
ORDINANCE NUMBER _____

AN ORDINANCE providing for the issuance of not to exceed \$39,000,000 Taxable Special Service Area Number 16 Unlimited Ad Valorem Special Tax Bonds of The County of Lake, Illinois, for the financing of the Lake Michigan Water Project, and providing for the levy and collection of a direct annual tax sufficient for the payment of the principal of and interest on said bonds.

Adopted by the County Board on
the 12th day of July, 2016.

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PREAMBLES

WHEREAS,

A. Pursuant to the provisions of Section 7(6) of Article VII of the Constitution of the State of Illinois (the "*Constitution*"), and the Special Service Area Tax Law, as amended, The County of Lake, Illinois (the "*County*"), is authorized to create special service areas within the County, issue bonds secured by the full faith and credit of such areas for providing special services to such areas, and levy taxes against the taxable real property included in such areas to pay principal of and interest on such bonds.

B. The County Board of the County (the "*County Board*"), by Ordinance Number 13-0647, adopted on the 11th day of June, 2013, did propose the establishment of Special Service Area Number 16 of the County (the "*Area*") in order to provide certain services (the "*Services*"), namely, improvements and extensions to the existing water supply system to provide access to Lake Michigan water through the existing system of the Central Lake County Joint Action Water Agency, Lake County, Illinois ("*CLCJAWA*"), together with any such other further services necessary and/or incidental to the accomplishment of the aforesaid improvements, and the issuance of special service area bonds of the Area in not to exceed the aggregate principal amount of \$46,000,000 (the "*Authorized SSA 16 Bonds*"), bearing interest at a rate not to exceed the greater of 7% per annum or 125% of the rate for the most recent date shown in the 20 G.O. Bonds Index of average municipal bond yields as published in the most

recent edition of The Bond Buyer at the time of sale of a given series of Authorized SSA 16 Bonds, and to mature within 30 years from the date of issuance thereof; and the County Board did call a public hearing on the matter for the 13th day of August, 2013 (the "*Hearing*").

C. The County Board has heretofore and it hereby is determined that proper notice (the "*Notice*") of the Hearing was given by publication and by mailing, all as required by law, as evidenced by the official files and records of the County now on file in the office of the County Clerk.

D. The Hearing was held and adjourned on the 13th day of August, 2013.

E. At the Hearing, all interested persons affected by the Area were permitted to file written objections thereto and to be heard orally thereon.

F. On the 10th day of September, 2013, the County Board adopted Ordinance No. 13-0998, deleting certain properties from the Area, and thereafter adopted Ordinance Number 13-1260 to establish the Area.

G. Pursuant to said Ordinances, Notice and Hearing (collectively, the "*Special Service Area Proceedings*"), the Area has been properly established.

H. The President and Board of Trustees of the Village of Lake Villa and the President and Board of Trustees of the Village of Lindenhurst, being the only municipalities within which a portion of the Area exists, have heretofore adopted ordinances consenting to the creation of the Area.

I. The Area is located wholly within the corporate territory and boundaries of the County, and the Area is contiguous.

J. The Area will benefit specially from the Services.

K. The Services are unique and in addition to the municipal services provided to the County as a whole.

L. The creation of a special service area, other than the Area, has not been proposed in the territory comprising the Area during the two years preceding the adoption of this Ordinance.

M. The County Board previously has and it is hereby found and determined that in order to promote the health, safety, welfare and convenience of the residents of the Area, it is necessary, advisable and in the best interests of the Area and the property owners therein to undertake the capital improvements constituting the Services (the "*Project*"), all as generally shown on preliminary plans and costs estimates approved by the County.

N. The County Board has determined that the estimated total cost of the Project, including capitalized interest and expenses incidental thereto, is \$46,000,000; and there are insufficient funds of the County on hand and lawfully available to pay said costs of the Project.

O. The County is now authorized to provide the Services, cause the construction of the Project, and proceed with the financing contemplated thereby and therein.

P. Pursuant to an intergovernmental "Admissions Agreement" between the County, the Village of Lake Villa, the Village of Lindenhurst and CLCJAWA, CLCJAWA shall be the unit of local government that will construct the Project.

Q. CLCJAWA has applied for four (4) loans through The State of Illinois, acting through the Environmental Protection Agency of the State of Illinois ("*IEPA*"), in the amount of \$46,000,000 through the Public Water Supply Loan Program of the State of Illinois (the "*Loan Program*"), for the purpose of paying certain eligible costs of the Project; CLCJAWA having authorized the acceptance of said loans ("*IEPA Loans*") and the execution of appropriate loan documents, including four loan agreements (each, a "*Loan Agreement*") by and between CLCJAWA and the IEPA.

R. CLCJAWA has offered the Authorized SSA 16 Bonds as a dedicated revenue source for the payment of said IEPA Loans.

S. Pursuant to the Act (as hereinafter defined), the County Board is authorized to issue Authorized SSA 16 Bonds payable from taxes levied in the Area without referendum to construct the Project and provide the Services.

T. The Property Tax Extension Limitation Law of the State of Illinois, as amended imposes certain limitations on the “aggregate extension” of certain property taxes levied by the County, but provides that the extension for a special service area is not included in the “aggregate extension.”

U. The County Clerk of the County (the “*County Clerk*”) is authorized to extend and collect said direct annual ad valorem tax so levied in the Area for the payment of the Authorized SSA 16 Bonds without limitation as to rate or amount.

V. The County Board has determined that it is necessary and advisable to authorize the issuance at this time of \$39,000,000 of the \$46,000,000 Authorized SSA 16 Bonds, \$7,000,000 of Authorized SSA 16 Bonds having previously been issued.

W. The County Board has determined that it is desirable and in the best interests of the County that certain officers of the County be authorized to sell the remaining Authorized SSA 16 Bonds and accordingly, it is necessary that said officers be so authorized with certain and delegated limitations as hereinafter set forth.

NOW, THEREFORE, Be It Ordained by the County Board of The County of Lake, Illinois, as follows:

Section 1. Definitions. In addition to such other words and terms used and defined in this Ordinance, the following words and terms used in this Ordinance shall have the following meanings, unless, in either case, the context or use clearly indicates another or different meaning is intended. Words and terms defined in the singular may be used in the plural and vice-versa.

Reference to any gender shall be deemed to include the other and also inanimate persons such as corporations, where applicable.

A. The following words and terms are as defined in the preambles hereto.

Area

Authorized SSA 16 Bonds

CLCJAWA

Constitution

County

County Board

County Clerk

Hearing

IEPA

IEPA Loans

Loan Agreement

Loan Program

Notice

Project

Services

Special Service Area Proceedings

B. The following words and terms are defined as set forth.

“*Act*” means Section 7(6) of Article VII of the 1970 Constitution of the State of Illinois, as supplemented by the Special Service Area Tax Law, as supplemented and amended, and, particularly in connection with the issuance of the Bonds, the Local Government Debt Reform Act of the State of Illinois, as amended, and all of the Omnibus Bond Acts.

“*Bonds*” means the not to exceed \$39,000,000 Taxable Special Service Area Number 16 Unlimited Ad Valorem Special Tax Bonds authorized to be issued by this Ordinance, being a portion of the Authorized SSA 16 Bonds.

“*Bond Fund*” means the Bond Fund established and defined in Section 12 of this Ordinance.

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

“*Bond Registrar*” or “*Paying Agent*” means the Director of the Department of Finance and Administrative Services, in his or her capacity as bond registrar and paying agent hereunder, or the successor to his or her responsibilities.

“*Ordinance*” means this Ordinance, numbered as set forth on the title page hereof, and adopted by the County Board on the 12th day of July, 2016.

“*Paying Agent*” is defined above (see Bond Registrar).

“*Reserve Account*” means the Reserve Account established and defined in Section 13 of this Ordinance.

“*Reserve Requirement*” has the meaning as ascribed thereto in Section 13 of this Ordinance.

“*Unlimited Ad Valorem Taxes*” means the ad valorem taxes levied on the taxable property in the Area by the County to pay principal of and interest on the Bonds.

Section 2. Incorporation of Preambles. The County Board hereby finds that all of the recitals contained in the preambles to this Ordinance are true, correct and complete and does incorporate them into this Ordinance by this reference.

Section 3. Determination to Issue Bonds. It is necessary and in the best interests of the County to provide the Services, to undertake the Project, to pay all related costs and expenses

incidental thereto, and to borrow money and issue the Bonds for such purpose. It is hereby found and determined that such borrowing of money is advisable for the public health, safety, welfare and convenience, is for a proper public purpose or purposes, is in the public interest, and is authorized pursuant to the Act; and these findings and determinations shall be deemed conclusive.

Section 4. Useful Life. The County Board does hereby determine the period of usefulness of the Project, by weighted average life, to be not less than 30 years from the date of the completion of the Project.

Section 5. Bond Details. For the purpose of paying a part of the costs of providing for the Project, there shall be issued and sold Bonds in the principal amount of not to exceed \$39,000,000. The Bonds shall be issuable in one or more series. The amount of any such series of Bonds shall be sufficient to provide for a single IEPA Loan pursuant to a Loan Agreement, and which series, when combined with all previously issued series, shall not exceed the balance of the Bonds herein authorized. The details of the Bonds shall be as follows: There shall be issued a single Bond for each series, corresponding to a single Loan Agreement. The maximum principal face amount (the "*Face Amount*") of each Bond shall be shown on the face of the Bond as noted above, but only so much of the Face Amount as is shown as advanced by the IEPA and received for value (the "*Outstanding Principal Amount*" as subject to reduction as hereinbelow provided), as evidenced by the Bond, shall be payable. Such advances shall be in integral multiples of \$100. The Bonds shall each be designated "*Taxable Special Service Area Number 16 Unlimited Ad Valorem Special Tax Bonds, Series 201__* [IEPA Loan Agreement Number Here]." Each Bond shall be dated as of its date of authentication. The Outstanding Principal Amount of any Bond from time to time outstanding shall bear interest at the rate of not to exceed 3.00% per annum. The Outstanding Principal Amount of each Bond shall become due

and payable according to a schedule of repayment (the “*Repayment Schedule*”) determined by the IEPA as set forth in the pertinent Loan Agreement; *provided, however*, that the Repayment Schedule, in order to be enforceable, shall comply with each of the following terms:

- (1) The Repayment Schedule shall be set forth in or as part of the Bond;
- (2) The Repayment Schedule shall provide for substantially level semiannual installments of principal and interest (collectively); and
- (3) The Repayment Schedule shall provide for complete repayment of each Bond in not more than 30 years from its Dated Date as provided in the respective Loan Agreement approved for such Bond (such complete repayment is expected to be approximately 20 (twenty) years from the date of operation of the portion of the Project for which each series is issued).

The Outstanding Principal Amount at any time shall be made up of (a) advances less the sum of (b)(i) installment payments and (ii) redemptions and prepayments. Each 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 365-day or 366-day year, as applicable, and being payable on the dates provided in the Repayment Schedule. The interest on and all installments of principal of each Bond shall be payable in lawful money of the United States of America upon presentation at the office of the Bond Registrar; *provided, however*, that so long as any municipal corporation or body politic and corporate of the State of Illinois or any agency of the State of Illinois or of the United States Government or a financial institution is the registered owner as shown by the Bond Register, then such payments shall be made by check or draft of the Bond Registrar to the registered owner, or by wire transfer of funds, by mutual agreement, which check or draft or wire transfer of funds shall be payable in lawful money of the United States of America, and which check or draft shall be mailed not less than four business days prior to the date when due to the address of

the Registered Owner as set forth in the Bond Register, or at such other address as is furnished in writing to the Bond Registrar; and, *provided, further*, that the final installment of principal and interest, when due, shall only be payable upon presentation of a Bond.

Each Bond and the installments thereon are subject to redemption and prepayment prior to maturity, at the option of the County, in whole or in part, and if in part in integral multiples of \$100, and applicable to installments in the inverse order of maturity or as otherwise agreed by the County and the holder of the Bond at such time, from any available funds, on any date, at the redemption price of par plus accrued interest to the date fixed for redemption. Unless waived by the Bond Registrar, the County shall notify the Bond Registrar of the redemption and prepayment of the Bond not less than 45 days prior to the date of redemption. Unless waived by the registered owner of the Bond to be redeemed, official notice of any such redemption and prepayment shall be given by the Bond Registrar on behalf of the County by mailing the redemption notice by registered or certified mail not less than 30 days prior to the date fixed for redemption to the registered owner of the Bond at the address shown on the Bond Register or at such other address as is furnished in writing by such registered owner to the Bond Registrar. All official notices of redemption shall include at least the information as follows:

- (1) the redemption date and the amount of the Bond to be redeemed;
- (2) the redemption price;
- (3) a statement that on the redemption date the redemption price will become due and payable upon such Bond or portion so redeemed and that interest thereon shall cease to accrue from and after said date; and
- (4) the place where such Bond is to be surrendered for payment of the redemption price, which place of payment shall be the principal office of the Bond Registrar.

Prior to any redemption date, the County shall deposit with the Bond Registrar an amount of money sufficient to pay the redemption price of the Bond or portion so redeemed. Official notice of redemption having been given as aforesaid, the Bond or portion so redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the County shall default in the payment of the redemption price) such Bond or portion so redeemed shall cease to bear interest. Upon surrender of the Bond for redemption and prepayment in accordance with said notice, such Bond or portion so redeemed shall be paid by the Bond Registrar at the redemption price. A notation of any partial prepayment shall be made upon a schedule attached to the Bond.

Section 6. Amendment. The rights and obligations of the County and of the owners of the Bonds may from time to time be modified or amended by a supplemental ordinance adopted by the Corporate Authorities with the written consent of the registered owners of all Bonds then outstanding. Ownership of Bonds for purposes of consent by the registered owners thereof shall be conclusively proved by the Bond Register. In obtaining or receiving the consents of registered owners, the County may establish reasonable rules of procedure including, without limitation, rules relating to (i) a record date to fix the registered owners who are entitled to vote, (ii) solicitation of proxies and (iii) a meeting of the registered owners for the taking of actions. The registered owners of Bonds may vote their Bond interest in fractional shares. In the event that Bonds are registered in the name or names of nominees or depositories, consent of such owners by proxy in accordance with the applicable customs of the securities industry or rules of the Securities and Exchange Commission, Municipal Securities Rulemaking Board or other association or agency having jurisdiction shall be sufficient.

Section 7. Execution; Authentication. The Bonds shall be executed on behalf of the County by the manual or duly authorized facsimile signature of its Chairman and attested by the

manual or duly authorized facsimile signature of its County Clerk, as they may determine, and shall have impressed or imprinted thereon the corporate seal or facsimile thereof of the County. In case any such officer whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery. All Bonds shall have thereon a certificate of authentication, substantially in the form hereinafter set forth, duly executed by the Bond Registrar as authenticating agent of the County and showing the date of authentication. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this Ordinance unless and until such certificate of authentication shall have been duly executed by the Bond Registrar by manual signature, and such certificate of authentication upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Ordinance. The certificate of authentication on any Bond shall be deemed to have been executed by it if signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds issued hereunder.

Section 8. Registration of Bonds; Persons Treated as Owners. The County shall cause books (the Bond Register) for the registration and for the transfer of all Bonds as provided in this Ordinance to be kept at the principal office of the Bond Registrar, who is hereby constituted and appointed the registrar of the County for the each of the series of the Bonds, respectively. Any Bond may be transferred as a whole but not in part (but not exchanged), but only in the manner, subject to the limitations, and upon payment of the charges as set forth in this Ordinance. Upon surrender of such Bond at the principal office of the Bond Registrar, accompanied by a written instrument or instruments of transfer in form satisfactory to the Bond Registrar and duly executed by the registered owner or an attorney for such owner duly authorized in writing, the

Bond Registrar shall register the Bond in the name of the new registered owner on the registration grid provided therein, and shall also enter the name and address of the new registered owner in the Bond Register. The Bond Registrar shall not be required to transfer or exchange any Bond during the period from the close of business on the 15th day of the calendar month preceding an interest payment date on such Bond to the opening of business on such interest payment date or during the period of 15 days preceding the giving of notice of redemption of Bonds of the same series or to transfer or exchange any Bond all or a portion of which has been called for redemption. The execution by the County of any fully registered Bond shall constitute full and due authorization of such Bond, and the Bond Registrar shall thereby be authorized to authenticate, date and deliver such Bond. The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal of or interest on any Bond shall be made only to or upon the order of the registered owner thereof or the owner's legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid. No service charge shall be made for any transfer or exchange of Bonds, but the County or the Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds except in the case of the issuance of a Bond or Bonds for the unredeemed portion of a Bond surrendered for redemption.

Section 9. Form of Bond. The Bonds shall be in substantially the form hereinafter set forth:

THIS BOND IS TRANSFERABLE ONLY AS A WHOLE

**REGISTERED
NO. _____**

**AUTHORIZED MAXIMUM
FACE AMOUNT
\$ _____**

**UNITED STATES OF AMERICA
STATE OF ILLINOIS
THE COUNTY OF LAKE
TAXABLE SPECIAL SERVICE AREA NUMBER 16
UNLIMITED AD VALOREM SPECIAL TAX BONDS
SERIES 201_**

IEPA LOAN AGREEMENT L17-_____

KNOW ALL PERSONS BY THESE PRESENTS that The County of Lake, Illinois, a municipality and political subdivision of the State of Illinois (the “*County*”), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner, or registered assigns as hereinafter provided, solely from the collection of taxes levied against all of the taxable property in that part of the County known as Special Service Area Number 16 (the “*Area*”), and not otherwise, on the dates hereinafter set forth, the Outstanding Principal Amount of this Bond. The “*Outstanding Principal Amount*” is that amount, not to exceed the Face Amount of this Bond as set forth above, shown as advanced from time to time and received by the County for value, as is noted on this Bond in the form of Advances for Value hereon. The Outstanding Principal Amount is subject to reduction for redemption and prepayment thereof as hereinafter provided. And the County further promises to pay from said taxes, and not otherwise, interest on the Outstanding Principal Amount at the rate of ____% per annum. The Outstanding Principal Amount of this Bond shall become due and payable pursuant to the schedule of repayment (the “*Repayment Schedule*”) set forth herein and determined in accordance with the Loan Agreement hereinafter defined.

This 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 365-day or 366-day year, as applicable, and being payable on the dates provided in the Repayment Schedule. The interest on and all installments of principal of this Bond shall be payable in lawful money of the United States of America upon presentation at the office of the Director of the Department of Finance and Administrative Services, currently at 18 North County Street, Waukegan, Illinois, as bond registrar and paying agent; *provided, however,* that so long as any municipal corporation or body politic and corporate of the State of Illinois or any agency of the State of Illinois or of the U.S. Government or a financial institution is the Registered Owner as shown by the Bond Register, then such payments shall be made by check or draft of the Bond Registrar to the Registered Owner, or by wire transfer of funds, by mutual agreement, which check or draft or wire transfer of funds shall be payable in lawful money of the United States of America, and which check or draft shall be mailed not less than four (4) business days prior to the date when due to the address of the Registered Owner as set forth in the Bond Register, or at such other address as is furnished in writing to the Bond Registrar; but, *provided, further,* that the final installment of principal and interest, when due, shall only be payable upon presentation of this Bond.

This Bond and the installments hereon are subject to redemption and prepayment prior to maturity, at the option of the County, in whole or in part, and if in part in integral multiples of \$100, and applicable to installments in the inverse order of maturity or as otherwise agreed by the County and the holder of the Bond at such time, from any available funds, on any date, at the redemption price of par plus accrued interest to the date fixed for redemption.

Unless waived by the registered owner of the Bond to be redeemed, official notice of any such redemption and prepayment shall be given by the Bond Registrar on behalf of the County by mailing the redemption notice by registered or certified mail not less than 30 days prior to the date fixed for redemption to the registered owner of the Bond at the address shown on the Bond

Register or at such other address as is furnished in writing by such registered owner to the Bond Registrar. Notice of redemption having been given as aforesaid, this Bond or portion so redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the County shall default in the payment of the redemption price) this Bond or portion so redeemed shall cease to bear interest. Upon surrender of this Bond for redemption and prepayment in accordance with said notice, this Bond or portion so redeemed shall be paid by the Bond Registrar at the redemption price. A notation of any partial prepayment shall be made upon a schedule attached to this Bond.

This Bond may be transferred as a whole but not in part, but only in the manner, subject to the limitations, and upon payment of the charges as set forth in the hereinafter defined Ordinance. Upon surrender hereof at the office of the Bond Registrar, accompanied by a written instrument or instruments of transfer in form satisfactory to the Bond Registrar and duly executed by the Registered Owner or an attorney for such owner duly authorized in writing, the Bond Registrar shall register this Bond in the name of the new Registered Owner on the registration grid provided herein, and shall also enter the name and address of the new registered owner in the Bond Register.

The Bond Registrar shall not be required to transfer this Bond during the period from the close of business on the 15th day of the calendar month preceding an interest payment date on this Bond to the opening of business on such interest payment date or during the period of 15 days preceding the giving of notice of redemption of this Bond or to transfer any Bond all or a portion of which has been called for redemption.

The person in whose name this Bond is registered shall be deemed and regarded as the absolute owner hereof for all purposes, and payment of the principal of or interest hereon shall be made only to or upon the order of the Registered Owner hereof or the Owner's legal

representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon this Bond to the extent of the sum or sums so paid.

This Bond is being issued by the County for the purpose of paying the costs of a certain Project in the Area, incident to providing certain special Services, and of paying expenses incidental thereto, all as described and defined in the ordinance authorizing the Bonds, numbered _____, and adopted by the County Board of the County (the "*County Board*") on July 12, 2016 (the "*Ordinance*"), pursuant to and in all respects in compliance with the applicable provisions of Section 7(6) of Article VII of the 1970 Constitution of the State of Illinois, as supplemented by the Special Service Area Tax Law, as supplemented and amended, and the Local Government Debt Reform Act and all Omnibus Bond Acts of the State of Illinois (collectively, the "*Act*"). The Bonds are also issued in compliance with the terms of the Ordinance, which has been duly passed by the County Board.

The rights and obligations of the County and of the Registered Owner(s) hereof may from time to time be modified or amended by a supplemental ordinance adopted by the Corporate Authorities of the County with the written consent of the Registered Owner(s) of all Bonds then outstanding.

THIS BOND IS NEITHER A GENERAL OBLIGATION OF THE COUNTY (OR ANY OTHER UNIT OF LOCAL GOVERNMENT) NOR A FULL FAITH AND CREDIT OBLIGATION OF THE COUNTY (OR ANY OTHER UNIT OF LOCAL GOVERNMENT), AND IS NOT AN INDEBTEDNESS OF THE COUNTY FOR THE PURPOSE OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION, BUT IS PAYABLE SOLELY FROM TAXES LEVIED UPON ALL TAXABLE PROPERTY IN THE AREA.

It is hereby certified and recited that all conditions, acts and things required by the Constitution and Laws of the State of Illinois to exist or to be done precedent to and in the issuance of this Bond, including the authorizing Act, have existed and have been properly done,

happened and been performed in regular and due form and time as required by law; that the indebtedness of the County, represented by the Bonds, and including all other indebtedness of the County, howsoever evidenced or incurred, does not exceed any constitutional or statutory or other lawful limitation; and that provision has been made for the collection of a direct annual tax, in addition to all other taxes, on all of the taxable property in the Area sufficient to pay the interest hereon as the same falls due and also to pay and discharge the principal hereof at maturity.

THE INTEREST ON THIS BOND IS NOT TAX-EXEMPT UNDER THE PROVISIONS OF SECTION 103(c) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, AND THE REGISTERED OWNER HEREOF BY ACCEPTANCE OF THIS BOND ACKNOWLEDGES SUCH STATUS AND AGREES WITH THE COUNTY NOT TO ASSERT ANY CLAIM TO THE CONTRARY.

This Bond shall not be valid or become obligatory for any purpose until the Certificate of Authentication hereon shall have been signed by the Bond Registrar.

The tables and forms following the signatures on this Bond and entitled Advances for Value, Repayment Schedule, Prepayment Notation, and Registered Owner Notation are an integral part of this Bond as if in each case fully set forth at this place and are incorporated herein by this reference.

IN WITNESS WHEREOF, The County of Lake, Illinois, by its County Board, has caused this Bond to be executed by the manual or duly authorized facsimile signature of its Chairman and attested by the manual or duly authorized facsimile signature of its County Clerk and its corporate seal or a facsimile thereof to be impressed or reproduced hereon, all as appearing hereon and as of the Dated Date identified above.

SPECIMEN

Chairman, County Board
The County of Lake, Illinois

ATTEST:

SPECIMEN

County Clerk, The County of Lake, Illinois

[SEAL]

Date of Authentication: _____, _____

CERTIFICATE
OF
AUTHENTICATION

This Bond is one of the Bonds described in the within mentioned Ordinance and is one of the Taxable Special Service Area Number 16 Unlimited Ad Valorem Special Tax Bonds, Series 201___, IEPA Loan Agreement L17-_____, of The County of Lake, Illinois.

DIRECTOR OF THE DEPARTMENT OF FINANCE
AND ADMINISTRATIVE SERVICES,
as Bond Registrar

Bond Registrar and Paying Agent:

Director of the Department of Finance and
Administrative Services
Waukegan, Illinois

By _____
Signature

ASSIGNMENT

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

Here insert Social Security Number, Employer Identification Number or other Identifying Number

(Name and Address of Assignee)

the within Bond and does hereby irrevocably constitute and appoint

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

Dated: _____

Signature guaranteed: _____

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

**THE COUNTY OF LAKE, ILLINOIS
TAXABLE SPECIAL SERVICE AREA NUMBER 16
UNLIMITED AD VALOREM SPECIAL TAX BONDS
SERIES 201_**

IEPA LOAN AGREEMENT L17-_____

REPAYMENT SCHEDULE

[Here to be inserted, as will be provided by IEPA]

Section 10. Tax Levy; Security for Bonds. For the purpose of providing funds required to pay the interest on the Bonds promptly when and as the same falls due and to pay and discharge the principal thereof at maturity (including the funding of a Reserve Account as defined and described in Section 13 herein), there is hereby levied upon all of the taxable property within the Area, in the years for which any of the Bonds are outstanding, a direct annual tax sufficient for that purpose; and there is hereby levied on all of the taxable property in the Area, in addition to all other taxes, the direct annual taxes (the “*Unlimited Ad Valorem Taxes*”) in the amounts and for the years as follows:

FOR THE YEAR	A TAX SUFFICIENT TO PRODUCE THE SUM OF	
2016	\$2,800,000	for interest and principal up to and including June 1, 2018
2017	\$2,800,000	for interest and principal
2018	\$2,800,000	for interest and principal
2019	\$2,800,000	for interest and principal
2020	\$2,800,000	for interest and principal
2021	\$2,800,000	for interest and principal
2022	\$2,800,000	for interest and principal
2023	\$2,800,000	for interest and principal
2024	\$2,800,000	for interest and principal
2025	\$2,800,000	for interest and principal
2026	\$2,800,000	for interest and principal
2027	\$2,800,000	for interest and principal
2028	\$2,800,000	for interest and principal
2029	\$2,800,000	for interest and principal
2030	\$2,800,000	for interest and principal
2031	\$2,800,000	for interest and principal
2032	\$2,800,000	for interest and principal
2033	\$2,800,000	for interest and principal
2034	\$2,800,000	for interest and principal
2035	\$2,800,000	for interest and principal
2036	\$2,800,000	for interest and principal
2037	\$2,800,000	for interest and principal

The Unlimited Ad Valorem Taxes shall be applied to pay principal of and interest on the Bonds. Interest or principal coming due at any time when there are insufficient funds on hand from the

Unlimited Ad Valorem Taxes to pay the same may be advanced at the discretion of the County Board when due from current funds on hand in advance of the collection of the said taxes herein levied; and when the Unlimited Ad Valorem Taxes shall have been collected, reimbursement shall be made to said funds in the amount so advanced. The County covenants and agrees with the purchasers and registered owners of the Bonds that so long as any of the Bonds remain outstanding, the County will take no action or will not fail to take any action which in any way would adversely affect the ability of the County to levy and collect the Unlimited Ad Valorem Taxes. The County and its officers will comply with all present and future applicable laws in order to assure that the Unlimited Ad Valorem Taxes may be levied, extended and collected as provided herein and deposited into the Bond Fund. Whenever and only when other funds from any lawful source are made available for the purpose of paying any principal of or interest on the Bonds so as to enable the abatement of the taxes levied herein for the payment of same, the County Board shall, by proper proceedings, direct the deposit of such funds into the Bond Fund and further shall direct the abatement of the taxes by the amount so deposited. A certified copy or other notification of any such proceedings abating taxes may then be filed with the County Clerk in a timely manner to effect such abatement. THE BONDS ARE NEITHER A GENERAL OBLIGATION OF THE COUNTY (OR ANY OTHER UNIT OF LOCAL GOVERNMENT) NOR A FULL FAITH AND CREDIT OBLIGATION OF THE COUNTY (OR ANY OTHER UNIT OF LOCAL GOVERNMENT), AND ARE NOT AN INDEBTEDNESS OF THE COUNTY FOR THE PURPOSE OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION, BUT ARE PAYABLE SOLELY FROM THE UNLIMITED AD VALOREM TAXES.

Upon promulgation of the last Repayment Schedule by the IEPA, to the extent that the taxes levied above exceed the amount necessary to pay debt service on the Bonds, the County Treasurer is hereby authorized to direct the abatement of such taxes to the extent of the excess of such levy in each year over the amount of debt service payable on the Bonds in the year in which

such taxes are collectable. Proper notice of such abatement, in the form of a “Certificate of Tax Reduction”, shall be filed with the County Clerk in a timely manner to effect such abatement. The Certificate of Tax Reduction shall refer to this Ordinance and shall set forth the Bonds for which levied, and the levy amounts, hereby authorized, and shall constitute full and complete authority for the County Clerk to abate said taxes as herein provided.

Section 11. Filing of Tax Levies. When this Ordinance becomes effective, a copy hereof, certified by the County Clerk, shall be filed with the County Clerk and the County Recorder; and said County Clerk shall in and for each of the years necessary ascertain the rate percent required to produce the aggregate tax hereinbefore provided to be levied in each of said years pursuant to authority of the Act and this Ordinance; and said County Clerk shall extend the same for collection on the tax books against all of the taxable property within the Area in addition to other taxes levied in said years in the Area in order to raise the respective amounts levied aforesaid, and in said years such annual tax shall be levied and collected by and for and on behalf of the County in like manner as taxes for general corporate purposes for said years are levied and collected, and in addition to and in excess of all other taxes, and without limit either as to rate or amount within said Area.

Section 12. Bond Fund. The Unlimited Ad Valorem Taxes hereinabove levied for the payment of the principal of and interest on the Bonds shall be deposited into the respective “*Taxable Special Service Area Number 16 Unlimited Ad Valorem Special Tax Bonds, Series 201__*, *Bond Fund*,” hereby created for each series of Bonds (collectively, the “*Bond Fund*”), or into the Reserve Account (hereinafter described) and used solely and only for paying such principal of and interest on the Bonds. Interest income or investment profit earned in the Bond Fund shall be retained in the Bond Fund for payment of the principal of or interest on the Bonds on the interest payment date next after such interest or profit is received. The County hereby

pledges, as equal and ratable security for the Bonds, all present and future proceeds of the Unlimited Ad Valorem Taxes so levied for the sole benefit of the registered owners of the Bonds.

Section 13. Bond Reserve Account. In the event the IEPA requires CLCJAWA to establish a debt service reserve account (the “*Reserve Account*”) pursuant to a Loan Agreement, the County agrees to fund such Reserve Account up to the funding requirement (the “*Reserve Requirement*”) as required by the IEPA and maintain an amount on deposit in such Reserve Account not less than the Reserve Requirement.

If the Reserve Account is held by CLCJAWA, the County shall transmit payments to CLCJAWA to fund the Reserve Account upon written direction from CLCJAWA. Alternatively, the Reserve Account may be held by the County as a subaccount of the Bond Fund to be designated as the “*Debt Service Reserve Account for Special Service Area Number 16 Unlimited Ad Valorem Special Tax Bonds, Series 201__*”; further, the County shall provide documentation as to the funding status of the Reserve Account upon CLCJAWA’s request.

In the event any amounts in the Reserve Account are used to pay the principal of or interest on the Bonds, the Reserve Account shall be replenished to the Reserve Requirement. The County may levy Unlimited Ad Valorem Taxes in order to initially fund or replenish the Reserve Account. Prior to the tax levy filing deadline for the final tax levy year for which any series of Bonds are outstanding, the County may direct the abatement of taxes for such series of Bonds by the balance remaining in the Reserve Account related to such series of Bonds.

Section 14. Sale of Bonds to CLCJAWA. The Director of the Department of Finance and Administrative Services and the Director of the Department of Public Works of the County are hereby authorized to take all necessary action to have the Bonds prepared and executed and to deliver all necessary documents to complete the borrowing contemplated herein. Each Loan

Agreement as offered by the IEPA to CLCJAWA, substantially in standard form of Loan Agreement, as available and on file with the IEPA, is hereby ratified, approved and confirmed by the County for use in connection with the Bonds for the Project. Each Bond shall be issued, delivered and dated at the time or times and in the aggregate amount or amounts as the first disbursement of funds for the Project is made by the IEPA under one or more Loan Agreements; *provided, however,* that the Director of the Department of Finance and Administrative Services is authorized to release to CLCJAWA, in trust, signed undated Bonds at the time the first request for the first disbursement of funds for the Project is made, such Bonds to have an initial Advance for Value in the amount of such request, and authorize CLCJAWA to date such bonds and Advance for Value upon the delivery of funds in such amount. For each subsequent Advance for Value, the Director of the Department of Finance and Administrative Services is authorized to release to CLCJAWA, in trust, the Bonds with the Advance for Value Tables signed and completed in the amount of the proposed advance, but undated, and to authorize CLCJAWA to date such Advance for Value upon the delivery of funds in such amount. Alternatively, as requested by CLCJAWA, the Director of the Department of Finance and Administrative Services is authorized to hold the Bonds, in trust, for CLCJAWA and enter the Advances for Value thereon in accordance with disbursements as actually made. The Director of the Department of Finance and Administrative Services shall act as Bond Registrar and keep a Bond Register showing at all times the name of the registered owner of the Bonds. It is hereby found and declared that no person holding any office of the County, either by election or appointment, is in any manner financially interested, either directly, in his or her own name, or indirectly, in the name of any other person, association, trust or corporation, in the contract so confirmed in this Ordinance to CLCJAWA for the purchase and sale of the Bonds.

Section 15. IEPA Tax-exemption Covenants. If the IEPA requires that the County make certain covenants relating to the Tax-exempt status of bonds issued by the State of Illinois, any officer of the County, including expressly the Director of the Department of Finance and Administrative Services, are hereby authorized to execute such certificate and deliver same to the IEPA. The County acknowledges that Tax-exempt bonds or other obligations (the “*IEPA Program Bonds*”) have been or will be issued by or for the benefit of the IEPA to provide funds for water or sewer projects, which may include the Project as defined herein, and that the IEPA may pledge the obligations of the County to such IEPA Program Bonds.

Section 16. Use of Proceeds. The proceeds derived from the sale and delivery and advances made from time to time shall be used solely and only to pay eligible costs of the Project or to reimburse the County for such costs as previously advanced.

Section 17. Provisions a Contract. The provisions of this Ordinance shall constitute a contract between the County and the holders and registered owners of the Bonds; and no changes, additions, or alterations of any kind shall be made hereto, except as herein provided, so long as there are any outstanding Bonds.

Section 18. Defeasance. Any Bond or Bonds which (a) are paid and cancelled, (b) which have matured and for which sufficient sums been deposited with the Bond Registrar to pay all principal and interest due thereon, or (c) for which sufficient funds and Defeasance Obligations have been deposited with the Bond Registrar or similar institution to pay, taking into account investment earnings on such obligations, all principal of and interest on such Bond or Bonds when due at maturity or as called for redemption, pursuant to an irrevocable escrow or trust agreement, shall cease to have any lien on or right to receive or be paid from the Unlimited Ad Valorem Taxes and shall no longer have the benefits of any covenant for the registered owners of outstanding Bonds as set forth herein as such relates to lien and security of the

outstanding Bonds. All covenants relative to the payment, registration, transfer, and exchange; are expressly continued for all Bonds whether outstanding Bonds or not. For purposes of this section, “*Defeasance Obligations*” means (a) direct and general full faith and credit obligations of the United States Treasury (“*Directs*”), (b) certificates of participation or trust receipts in trusts comprised wholly of Directs or (c) other obligations unconditionally guaranteed as to timely payment by the United States Treasury.

Section 19. Severability. If any section, paragraph or provision of this Ordinance shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this Ordinance.

Section 20. Superseder and Effective Date. All ordinances, resolutions and orders, or parts thereof, in conflict herewith, are to the extent of such conflict hereby superseded; and this Ordinance shall be in full force and effect immediately upon its passage, approval and publication.

AYES: _____

NAYS: _____

ABSENT: _____

ABSTAIN: _____

ADOPTED: July 12, 2016

APPROVED: July 12, 2016

Chairman, County Board
The County of Lake, Illinois

RECORDED in the County Records on _____, 2016.

ATTEST:

County Clerk
The County of Lake, Illinois

EXTRACT OF MINUTES of a regular public meeting of the County Board of The County of Lake, Illinois, held in the County Board Chambers, County Building, 18 North County Street, Waukegan, Illinois, at 9:00 a.m., on the 12th day of July, 2016.

The meeting was called to order by the Chair, and upon the roll being called, Aaron Lawlor, the Chair, and the following members of the County Board answered present:

The following County Board Members were allowed by a majority of the County Board in accordance with and to the extent allowed by rules adopted by the County Board to attend the meeting by video or audio conference: _____

No Member was denied permission to attend the meeting by video or audio conference.

The following County Board Members were absent and did not participate in the meeting in any manner or to any extent whatsoever: _____

County Board Member _____ presented and the County Clerk read into the record of proceedings by title the following ordinance:

AN ORDINANCE providing for the issuance of not to exceed \$39,000,000 Taxable Special Service Area Number 16 Unlimited Ad Valorem Special Tax Bonds of The County of Lake, Illinois, for the financing of the Lake Michigan Water Project, and providing for the levy and collection of a direct annual tax sufficient for the payment of the principal of and interest on said bonds.

County Board Member _____ moved and County Board Member _____ seconded the motion that said ordinance as presented and read by title be adopted.

After a full and complete discussion thereof, including a public recital of the nature of the matter being considered and such other information as would inform the public of the business being conducted, the Chairman directed that the roll be called for a vote upon the motion to adopt the ordinance as read.

Upon the roll being called, the following Members voted

AYE: _____

NAY: _____

ABSENT: _____

Whereupon the Chairman declared the motion carried and the ordinance adopted, and henceforth did sign the same and did direct the County Clerk to record the same in full in the records of the County Board of the County.

Other business not pertinent to the adoption of said ordinance was duly transacted at said meeting.

Upon motion duly made and seconded, the meeting was adjourned.

County Clerk

STATE OF ILLINOIS)
) SS
COUNTY OF LAKE)

CERTIFICATION OF AGENDA, MINUTES AND ORDINANCE

I, the undersigned, do hereby certify that I am the duly qualified and acting County Clerk of The County of Lake, Illinois (the "*County*"), and as such official I am the keeper of the official journal of proceedings, books, records, minutes and files of the County and of the County Board (the "*County Board*") thereof.

I do further certify that the foregoing is a full, true and complete transcript of that portion of the minutes of the meeting (the "*Meeting*") of the County Board held on the 12th day of July, 2016, insofar as the same relates to the adoption of an ordinance numbered _____ and entitled:

AN ORDINANCE providing for the issuance of not to exceed \$39,000,000 Taxable Special Service Area Number 16 Unlimited Ad Valorem Special Tax Bonds of The County of Lake, Illinois, for the financing of the Lake Michigan Water Project, and providing for the levy and collection of a direct annual tax sufficient for the payment of the principal of and interest on said bonds.

(the "*Ordinance*") a true, correct and complete copy of which Ordinance as adopted at the Meeting appears in the foregoing transcript of the minutes of the Meeting.

I do further certify that the deliberations of the County Board on the adoption of the Ordinance were taken openly; that the vote on the adoption of the Ordinance was taken openly; that the Meeting was held at a specified time and place convenient to the public; that notice of the Meeting was duly given to all of the news media requesting notice of the Meeting; that an agenda (the "*Agenda*") for the Meeting was posted at the location where the Meeting was held and at the principal office of the County Board at least 96 hours in advance of the holding of the Meeting, remained continuously posted until after the adjournment of the Meeting; that at least one copy of the Agenda was continuously available for public review during the entire 96-hour

period preceding said meeting; that the Agenda contained a separate specific item concerning the proposed adoption of the Ordinance; that a true, correct and complete copy of the Agenda is attached hereto as *Exhibit A*; that the Meeting was called and held in strict accordance with the provisions of the Counties Code of the State of Illinois, as amended, the Open Meetings Act of the State of Illinois, as amended, and the Special Service Area Tax Law, as amended; and that the County Board has complied with all of the applicable provisions of said Code, Act and Law and its own procedural rules in the adoption of the Ordinance.

IN WITNESS WHEREOF I hereunto affix my official signature and the seal of the County this 12th day of July, 2016.

County Clerk
The County of Lake, Illinois

[SEAL]

STATE OF ILLINOIS)
) SS
COUNTY OF LAKE)

CERTIFICATE OF FILING

I, the undersigned, do hereby certify that I am the duly qualified and acting County Clerk of The County of Lake, Illinois, and as such officer I do hereby certify that on the ____ day of _____, 2016, there was filed in my office a properly certified copy of Ordinance Number ____, passed by the County Board of The County of Lake, Illinois, on the 12th day of July, 2016, and entitled:

AN ORDINANCE providing for the issuance of not to exceed \$39,000,000 Taxable Special Service Area Number 16 Unlimited Ad Valorem Special Tax Bonds of The County of Lake, Illinois, for the financing of the Lake Michigan Water Project, and providing for the levy and collection of a direct annual tax sufficient for the payment of the principal of and interest on said bonds.

and that the same has been deposited in, and all as appears from, the official files and records of my office.

IN WITNESS WHEREOF I have hereunto affixed my official signature and the seal of The County of Lake, Illinois, this ____ day of _____, 2016.

County Clerk of The County of Lake, Illinois

[SEAL]