the Series 2010 Bond Registrar, shall be exchangeable for other Series 2010 Bonds of the same maturity and of a different authorized denomination or denominations, as requested by the Registered Owner surrendering the same. The Commission will execute, and the Series 2010 Bond

Registrar shall authenticate, date and deliver, Series 2010 Bonds whenever the same are required for any such exchange.

The Series 2010 Bonds shall be negotiable, subject to the provisions for registration of transfer contained herein. Each Series 2010 Bond shall be transferable only upon the registration books maintained by the Series 2010 Bond Registrar on behalf of the Commission for that purpose at the principal office of the Series 2010 Bond Registrar by the registered owner thereof in person or by such registered owner's attorney duly authorized in writing upon surrender thereof together with a written instrument of transfer satisfactory to the Series 2010 Bond Registrar and duly executed by the registered owner or such registered owner's duly authorized attorney. Upon the surrender for transfer of any such Series 2010 Bond, the Commission shall execute and the Series 2010 Bond Registrar shall authenticate and deliver a new Series 2010 Bond or Series 2010 Bonds registered in the name of the transferee of the same aggregate principal amount, maturity and interest rate as the surrendered Series 2010 Bond. Series 2010 Bonds, upon surrender thereof at the principal office of the Series 2010 Bond Registrar, duly executed by the registered owner or such registered owner's attorney duly authorized in writing, may be exchanged for an equal aggregate principal amount of Series 2010 Bonds of the same maturity and interest rate and of the denomination of \$5,000 or any authorized integral multiple thereof, less previous retirements.

For every such exchange or registration of transfer of Series 2010 Bonds, the Commission or the Series 2010 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 such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. No other charge shall be made for the privilege of making such transfer or exchange. The provisions of the Illinois Bond Replacement Act shall govern the replacement of lost, destroyed or defaced Series 2010 Bonds.

The Commission, the Series 2010 Paying Agent and the Series 2010 Bond Registrar may deem and treat the person in whose name any Series 2010 Bond shall be registered upon the registration books as the absolute owner of such Series 2010 Bond, whether such Series 2010 Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of, premium, if any, or interest thereon and for all other purposes whatsoever, and all such payments so made to any such registered owner or upon such registered owner's order shall be valid and effectual to satisfy and discharge the liability upon such Series 2010 Bond to the extent of the sum or sums so paid, and neither the Commission nor the Series 2010 Paying Agent or the Series 2010 Bond Registrar shall be affected by any notice to the contrary.

Section 10. Bond Registrar and Paying Agent

The Series 2010 Bond Registrar and Series 2010 Paying Agent with respect to the Series 2010 Bonds shall be The Bank of New York Mellon Global Corporate Trust, St. Louis, Missouri. The Commission recognizes that Section 149 of the Code requires the Series 2010 Bonds to be issued and to remain in fully registered form. In this connection, the Commission agrees that it will not take any action to permit the Series 2010 Bonds to be issued in, or converted into, bearer or coupon form. The Commission covenants that it shall at all times retain a Series 2010 Bond

Registrar and Series 2010 Paying Agent with respect to the Series 2010 Bonds and shall cause to be maintained at the office of such Series 2010 Bond Registrar a place where Series 2010 Bonds may be presented for registration of transfer or exchange, that it will maintain at the designated office of the Series 2010 Paying Agent a place where Series 2010 Bonds may be presented for payment, that it shall require that the Series 2010 Bond Registrar maintain proper registration books and that it shall require the Series 2010 Bond Registrar and Series 2010 Paying Agent to perform the other duties and obligations imposed upon each of them by the Series 2010 Ordinance in a manner consistent with the standards, customs and practices concerning municipal securities. The Commission may enter into appropriate agreements with the Series 2010 Bond Registrar and Series 2010 Paying Agent.

The Series 2010 Bond Registrar and Series 2010 Paying Agent shall signify acceptances of the duties and obligations imposed upon it by this Series 2010 Ordinance. The Series 2010 Bond Registrar by executing the certificate of authentication on any Series 2010 Bond shall be deemed to have certified to the Commission that it has all requisite power to accept, and has accepted, such duties and obligations not only with respect to the Series 2010 Bond so authenticated but with respect to all of the Series 2010 Bonds. The Series 2010 Bond Registrar and Series 2010 Paying Agent shall be the agents of the Commission for such purposes and shall not be liable in connection with the performance of their respective duties except for their own negligence or default. The Series 2010 Bond Registrar shall, however, be responsible for any representation in its certificate of authentication on the Series 2010 Bonds.

The Commission may remove the Series 2010 Bond Registrar or Series 2010 Paying Agent at any time. In case at any time the Series 2010 Bond Registrar or Series 2010 Paying Agent shall resign (such resignation to not be effective until a successor has accepted such role) or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Series 2010 Bond Registrar or Series 2010 Paying Agent, or of its property, shall be appointed, or if any public officer shall take charge or control of the Series 2010 Bond Registrar or Series 2010 Paying Agent or of their respective properties or affairs, the Commission covenants and agrees that it will thereupon appoint a successor Series 2010 Bond Registrar or Series 2010 Paying Agent, as the case may be. The Commission shall mail or cause to be mailed notice of any such appointment made by it to each registered owner of Series 2010 Bonds within twenty (20) days after such appointment. Any Series 2010 Bond Registrar or Series 2010 Paying Agent appointed under the provisions of this Section shall be a bank, trust company or other qualified professional with respect to such matters.

Section 11. Form of Series 2010B Bonds

The Series 2010B Bonds shall be issued as fully registered bonds conforming to the industry customs and practices of printing. The Series 2010B Bonds shall be in substantially the form, with the blanks to be appropriately completed when the Series 2010B Bonds are printed, as follows:

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 (collectively the “Applicable Acts”), and pursuant to and in accordance with Ordinance No. 10-21 adopted by the Board of Commissioners of the Commission (the “Board”) on August 31, 2010 (the “Master Bond Ordinance”) as supplemented by Ordinance Number 10-22 adopted by the Board on August 31, 2010 (the “Series 2010 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 2010B 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. The Series 2010B Bonds are issued as junior lien alternate bonds on parity with the Commission’s \$_____ Tax-Exempt General Obligation Bonds (Alternate Revenue Source), Series 2010C (the “Series 2010C Bonds”) and the Commission’s \$_____ Taxable General Obligation Bonds, Series 2010D (the “Series 2010D Bonds”) also issued as junior lien alternate bonds (the Series 2010B Bonds, Series 2010C Bonds, and Series 2010D Bonds being the “Series 2010 Bonds”).

[2] The Series 2010 Bonds have been issued for the purpose of paying a portion of the costs of a Project, as defined, relating to acquisition and construction of a new water system of the Commission, as defined (the “System”). The Series 2010 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 pledged by the Commission, 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 2010 Bonds are junior and subordinate to Senior Lien Bonds which 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 2010 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.

[3] This Series 2010B 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 2010 Bonds, in which case the amount of the Series 2010 Bonds, as applicable 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 2010 Bonds shall have been paid from the Revenues for a complete Fiscal Year.

[4] Under the Act, the Master Bond Ordinance and the Series 2010 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 Master Bond Ordinance. Senior Lien Bonds with a lien on the Revenues senior to the Series 2010 Bonds and additional junior lien alternate bonds in parity with the Series 2010 Bonds, and subordinate bonds may be issued pursuant to the terms of the Master Bond Ordinance.

[5] Outstanding Series 2010 Bonds issued and authenticated pursuant to the Series 2010 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 2010 Bonds.

[6] The Series 2010B Bonds maturing on or after January 1, 2021 are subject to redemption prior to maturity at the option of the Commission, in such principal amounts and from such maturities as the Commission shall determine, and by lot within a single maturity, on January 1, 2020 and on any date thereafter, at a redemption price of par plus accrued interest to the date fixed for redemption.

[7] *(Term Bond provisions to be used only if Term Bonds are issued)* The Series 2010B Bonds maturing on _____, are subject to mandatory redemption prior to maturity, 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.

[8] Notice of the redemption of Series 2010B 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 2010B Bonds to be redeemed at their last addresses appearing on such registration books. The Series 2010B 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 2010B 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 2010B Bonds or portions thereof shall cease to accrue and become payable. If there shall be called for redemption less than all of a Series 2010B Bond, the Commission shall execute and the Series 2010 Bond Registrar shall authenticate and deliver, upon the surrender of such Series 2010B Bond, without charge to the registered owner thereof, for the unredeemed balance of the Series 2010B Bond so surrendered, Series 2010B Bonds of like maturity and of the denomination of \$5,000 or any authorized integral multiple thereof.

[9] This Series 2010B 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 2010 Bond Registrar together with a written instrument of transfer satisfactory to the Series 2010 Bond Registrar duly executed by the Registered Owner or by such a Registered Owner's duly authorized attorney, and thereupon a new registered Series 2010B Bond or Series 2010B Bonds, in the authorized denominations of \$5,000 or any authorized integral multiple thereof and of the same aggregate principal amount as this Series 2010B Bond shall be issued to the transferee in exchange therefor. In like manner, this Series 2010B Bond may be exchanged for an equal aggregate principal amount of Series 2010B Bonds of any authorized denomination. The Series 2010 Bond Registrar shall not be required to exchange or transfer any Series 2010B 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 2010B Bond for redemption. The Commission or the Series 2010 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 2010B Bond. No other charge shall be made for the privilege of making such transfer or exchange. The Commission, the Series 2010 Paying Agent and the Series 2010 Bond Registrar may treat and consider the person in whose name this Series 2010B 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 2010B Bond to the extent of the sum or sums so paid, and neither the Commission nor the Series 2010 Paying Agent or the Series 2010 Bond Registrar shall be affected by any notice to the contrary.

[10] 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 2010B Bonds. The Master Bond Ordinance also contains provisions permitting the Registered Owners of specified percentages in principal amount of bonds at the

time Outstanding, on behalf of the Registered Owners of all the bonds, to waive compliance by the Commission with certain provisions of the Series 2010 Ordinance and certain past defaults under the Series 2010 Ordinance and their consequences. Any such consent or waiver by the Registered Owner of this Series 2010B Bond shall be conclusive and binding upon such Registered Owner and upon all future Registered Owners of this Series 2010B Bond and of any Series 2010B Bond issued upon the transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Series 2010B Bond, to the extent provided in the Series 2010 Ordinance.

[11] No recourse shall be had for the payment of any Series 2010B 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 2010B Bonds, or on any other basis. The Commission may remove the Series 2010 Bond Registrar or Series 2010 Paying Agent at any time and for any reason and appoint a successor.

[12] The Commission has irrevocably elected to apply §54AA of the Code and §54AA(g) of the Code to the Series 2010B Bonds and issue the Series 2010B Bonds as qualified "Build America Bonds" pursuant to §54AA(g) of the Code. The Commission pledges to the payment of principal and interest on the Series 2010B Bonds all federal interest payments which the Commission will receive in connection with qualification of each of the Series 2010B Bonds as a "Build America Bond" pursuant to §54AA of the Code.

[13] This Series 2010B 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 2010 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 2010B 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 2010B Bonds of which this Series 2010B 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 Series 2010 Ordinance. For the prompt payment of this Series 2010B 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 2010B 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 2010B Bond is one of the Taxable General Obligation Bonds (Alternate Revenue Source), Series 2010B (Build America Bonds - Direct Payment) described in the within mentioned Series 2010 Ordinance.

Date: _____

By: _____
Authorized Officer

Bond Registrar The Bank of New York Mellon Global Corporate Trust,
and Paying Agent: Chicago, Illinois

ASSIGNMENT

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

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

the within Series 2010B 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 Series 2010B Bond in every particular, without alteration or enlargement or any change whatever.

Section 12. Form of Series 2010C Bonds

The Series 2010C Bonds shall be issued as fully registered bonds conforming to the industry customs and practices of printing. The Series 2010C Bonds shall be in substantially the form, with the blanks to be appropriately completed when the Series 2010C Bonds are printed, as follows:

[Form of Series 2010C Bond]

UNITED STATES OF AMERICA
STATE OF ILLINOIS
COUNTY OF SANGAMON
SOUTH SANGAMON WATER COMMISSION
TAX-EXEMPT GENERAL OBLIGATION BOND
(ALTERNATE REVENUE SOURCE)
SERIES 2010C

REGISTERED NO. _____ REGISTERED \$ _____

INTEREST RATE MATURITY DATE DATED DATE CUSIP

Registered Owner:

Principal Amount: _____ Dollars.

KNOW ALL PERSONS BY THESE PRESENTS that the South Sangamon Water Commission, a commission and public corporation situated in the County of Sangamon, in the State of Illinois (the "Commission"), acknowledges itself indebted and for value received hereby promises to pay to the Registered Owner identified above, or registered assigns, the Principal Amount set forth above on the Maturity Date specified above, and to pay interest on such Principal Amount from the Dated Date hereof, or from the most recent interest payment date to which interest has been paid, at the Interest Rate per annum set forth above, computed on the basis of a 360-day year consisting of twelve 30-day months and payable in lawful money of the United States of America semiannually on the first day of January and July in each year, commencing January 1, 2011, 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 the principal corporate trust office of The Bank of New York Mellon Global Corporate Trust, St. Louis, Missouri, as Series 2010 Bond Registrar (including its successors, the "Series 2010 Bond Registrar"). This Series 2010C 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 2010C Bond at the principal corporate trust office of The Bank of New York Mellon Global Corporate

Trust, St. Louis, Missouri, as Series 2010 Paying Agent (including its successors, the “Series 2010 Paying Agent”).

[1] This Series 2010C Bond is one of a series of Series 2010C 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 2010C 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 (collectively the “Applicable Acts”), and pursuant to and in accordance with Ordinance No. 10-21 adopted by the Board of Commissioners of the Commission (the “Board”) on August 31, 2010 (the “Master Bond Ordinance”) as supplemented by Ordinance Number 10-22 adopted by the Board on August 31, 2010 (the “Series 2010 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 2010C 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. The Series 2010C Bonds are issued as junior lien alternate bonds on parity with the Commission’s \$ _____ Taxable General Obligation Bonds (Alternate Revenue Source), Series 2010B (Build America Bonds – Direct Payment) (the “Series 2010B Bonds”) and the Commission’s \$ _____ Taxable General Obligation Bonds (Alternate Revenue Source), Series 2010D (the “Series 2010D Bonds) also issued as junior lien alternate bonds (the “Series 2010B Bonds, Series 2010C Bonds, and Series 2010D Bonds being the “Series 2010 Bonds”).

[2] The Series 2010 Bonds have been issued for the purpose of paying a portion of the costs of a Project, as defined, relating to acquisition and construction of a new water system of the Commission, as defined (the “System”). The Series 2010 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 pledged by the Commission, 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 2010 Bonds are junior and subordinate to Senior Lien Bonds which 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 2010 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.

[3] This Series 2010C 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 2010 Bonds, in which case the amount of the Series 2010 Bonds, as applicable 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 2010 Bonds shall have been paid from the Revenues for a complete Fiscal Year.

[4] Under the Act, the Master Bond Ordinance and the Series 2010 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 Master Bond Ordinance. Senior Lien Bonds with a lien on the Revenues senior to the Series 2010 Bonds and additional junior lien alternate bonds in parity with the Series 2010 Bonds, and subordinate bonds may be issued pursuant to the terms of the Master Bond Ordinance.

[5] Outstanding Series 2010 Bonds issued and authenticated pursuant to the Series 2010 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 2010 Bonds.

[6] The Series 2010C Bonds maturing on or after January 1, 2017 are subject to redemption prior to maturity at the option of the Commission, in such principal amounts and from such maturities as the Commission shall determine, and by lot within a single maturity, on January 1, 2016 and on any date thereafter, at a redemption price of par plus accrued interest to the date fixed for redemption.

[7] *(Term Bond provisions to be used only if Term Bonds are issued)* The Series 2010C Bonds maturing on _____, are subject to mandatory redemption prior to maturity, 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.

[8] Notice of the redemption of Series 2010C 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 2010C Bonds to be redeemed at their last addresses appearing on such registration books. The Series 2010C 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 2010C 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 2010C Bonds or portions thereof shall cease to accrue and become payable. If there shall be called for redemption less than all of a Series 2010C Bond, the Commission shall execute and the Series 2010 Bond Registrar shall authenticate and deliver, upon the surrender of such Series 2010C Bond, without charge to the registered owner thereof, for the unredeemed balance of the Series 2010C Bond so surrendered, Series 2010C Bonds of like maturity and of the denomination of \$5,000 or any authorized integral multiple thereof.

[9] This Series 2010C 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 2010 Bond Registrar together with a written instrument of transfer satisfactory to the Series 2010 Bond Registrar duly executed by the Registered Owner or by such a Registered Owner's duly authorized attorney, and thereupon a new registered Series 2010C Bond or Series 2010C Bonds, in the authorized denominations of \$5,000 or any authorized integral multiple thereof and of the same aggregate principal amount as this Series 2010C Bond shall be issued to the transferee in exchange therefor. In like manner, this Series 2010C Bond may be exchanged for an equal aggregate principal amount of Series 2010C Bonds of any authorized denomination. The Series 2010 Bond Registrar shall not be required to exchange or transfer any Series 2010C 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 2010C Bond for redemption. The Commission or the Series 2010 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 2010C Bond. No other charge shall be made for the privilege of making such transfer or exchange. The Commission, the Series 2010 Paying Agent and the Series 2010 Bond Registrar may treat and consider the person in whose name this Series 2010C 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 2010C Bond to the extent of the sum or sums so paid, and neither the Commission nor the Series 2010 Paying Agent or the Series 2010 Bond Registrar shall be affected by any notice to the contrary.

[10] 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 2010C Bonds. The Master Bond Ordinance also contains provisions permitting the Registered Owners of specified percentages in principal amount of bonds at the time Outstanding, on behalf of the Registered Owners of all the bonds, to waive compliance by the Commission with certain provisions of the Series 2010 Ordinance and certain past defaults under the Series 2010 Ordinance and their consequences. Any such consent or waiver by the Registered Owner of this Series 2010C Bond shall be conclusive and binding upon such Registered Owner and upon all future Registered Owners of this Series 2010C Bond and of any Series 2010C Bond issued upon the transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Series 2010C Bond, to the extent provided in the Series 2010 Ordinance.

[11] No recourse shall be had for the payment of any Series 2010C 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 2010C Bonds, or on any other basis. The Commission may remove the Series 2010 Bond Registrar or Series 2010 Paying Agent at any time and for any reason and appoint a successor.

[12] The Commission has designated the Series 2010C Bonds “qualified tax-exempt obligations” under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

[13] This Series 2010C 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 2010 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 2010C 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 2010C Bonds of which this Series 2010C 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 Series 2010 Ordinance. For the prompt payment of this Series 2010C 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 2010C 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 2010C Bond is one of the Tax-Exempt General Obligation Bonds (Alternate Revenue Source), Series 2010C described in the within mentioned Series 2010 Ordinance.

Date: _____

By: _____

Authorized Officer

Bond Registrar The Bank of New York Mellon Global Corporate Trust,
and Paying Agent: Chicago, Illinois

ASSIGNMENT

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

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

the within Series 2010C 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 Series 2010C Bond in every particular, without alteration or enlargement or any change whatever.

Section 13. Form of Series 2010D Bonds

The Series 2010D Bonds shall be issued as fully registered bonds conforming to the industry customs and practices of printing. The Series 2010D Bonds shall be in substantially the form, with the blanks to be appropriately completed when the Series 2010D Bonds are printed, as follows:

[Form of Series 2010D Bond]

UNITED STATES OF AMERICA
STATE OF ILLINOIS
COUNTY OF SANGAMON
SOUTH SANGAMON WATER COMMISSION
TAXABLE GENERAL OBLIGATION BOND
(ALTERNATE REVENUE SOURCE)
SERIES 2010D

REGISTERED NO. _____ REGISTERED \$ _____

INTEREST RATE _____ MATURITY DATE _____ DATED DATE _____ CUSIP _____

Registered Owner:

Principal Amount: _____ Dollars.

KNOW ALL PERSONS BY THESE PRESENTS that the South Sangamon Water Commission, a commission and public corporation situated in the County of Sangamon, in the State of Illinois (the "Commission"), acknowledges itself indebted and for value received hereby promises to pay to the Registered Owner identified above, or registered assigns, the Principal Amount set forth above on the Maturity Date specified above, and to pay interest on such Principal Amount from the Dated Date hereof, or from the most recent interest payment date to which interest has been paid, at the Interest Rate per annum set forth above, computed on the basis of a 360-day year consisting of twelve 30-day months and payable in lawful money of the United States of America semiannually on the first day of January and July in each year, commencing January 1, 2011, 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 the principal corporate trust office of The Bank of New York Mellon Global Corporate Trust, St. Louis, Missouri, as Series 2010 Bond Registrar (including its successors, the "Series 2010 Bond Registrar"). This Series 2010D 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 2010D Bond at the principal corporate trust office of The Bank of New York Mellon Global Corporate

Trust, St. Louis, Missouri, as Series 2010 Paying Agent (including its successors, the “Series 2010 Paying Agent”).

[1] This Series 2010D Bond is one of a series of Series 2010D 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 2010D 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 (collectively the “Applicable Acts”), and pursuant to and in accordance with Ordinance No. 10-21 adopted by the Board of Commissioners of the Commission (the “Board”) on August 31, 2010 (the “Master Bond Ordinance”) as supplemented by Ordinance Number 10-22 adopted by the Board on August 31, 2010 (the “Series 2010 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 2010D 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. The Series 2010D Bonds are issued as junior lien alternate bonds on parity with the Commission’s \$ _____ Taxable General Obligation Bonds (Alternate Revenue Source), Series 2010B (Build America Bonds - Direct Payment) (the “Series 2010B Bonds”) and the Commission’s \$ _____ Tax-Exempt General Obligation Bonds (Alternate Revenue Source), Series 2010C (the “Series 2010C Bonds”) also issued as junior lien alternate bonds (the Series 2010B Bonds, Series 2010C Bonds, and Series 2010D Bonds being the “Series 2010 Bonds”).

[2] The Series 2010 Bonds have been issued for the purpose of paying a portion of the costs of a Project, as defined, relating to acquisition and construction of a new water system of the Commission, as defined (the “System”). The Series 2010 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 pledged by the Commission, 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 2010 Bonds are junior and subordinate to Senior Lien Bonds which 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 2010 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.

[3] This Series 2010D 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 2010 Bonds, in which case the amount of the Series 2010 Bonds, as applicable 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 2010 Bonds shall have been paid from the Revenues for a complete Fiscal Year.

[4] Under the Act, the Master Bond Ordinance and the Series 2010 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 Master Bond Ordinance. Senior Lien Bonds with a lien on the Revenues senior to the Series 2010 Bonds and additional junior lien alternate bonds in parity with the Series 2010 Bonds, and subordinate bonds may be issued pursuant to the terms of the Master Bond Ordinance.

[5] Outstanding Series 2010 Bonds issued and authenticated pursuant to the Series 2010 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 2010 Bonds.

[6] The Series 2010D Bonds maturing on or after January 1, 2021 are subject to redemption prior to maturity at the option of the Commission, in such principal amounts and from such maturities as the Commission shall determine, and by lot within a single maturity, on January 1, 2020 and on any date thereafter, at a redemption price of par plus accrued interest to the date fixed for redemption.

[7] *(Term Bond provisions to be used only if Term Bonds are issued)* The Series 2010D Bonds maturing on _____, are subject to mandatory redemption prior to maturity, 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.

[8] Notice of the redemption of Series 2010D 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 2010D Bonds to be redeemed at their last addresses appearing on such registration books. The Series 2010D 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 2010D 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 2010D Bonds or portions thereof shall cease to accrue and become payable. If there shall be called for redemption less than all of a Series 2010D Bond, the Commission shall execute and the Series 2010 Bond Registrar shall authenticate and deliver, upon the surrender of such Series 2010D Bond, without charge to the registered owner thereof, for the unredeemed balance of the Series 2010D Bond so surrendered, Series 2010D Bonds of like maturity and of the denomination of \$5,000 or any authorized integral multiple thereof.

[9] This Series 2010D 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 2010 Bond Registrar together with a written instrument of transfer satisfactory to the Series 2010 Bond Registrar duly executed by the Registered Owner or by such a Registered Owner's duly authorized attorney, and thereupon a new registered Series 2010D Bond or Series 2010D Bonds, in the authorized denominations of \$5,000 or any authorized integral multiple thereof and of the same aggregate principal amount as this Series 2010D Bond shall be issued to the transferee in exchange therefor. In like manner, this Series 2010D Bond may be exchanged for an equal aggregate principal amount of Series 2010D Bonds of any authorized denomination. The Series 2010 Bond Registrar shall not be required to exchange or transfer any Series 2010D 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 2010D Bond for redemption. The Commission or the Series 2010 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 2010D Bond. No other charge shall be made for the privilege of making such transfer or exchange. The Commission, the Series 2010 Paying Agent and the Series 2010 Bond Registrar may treat and consider the person in whose name this Series 2010D 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 2010D Bond to the extent of the sum or sums so paid, and neither the Commission nor the Series 2010 Paying Agent or the Series 2010 Bond Registrar shall be affected by any notice to the contrary.

[10] 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 2010D Bonds. The Master Bond Ordinance also contains provisions permitting the Registered Owners of specified percentages in principal amount of bonds at the time Outstanding, on behalf of the Registered Owners of all the bonds, to waive compliance by the Commission with certain provisions of the Series 2010 Ordinance and certain past defaults under the Series 2010 Ordinance and their consequences. Any such consent or waiver by the Registered Owner of this Series 2010D Bond shall be conclusive and binding upon such Registered Owner and upon all future Registered Owners of this Series 2010D Bond and of any Series 2010D Bond issued upon the transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Series 2010D Bond, to the extent provided in the Series 2010 Ordinance.

[11] No recourse shall be had for the payment of any Series 2010D 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 2010D Bonds, or on any other basis. The Commission may remove the Series 2010 Bond Registrar or Series 2010 Paying Agent at any time and for any reason and appoint a successor.

[12] This Series 2010D 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 2010 Bond Registrar.

[13] 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 2010D 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 2010D Bonds of which this Series 2010D 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 Series 2010 Ordinance. For the prompt payment of this Series 2010D 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 2010D 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 2010D Bond is one of the Taxable General Obligation Bonds (Alternate Revenue Source), Series 2010D described in the within mentioned Series 2010 Ordinance.

Date: _____

By: _____
Authorized Officer

Bond Registrar The Bank of New York Mellon Global Corporate Trust,
and Paying Agent: Chicago, Illinois

ASSIGNMENT

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

[Name, Address and Social Security Number or FEIN of Assignee]
the within Series 2010D 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 Series 2010D Bond in every particular, without alteration or enlargement or any change whatever.

Section 14. General Obligations

The Series 2010 Bonds are and constitute alternate bonds under the Reform Act and Junior Lien Bonds under the Master Bond Ordinance, payable from Revenues. Under and pursuant to Section 15 of the Reform Act, the full faith and credit of the Commission is hereby irrevocably pledged to the punctual payment of the principal of and interest on the Series 2010 Bonds. The Series 2010 Bonds shall be direct and general obligations of the Commission; and the Commission shall be obligated to levy ad valorem taxes upon all the taxable property within the corporate limits of the Villages for the payment of Series 2010 Bonds and the interest thereon, without limitation as to rate or amount.

The Series 2010 Bonds shall be payable from Revenues, all of which are pledged to the Series 2010 Bonds on a junior lien basis as provided in the Master Bond Ordinance, and shall not constitute an indebtedness of the Commission within the meaning of any constitutional or statutory limitation, unless the Pledged Taxes shall have been extended pursuant to the general obligation, full faith and credit promise supporting the Series 2010 Bonds, as set forth in Section 17 hereof, in which case the amount of the Series 2010 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 the Series 2010 Bonds have been paid from Revenues for a complete Fiscal Year, in accordance with the Applicable Acts.

Section 15. Continuation of System Fund and Accounts Thereof

Upon the issuance of any of the Series 2010 Bonds, the System shall be operated on a Fiscal Year basis. The System Fund and Accounts established or continued under the Master Bond Ordinance shall be continued and all of the Revenues shall be set aside as collected and be deposited into the System Fund as provided in the Master Bond Ordinance, which shall constitute a trust fund pledged for the sole purpose of carrying out the covenants, terms, and conditions of the Master Bond Ordinance as supplemented by this Series 2010 Ordinance.

Section 16. Establishment of Series 2010 Bond and Interest Subaccounts

There shall be and there is hereby created in the Junior Lien Bond and Interest Account separate subaccounts to be known as the "Series 2010B Bond and Interest Subaccount" ,the "Series 2010C Bond and Interest Subaccount" and the "Series 2010D Bond and Interest Subaccount" to which there shall be credited by the Commission without any further official action or direction of the Board, moneys credited to the Junior Lien Bond and Interest Account as provided in the Master Bond Ordinance and in accordance with the following provisions.

There shall be credited monthly to the Series 2010 Bond and Interest Subaccounts and held, in cash and investments, no less than one-twelfth of the amount of the next succeeding annual tax levy to pay principal and interest for the Outstanding Series 2010 Bonds contained in Section 17 until there shall have been accumulated in the Series 2010 Bond and Interest Subaccounts the amount sufficient such that such annual tax levy may be abated in accordance with Section 17.

Credits to a Series 2010 Bond and Interest Subaccounts may be suspended at such time as there shall be a sufficient sum, held in cash and investments, in said subaccount to meet principal

and interest requirements in said subaccounts without extension of the next annual tax levy provided in Section 17.

Moneys in the Series 2010B Bond and Interest Subaccount shall be used only for the purpose of paying interest on and principal of the respective Outstanding Series 2010B Bonds. Moneys in the Series 2010C Bond and Interest Subaccount shall be used only for the purpose of paying interest on and principal of the respective Outstanding Series 2010C Bonds. Moneys in the Series 2010D Bond and Interest Subaccount shall be used only for the purpose of paying interest on and principal of the respective Outstanding Series 2010D Bonds. Once credited to a subaccount, any moneys held in such subaccount shall be pledged to, and be subject to a first and prior lien for, the Series 2010 Bonds for which the subaccount has been established.

Section 17. Levy and Extension of Pledged Taxes; Abatement

For the purpose of providing additional funds to pay the principal of and interest on the Series 2010 Bonds, there is hereby levied upon all of the taxable property within the Villages, in the years for which any of the Series 2010 Bonds are outstanding, a direct annual tax for each of the years while the Series 2010 Bonds or any of them are outstanding, in amounts sufficient for that purpose, and there be and there hereby is levied upon all of the taxable property in the Commission direct annual taxes in addition to all other taxes for each of the years 2011 through and including 2043 in the amount for each year as follows (the "Pledged Taxes").

<u>Year</u>	<u>Amount</u>
2011	\$2,000,000
2012	\$2,000,000
2013	\$3,000,000
2014	\$3,000,000
2015	\$3,000,000
2016	\$3,000,000
2017	\$3,000,000
2018	\$3,000,000
2019	\$3,000,000
2020	\$3,000,000
2021	\$3,000,000
2022	\$3,000,000
2023	\$3,000,000
2024	\$3,000,000
2025	\$3,000,000
2026	\$3,000,000
2027	\$3,000,000
2028	\$3,000,000
2029	\$3,000,000
2030	\$3,000,000
2031	\$3,000,000
2032	\$3,000,000

<u>Year</u>	<u>Amount</u>
2033	\$3,000,000
2034	\$3,000,000
2035	\$3,000,000
2036	\$3,000,000
2037	\$3,000,000
2038	\$3,000,000
2039	\$3,000,000
2040	\$3,000,000
2041	\$3,000,000
2042	\$3,000,000
2043	\$3,000,000

In the event the Series 2010 Bonds are issued in such amount or at such rates that result in annual tax levies less than as set forth in this Section, the reduced tax levies shall be contained in the Series 2010 Bond Order which shall be filed with the County Clerk of the County of Sangamon, Illinois together with a certificate abating the tax levies set forth above.

A copy of this Series 2010 Ordinance certified by the Clerk shall be filed with the County Clerk of the County of Sangamon, Illinois, who is hereby directed to ascertain the rate percent required to produce the aggregate Pledged Taxes hereinabove provided to be levied, and to extend the same for collection on the tax books in connection with other taxes levied in each of such years, in and by the Villages for general corporate purposes of the Villages, and in each of such years such annual tax shall be levied and collected in like manner as taxes for general corporate purposes for each of such years are levied and collected and, when collected, such Pledged Taxes shall be deposited into the Series 2010 Bond and Interest Subaccount and used solely for the purpose of paying the principal of and interest on the Series 2010 Bonds as the same become due and payable.

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

The Commission covenants and agrees with the registered owners of the Series 2010 Bonds that so long as any of the Series 2010 Bonds remain outstanding, unless or to the extent Revenues or other duly appropriated moneys shall be then irrevocably on deposit in the Series 2010 Bond and Interest Subaccount, the Commission will take no action or fail to take any action which in any way would adversely affect the ability of the Commission to collect the Revenues or to levy and collect the Pledged Taxes, and the Commission and its officers will comply with all present and future applicable laws in order to assure that the Net Revenues will be available and that the Pledged Taxes will be levied, extended and collected as provided herein and deposited in the Series 2010 Bond and Interest Subaccount to pay the principal of and interest on the Series 2010 Bonds.

Subject to the foregoing and to the Applicable Acts, whenever the Commission has on deposit sufficient funds to pay the principal at maturity or mandatory redemption of and interest on the Series 2010 Bonds next coming due without extending the tax levy, the Board or such officers of the Commission acting with proper authority shall direct the abatement of the Pledged Taxes tax levy for the Series 2010 Bonds, and proper notification of such abatement shall be filed with the County Clerk of Sangamon County in a timely manner to effect such abatement.

Section 18. Reform Act Covenants

In accordance with Section 15 of the Reform Act, the Commission pledges the Revenues to the payment of the Series 2010 Bonds and covenants to collect and apply Revenues to the payment of the Series 2010 Bonds. The Commission covenants to establish and maintain at all times that any of the Series 2010 Bonds are outstanding, taxes, fees, charges, and rates for the use and service of the System to generate Revenues in each fiscal year sufficient to provide for all Reform Act Costs in accordance with Section 15 of the Reform Act. The determination of the sufficiency of the Revenues shall be supported by reference to the most recent audit of the Commission, and the reference to and acceptance of such audit by the Board shall be conclusive evidence that the conditions of Section 15 of the Reform Act have been met.

Section 19. Current Refundings.

The Board authorizes and directs the refunding of the 2010A Bonds and the 2010 Debt Certificates within 90 days of the issuance date of the Series 2010 Bonds. The Chairman of the Commission is authorized to determine and approve the Series 2010A Redemption Date, the Series 2010 Debt Certificate Redemption Date, and the amount of proceeds of the Series 2010 Bonds that shall be used and applied to pay the costs of such current refundings. Such determinations of the Chairman shall be contained in the Series 2010 Bond Order, which shall constitute conclusive evidence of the determinations and approval of the Chairman.

Section 20. Use of Series 2010B Bond Proceeds

The proceeds derived from the sale of the Series 2010B Bonds shall be used as follows:

(a) Accrued interest on the Series 2010B Bonds shall be credited to the Series 2010B Bond and Interest Subaccount.

(b) The amount necessary to pay interest on the Series 2010B Bonds through the Placed In Service Date shall be deposited into a separate subaccount of the hereinafter described 2010B Construction Fund. Such subaccount is designated the "Series 2010B Capitalized Interest Subaccount" and is hereby created and shall be used to pay interest on the Series 2010B Bonds through the Placed In Service Date.

(c) An amount determined by the Chairman in the Series 2010 Bond Order shall be used to pay expenses of issuance of the Series 2010B Bonds. Any portion of such amount not disbursed within six months from the date of issuance of the Series 2010B Bonds shall be paid into the 2010B Construction Fund.

(d) An amount determined by the Chairman in the Series 2010 Bond Order shall be used to current refund a portion of the Series 2010A Bonds within 90 days of the date of issuance of the Series 2010B Bonds.

(e) The remaining funds shall be set aside in a separate fund hereby created and designated as the "2010B Construction Fund" which shall be deposited in such bank or banks designated by the Board and shall be withdrawn from time to time as needed for the payment of costs of the Project and paying the fees and expenses incidental thereto. Said money shall be withdrawn from time to time by the Commission only upon submission of the following:

- (i) If such withdrawal of funds is for payment to a supplier, materialman, or contractor for work done in connection with the Project, a statement executed by the engineer in charge of the construction of the Project stating the amount of materials supplied or the nature of the work completed, that such materials have been properly accepted or such work approved by him, the amount due and payable thereon, and the amount remaining to be paid in connection with the Project; and
- (ii) Approval of the engineer's statement by the Board and authorization of the disbursement.

Within sixty (60) days after full depletion of the 2010B Construction Fund or payment of all costs of the Project, as herein referred to, and as heretofore approved by the Board, the Treasurer shall certify to the Board the fact of such depletion or the engineer in charge of the Project shall certify to the Board the fact that the work has been completed according to approved plans and specifications, as applicable, and upon approval of such certification by the Board, funds (if any) remaining in the 2010B Construction Fund shall be transferred to the Series 2010B Bond and Interest Subaccount, and the 2010B Construction Fund shall be closed.

Funds on deposit in the 2010B Construction Fund may be invested at the direction of the Commission in Permitted Investments, provided such investments shall be scheduled to come due before needed to pay costs of the Project.

Section 21. Use of Series 2010C Bond Proceeds

The proceeds derived from the sale of the Series 2010C Bonds shall be used as follows:

(a) Accrued interest on the Series 2010C Bonds shall be credited to the Series 2010C Bond and Interest Subaccount.

(b) The amount necessary to pay interest on the Series 2010C Bonds through the Placed In Service Date shall be deposited into a separate subaccount of the hereinafter described 2010C Construction Fund. Such subaccount is designated the "Series 2010C Capitalized Interest Subaccount" and is hereby created and shall be used to pay interest on the Series 2010C Bonds through the Placed In Service Date.

(c) An amount determined by the Chairman in the Series 2010 Bond Order shall be used to pay expenses of issuance of the Series 2010C Bonds. Any portion of such amount not

disbursed within six months from the date of issuance of the Series 2010C Bonds shall be paid into the 2010C Construction Fund.

(d) The amount necessary to refund the Series 2010 Debt Certificates on the Series 2010 Debt Certificate Redemption Date shall be used to current refund the Series 2010 Debt Certificates on the Series 2010 Debt Certificate Redemption Date.

(e) An amount determined by the Chairman in the Series 2010 Bond Order shall be used to current refund a portion of the Series 2010A Bonds on the Series 2010A Redemption Date.

(f) The remaining funds shall be set aside in a separate fund hereby created and designated as the "2010C Construction Fund" which shall be deposited in such bank or banks designated by the Board and shall be withdrawn from time to time as needed for the payment of costs of the Project and paying the fees and expenses incidental thereto. Said money shall be withdrawn from time to time by the Commission only upon submission of the following:

- (i) If such withdrawal of funds is for payment to a supplier, materialman, or contractor for work done in connection with the Project, a statement executed by the engineer in charge of the construction of the Project stating the amount of materials supplied or the nature of the work completed, that such materials have been properly accepted or such work approved by him, the amount due and payable thereon, and the amount remaining to be paid in connection with the Project; and
- (ii) Approval of the engineer's statement by the Board and authorization of the disbursement.

Within sixty (60) days after full depletion of the 2010C Construction Fund or payment of all costs of the Project, as herein referred to, and as heretofore approved by the Board, the Treasurer shall certify to the Board the fact of such depletion or the engineer in charge of the Project shall certify to the Board the fact that the work has been completed according to approved plans and specifications, as applicable, and upon approval of such certification by the Board, funds (if any) remaining in the 2010C Construction Fund shall be transferred to the Series 2010C Bond and Interest Subaccount, and the 2010C Construction Fund shall be closed.

Funds on deposit in the 2010C Construction Fund may be invested at the direction of the Commission in Permitted Investments, provided such investments shall be scheduled to come due before needed to pay costs of the Project.

Section 22. Use of Series 2010D Bond Proceeds; Debt Service Reserve Account

The proceeds derived from the sale of the Series 2010D Bonds shall be used as follows:

(a) Accrued interest on the Series 2010D Bonds shall be credited to the Series 2010D Bond and Interest Subaccount.

(b) An amount determined by the Chairman in the Series 2010 Bond Order shall be used to pay expenses of issuance of the Series 2010D Bonds. Any portion of such amount not

disbursed within six months from the date of issuance of the Series 2010D Bonds shall be paid into the hereinafter described Series 2010 Debt Service Reserve Account.

(c) The remaining funds shall be set aside in a separate account hereby created and designated as the "Series 2010 Debt Service Reserve Account" which shall be deposited in such bank or banks designated by the Board. The Series 2010 Debt Service Reserve Account shall be pledged to the payment of principal and interest on the Series 2010 Bonds and shall be used to pay principal of or interest or applicable Redemption Price on the Series 2010 Bond at any time when there are insufficient funds in the Series 2010 Bond and Interest Sub-Accounts to pay the same at Maturity, and amounts shall be transferred without further order or direction to the Series 2010 Bond and Interest Sub-Accounts for such purpose. On or after July 1, 2013, the Commission may elect to transfer any amounts remaining in the Series 2010 Debt Service Reserve Account to the Series 2010D Bond and Interest Subaccount upon the Board's determination that the Series 2010 Debt Service Reserve Account is no longer needed for the purpose of abating taxes as described in Section 17 of this Series 2010 Ordinance. No additional deposits to the Series 2010 Debt Service Reserve Account shall be required and after full depletion of the Series 2010 Debt Service Reserve Account, the Series 2010 Debt Service Reserve Account may be closed.

(d) Funds on deposit in the Series 2010 Debt Service Reserve Account may be invested at the direction of the Commission in Permitted Investments, provided such investments shall be scheduled to come due before needed to pay principal and interest on the Series 2010 Bonds.

Section 23. Rebate Fund.

The Commission hereby authorizes establishment of a special fund, designated as the "Series 2010 Bonds Rebate Fund" and in the event that the Commission shall invest moneys in any investments which generate income that must be rebated or paid to the United States of America pursuant to Section 148(f) of the Code, such income shall be deposited in the Series 2010 Bonds Rebate Fund. Moneys in the Series 2010 Bonds Rebate Fund shall be applied to pay such sums as are required to be paid to the United States of America pursuant to Section 148(f) of the Code and are hereby appropriated and set aside for such purpose. Moneys in the Series 2010 Bonds Rebate Fund may be reappropriated and used for other purposes. No such reappropriation and use shall relieve the Commission of its obligation to make payments to the United States of America as required by Section 148(f) of the Code.

Section 24. Series 2010B Bond Tax Covenants

The principal proceeds from the sale of the Series 2010B Bonds shall be devoted to and used with due diligence for the purposes for which the Series 2010B Bonds are hereby authorized to be issued.

The Board certifies and covenants with the purchasers and owners of the Series 2010B Bonds from time to time outstanding that so long as any of the Series 2010B Bonds remain outstanding, moneys on deposit in any fund or account in connection with the Series 2010B Bonds, whether or not such moneys were derived from the proceeds of the sale of the Series 2010B Bonds or from any other source, will not be used in a manner which will cause the Series

2010B Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code and any lawful regulations promulgated thereunder, as the same presently exist, or may from time to time hereafter be amended, supplemented or revised. The Board reserves the right, however, to make any investment of moneys on deposit in any fund or account in connection with the Series 2010B Bonds permitted by state law, if, when and to the extent that such Section 148 or regulations promulgated thereunder shall be repealed or relaxed or shall be held void by final decision of a court of competent jurisdiction, but only if any investment made by virtue of such repeal, relaxation or decision would not, in the opinion of an attorney at law or a firm of attorneys of nationally recognized standing in matters pertaining to the tax-exempt status of municipal bonds, result in the Series 2010B Bonds not being “Build America Bonds” pursuant to §55AA of the Code.

The Commission also agrees and covenants with the purchasers and holders of the Series 2010B Bonds from time to time outstanding that, to the extent possible under Illinois law, it will comply with federal tax laws adopted in the future which apply to the Series 2010B Bonds to receive the Build America Bond Subsidies for the Series 2010B Bonds and to maintain the designation of the Series 2010B Bonds as “qualified bonds” under §54AA(g) of the Code.

The Board hereby authorizes the officials of the Commission responsible for issuing the Series 2010B Bonds, the same being the Chairman and Secretary of the Board and the Treasurer of the Commission who receives the taxes of the Commission, to make such further covenants and certifications as may be necessary to assure that the use thereof will not cause the Series 2010B Bonds to be arbitrage Series 2010B Bonds, to assure that the interest in the Series 2010B Bonds would be exempt from federal income taxation under Section 103 of the Code but for §54AA of the Code and to assure that the Commission receives the credit allowed under Section 6431 of the Code for the Series 2010B Bonds. In connection therewith, the Commission and the Board further covenant and agree: (a) through its officers, to make such further specific covenants, representations as shall be truthful, and assurances as may be necessary or advisable; (b) to consult with counsel approving the Series 2010B Bonds and to comply with such advice as may be given; (c) to calculate and pay to the United States, as necessary, such sums of money representing required rebates of excess arbitrage profits relating to the Series 2010B Bonds; (d) to file such forms, statements, and supporting documents as may be required and in a timely manner; and (e) if deemed necessary or advisable by its Officers, to employ and pay fiscal agents, financial advisory attorneys, and other persons to assist the Commission in such compliance.

The certifications, covenants and representations contained herein and at the time of the issuance of the Series 2010B Bonds are made on behalf of the Commission for the benefit of the owners from time to time of the Bonds. In addition to providing the certifications, covenants and representations contained herein, the Commission hereby covenants that it will not take any action, omit to take any action or permit the taking or omission of any action within its control (including, without limitation, making or permitting any use of the proceeds of the Bonds) if taking, permitting or omitting to take such action would cause the Series 2010B Bonds to be an arbitrage bond or a private activity bond within the meaning of the Code or would otherwise cause the Series 2010B Bonds to fail to qualify as “Build America Bonds” within the meaning of Section 54AA(d) of the Code that are “qualified bonds” within the meaning of Section 54AA(g) of the Code.

The Commission acknowledges that, in the event of an examination by the Internal Revenue Service regarding the status of the Series 2010B Bonds as “Build America Bonds”, under present rules, the Commission is treated as the “taxpayer” in such examination and agrees that it will respond in a commercially reasonable manner to any inquiries from the Internal Revenue Service in connection with such an examination.

Section 25. Series 2010C Bond Tax Covenants

The principal proceeds from the sale of the Series 2010C Bonds shall be devoted to and used with due diligence for the purposes for which the Series 2010C Bonds are hereby authorized to be issued.

The Board certifies and covenants with the purchasers and owners of the Series 2010C Bonds from time to time outstanding that so long as any of the Series 2010C Bonds remain outstanding, moneys on deposit in any fund or account in connection with the Series 2010C Bonds, whether or not such moneys were derived from the proceeds of the sale of the Series 2010C Bonds or from any other source, will not be used in a manner which will cause the Series 2010C Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code and any lawful regulations promulgated thereunder, as the same presently exist, or may from time to time hereafter be amended, supplemented or revised. The Board reserves the right, however, to make any investment of moneys on deposit in any fund or account in connection with the Series 2010C Bonds permitted by state law, if, when and to the extent that such Section 148 or regulations promulgated thereunder shall be repealed or relaxed or shall be held void by final decision of a court of competent jurisdiction, but only if any investment made by virtue of such repeal, relaxation or decision would not, in the opinion of an attorney at law or a firm of attorneys of nationally recognized standing in matters pertaining to the tax-exempt status of municipal Series 2010C Bonds, result in the inclusion of interest on the Series 2010C Bonds in gross income for federal income tax purposes.

The Commission also agrees and covenants with the purchasers and holders of the Series 2010C Bonds from time to time outstanding that, to the extent possible under Illinois law, it will comply with federal tax laws adopted in the future which apply to the Series 2010C Bonds and affect the tax-exempt status of the Series 2010C Bonds.

The Board hereby authorizes the officials of the Commission responsible for issuing the Series 2010C Bonds, the same being the Chairman and Secretary of the Board and the Treasurer of the Commission who receives the taxes of the Commission, to make such further covenants and certifications as may be necessary to assure that the use thereof will not cause the Series 2010C Bonds to be arbitrage Series 2010C Bonds and to assure that the interest in the Series 2010C Bonds will be exempt from federal income taxation. In connection therewith, the Commission and the Board further covenant and agree: (a) through its officers, to make such further specific covenants, representations as shall be truthful, and assurances as may be necessary or advisable; (b) to consult with counsel approving the Series 2010C Bonds and to comply with such advice as may be given; (c) to calculate and pay to the United States, as necessary, such sums of money representing required rebates of excess arbitrage profits relating to the Series 2010C Bonds; (d) to file such forms, statements, and supporting documents as may be required and in a timely manner; and (e) if deemed necessary or advisable by its Officers, to employ and pay fiscal agents, financial advisory attorneys, and other persons to assist the Commission in such compliance.

The certifications, covenants and representations contained herein and at the time of the issuance of the Series 2010C Bonds are made on behalf of the Commission for the benefit of the owners from time to time of the Bonds. In addition to providing the certifications, covenants and representations contained herein, the Commission hereby covenants that it will not take any action, omit to take any action or permit the taking or omission of any action within its control (including, without limitation, making or permitting any use of the proceeds of the Bonds) if taking, permitting or omitting to take such action would cause the Series 2010C Bonds to be an arbitrage bond or a private activity bond within the meaning of the Code or would otherwise cause interest on the Series 2010C Bonds to be included in gross income for federal income tax purposes.

The Commission acknowledges that, in the event of an examination by the Internal Revenue Service regarding the exclusion of interest on the Series 2010C Bonds from gross income for federal income tax purposes, under present rules, the Commission is treated as the “taxpayer” in such examination and agrees that it will respond in a commercially reasonable manner to any inquiries from the Internal Revenue Service in connection with such an examination.

Section 26. Designation as Qualified Tax-Exempt Obligations.

The Board recognizes that Section 265(b)(3) of the Code provides that a “qualified tax-exempt obligation” as therein defined may be treated by certain financial institutions as if it were acquired on August 7, 1986, for certain purposes. The Board hereby designates each of the Series 2010C Bonds as may be from time to time outstanding for purposes of Section 265(b)(3) of the Code as a “qualified tax-exempt obligation” as provided therein. In support of such designation, the Board covenants, represents and certifies as follows:

- (a) the Series 2010C Bonds are not “private activity bonds” as defined in Section 141(a) of the Code;
- (b) including the Series 2010C Bonds, the Commission (including any entities subordinate thereto) has not issued to date and does not reasonably expect to issue qualified tax-exempt obligations (other than private activity bonds) during the calendar year of issuance of the Series 2010C Bonds in an amount in excess of \$30,000,000; and
- (c) including the Series 2010C Bonds, not more than \$30,000,000 of obligations issued by the Commission (including any entities subordinate thereto) during the calendar year of issuance of the Series 2010C Bonds have been designated to date or will be designated by the Commission for purposes of said Section 265(b)(3).

Section 27. Not Private Activity Bonds

None of the Series 2010 Bonds is a “private activity bond” as defined in Section 141(a) of the Code. In support of such conclusion, the Commission covenants, represents, and certifies as follows:

- (a) none of the proceeds of the Series 2010 Bonds are to be used, directly or indirectly, in any trade or business carried on by any person other than a state or local governmental unit;

- (b) no direct or indirect payments of the principal or interest are to be made on any Series 2010 Bond with respect to any private business use by any person other than a state or local governmental unit; and
- (c) none of the proceeds of the Series 2010 Bonds are to be used, directly or indirectly, to make or finance loans to persons other than a state or local governmental unit; and
- (d) no user of the Project will use the same on any basis other than the same basis as the general public, and no person (as defined in the Code) will be a user of the Project as a result of (i) ownership; (ii) actual or beneficial use pursuant to a lease or a management or incentive payment; or (iii) any other arrangement.

Section 28. Issuance of Additional Debt

Notwithstanding anything herein to the contrary, Senior Lien Bonds, additional Junior Lien Bonds, and Subordinate Bonds may be issued in accordance with the Master Bond Ordinance.

Section 29. Discharge and Satisfaction of Series 2010 Bonds

The covenants, liens and pledges entered into, created or imposed pursuant to this Series 2010 Ordinance may be fully discharged and satisfied with respect to the Series 2010 Bonds, or any of them, in accordance with the defeasance provisions of Article 10 of the Master Bond Ordinance.

Section 30. Continuing Disclosure Undertaking.

The Chairman of the Board is hereby authorized, empowered and directed to execute and deliver the Continuing Disclosure Agreement in substantially the form presented at this meeting for the purpose of satisfying the Commission's continuing disclosure obligations under Section (b)(5) of Rule 15c2-12 adopted by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended (the "Continuing Disclosure Undertaking"). When the Continuing Disclosure Undertaking is executed and delivered on behalf of the Commission as herein provided, the Continuing Disclosure Undertaking will be binding on the Commission and the officers, employees and agents of the Commission, and the officers, employees and agents of the Commission are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with said Rule 15c2-12(b)(5) and the provisions of the Continuing Disclosure Undertaking as executed. Notwithstanding any other provision of this Series 2010 Ordinance, the sole remedy for failure to comply with the Continuing Disclosure Undertaking shall be the ability of the beneficial owner of any Series 2010 Bond to seek mandamus or specific performance by court order to cause the Commission to comply with its obligations under the Continuing Disclosure Undertaking.

Section 31. Build America Bonds

The Commission irrevocably elects to issue the Series 2010B Bonds as "Build America Bonds" pursuant to §54AA of the Code and have said section apply to the Series 2010B Bonds. The Commission also designates the Series 2010 Bonds as "qualified bonds" pursuant to §54AA(g) of the Code and irrevocably elects to have §54AA(g) of the Code apply to the Series 2010B Bonds. The Commission covenants to comply with all requirements such that the Series 2010B Bonds remain "qualified bonds" pursuant to §54AA(g) of the Code. All Build America

Bond Subsidies received by the Commission for the Series 2010B Bonds are pledged to payment of the Series 2010B Bonds pursuant to Section 13 of the Reform Act and shall be deposited into the Series 2010B Junior Lien Bond and Interest Subaccount and used to pay principal and interest on the Series 2010B Bonds after first applying funds on deposit in the Series 2010 Capitalized Interest Subaccount.

Section 32. Provisions a Contract

The Commission incorporates by reference the agreements and covenants of the Commission contained in the Master Bond Ordinance. The provisions of this Series 2010 Ordinance and the Master Bond Ordinance shall constitute a contract between the Commission and the owners of the outstanding Series 2010 Bonds. All covenants relating to the Series 2010 Bonds and the conditions and obligations imposed by Section 15 of the Reform Act are enforceable by any holder of the Series 2010 Bonds affected, any taxpayer of the Commission and the People of the State of Illinois acting through the Attorney General or any designee.

Section 33. Severability

If any section, paragraph, clause or provision of this Series 2010 Ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this Series 2010 Ordinance.

Section 34. Repealer

All ordinances, resolutions or orders, or parts thereof, in conflict with the provisions of this Series 2010 Ordinance are to the extent of such conflict hereby repealed.

Section 35. Effective Date.

This Series 2010 Ordinance shall become effective immediately upon its passage.

PASSED by the Board on August 31, 2010.

APPROVED: August 31, 2010.


Chairman

AYES: McCord Pfeffer Hall

NAYS: None

ABSENT: None

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

(SEAL) ATTEST:


Clerk

CERTIFICATE

I, Laura VanProyen, Clerk of the South Sangamon Water Commission, Sangamon County, Illinois (the "Commission"), hereby certify that the foregoing Ordinance No. 10-22 entitled:

An Ordinance authorizing issuance of General Obligation Bonds (Alternate Revenue Source), Series 2010 of the South Sangamon Water Commission, Sangamon County, Illinois in an aggregate principal amount not to exceed \$30,000,000

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 Aug, 2010.


Clerk

(SEAL)