

SOUTH SANGAMON WATER COMMISSION

ORDINANCE NUMBER 11-12

AN ORDINANCE authorizing and providing for the issue of a Water Commission Subordinate Revenue Bond, Series 2011 of the South Sangamon Water Commission, Sangamon County, Illinois in a maximum principal amount not to exceed \$5,200,000

ADOPTED BY THE BOARD OF COMMISSIONERS

AUGUST 30, 2011

PUBLISHED IN PAMPHLET FORM BY AUTHORITY OF THE BOARD OF COMMISSIONERS OF THE SOUTH SANGAMON WATER COMMISSION, SANGAMON COUNTY, ILLINOIS ON AUGUST 30, 2011.

ORDINANCE NUMBER 11-12

AN ORDINANCE authorizing and providing for the issue of a Water Commission Subordinate Revenue Bond, Series 2011 of the South Sangamon Water Commission, Sangamon County, Illinois in a maximum principal amount not to exceed \$5,200,000

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 develop and construct 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, administrative expenses,

all in accordance with the preliminary plans and estimate of costs, which have been prepared for the Commission by Greene & Bradford, Inc., Springfield, Illinois, Donohue & Associates, Inc., Champaign, Illinois, and Environmental Management Corporation, St. Louis, Missouri the Commission's Engineers; and

WHEREAS, the Commission has initial operating expenses for the Project and other costs directly related to the Project which will not exceed five percent of the Sale Proceeds of the Series 2011 Bonds (the "Related Expenses"); and

WHEREAS, the Commission has determined that the total estimated costs of the Project are \$31,615,000; and

WHEREAS, the Commission has an outstanding line of credit with Illinois National Bank (the "INB Loan") which has been used to pay a portion of Related Expenses; and

WHEREAS, the Commission desires to use a portion of the Series 2011 Bond to refund the INB Loan (the "Refunding"); and

WHEREAS, the Commission has insufficient funds on hand and lawfully available to pay the costs of the Project, the Related Expenses and the Refunding; 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 Bond of the Commission" (the "Master Bond Ordinance") pursuant to which the Commission may issue revenue bonds on a senior lien, junior lien or subordinate lien basis payable from Revenues, as defined in the Master Bond Ordinance; and

WHEREAS, the Commission has heretofore issued and now has outstanding the following junior lien bonds pursuant to Ordinance No. 10-18 passed by the Board on June 15, 2010 as supplemented by the Master Bond Ordinance, Ordinance No. 10-22 passed by the Board on August 31, 2010, the Commission's Series 2010 Bond Order dated September 17, 2010 and Ordinance No. 10-33 passed by the Board on September 21, 2010 (collectively, the "Series 2010 Bonds"):

- (i) \$23,505,000 Taxable General Obligation Bonds (Alternate Revenue Source), Series 2010B (Build America Bonds - Direct Payment),
- (ii) \$3,090,000 Tax-Exempt General Obligation Bonds (Alternate Revenue Source), Series 2010C, and
- (iii) \$1,820,000 Taxable General Obligation Bonds (Alternate Revenue Source), Series 2010D.

WHEREAS, the Commission deems it necessary and advisable to incur additional indebtedness to finance the final costs of construction of the Project and Related Expenses and to refund the INB Loan, and to evidence such indebtedness by issuing as a single bond its Water Commission Subordinate Revenue Bond, Series 2011 in the maximum aggregate principal amount not to exceed \$5,200,000 as a subordinate lien bond under the Master Bond Ordinance (the "Series 2011 Bond") as provided herein; and

WHEREAS, the Board hereby finds that the Commission is now authorized at this time to issue the Series 2011 Bond for the purpose of defraying the cost of constructing the Project and Related Expenses and refund the INB Loan, to be paid from the Revenues and issued pursuant to the Applicable Acts, the Master Bond Ordinance and this Series 2011 Ordinance; and

WHEREAS, for convenience of reference only this Series 2011 Ordinance is divided into numbered sections with headings, which shall not define or limit the provisions hereof as follows:

TABLE OF CONTENTS

Section 1.	Definitions.....	3
Section 2.	Incorporation of Preambles.....	5
Section 3.	Determination To Issue Series 2011 Bond.....	5
Section 4.	Determination of Useful Life.....	5
Section 5.	Series 2011 Bond Details.....	5
Section 6.	Redemption.....	6
Section 7.	Execution; Authentication.....	7
Section 8.	Registration of Series 2011 Bond; Persons Treated as Owners.....	7
Section 9.	Form of Series 2011 Bond.....	8
Section 10.	Series 2011 Bond Limited Obligations.....	16
Section 11.	Continuation of System Fund and Accounts Thereof.....	16
Section 12.	Series 2011 Bond and Interest Subaccount.....	16
Section 13.	Rate Covenant.....	17
Section 14.	Approval of Purchase Agreement.....	17
Section 15.	Principal Advances.....	17
Section 16.	Use of Proceeds.....	18
Section 17.	Non-Arbitrage.....	19
Section 18.	Arbitrage Rebate Exemption.....	21
Section 19.	Designation as Qualified Tax-Exempt Obligation.....	21
Section 20.	Series 2011 Bond Not a Private Activity Bond.....	22
Section 21.	Provisions a Contract.....	22
Section 22.	Registered Form.....	22
Section 23.	Rights and Duties of Series 2011 Bond Registrar.....	22
Section 24.	Effective Date and Publication.....	22
Section 25.	Severability.....	23
Section 26.	Repealer.....	23

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 2011 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 defined terms shall have the meanings in this Series 2011 Ordinance set forth as follows:

“Capital Expenditures” means costs of a type that would be properly chargeable to a capital account under the Code (or would be so chargeable with a proper election) under federal income tax principles if the Commission were treated as a corporation subject to federal income taxation, taking into account the definition of Placed-in-Service set forth herein.

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

“Interest Rate” means 2.78% per annum, subject to adjustment on July 1, 2021 to a rate of interest per annum equal to the Prime Rate minus seventy-five basis points (0.75%). Provided however, the Interest Rate shall never be greater than 7.0%.

“Issue Date” means the first date advances of principal on the Series 2011 Bond paid by the Purchaser are greater than \$50,000.

“Placed-in-Service” means the date on which, based on all facts and circumstances (a) a facility has reached a degree of completion that would permit its operation at substantially its design level and (b) the facility is, in fact, in operation at such level.

“Prime Rate” means the U.S. Prime Rate of interest then most recently published in the Wall Street Journal now under the Heading “Money Rates”, which is presently defined as the base rate on corporate loans posted by at least 70% of the 10 largest U.S. banks, or in the event the U.S. Prime Rate is not so published by the Wall Street Journal, then such rate as determined by reference to a similar national publication having a similar definition.

“Purchase Agreement” means the Series 2011 Bond Purchase Agreement to be entered into by and between the Commission and the Purchaser in connection with the Series 2011 Bond.

“Purchaser” means Bank of Springfield, Springfield, Illinois, the initial purchaser in connection with the Series 2011 Bond.

“Registered Owner” when used with respect to the Series 2011 Bond means the Person in whose name such Series 2011 Bond is registered in the Series 2011 Bond Register.

“Related Expenses” means initial operating expenses for the Project and other costs directly related to the Project in an amount not to exceed five percent of the Sale Proceeds as permitted by Treasury Regulation 1.148-6(d)(3)(ii)(5).

“Sale Proceeds” means amounts actually or constructively received from the sale of the Series 2011 Bond, including (a) amounts used to pay underwriter’s discount or compensation and accrued interest, other than accrued interest for a period not greater than one year before the Issue Date but only if it is to be paid within one year after the Issue Date and (b) amounts derived from the sale of any right that is part of the terms of the Series 2011 Bond or is otherwise associated with the Series 2011 Bond (*e.g.*, a redemption right).

“Series 2011 Bond Register” means the books of the Commission kept by the Series 2011 Bond Registrar to evidence the registration and transfer of the Series 2011 Bond.

“Series 2011 Bond Registrar” means the Treasurer of the Commission, or a successor thereto designated as Series 2011 Bond Registrar hereunder.

“Series 2011 Bond” means the \$5,200,000 Water Commission Subordinate Revenue Bond, Series 2011, authorized to be issued by this Series 2011 Ordinance, including bonds issued in exchange for or upon transfer or replacement of bonds previously issued under this Series 2011 Ordinance.

“Series 2011 Ordinance” means this Ordinance passed by the Board on August 30, 2011.

Section 2. Incorporation of Preambles.

The Board hereby finds that the recitals contained in the preambles to this Series 2011 Ordinance are full, true, and correct and does hereby incorporate them into this Series 2011 Ordinance by this reference.

Section 3. Determination To Issue Series 2011 Bond.

It is necessary and advisable for the public health, safety, welfare, and convenience of residents of the Commission to borrow money to pay the costs of acquisition and construction of the Project, including all Related Expenses and refunding the INB Loan, and in evidence thereof and for the purpose of financing same, to provide for the issuance and delivery of the Series 2011 Bond as a Subordinate Bond. It is the intent of the Board to invoke all supplemental power and authority available under and pursuant to the Applicable Acts.

Section 4. Determination of Useful Life.

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

Section 5. Series 2011 Bond Details.

For the purpose of paying the costs of providing for the Project and the Related Expenses, there shall be issued and sold the Series 2011 Bond as a single bond payable to the Purchaser or registered assigns as provided herein. The maximum principal face amount (the "Face Amount") of the Series 2011 Bond shall be shown on the face of the bond as \$5,200,000, but only so much of the Face Amount as is shown as advanced by the Purchaser and received for value (the "Outstanding Principal Amount", subject to payments or prepayments as hereinbelow provided), as evidenced by the Series 2011 Bond, shall be payable. Such advances shall be in integral multiples of \$1,000 as requested by the Designated Officials who are hereby authorized to proceed, without any further authorization or direction whatsoever from the Board, to request such advances as the Designated Officials deem necessary to pay costs of the Project and Related Expenses. The Series 2011 Bond shall be designated "Water Commission Subordinate Revenue Bond, Series 2011." The Series 2011 Bond shall be dated as of the date of the first advance (the "Dated Date"), and shall also bear the date of authentication thereof. The Series 2011 Bond shall be in fully registered form. The Outstanding Principal Amount of the Series 2011 Bond from time to time outstanding shall bear interest at the Interest Rate.

The Outstanding Principal Amount of the Series 2011 Bond shall become due and payable pursuant to a schedule of repayment (the "Repayment Schedule"); provided, however, that the Repayment Schedule, in order to be enforceable, shall comply with each of the following terms:

- (A) Interest shall be paid on the Outstanding Principal Amount and shall be paid semi-annually on January 1 and July 1 of each year commencing July 1, 2012;
- (B) Principal shall be paid in semi-annual installments on January 1 and July 1 of each year commencing January 1 2014 and continuing through and including January 1, 2032, pursuant to the Repayment Schedule, as initially promulgated by the Series 2011 Bond Registrar on July 1, 2012 to the satisfaction of the Purchaser and the Commission, on the basis of interest on the then Outstanding Principal

Amount plus an amount of principal in each year resultant in substantially level payments of interest and principal, collectively, in each of said years;

- (C) Upon an adjustment of the Interest Rate, installments of principal and interest on the then Outstanding Principal Amount shall be immediately restated by the Series 2011 Bond Registrar to the satisfaction of the Registered Owner and the Commission to provide for adjusted level payments of interest and principal during the remaining term of years, taking into consideration the then current rate of interest, and a new Repayment Schedule shall be provided;
- (D) In all events, all remaining principal and interest shall be due on January 1, 2032; and
- (E) The Repayment Schedule shall be set forth in or as part of the Series 2011 Bond.

The Series 2011 Bond shall bear interest on the Outstanding Principal Amount from time to time at the Interest Rate, in each case from the time advanced until paid or duly provided for, such interest computed on the basis of a 360-day year of twelve even 30-day months, and being payable on the dates herein provided. Interest on and all installments of principal of the Series 2011 Bond shall be paid by check or draft of the Commission in lawful money of the United States of America, mailed to the address of such Registered Owner as it appears on such registration books or at such other address furnished in writing by such Registered Owner to the Series 2011 Bond Registrar, all as of the applicable Record Date as set forth in the Series 2011 Bond; provided, however, that the final installment of principal and interest, when due, shall only be payable upon presentation of the Series 2011 Bond.

The Designated Officials may request advances of principal of the Series 2011 Bond by submitting a Series 2011 Bond Order in the form contained in Section 15 hereof, and such shall be entered into the records of the Commission and made available to the Board at the next public meeting thereof.

The authority contained herein for the Designated Officials to request advances on the Series 2011 Bond is hereby limited and expires June 30, 2012.

Section 6. Redemption.

The Series 2011 Bond may be called for redemption and payment prior to maturity at the option of the Commission on any date, in whole or in part at a redemption price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. If the Series 2011 Bond is prepaid in part, installments of principal and interest on the then Outstanding Principal Amount shall be immediately restated by the Series 2011 Bond Registrar to the satisfaction of the Registered Owner and the Commission to provide for adjusted level payments of interest and principal during the remaining term of years, taking into consideration the current rate of interest, and a new Repayment Schedule shall be provided.

Notice of the redemption of the Series 2011 Bond shall be delivered not less than five (5) days prior to the date fixed for such redemption to the registered owner of the Series 2011 Bond at the Registered Owner's last address appearing on such registration books. The Series 2011 Bond 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 2011 Bond or portions thereof to be redeemed, together with interest to the redemption date, shall be on deposit with the Commission for such payment on such date, and if notice of redemption shall have been delivered as aforesaid (and notwithstanding any defect therein or the lack of actual receipt thereof by any registered owner) then from and after the redemption date interest on such Series 2011 Bond or portions thereof shall cease to accrue and become payable.

Section 7. Execution; Authentication.

The Series 2011 Bond shall be executed on behalf of the Commission with the manual or facsimile signature of the Chairman and attested with the manual or facsimile signature of the Clerk, as they may determine, and shall have impressed or imprinted thereon the corporate seal or facsimile thereof of the Commission. In case any officer whose signature shall appear on the Series 2011 Bond shall cease to be such officer before the delivery of such Series 2011 Bond, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery.

The Series 2011 Bond shall have thereon a certificate of authentication substantially in the form hereinafter set forth duly executed by the Series 2011 Bond Registrar as authenticating agent of the Commission and showing the date of authentication. No Series 2011 Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this Series 2011 Ordinance unless and until such certificate of authentication shall have been duly executed by the Series 2011 Bond Registrar by manual signature, and such certificate of authentication upon any such Series 2011 Bond shall be conclusive evidence that such Series 2011 Bond has been authenticated and delivered under this Series 2011 Ordinance. The certificate of authentication on any Series 2011 Bond shall be deemed to have been executed by it if signed by an authorized officer of the Series 2011 Bond Registrar, but it shall not be necessary that the same officer sign the certificate of authentication on the Series 2011 Bond issued hereunder.

Section 8. Registration of Series 2011 Bond; Persons Treated as Owners.

The Commission shall cause books (the "Series 2011 Bond Register") for the registration and for the transfer of the Series 2011 Bond as provided in this Series 2011 Ordinance to be kept at the principal corporate office of the Series 2011 Bond Registrar which is hereby constituted and appointed the bond registrar of the Commission for the Series 2011 Bond. The Commission is authorized to prepare, and the Series 2011 Bond Registrar or such other agent as the Commission may designate shall keep custody of, multiple bond blanks executed by the Commission for use in the transfer and exchange of the Series 2011 Bond.

The Series 2011 Bond may be transferred or exchanged, but only in the manner, subject to the limitations, and upon payment of the charges as set forth herein. Upon surrender for transfer or exchange of the Series 2011 Bond at the principal corporate office of the Series 2011 Bond Registrar, duly endorsed by, or accompanied by a written instrument or instruments of transfer or exchange in form satisfactory to the Series 2011 Bond Registrar and duly executed by, the Registered Owner or his attorney duly authorized in writing, the Commission shall execute and the Series 2011 Bond Registrar shall authenticate, date and deliver in the name of the new

registered owner, transferee or transferees (as the case may be) a new fully registered Series 2011 Bond of the same maturity and interest rate for a like aggregate principal amount.

The execution by the Commission of any fully registered Series 2011 Bond shall constitute full and due authorization of such Series 2011 Bond; and the Series 2011 Bond Registrar shall thereby be authorized to authenticate, date and deliver such Series 2011 Bond.

The person in whose name any Series 2011 Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal of or interest on any Series 2011 Bond shall be made only to or upon the order of the registered owner thereof or his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Series 2011 Bond to the extent of the sum or sums so paid.

No service charge shall be made for any transfer or exchange of the Series 2011 Bond, but the Commission or the Series 2011 Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of the Series 2011 Bond except in the case of the issuance of the Series 2011 Bond or Series 2011 Bond for the unredeemed portion of a Series 2011 Bond surrendered for redemption.

Section 9. Form of Series 2011 Bond.

The Series 2011 Bond shall be issued as a fully registered bond conforming to the industry customs and practices of printing. The Series 2011 Bond shall be in substantially the form, with the blanks to be appropriately completed when the Series 2011 Bond is printed, as follows:

(Form of Series 2011 Bond)

UNITED STATES OF AMERICA
STATE OF ILLINOIS
COUNTY OF SANGAMON
SOUTH SANGAMON WATER COMMISSION
WATER COMMISSION SUBORDINATE REVENUE BOND
SERIES 2011

REGISTERED NO. _____

REGISTERED \$5,200,000

INTEREST RATE:
Variable

MATURITY DATE:
January 1, 2032

DATED DATE:

Registered Owner:

Principal Amount: FIVE MILLION TWO HUNDRED THOUSAND DOLLARS

(1) KNOW ALL PERSONS BY THESE PRESENTS that the South Sangamon Water Commission, a commission and public corporation situated in the County of Sangamon, in the State of Illinois (the "Commission"), acknowledges itself indebted and for value received

hereby promises to pay the Outstanding Principal Amount of this Series 2011 Bond to the order of the Registered Owner identified above, or registered assigns of this Series 2011 Bond appearing on the registration books maintained for such purpose by the Treasurer of the Commission, as Series 2011 Bond Registrar (including its successors, the "Series 2011 Bond Registrar"). The "Outstanding Principal Amount" is that amount, not to exceed the Face Amount of this Series 2011 Bond as set forth above, shown as advanced from time to time and received by the Commission for value, as is noted on this Series 2011 Bond in the form of Advances for Value hereon. The Outstanding Principal Amount is subject to reduction for periodic payments thereof and for redemption and prepayment thereof as hereinafter provided. The Commission promises to pay interest on the Outstanding Principal Amount at the Interest Rate per annum as hereinafter defined for the periods and determined in the manner as follows:

- (A) Interest shall be paid on the Outstanding Principal Amount semi-annually on January 1 and July 1 of each year commencing July 1, 2012;
- (B) Principal shall be paid in semiannual installments on January 1 and July 1 of each year commencing January 1 2014 and continuing through and including January 1, 2032, pursuant to the schedule of repayment (the "Repayment Schedule") set forth herein as initially promulgated by the Series 2011 Bond Registrar on July 1, 2012 to the satisfaction of the Purchaser and the Commission, on the basis of interest on the then Outstanding Principal Amount plus an amount of principal in each year resultant in substantially level payments of interest and principal, collectively, in each of said years;
- (C) Upon an adjustment of the Interest Rate, installments of principal and interest on the then Outstanding Principal Amount shall be immediately restated by the Series 2011 Bond Registrar to the satisfaction of the Registered Owner and the Commission to provide for adjusted level payments of interest and principal during the remaining term of years, taking into consideration the then current rate of interest, and a new Repayment Schedule shall be provided; and
- (D) In all events, all remaining principal and interest shall become due on January 1, 2032.

(2) The Outstanding Principal Amount of and interest on this Series 2011 Bond shall become due and payable pursuant to the Repayment Schedule. The Repayment Schedule is subject to restatement and substitution from time to time as provided in the Series 2011 Ordinance as hereinafter defined.

(3) This Series 2011 Bond shall bear interest on the Outstanding Principal Amount from time to time at the rate aforesaid, in each case from the time advanced until paid or duly provided for, such interest computed on the basis of a 360 day-year of twelve even 30-day months, and being payable on the dates provided in the Repayment Schedule. The interest on and all installments of principal of this Series 2011 Bond shall be paid by check or draft of the Commission, in lawful money of the United States of America, mailed to the address of such Registered Owner as it appears on such registration books or at such other address furnished in writing by such Registered Owner to the Series 2011 Bond Registrar; provided, however, that the

final installment of principal and interest, when due, shall only be payable upon presentation of this Series 2011 Bond.

(4) Such payments shall be made to the Registered Owner hereof as shown on the registration books of the Commission maintained by the Series 2011 Bond Registrar at the close of business on the applicable Record Date (the "Record Date"). The Record Date shall be the 15th day of the month next preceding any payment date occurring on the 1st day of any month and 15 days preceding any interest payment date occasioned by the redemption of the Series 2011 Bond on other than the first day of a month.

(5) This Series 2011 Bond is authorized and issued under and pursuant to the Constitution and laws of the State of Illinois, including the Illinois Municipal Code, 65 ILCS 5/1-1-1, *et seq.*, and in particular, 65 ILCS 5/11-135-1, *et seq.* thereof, the Intergovernmental Cooperation article of the Illinois Constitution (Section 10 of Article VII of the Constitution of the State of Illinois), the Intergovernmental Cooperation Act 5 ILCS 220/1 *et seq.*, the Municipal Bond Reform Act, 65 ILCS 5/8-4.1-1 *et seq.*, the Local Government Debt Reform Act, 30 ILCS 350/1 *et seq.*, the Omnibus Bond Acts, 5 ILCS 70/8, each as supplemented and amended, and other applicable law (collectively the "Applicable Acts"), and pursuant to and in accordance with Ordinance No. 10-21 adopted by the Board of Commissioners of the Commission on August 31, 2010 (the "Master Bond Ordinance"), as supplemented by Ordinance Number 11-12 adopted August 30, 2011 (the "Series 2011 Ordinance" and collectively with the Master Bond Ordinance, the "Bond Ordinance"), to which reference is hereby expressly made for all definitions and terms and to all the provisions of which the holder by acceptance of this Series 2011 Bond assents. The Master Bond Ordinance provides that the Commission may issue bonds as senior lien bonds, junior lien bonds or subordinate bonds.

(6) This Series 2011 Bond is in the maximum Face Amount of \$5,200,000 issued by the Commission as a Subordinate Lien Bond as provided in the Master Bond Ordinance for the purpose of paying the costs of a Project as defined, relating to the water system of the Commission, as defined (the "System") and paying Related Expenses and refunding the INB Loan as described in the Bond Ordinance. The Series 2011 Bond is payable solely on a subordinate lien basis from Net 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, transferred to the Surplus Account and deposited into the Series 2011 Bond and Interest Account established pursuant to the Bond Ordinance, all in accordance with the provisions of the Applicable Acts. The Series 2011 Bond has a subordinate and inferior lien on the Net Revenues to the Commission's \$23,505,000 Taxable General Obligation Bond (Alternate Revenue Source), Series 2010B (Build America Bond - Direct Payment), \$3,090,000 Tax-Exempt General Obligation Bond (Alternate Revenue Source), Series 2010C, and \$1,820,000 Taxable General Obligation Bond (Alternate Revenue Source), Series 2010D heretofore issued as junior lien bonds and to any additional senior lien bonds or junior lien bonds which may hereafter be issued pursuant to the Master Bond Ordinance.

(7) This Series 2011 Bond shall not constitute an indebtedness of the Commission or any municipality represented by the Commission within the meaning of any statutory or constitutional limitation.

(8) Under the Applicable Acts and the Bond Ordinance, the Revenues are to be deposited into the System Fund which shall be used only and is hereby pledged for paying Operation and Maintenance Costs, paying the principal of and interest on all bonds of the Commission that are payable by their terms from the Revenues, providing an adequate depreciation fund, and in making all payments required to maintain the accounts established under the terms of the Bond Ordinance. Additional senior lien bonds, junior lien bonds and subordinate bonds may be issued pursuant to the terms of the Bond Ordinance.

(9) "Interest Rate" means 2.78% per annum, subject to adjustment on July 1, 2021 to a rate of interest per annum equal to the Prime Rate minus seventy-five basis points (0.75%). "Prime Rate" means the U.S. Prime Rate of interest then most recently published in the Wall Street Journal now under the Heading "Money Rates", which is presently defined as the base rate on corporate loans posted by at least 70% of the 10 largest U.S. banks, or in the event the U.S. Prime Rate is not so published by the Wall Street Journal, then such rate as determined by reference to a similar national publication having a similar definition. Provided however, the Interest Rate shall never be greater than 7.0%.

(10) The tables and forms following the signatures on this Series 2011 Bond and entitled Advances for Value and Repayment Schedule are an integral part of this Series 2011 Bond as if in each case fully set forth at this place and are incorporated herein by this reference.

(11) This Series 2011 Bond may be called for redemption and payment prior to maturity at the option of the Commission on any date, in whole or in part at a redemption price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. If the Series 2011 Bond is prepaid in part, and upon any change in the Interest Rate, installments of principal and interest on the then Outstanding Principal Amount shall be immediately restated by the Series 2011 Bond Registrar to the satisfaction of the Registered Owner and the Commission to provide for adjusted level payments of interest and principal during the remaining term of years, taking into consideration the current rate of interest, and a new Repayment Schedule shall be provided.

(12) Notice of the redemption of Series 2011 Bond shall be delivered not less than five (5) days prior to the date fixed for such redemption to the Registered Owner of the Series 2011 Bond at the Registered Owner's last address appearing on such registration books. The Series 2011 Bond 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 the Series 2011 Bond or portions thereof to be redeemed, together with interest to the redemption date, shall be available for such payment on such date, and if notice of redemption shall have been delivered as aforesaid) and notwithstanding any defect therein or the lack of actual receipt thereof by any Registered Owner) then from and after the redemption date interest on the Series 2011 Bond or portions thereof shall cease to accrue and become payable.

(13) This Series 2011 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 2011 Bond Registrar together with a written instrument of transfer satisfactory to the Series 2011 Bond Registrar duly

executed by the Registered Owner or by such Registered Owner's duly authorized attorney, and thereupon a new registered Series 2011 Bond or Series 2011 Bond, in the same aggregate principal amount as this Series 2011 Bond shall be issued to the transferee in exchange therefor. The Commission or the Series 2011 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 2011 Bond. No other charge shall be made for the privilege of making such transfer or exchange.

(14) The Commission and the Series 2011 Bond Registrar may treat and consider the person in whose name this Series 2011 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 2011 Bond to the extent of the sum or sums so paid, and neither the Commission nor the Series 2011 Bond Registrar shall be affected by any notice to the contrary.

(15) The Commission has designated the Series 2011 Bond as a "qualified tax-exempt obligation" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986.

(16) The Bond Ordinance permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Commission and the rights of the Registered Owners of the Series 2011 Bond under the Bond Ordinance at any time by the Commission with the consent of the Registered Owners of 66-2/3% in aggregate principal amount of the Senior Lien Bonds and Junior Lien Bonds at the time Outstanding affected by such modification.

(17) No recourse shall be had for the payment of any Series 2011 Bond 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 2011 Bond, or on any other basis. The Commission may remove the Series 2011 Bond Registrar at any time and for any reason and appoint a successor.

(18) This Series 2011 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 2011 Bond Registrar.

(19) 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 2011 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 this Series 2011 Bond, together with all other indebtedness of the Commission is within every debt or other limit prescribed by law; that provision has been made for the pledge and collection of the Revenues, and the segregation of the Revenues to pay the interest hereon as it falls due and also to pay and discharge the principal hereof at maturity; and that the Commission hereby covenants and agrees that it will properly account for the Revenues and will comply with all the covenants of and maintain the funds and accounts as provided by the Bond Ordinance.

IN WITNESS WHEREOF, the South Sangamon Water Commission, Sangamon County, Illinois, has caused this Series 2011 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.

Chairman

(SEAL)

Clerk

CERTIFICATE
OF
AUTHENTICATION

Series 2011 Bond
Registrar

Treasurer, South Sangamon Water
Commission, Chatham, Illinois

This bond is the Series 2011 Bond described in the within mentioned Series 2011 Ordinance and is the Water Commission Subordinate Revenue Bond, Series 2011, of the South Sangamon Water Commission, Sangamon County, Illinois.

Treasurer, South Sangamon Water
Commission, as Series 2011 Bond Registrar

Date of Authentication:

By: _____
Treasurer

_____, _____

(ASSIGNMENT)

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

(Name and Address of Assignee)

the within Series 2011 Bond and does hereby irrevocably constitute and appoint _____

as attorney to transfer the said Series 2011 Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

Signature Guaranteed: _____

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears upon the face of the within Series 2011 Bond in every particular, without alteration or enlargement or any change whatever.

ADVANCES FOR VALUE

This Series 2011 Bond is valid to the amount set forth below, the aggregate of said amounts being its Outstanding Principal Amount (subject to reduction for installment payments and redemption and prepayment, as provided herein).

[illegible]

REPAYMENT SCHEDULE

[Estimated: Assumes Full Face Amount Outstanding on 7/1/2012]

<u>Date</u>	<u>Payment Amount</u>	<u>Interest Component</u>	<u>Principal Component</u>	<u>Remaining Principal Balance</u>
7/1/2012	To Be Calculated		\$0.00	\$5,200,000.00
1/1/2013	\$72,280.00	\$72,280.00	\$0.00	\$5,200,000.00
7/1/2013	\$72,280.00	\$72,280.00	\$0.00	\$5,200,000.00
1/1/2014	\$180,718.22	\$72,280.00	\$108,438.22	\$5,091,561.78
7/1/2014	\$180,718.22	\$70,772.70	\$109,945.52	\$4,981,616.26
1/1/2015	\$180,718.22	\$69,244.46	\$111,473.76	\$4,870,142.50
7/1/2015	\$180,718.22	\$67,694.98	\$113,023.24	\$4,757,119.26
1/1/2016	\$180,718.22	\$66,123.95	\$114,594.27	\$4,642,524.99
7/1/2016	\$180,718.22	\$64,531.09	\$116,187.13	\$4,526,337.86
1/1/2017	\$180,718.22	\$62,916.09	\$117,802.13	\$4,408,535.73
7/1/2017	\$180,718.22	\$61,278.64	\$119,439.58	\$4,289,096.15
1/1/2018	\$180,718.22	\$59,618.43	\$121,099.79	\$4,167,996.36
7/1/2018	\$180,718.22	\$57,935.15	\$122,783.07	\$4,045,213.29
1/1/2019	\$180,718.22	\$56,228.46	\$124,489.76	\$3,920,723.53
7/1/2019	\$180,718.22	\$54,498.05	\$126,220.17	\$3,794,503.36
1/1/2020	\$180,718.22	\$52,743.59	\$127,974.63	\$3,666,528.73
7/1/2020	\$180,718.22	\$50,964.74	\$129,753.48	\$3,536,775.25
1/1/2021	\$180,718.22	\$49,161.17	\$131,557.05	\$3,405,218.20
7/1/2021	\$180,718.22	\$47,332.53	\$133,385.69	\$3,271,832.51
1/1/2022	\$180,718.22	\$45,478.47	\$135,239.75	\$3,136,592.76
7/1/2022	\$180,718.22	\$43,598.64	\$137,119.58	\$2,999,473.18
1/1/2023	\$180,718.22	\$41,692.67	\$139,025.55	\$2,860,447.63
7/1/2023	\$180,718.22	\$39,760.22	\$140,958.00	\$2,719,489.63
1/1/2024	\$180,718.22	\$37,800.90	\$142,917.32	\$2,576,572.31
7/1/2024	\$180,718.22	\$35,814.35	\$144,903.87	\$2,431,668.44
1/1/2025	\$180,718.22	\$33,800.19	\$146,918.03	\$2,284,750.41
7/1/2025	\$180,718.22	\$31,758.03	\$148,960.19	\$2,135,790.22
1/1/2026	\$180,718.22	\$29,687.48	\$151,030.74	\$1,984,759.48
7/1/2026	\$180,718.22	\$27,588.15	\$153,130.07	\$1,831,629.41
1/1/2027	\$180,718.22	\$25,459.64	\$155,258.58	\$1,676,370.83
7/1/2027	\$180,718.22	\$23,301.55	\$157,416.67	\$1,518,954.16
1/1/2028	\$180,718.22	\$21,113.46	\$159,604.76	\$1,359,349.40
7/1/2028	\$180,718.22	\$18,894.95	\$161,823.27	\$1,197,526.13
1/1/2029	\$180,718.22	\$16,645.61	\$164,072.61	\$1,033,453.52
7/1/2029	\$180,718.22	\$14,365.00	\$166,353.22	\$867,100.30
1/1/2030	\$180,718.22	\$12,052.69	\$168,665.53	\$698,434.77
7/1/2030	\$180,718.22	\$9,708.24	\$171,009.98	\$527,424.79
1/1/2031	\$180,718.22	\$7,331.20	\$173,387.02	\$354,037.77
7/1/2031	\$180,718.22	\$4,921.12	\$175,797.10	\$178,240.67
1/1/2032	\$180,718.22	\$2,477.55	\$178,240.67	\$0.00

Italicized amounts subject to change with Interest Rate adjustment occurring July 1, 2021.

Section 10. Series 2011 Bond Limited Obligations.

The Series 2011 Bond shall be payable solely from the Revenues on a subordinate lien basis and shall not constitute an indebtedness of the Commission or any municipality represented by the Commission within the meaning of any constitutional or statutory limitation. Pursuant to Section 13 of the Local Government Debt Reform Act and the Applicable Acts, the Commission pledges and assigns the Revenues as security for the payment of the Series 2011 Bond. The Commission covenants and agrees with the purchaser and the holder of the Series 2011 Bond to apply the Revenues to pay principal and interest due on the Series 2011 Bond. The Commission further covenants and agrees that so long as the Series 2011 Bond remains outstanding, the Commission will take no action or fail to take any action which in any way would adversely affect the ability of the Commission to collect the Revenues. The Commission and its officers covenant and agree to comply with all present and future applicable laws in order to assure that the Revenues will be collected and applied as provided herein.

Section 11. Continuation of System Fund and Accounts Thereof.

Upon the issuance of the Series 2011 Bond, the System shall be operated on a Fiscal Year basis. The System Fund and Accounts established 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 purpose of carrying out the covenants, terms, and conditions of the Master Bond Ordinance, the Series 2010 Bonds and this Series 2011 Ordinance.

Section 12. Series 2011 Bond and Interest Subaccount.

There shall be and there is hereby created in the Surplus Account a separate subaccount to be known as the "Series 2011 Bond and Interest Subaccount" to which there shall be credited by the Commission without any further official action or direction of the Board, moneys deposited to the Surplus Account as provided in the Master Bond Ordinance.

There shall be credited to the Series 2011 Bond and Interest Subaccount and held, in cash and investments, on or before the first day of the month preceding a maturity date of interest or principal, an amount sufficient to pay such principal or interest, or both. Credits to the Series 2011 Bond and Interest Subaccount may be suspended in any Fiscal Year at such time as there shall be a sufficient sum, held in cash and investments, in said subaccount to meet the principal and interest requirements for the Series 2011 Bond next coming due. All moneys in said subaccount shall be used only for the purpose of paying interest on and principal of the Series 2011 Bond. Any moneys held in the Series 2011 Bond and Interest Subaccount shall, once credited to such subaccount, be subject to a first and prior lien for the Series 2011 Bond.

Moneys on deposit in the Series 2011 Bond and Interest Account shall be applied to redeem the Series 2011 Bond so as to deplete such Account at least annually to an amount not in excess of the greater of (i) the earnings on the Series 2011 Bond and Interest Account for the immediately preceding bond year or (ii) 1/12th of the particular annual debt service on the Series 2011 Bond for the immediately preceding year.

All moneys remaining in the Surplus Account, after crediting the required amounts to the foregoing Series 2011 Bond and Interest Subaccount, may be used as provided in the Master Bond Ordinance.

Section 13. Rate Covenant.

The Commission covenants to establish and maintain at all times fees, charges, and rates for the use and service of the System and provide for the collection thereof and the segregation and application of the Revenues of the System sufficient at all times to pay or provide for Operation and Maintenance Costs, and to provide Net Revenues in each Fiscal Year in an amount sufficient to meet the deposit requirements for the Accounts of the Master Bond Ordinance, the Series 2010 Bonds and the sum of all principal and interest payments due on the Series 2011 Bond for the Fiscal Year or respective portions of Fiscal Years contemporaneous with such Fiscal Year.

Section 14. Approval of Purchase Agreement.

The Purchase Agreement, in substantially the form thereof presented before this meeting of the Board shall be and is hereby approved. The Chairman is authorized and directed to execute and deliver the Purchase Agreement in substantially the form presented at this meeting, together with such changes and completions as may be approved by the Chairman, subject to the limitations of this Series 2011 Ordinance. The execution of the Purchase Agreement shall constitute conclusive evidence of the approval of such changes and completions. All things done by the Commission's Chairman, Clerk, Treasurer and attorneys in connection with the issuance and sale of the Series 2011 Bond shall be and are hereby ratified, confirmed and approved. The Chairman, Clerk, Treasurer, the Commission's attorneys and other officials of the Commission are hereby authorized and directed to do and perform, or cause to be done or performed for or on behalf of the Commission, each and everything necessary for the issuance of the Series 2011 Bond, including the proper execution, delivery and performance of the Purchase Agreement and related instruments and certificates by the Commission and the purchase by and delivery of the Series 2011 Bond from time to time to or at the direction of the Purchaser.

Section 15. Principal Advances.

The form of Series 2011 Bond Orders for execution by the Designated Officials and determinations by the Designated Officials of the principal amount of the Series 2011 Bond to be advanced from time to time shall be in substantially the following form, with the blanks to be appropriately completed by the Designated Officials:

(form of Series 2011 Bond Order)

SERIES 2011 BOND ORDER NO. ____

SOUTH SANGAMON WATER COMMISSION
WATER COMMISSION SUBORDINATE REVENUE BOND
SERIES 2011

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

1. On August 30, 2011, the Board of Commissioners (the "Board") adopted Ordinance Number 11-12 of the Commission (the "Series 2011 Ordinance") entitled:

AN ORDINANCE authorizing and providing for the issue of not to exceed \$5,200,000 Water Commission Subordinate Revenue Bond, Series 2011 of the South Sangamon Water Commission, Sangamon County, Illinois

The terms used herein are defined in the Series 2011 Ordinance.

2. We are the Designated Officials under the Series 2011 Ordinance, and we are authorized, in accordance within the delegated limits contained in the Series 2011 Ordinance, to request advances of principal of the Series 2011 Bond from time to time.

3. We hereby approve the advance of a \$ _____ principal portion of the Series 2011 Bond from Bank of Springfield, Springfield, Illinois, at a price of par (the "Current Series 2011 Bond Advance"). The principal amount of the Current Series 2011 Bond Advance, when added to the principal amount of the Series 2011 Bond previously advanced pursuant to the Series 2011 Ordinance, equals \$ _____ of the maximum authorized principal amount of not to exceed \$5,200,000 of the Series 2011 Bond.

4. We find and determine that no person holding any office of the Commission either by election or appointment, is in any manner interested, either directly or indirectly, in his own name or in the name of any other person, association, trust or corporation, in the Series 2011 Bond or in the Purchase Agreement for such Bond with the Purchaser.

5. This Series 2011 Bond Order shall be entered into the records of the Commission and made available to all members of the Board.

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

SOUTH SANGAMON WATER COMMISSION,
Sangamon County, Illinois

Chairman

Treasurer

Section 16. Use of Proceeds.

The proceeds derived from the sale of the Series 2011 Bond shall be used as follows:

(a) The sum necessary to pay costs of issuing the Series 2011 Bond shall be advanced and disbursed at closing to pay expenses of issuance of the Series 2011 Bond.

(b) The sum necessary to refund the INB Loan shall be paid to Illinois National Bank to refund the INB Loan.

(c) The remaining funds shall be advanced from time to time as provided herein and set aside in a separate fund hereby created and designated as the "2011 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 Related Expenses and paying the fees and expenses incidental thereto.

Within sixty (60) days after full depletion of the 2011 Construction Fund or payment of all costs of the Project and Related Expenses, 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 2011 Construction Fund shall be transferred to the Series 2011 Bond and Interest Account; and the 2011 Construction Fund shall be closed.

Section 17. Non-Arbitrage.

The principal proceeds from the sale of the Series 2011 Bond shall be devoted to and used with due diligence to pay the costs of the Project, the Refunding and Related Expenses as herein provided, and the Board represents and certifies:

(a) That the Commission has incurred, or within six (6) months after the delivery of the Series 2011 Bond expects to incur, a substantial binding obligation to a third party to expend at least five percent (5%) of the net sale proceeds of the Series 2011 Bond on the Project. An obligation is not binding if it is subject to contingencies within the Commission's or a related party's control;

(b) That the Commission expects that all of the money derived from the sale of the Series 2011 Bond and deposited in the 2011 Construction Fund, which is the fund from which the cost of the Project is to be paid, and all of the investment earnings on said money, will be expended within three (3) years following the date of issue of the Series 2011 Bond;

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

(d) No part of the System has been or is expected to be sold or otherwise disposed of in whole or in material part prior to the last maturity of the Series 2011 Bond. "Material part" means (i) land, or (ii) any building, or (iii) personal property or fixtures in excess of that which is expected to be sold, traded in or discarded upon wearing out or becoming obsolete.

(e) Except for the Series 2011 Bond and Interest Account established hereunder, the Commission has not created or established and does not expect to create or establish any sinking fund or other similar fund for the Series 2011 Bond.

(f) The Series 2011 Bond and Interest Account has been established and will be funded in a manner primarily to achieve proper matching of revenues and debt service, and will be depleted at least annually to an amount not in excess of the greater of (i) the earnings on the

Series 2011 Bond and Interest Account for the immediately preceding bond year or (ii) 1/12th of the particular annual debt service on the Series 2011 Bond for the immediately preceding year. Money deposited in the Series 2011 Bond and Interest Account will be spent within a 13 month period beginning on the date of deposit, and investment earnings in the Series 2011 Bond and Interest Account will be spent or withdrawn from the Series 2011 Bond and Interest Account within a one year period beginning the date of receipt.

(h) It shall not at any time permit any of the proceeds of any Series 2011 Bond or other moneys to be used directly or indirectly to acquire any securities or obligations the acquisition of which would cause the Series 2011 Bond to be an “arbitrage bond” as defined in Section 148 of the Code, or a “private activity bond” within the meaning of Section 141 of the Code.

(i) It will not take any action or omit to take any action which is lawful and within its power to take, and which, if taken or omitted, would cause interest on the Series 2011 Bond to be includible in the gross income of the owners of the Series 2011 Bond for Federal income tax purposes.

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

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

The Commission also certifies and further covenants with the purchasers and holders of the Series 2011 Bond from time to time that so long as the Series 2011 Bond remains outstanding, moneys on deposit in any fund or account in connection with the Series 2011 Bond, whether or not such moneys were derived from the proceeds of sale of the Series 2011 Bond or from any other source, will not be used in a manner which will cause the Series 2011 Bond to be an “arbitrage bond” within the meaning of Section 148 of the Code, and any related lawful regulations as the same presently exist, or may from time to time hereafter be amended, supplemented, replaced or revised. The Board reserves the right, however, to make any investment of moneys on deposit in any fund or account in connection with the Series 2011 Bond permitted or authorized by Illinois law and this Series 2011 Ordinance, if, when and to the extent that such Section 148 or the related regulations shall be repealed or relaxed or shall be held void by final decision of a court of competent jurisdiction, but only if any investment made by virtue of such repeal, relaxation or decision would not, in the opinion of an attorney at law or a firm of attorneys of nationally recognized standing in matters pertaining to tax-exempt bonds, result in the inclusion of interest on the Series 2011 Bond in gross income for federal income tax purposes under Section 103 of the Code.

The appropriate officers of the Commission are hereby authorized and directed to make such further covenants, estimates, representations, or assurances as may be necessary or advisable to the end that the Series 2011 Bond is not an “arbitrage bond” as aforesaid.

Section 18. Arbitrage Rebate Exemption

The Board recognizes that the provisions of Section 148 of the Code require a rebate to the United States in certain circumstances. An exemption to the rebate requirement applicable to the Series 2011 Bond appears at Section 148(f)(4)(B)(i) of the Code and Treasury Regulation 1.148-7. The Commission reasonably expects that all the proceeds of the Series 2011 Bond and investment earnings thereon will be expended in accordance with the following schedule:

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

Notwithstanding the Commission's expectation that the Series 2011 Bond will be exempt from rebate to the United States, the Commission hereby authorizes establishment of a special fund, designated as the "Rebate Fund" and in the event that the Commission shall invest moneys in any investments which generate income that must be rebated or paid to the United States of America pursuant to Section 148(f) of the Code, such income shall be deposited in the Rebate Fund. Moneys in the Rebate Fund shall be applied to pay such sums as are required to be paid to the United States of America pursuant to Section 148(f) of the Code and are hereby appropriated and set aside for such purpose. Moneys in the Series 2011 Bond Rebate Fund may be reappropriated and used for other purposes. No such reappropriation and use shall relieve the Commission of its obligation to make payments to the United States of America as required by Section 148(f) of the Code.

Section 19. Designation as Qualified Tax-Exempt Obligation.

The Board recognizes that Section 265(b)(3) of the Code provides that a "qualified tax-exempt obligation" as therein defined may be treated by certain financial institutions as if it were acquired on August 7, 1986, for certain purposes. The Board hereby designates the Series 2011 Bond 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 2011 Bond is not a "private activity bond" as defined in Section 141(a) of the Code.

(b) including the Series 2011 Bond, 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 2011 Bond in an amount in excess of \$10,000,000.

(c) including the Series 2011 Bond, not more than \$10,000,000 of obligations issued by the Commission (including any entities subordinate thereto) during the calendar year of issuance of the Series 2011 Bond have been designated to date or will be designated by the Commission for purposes of said Section 265(b)(3).

Section 20. Series 2011 Bond Not a Private Activity Bond.

In support of its conclusion that the Series 2011 Bond is not a “private activity bond” as defined in Section 141(a) of the Code, the Commission covenants, represents, and certifies as follows:

- (a) none of the proceeds of the Series 2011 Bond is 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 2011 Bond with respect to any private business use by any person other than a state or local governmental unit;
- (c) none of the proceeds of the Series 2011 Bond is to be used, directly or indirectly, to make or finance loans to persons other than a state or local governmental unit; and
- (d) no user of the System will use the same on any basis other than the same basis as the general public, and no person (as defined in the Code) will be a user of the System as a result of (i) ownership; (ii) actual or beneficial use pursuant to a lease or a management or incentive payment; or (iii) any other arrangement.

Section 21. Provisions a Contract.

The provisions of this Series 2011 Ordinance and the Master Bond Ordinance shall constitute a contract between the Commission and the Registered Owner from time to time of the Series 2011 Bond; and no changes, additions, or alterations of any kind shall be made hereto, except as herein provided, so long as the Series 2011 Bond is outstanding. The Registered Owner of a Series 2011 Bond may proceed by civil action, mandamus or other proceeding to compel performance of all duties required by this Series 2011 Ordinance, including the establishment and collection of fees, charges and rates for the services supplied by the System

Section 22. Registered Form.

The Commission recognizes that Section 149 of the Code requires the Series 2011 Bond to be issued and to remain in fully registered form in order to be and remain tax-exempt. In this connection, the Commission agrees that it will not take any action to permit the Series 2011 Bond to be issued in, or converted into, bearer or coupon form.

Section 23. Rights and Duties of Series 2011 Bond Registrar.

If requested by the Series 2011 Bond Registrar, the Chairman and Clerk of the Commission are authorized to execute the Series 2011 Bond Registrar’s standard form of agreement between the Commission and the Series 2011 Bond Registrar with respect to the obligations and duties of the Series 2011 Bond Registrar hereunder. The Clerk is hereby directed to file a certified copy of this Series 2011 Ordinance with the Series 2011 Bond Registrar.

Section 24. Effective Date and Publication.

Pursuant to the Applicable Acts, this Series 2011 Ordinance shall be in full force and effect immediately upon its adoption. The Clerk is authorized to publish this Series 2011 Ordinance in pamphlet form.

Section 25. Severability.

If any section, paragraph, clause or provision of this Series 2011 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 2011 Ordinance. The Series 2011 Bond which is issued pursuant hereto is issued in part pursuant to the Applicable Acts.

Section 26. Repealer.

All ordinances, resolutions or orders, or parts thereof, in conflict with the provisions of this Series 2011 Ordinance are to the extent of such conflict hereby repealed.

PASSED by the Board of Commissioners on August 30, 2011.

APPROVED: August 30, 2011.


Chairman

AYES: McCord Pfeffer

NAYS: Ø

ABSENT: None

PUBLISHED in pamphlet form on August 30, 2011.

RECORDED and filed in the office of the Clerk on August 30, 2011.

ATTEST:


Clerk

(SEAL)

CERTIFICATE

I, Laura VanProyen, Clerk of the South Sangamon Water Commission, Sangamon County, Illinois (the "Commission"), hereby certify that the foregoing Ordinance No. 11-12 entitled:

AN ORDINANCE authorizing and providing for the issue of a Water Commission Subordinate Revenue Bond, Series 2011 of the South Sangamon Water Commission, Sangamon County, Illinois in a maximum principal amount not to exceed \$5,200,000

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 special meeting thereof which was duly called and held in compliance with the Open Meetings Act on August 30, 2011, 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 September 8, 2011.


Clerk

(SEAL)