
ORDINANCE OF SEPTEMBER 13, 2016
AGENDA ITEM ____

AN ORDINANCE OF THE COUNTY OF LAKE, ILLINOIS, AUTHORIZING
THE ISSUANCE AND SALE OF NOT TO EXCEED \$13,000,000 WATER
AND SEWER SYSTEM REVENUE REFUNDING BONDS, SERIES 2016, IN
ONE SERIES AND PROVIDING THE TERMS OF AND SECURITY FOR
PAYMENT THEREOF.

ADOPTED: September 13, 2016

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Acceptance By Treasurer2

Escrow Agreement

Continuing Disclosure Undertaking

ORDINANCE OF SEPTEMBER 13, 2016
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AN ORDINANCE OF THE COUNTY OF LAKE, ILLINOIS, AUTHORIZING THE ISSUANCE AND SALE OF NOT TO EXCEED \$13,000,000 WATER AND SEWER SYSTEM REVENUE REFUNDING BONDS, SERIES 2016, IN ONE SERIES AND PROVIDING THE TERMS OF AND SECURITY FOR PAYMENT THEREOF.

P R E A M B L E S

— WHEREAS —

A. The County of Lake, Illinois (the “*County*”), owns and operates a combined waterworks and sewerage system (the “*System*” as more completely defined in the following text) under and in accordance with the provisions of Division 5-15 of the Counties Code of the State of Illinois (55 ILCS 5/1-1001, *et seq.*), as amended, and all laws supplementary thereto, including the Local Government Debt Reform Act and all other Omnibus Bond Acts of the State of Illinois (collectively, the “*Act*”).

B. The County Board of the County (the “*County Board*”), by an Ordinance enacted October 13, 1964 (as amended June 10, 1968, November 13, 1990, and June 24, 1993, and as supplemented by additional series ordinances, the “*Ordinance*”), did authorize the initial acquisition and construction of the System in and for the County and did authorize the issuance of an Initial Series of Bonds, and did set forth the terms securing the bonds, including the power to issue Additional Bonds pursuant to Series Ordinances (defined in the Ordinance).

C. The County Board has enacted such Series Ordinances and caused the County to issue the following described water and sewer system revenue bonds:

SERIES A OF 2006
SERIES B OF 2006
SERIES A OF 2010

on a parity with the Initial Series of Bonds and with each other and has also caused the issue of Water and Sewer System Subordinate Revenue Bonds Series 2005S-1 and 2005S-2 and Taxable Water and Sewer System Second Lien Subordinate Revenue Bonds, Series 2009.

D. The Series B of 2006 Bonds are more particularly described as follows:

**WATER AND SEWER SYSTEM REVENUE REFUNDING BONDS, SERIES B OF 2006
(THE “*SERIES 2006B BONDS*”)**

The Series 2006B Bonds were originally issued in the amount of \$17,170,000, dated November 2, 2006, and issued November 2, 2006. The remaining outstanding Series 2006B Bonds are due serially on December 1 of the years and in the principal amounts and bearing the rates percent per annum as follows:

MATURITY	PRINCIPAL AMOUNT (\$)	INTEREST RATE (%)
2016	1,690,000	4.500
2017	1,765,000	4.500
2018	2,615,000	4.250
2019	2,555,000	4.250
2020	2,665,000	4.375
2021	2,715,000	4.250

The Series 2006B Bonds due on December 1 of the years 2017 and thereafter (the “*Refunded Bonds*”), are subject to redemption on any date on or after December 1, 2016, at the redemption price of par plus accrued interest.

E. The County Board has considered and determined that interest rates available in the bond market are currently more favorable for the County than they were when the Refunded Bonds were issued and that it is possible, proper and advisable to refund such bonds at this time to take advantage of the debt service savings which will result from such lower interest rates, and to help alleviate the debt service burden on the users of the System.

F. The Act provides authority to the County to refund, in whole or in part, the County’s revenue bonds upon such terms as the County Board may determine.

G. It is therefore deemed advisable and necessary that refunding bonds, in one series, relating to the refunding of the Refunded Bonds, as hereinafter provided, be issued for the purpose of refunding the Refunded Bonds (such refunding may be hereinafter referred to as the “*Refunding*”).

H. The County Board does hereby determine that it is advisable and in the best interests of the County to borrow not to exceed \$13,000,000 aggregate principal amount of Water and Sewer System Revenue Refunding Bonds, in One Series designated Series A of 2016 (the “*Series 2016 Bonds*”), at this time for the purpose of paying the costs of the Refunding.

I. The Net Revenue (as defined in the Ordinance) of the Fiscal Year (December 1 through November 30) 2015 is not less than 125% of the maximum Annual Debt Service Requirement (as defined in the Ordinance) in any future Fiscal Year during the life of the all currently Outstanding Bonds to remain Outstanding (as defined in the Ordinance) after the Refunding and of the Series 2016 Bonds (which are Additional Bonds [as defined in the Ordinance]) now proposed to be issued (as provided in Section 921 of the Ordinance); and, in addition, the Aggregate Debt Service (as defined in the Ordinance) for Fiscal Year 2016 and each future Fiscal Year during which any of the Outstanding Bonds mature, shall not exceed the Aggregate Debt Service for such Fiscal Years immediately after the issuance of the Series 2016 Bonds (as provided in Section 204 of the Ordinance).

J. The Act and the Ordinance authorize the issuance of Series 2016 Bonds pursuant to this Series Ordinance in accordance with the terms, provisions and limitations of the Ordinance.

NOW THEREFORE BE IT ORDAINED by the County Board of The County of Lake, Illinois, as follows:

ARTICLE ONE

DEFINITIONS AND AUTHORITY

Section 1.01. Definitions. A. Except as expressly in conflict with a definition herein, all capitalized terms used herein shall have the meanings ascribed to them in Article I, Section 1.02, of the Ordinance, under which this ordinance is a Series Ordinance. The Series 2016 Bonds authorized herein are “Additional Bonds” under the Ordinance.

B. For all purposes of this Series Ordinance, except as otherwise expressly provided or unless the context otherwise requires: (1) the terms defined in this Article or otherwise herein have the meanings assigned to them in this Article or otherwise and include the plural as well as the singular; (2) all references in this Series Ordinance to designated “Articles,” “Sections” and other subdivisions are to the designated Articles, Sections and other subdivisions of this Series Ordinance as originally executed; and (3) the words “herein,” “hereof” and “hereunder” and other words of similar import refer to this Series Ordinance as a whole and not to any particular Article, Section or other subdivision.

C. All of the words and terms used in this Series Ordinance shall have the meanings given them, unless the context or use clearly indicates that another or different meaning is intended, including the words and terms as defined in the preambles hereto and listed as follows:

Act
County
County Board
Ordinance
Refunded Bonds
Refunding
Series 2006B Bonds

Series 2016 Bonds
System

and also including the words and terms as follows:

“Bond Order” means a Bond Order as authorized to be executed by the Designated Officials of the County as set forth in Section 4.01 of this Ordinance and by which the final terms of the Series A of 2016 Bonds will be established.

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

“Bond Registrar” means The Bank of New York Mellon Trust Company, National Association.

“Book Entry Form” means the form of the Series 2016 Bonds as fully registered and available in physical form only to the Depository.

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

“Depository” means, with respect to the Series 2016 Bonds, The Depository Trust Company, its successors, or a successor depository qualified to clear securities under applicable state and federal laws.

“Designated Officials” means any of the two of the Chairman of the County Board, the Director of Public Works Department, the Director of Finance and Administrative Services, the County Treasurer or the Vice Chairman of the County Board.

“Escrow Agent” means The Bank of New York Mellon Trust Company, National Association, or a successor thereto or a successor designated as Escrow Agent under the Escrow Agreement.

“Escrow Agreement” means the agreement by and between the County and the Escrow Agent and set forth as *Exhibit A* to this Ordinance.

“Net Revenue Less Connection Charges” means Net Revenue as defined in the Ordinance less connection charges, and like charges, assessed for initial connection to the System.

“Operating Expenses” means such term as defined in the Ordinance and including expressly all amounts payable from time to time by the County under the “Water Purchase and Sale Contract Between Central Lake County Joint Action Water Agency and Charter Members,” dated as of April 1, 1989, as amended.

“Paying Agent” means the Bond Registrar, or a successor thereto or a successor designated as Paying Agent hereunder.

“Purchase Price” means the purchase price of the Series 2016 Bonds, which price shall not be less than ninety-eight percent (98.00%) of the par amount of such bonds (without regard to original issue discount, if any).

“Purchaser” means the purchaser (underwriter) of the Series 2016 Bonds, being the bidder with the best conforming bid at the public sale of such bonds.

“Representations Letter” means such agreement or agreements by and among the County, the Bond Registrar, and the Depository as shall be necessary to effectuate a book-entry system for the Series 2016 Bonds, and includes any Blanket Letter of Representations previously executed by the County and the Depository.

“Series A of 2016 Bonds” or *“Series 2016 Bonds”* means the not to exceed \$13,000,000 Water and Sewer System Revenue Refunding Bonds, Series A of 2016, authorized to be issued and delivered under the Ordinance and this Series Ordinance for the purpose of the Refunding the Series 2006B Bonds.

“Sinking Fund Installment” means Sinking Fund Installment as defined in paragraph (d) of Section 603 of the Ordinance, as amended by the provisions of this Series Ordinance.

“Tax-exempt” means, with respect to the Series 2016 Bonds, the status of interest paid and received thereon as excludable from the gross income of the owners thereof for federal income tax purposes and as not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Code, but as taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations.

“Term Bonds” means any Series 2016 Bonds subject to mandatory redemption by operation of the Bond Sinking Fund and designated as term bonds in the Bond Order.

Section 1.02. Effect of Headings. The Article and Section headings herein and in the Table of Contents are for convenience only and shall not affect the construction hereof.

Section 1.03. Severability. In case any one or more of the provisions of this Series Ordinance or of the Series 2016 Bonds shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Series Ordinance or of the Series 2016 Bonds, but this Series Ordinance and the Series 2016 Bonds shall be construed and enforced as if such illegal or invalid provision had not been contained herein or therein. In case any covenant, stipulation, obligation or agreement contained in the Series 2016 Bonds or in the Series Ordinance shall for any reason be held to be partly unenforceable or in violation of law, then such covenant, stipulation, obligation or agreement of the County shall be enforceable to the

full extent that the power to incur such obligation or to make such covenant, stipulation or agreement shall have been conferred on the County by law.

Section 1.04. Authority for this Series Ordinance. This Series Ordinance is enacted in accordance with the Act and with Article Six (Section 621), Article Two (Section 204) and Article Ten (Section 1001) of the Ordinance.

Section 1.05. Incorporation of Preambles. The County Board hereby finds that the recitals contained in the preambles to this Series Ordinance are true and correct and does incorporate them into this Series Ordinance by this reference.

Section 1.06. Applicable Law. This Series Ordinance shall be construed under and governed by the laws of the State of Illinois.

ARTICLE TWO

TERMS AND ISSUE OF THE SERIES 2016 BONDS

Section 2.01. Purpose and Authorization. A. It is necessary for and in the best interests of the County and the users of the System that the County provide for the Refunding to achieve a net debt service savings; the proceeds to be received by the County shall be applied to pay into the Interest Account any accrued interest to be received, to provide for the payment of all interest on and principal of and redemption price of the Refunded Bonds on each interest and principal and redemption payment date as provided therein and herein, and to pay all related costs and expenses incidental thereto and to issuance of the Series 2016 Bonds.

B. The County does hereby authorize the Refunding, the allocation and funding of reserves as hereinafter provided, and the making of all related expenditures, and, for the purpose of paying a part of the costs thereof, the issuance of the Series 2016 Bonds, initially to be delivered hereunder in the aggregate principal amount of not to exceed \$13,000,000.

Section 2.02. Forms of the Series A of 2016 Bonds. The Series 2016 Bonds shall be in substantially the following forms; *provided, however*, that if the text of any Bond is to be printed in its entirety on the front side of the Bond, then the second paragraph of the front side of the Bond and the legend "See Reverse Side for Additional Provisions" shall be omitted and the paragraphs on the reverse side of the Bond shall be inserted immediately after the first paragraph on the front side.

[Form of Bond - Front Side]

REGISTERED
NO. _____

REGISTERED
\$ _____

**UNITED STATES OF AMERICA
STATE OF ILLINOIS
THE COUNTY OF LAKE
WATER AND SEWER SYSTEM REVENUE REFUNDING BOND
SERIES A OF 2016**

See Reverse Side for
Additional Provisions

INTEREST MATURITY DATED
RATE: DATE: _____, 20__ DATE: _____, 2016 CUSIP: 509300__

Registered Owner: CEDE & CO.

Principal Amount:

KNOW ALL PERSONS BY THESE PRESENTS that The County of Lake, Illinois (the "*County*"), a county, unit of local government and political subdivision of the State of Illinois, for value received, hereby acknowledges itself to owe and promises to pay to the Registered Owner shown above, or registered assigns as hereinafter provided, solely from the Waterworks and Sewerage System Bond Fund of the County as defined in the hereinafter described Ordinance, and not otherwise, on the Maturity Date shown above, the Principal Amount shown above and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on such Principal Amount from the later of the Dated Date of this Bond shown above or the most recent Interest Payment Date to which interest has been paid or duly provided for, at the Interest Rate per annum shown above, such interest to be payable on _____ 1, 20__, and semiannually thereafter on June 1 and December 1 of each year, until said Principal Amount is duly paid or provided for, and except as the hereinafter stated provisions for redemption prior to maturity may become applicable hereto. The principal of or redemption price of this Bond shall be payable in lawful money of the United States of America upon presentation hereof at the office of The Bank of New York Mellon Trust Company, National Association, maintained for such purpose, as paying agent (the "*Paying Agent*"). Payment of interest due hereon shall be made to the person in whose name this Bond (or one or more Predecessor Bonds) is registered (the "*Registered Owner*") on the registration books (the "*Bond Register*") of the County at the close of business on the Record Date for such interest. The Record Date shall be the 15th day (whether or not a business day) of the calendar month next preceding each regular interest payment date, the 15th day (whether or not a business day) of the calendar month preceding any

interest payment date occasioned by a redemption of bonds on the first day of any month, or the 15th day (whether or not a business day) preceding any interest payment date occasioned by a redemption of bonds on other than the first day of any month. The Bond Register is maintained on behalf of the County by The Bank of New York Mellon Trust Company, National Association, as bond registrar (the "*Bond Registrar*"). Interest shall be paid by check or draft of the Paying Agent, payable upon presentation thereof in lawful money of the United States of America, and shall be mailed to such Registered Owner at the address of such owner as it appears on the Bond Register or at such other address furnished in writing by such Registered Owner to the Bond Registrar, or as otherwise agreed by the County, the Bond Registrar and The Depository Trust Company, Chicago, Illinois (the "*Depository*"), its nominee, or successor, for so long as this Bond is held by the Depository, or nominee, in book-entry only form as provided for same. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the Registered Owner on such Record Date, and may be paid to the person in whose name this Bond (or one or more Predecessor Bonds) is registered at the close of business on a special record date for the payment of such interest or may be paid at any time in any other lawful manner upon such notice as more fully provided in the Ordinance.

Reference is hereby made to the further provisions of this Bond set forth on the reverse hereof, and such further provisions shall for all purposes have the same effect as if set forth at this place.

It is hereby certified and recited that all acts, conditions and things required to be done precedent to and in the issuance of this Bond, have been done and have happened and have been performed in regular and due form of law, and that provision has been made for depositing into the Waterworks and Sewerage Revenue Fund of the County the amounts and Revenues so pledged thereto to be applied in the manner hereinabove set forth, and the County hereby covenants and agrees that it shall establish reasonable rates, fees and charges for use and service of the System which shall be sufficient at all times to pay Operating Costs of the System and to provide in each Fiscal Year (A) Net Revenue in the amount of not less than 150% of the Aggregate Debt Service for such year and (B) Net Revenue Less Connection Charges in the amount of not less than 125% of Aggregate Debt Service for such year, and to comply with all of the covenants of and to maintain the accounts created by the Ordinance and the Series Ordinance for the Series 2016 Bonds.

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

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

Chairman of the County Board
The County of Lake, Illinois

ATTEST:

County Clerk
The County of Lake, Illinois

[SEAL]

Date of Authentication: _____, 2016

CERTIFICATE
OF
AUTHENTICATION

This Bond is one of the Series A of 2016 Bonds described in the within-mentioned Ordinance, of The County of Lake, Illinois, having a Dated Date of _____, 2016.

THE BANK OF NEW YORK MELLON TRUST
COMPANY, NATIONAL ASSOCIATION, as
Bond Registrar

Bond Registrar and
Paying Agent:

The Bank of New York Trust Mellon
Company, National Association
Chicago, Illinois

By: _____
Authorized Officer

[Form of Bond - Reverse Side]

**STATE OF ILLINOIS
THE COUNTY OF LAKE
WATER AND SEWER SYSTEM REVENUE REFUNDING BOND
SERIES A OF 2016**

This Bond is one of an issue of Water and Sewer System Revenue Refunding Bonds, Series A of 2016 (the “*Series A of 2016 Bonds*”), of the County authorized in the aggregate principal amount of \$_____. The Series A of 2016 Bonds are issued and to be issued pursuant to the applicable provisions of the Counties Code of the State of Illinois (55 ILCS 5/1-1001, *et seq.*), as amended, and all laws supplementary thereto, including the Local Government Debt Reform Act, as amended, and the other Omnibus Bond Acts of the State of Illinois (collectively, the “*Act*”); and pursuant to an ordinance enacted by the County Board of the County on October 13, 1968, as amended June 10, 1968, November 13, 1990 and June 24, 1993, and by the Series Ordinance enacted by the County for the Series A of 2016 Bonds on September 13, 2016 (collectively, the “*Ordinance*”), authorizing such issuance and the provision for the security and for and payment of the Series A of 2016 Bonds and all bonds, whether currently outstanding or to be issued in the future, on a parity therewith (collectively, the “*Bonds*”). The Series A of 2016 Bonds are ratably and equally secured under the Ordinance on a parity with all such Bonds currently Outstanding of the County, subject to variations in date, rate of interest, maturity, and privilege of redemption. A copy of the Ordinance is on file at the office of the County Clerk of the County. Reference is hereby made to the Ordinance, and to any and all amendments or supplements or modifications thereof adopted as therein provided, and to the provisions of the Act for a description of the terms on which the Series A of 2016 Bonds and other Bonds are issued and authenticated and to be issued and authenticated and of the respective rights of the County and Registered Owners of the Series A of 2016 Bonds and other Bonds. All the terms defined in the Ordinance and all covenants of the Ordinance shall have the same meaning herein as in the Ordinance. The Ordinance constitutes a contract between the County and the Holder or Registered Owner from time to time of this Bond.

All Bonds are payable from the Net Revenue, as defined, derived from the operation of the waterworks and sewerage system (the “*System*”) of the County, and certain moneys on deposit in the funds and accounts held as provided in the Ordinance, said Net Revenue and moneys securing the Bonds ratably and equally without preference, priority or distinction the one over the other as to lien or otherwise. Without limitation on the definitions set forth in the Ordinance, the Net Revenue are Revenues, as defined, after provision for certain Operating Costs, as defined, of the System of the County serving certain portions of Lake County, Illinois. Under the Act, the Revenues derived from the operation of the System shall be set aside as collected and deposited into the various funds and accounts of the System which shall be used only for paying Operating Costs, paying principal of or redemption price of and interest upon all bonds which by their terms are payable from the Revenues, as provided in the Act, and complying with the covenants of the Ordinance.

This Bond does not constitute an indebtedness of the County itself or of any unit of local government within the County within the meaning of any statutory or constitutional provision or limitation.

The Ordinance permits, with certain exceptions, amending or supplementing thereof and the modification of the rights and obligations of the County and the rights of the Holders of the Bonds by the County with the consent of the Holders of at least two-thirds in aggregate principal amount of the Bonds at the time Outstanding affected by such modification.

This Bond may be subject to mandatory or optional redemption and may be transferred or exchanged, but only in the manner, subject to the terms and limitations, and upon payment of the charges as set forth in the Ordinance.

The County, the Paying Agent and the Bond Registrar, and any agent of same, may treat the Registered Owner of this Bond as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Bond be overdue, and none of the County, the Paying Agent or the Bond Registrar, or any such agent, shall be affected by notice to the contrary.

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns and transfers unto

: : [Identifying Numbers]
: :
: :

(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.

Section 2.03. Terms of Series 2016 Bonds. A. The Series 2016 Bonds shall each be designated “Water and Sewer System Revenue Refunding Bond, Series A of 2016” and shall be issuable solely in fully registered form.

B. The Series A of 2016 Bonds shall mature on a date certain of such years from 2016 to 2021, inclusive, as shall be set forth in the Bond Order, and in such principal amounts as shall be set forth therein. The Series 2016 Bonds shall be issued in an aggregate principal amount not to exceed \$13,000,000. The Series 2016 Bonds shall bear interest at a rate not to exceed five percent (5.0%) per annum. The Series 2016 Bonds shall be dated such date (as of or prior to issuance) as shall be set forth in the Bond Order (the “*Dated Date*”); and shall also bear the date of authentication thereof. The Series 2016 Bonds shall be in denominations of \$5,000 or integral multiples thereof (but no single bond shall represent principal maturing on more than one date), shall be numbered consecutively in such fashion as shall be determined by the Bond Registrar, and shall become due and payable as provided in the Bond Order.

C. Each of the Series 2016 Bonds shall bear interest from the later of the Dated Date as stated above or from the most recent interest payment date to which interest has been paid or duly provided for, until the principal amount of each such bond, respectively, is paid or duly provided for, such interest (computed upon the basis of a 360-day year of twelve 30-day months) being payable on June 1 and December 1 of each year, commencing on such date (not later than June 1, 2017) as provided in the Bond Order. So long as such Series 2016 Bonds are held in Book-Entry Form as hereinafter more specifically set forth, interest on each such bond shall be paid to the Depository by check or draft or electronic funds transfer, in lawful money of the United States of America, as may be agreed by the Treasurer of the County, the Paying Agent and the Depository. In the event such Series 2016 Bonds should ever become available in physical form to registered owners other than the Depository, interest on such Series 2016 Bond shall be paid by check or draft of the Paying Agent, payable upon presentation thereof in lawful money of the United States of America, to the person in whose name such Series 2016 Bond is registered at the close of business on the applicable Record Date, and mailed to the address of such registered owner as it appears on the Bond Register or at such other address as may be furnished in writing to the Bond Registrar. The Record Date referred to for the payment of the interest on the Series 2016 Bonds payable, and punctually paid or duly provided for, on any regular interest payment date shall be the 15th day (whether or not a business day) of the calendar month next preceding such interest payment date, the 15th day (whether or not a business day) of the calendar month preceding any interest payment date occasioned by a redemption of bonds on the first day of any month, or the 15th day (whether or not a business day) preceding any interest payment date occasioned by a redemption of bonds or other than the first day of any month.

D. The principal of or redemption price of the Series 2016 Bonds shall be payable in lawful money of the United States of America upon presentation at the office of the Paying Agent so maintained for the purpose.

E. The Series 2016 Bonds may be Term Bonds as provided in the Bond Order related to same.

F. Cross-reference is hereby made to the requirements for savings in connection with the issuance of the Series 2016 Bonds as set forth in Section 4.01 below in the text of this Series Ordinance.

Section 2.04. Redemption.

The Series 2016 Bonds may be subject to mandatory and optional redemption (as Term Bonds) as provided in the Bond Order at a price of not to exceed par and accrued interest, without premium. The County covenants that it will redeem any Term Bonds pursuant to the mandatory redemption requirement for such Term Bonds.

Section 2.05. Notice of Redemption.

A. *No notice of redemption as provided in Section 405 of the Ordinance shall be required for the Series 2016 Bonds*, the giving of such notice hereby expressly waived, and the Ordinance amended as to the Series 2016 Bonds to such effect. Notice of redemption of the Series 2016 Bonds subject to redemption shall be given not less than 30 days or more than 60 days prior to the date fixed for redemption by first-class mail to each registered owner as shown by the Bond Register on the fifth business day preceding such giving of notice at the address of such owner as shown in the Bond Register. Any additional notice of redemption as may be agreed by the County and Bond Registrar pursuant to the Representations Letter (as herein defined) with the Depository shall also be given.

B. Each notice of redemption given hereunder shall include the name of the Bonds to be redeemed and at least the information as follows:

- (a) the redemption date;
- (b) the redemption price;
- (c) the date of the redemption notice;
- (d) the identification of the bonds to be redeemed including date of issue, interest rate, maturity date, CUSIP number, and Bond number;
- (e) for bonds to be redeemed in part, the respective principal amounts of bonds to be redeemed;
- (f) a statement that on the redemption date, the redemption price of each of the bonds to be redeemed shall become due and payable and that the interest thereon shall cease to accrue from and after said redemption date; and
- (g) the place or places where the bonds to be redeemed are to be surrendered for payment of the redemption price, which shall be the office of the Paying Agent so

maintained for the purpose, and which information shall include the address of the Paying Agent and name and telephone number of an appropriate contact person.

C. Upon surrender of such Series 2016 Bonds for redemption in accordance with said notice, such bonds shall be paid by the Paying Agent at the redemption price. Upon surrender for any partial redemption of any bond, there shall be prepared for the registered owner a new bond or bonds of like series and tenor, of authorized denominations, of the same maturity and bearing the same rate of interest in the amount of the unpaid par value or Compound Accreted Value, as applicable. All Series 2016 Bonds which have been redeemed shall be conveyed to and cancelled and destroyed by the Bond Registrar and shall not be reissued.

Section 2.06. Effect of Redemption of Term Bonds. Purchase and cancellation of Term Bonds shall reduce the amount due at maturity or subject to redemption by operation of the Sinking Fund in the order of years as determined by the County, and the Sinking Fund Installments shall reduce accordingly. Series 2016 Bonds (or portions thereof) for whose redemption and payment provision is made in accordance with this Ordinance shall cease to be entitled to the lien of the Ordinance and shall cease to bear interest from their respective Redemption Dates.

Section 2.07. Registration, Transfer and Exchange of Series 2016 Bonds.

A. Should the Series 2016 Bonds no longer be held in Book Entry Form as hereinafter provided, any such bond may be transferred or exchanged, but only in the manner, subject to the limitations, and upon payment of the charges as set forth herein. Upon surrender for transfer or exchange of any given bond of a series at the office of the Bond Registrar maintained for the purpose, duly endorsed by or accompanied by a written instrument or instruments for transfer or exchange 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 County shall execute and the Bond Registrar shall authenticate, date and deliver in the name of the transferee or transferees or, in the case of an exchange, the registered owner, a new fully registered bond of the same series, of like tenor, of the same maturity, bearing the same interest rate, of authorized denominations, for a like aggregate principal amount or, if applicable, Original Principal Amount and Compound Accreted Value at Maturity.

B. The Bond Registrar shall not be required to transfer or exchange any bond after notice calling all or a portion of such bond for redemption has been mailed or during the period of five days preceding the mailing of a notice of redemption of any bonds of the same series.

C. The execution by the County of any fully registered Series 2016 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; *provided, however*, the principal amount of such bonds of each maturity authenticated by the Bond Registrar shall not at any one time exceed the authorized principal amount of such bonds for such maturity less the amount of such bonds which have been paid.

Section 2.08. Book-entry Provisions. The Series 2016 Bonds shall be initially issued in the form of a separate single fully registered Series 2016 Bond for each maturity of the Series 2016 Bonds. Upon initial issuance, the ownership of each such bond shall be registered in the Bond Register in the name of the Depository or of a nominee of the Depository (the “*Nominee*”). All of the outstanding Series 2016 Bonds from time to time shall be registered in the Bond Register in the name of the Depository or its Nominee. The County Treasurer and the Bond Registrar are authorized to execute and deliver on behalf of the County such letters to or agreements with the Depository as shall be necessary to effectuate such Book Entry Form (any such letter or agreement being referred to herein as the “*Representation Letter*”). Without limiting the generality of the authority given to the County Treasurer with respect to entering into such Representation Letter, it may contain provisions relating to (a) payment procedures, (b) transfers of the Series 2016 Bonds or of beneficial interests therein, (c) redemption notices and procedures unique to the Depository, (d) additional notices or communications, and (e) amendment from time to time to conform with changing customs and practices with respect to securities industry transfer and payment practices.

With respect to Series 2016 Bonds registered in the Bond Register in the name of the Depository or the Nominee, neither the County nor the Bond Registrar shall have any responsibility or obligation to any broker-dealer, bank or other financial institution for which the Depository holds Series 2016 Bonds from time to time as securities depository (each such broker-dealer, bank or other financial institution being referred to herein as a “*Depository Participant*”) or to any person on behalf of whom such a Depository Participant holds an interest in the Series 2016 Bonds. Without limiting the meaning of the immediately preceding sentence, neither the County nor the Bond Registrar shall have any responsibility or obligation with respect to (a) the accuracy of the records of the Depository or the Nominee, or any Depository Participant with respect to any ownership interest in the Series 2016 Bonds, (b) the delivery to any Depository Participant or any other person, other than a registered owner of a Series 2016 Bond as shown in the Bond Register, of any notice with respect to the Series 2016 Bonds, including any notice of redemption, or (c) the payment to any Depository Participant or any other person, other than a registered owner of a Series 2016 Bond as shown in the Bond Register, of any amount with respect to principal of or interest on the Series 2016 Bonds. No person other than a registered owner of a Series 2016 Bond as shown in the Bond Register shall receive a Series 2016 Bond certificate with respect to any Series 2016 Bond.

In the event that (a) the County determines that the Depository is incapable of discharging its responsibilities described herein and in the Representation Letter, (b) the agreement among the County, the Bond Registrar and the Depository evidenced by the Representation Letter shall be terminated for any reason or (c) the County determines that it is in the best interests of the beneficial owners of the Series 2016 Bonds or a series thereof that they be able to obtain certificated Series 2016 Bonds, the County shall notify the Depository and the Depository Participants of the availability of Series 2016 Bond certificates, and the Series 2016 Bonds shall no longer be restricted to being registered in the Bond Register in the name of the Depository or the Nominee. The County may determine that such Series 2016 Bonds shall be registered in the name of and deposited with a successor depository operating a book-entry system, as may be acceptable to the County, or such depository’s agent or designee, but if the County does not select such successor book-entry system, then such Series 2016 Bonds may be

registered in whatever name or names registered owners of Series 2016 Bonds transferring or exchanging Series 2016 Bonds shall designate, in accordance with the provisions hereof. Notwithstanding any other provision of this Series Ordinance to the contrary, so long as any Bond is registered in the name of the Depository or the Nominee, all payments with respect to principal of and interest on such Bond and all notices with respect to such Series 2016 Bonds shall be made and given, respectively, in the manner provided in the Representation Letter.

ARTICLE THREE

FUNDS AND ACCOUNTS AND GENERAL AND SPECIAL COVENANTS

Section 3.01. Account Requirements. The account requirements expressly established for so long as the Series 2016 Bonds are Outstanding are as follows.

A. The Sinking Fund Installment for any Term Bonds will be as designated in the related Bond Order.

B. Quarterly deposits in the amount of \$40,000, which amount is inclusive of the requirements of the Ordinance and all Series Ordinances previously adopted by the County Board, or such greater amount as the County Board in its discretion may designate from time to time, shall be made into the Reserve Account; *provided, however*, such quarterly deposits shall not be required to be made at any time that the money on deposit to the credit of the Reserve Account is not less than Maximum Aggregate Debt Service.

C. Quarterly deposits in the amount of \$150,000, which amount is inclusive of the requirements of the Ordinance and all Series Ordinances previously adopted by the County Board, or such greater amount as the County Board in its discretion may designate from time to time, shall be made into the Depreciation, Extension and Improvement Fund.

Section 3.02. Special Rate and Other Covenants Continued. A. The County covenants and agrees with the holders and registered owners of the Series 2016 Bonds, so long as there are any Series 2016 Bonds Outstanding, that the County will establish and maintain at all times reasonable fees, charges, and rates for the use and service of the System and will provide for the collection thereof and the segregation and application of current Revenues in the manner provided, sufficient at all times to pay costs of operation and maintenance of the System and to provide in each Fiscal Year (1) Net Revenue in the amount not less than 150% of Aggregate Debt Service and (2) Net Revenue Less Connection Charges in the amount not less than 125% of Aggregate Debt Service.

B. In accordance with its obligations under the “Water Purchase and Sale Contract Between Central Lake County Joint Action Water Agency and Charter Members,” dated as of April 1, 1989, as amended, the County hereby declares, covenants and represents that Revenues will be used to pay the principal, premium, if any, and interest on the Series 2016 Bonds only to

the extent that the Revenues exceed the amount required to pay Operating Expenses which now includes, expressly, payments under said contract.

Section 3.03. Prior Covenants Continued; Exceptions. All of the covenants of the Ordinance are hereby continued and reaffirmed with respect to the Series 2016 Bonds as if fully set out herein, *provided, however*, that the following changes in covenants are now in effect:

A. Section 701 of the Ordinance relating to permitted investments is amended to permit investment of all monies in the Funds and Accounts subject only to the limitations that (1) such investments be scheduled to mature prior to the time when needed and (2) such investments be at the time of investment lawful under applicable Illinois law. Cross-reference is hereby expressly made, however, to the covenants of the County made with any bond insurer with respect to various series of Bonds.

B. The Sinking Fund Account requirement set forth in Section 603(d) of the Ordinance is amended to delete the text “and the December 1 thereafter occurring not more than fifteen (15) months from the date of such deposit”; such deletion shall result in the Sinking Fund Installment for Bonds being required to be met in the Fiscal Year immediately preceding the due date of the installment and *not* in the final quarter of the second Fiscal Year preceding the installment.

C. Section 603(a) of the Ordinance is amended to read as follows [Strike out indicates deletion and underline indicates new text.]: “. . . (ii) an operating reserve in an amount certified, from time to time, by the Consulting Engineer as the reasonable amount necessary for ~~three (3) months~~ forty-five days’ cost of operation, maintenance and ordinary current repairs of the System; and... .”

D. The provisions for notice of redemption of Bonds as set forth in Section 405 of the Ordinance are deleted, and each Series Ordinance shall provide redemption requirements for the Bonds of such series.

E. The \$40,000 quarterly Reserve Account Requirement is amended to be required only in such quarters and to the extent necessary to deposit to and maintain in the Reserve Account an amount not less than Maximum Annual Debt Service.

F. The excess of amounts on deposit in the Reserve Account shall be deposited to any fund or account the County Board may designate, and if not designated, shall be transferred to the Surplus Account. Any excess of amounts in the Reserve Account deposited into the Redemption Account shall not be applied to the redemption of Bonds.

Section 3.04. Covenants Relating to Tax-exempt Status.

For purposes of this Section 3.04 only, the Series 2016 Bonds may be referred to as the “Bonds.”

A. The County hereby covenants that it will not take any action, omit to take any action, or permit the taking or omission of any action, within its control (including, without limitation, making or permitting any use of the proceeds of the Bonds) if taking, permitting, or omitting to take such action would cause any of the Bonds to be an arbitrage bond or a private activity bond within the meaning of the Code or would otherwise cause the interest on the Bonds to be included in the gross income of the recipients thereof for federal income tax purposes. The County acknowledges that, in the event of an examination by the Internal Revenue Service of the exemption from Federal income taxation for interest paid on the Bonds, under present rules, the County may be treated as the “taxpayer” in such examination. In furtherance of the foregoing provisions, but without limiting their generality, the County agrees: (a) through its officers, to make such further specific covenants, representations as shall be truthful, and assurances as may be necessary or advisable; (b) to comply with all representations, covenants, and assurances contained in certificates or agreements as may be prepared by counsel approving the Bonds; (c) to consult with such counsel; (d) to file such forms, statements, and supporting documents as may be required and in a timely manner; and (e) if deemed necessary or advisable by its officers, to employ and pay fiscal agents, financial advisors, municipal advisors, attorneys, and other persons to assist the County in such compliance.

B. In furtherance of the foregoing provision, but without limiting its generality, the County agrees: (1) through its officers, to make such further specific covenants, representations as shall be truthful, and assurances as may be necessary or advisable; (2) to comply with all representations, covenants and assurances contained in an Officer’s Certificate relating to tax exemption to be prepared by counsel approving the Bonds; (3) to consult with such counsel and to comply with such advice as may be given; (4) to pay to the United States, as necessary, such sums of money representing required rebates of excess arbitrage profits or, in lieu of rebate, if applicable, one of the penalties specified in Section 148(f)(4)(B)(iv)(V) of the Code, relating to the Bonds; (5) to file such forms, statements and supporting documents as may be required and in a timely manner; and (6) if deemed necessary or advisable by its officers, to employ and pay the Bond Registrar, other fiscal agents, financial advisors, municipal advisors, attorneys and other persons to assist the County in such compliance.

C. The County represents and certifies as follows with respect to the Bonds not being “arbitrage bonds” under Code Section 148.

1. All proceeds of the Refunded Bonds issued for purposes other than deposit to the Reserve Account have been spent.

2. No acquisition or improvement made as a part of the projects financed directly or indirectly with the Refunded Bonds has been or is expected to be sold or otherwise disposed of for money or property in whole or in material part prior to the last maturity of the Bonds. “*Material part*” means (i) land, or (ii) any improvement, 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.

3. The County will receive the agreed-upon purchase price from the sale of the Bonds. Accrued interest on the Bonds, if any, is to be deposited into the Interest Account and used to pay the first interest coming due on the Bonds.

4. Except for the Interest Account, Serial Bond Account, and Sinking Fund Account (collectively, the "*Bond Fund*") and the (Debt Service) Reserve Account, the County has not created or established and will not create or establish any bond fund, sinking fund, reserve fund or any other similar fund to provide for the payment of the Bonds. The Bond Fund has been established and will be funded with Revenues in a manner primarily to achieve a proper matching of Revenues and debt service. The Bond Fund will be depleted at least annually to an amount not in excess of one-twelfth of the then current annual debt service on the Bonds. Money deposited into the Bond Fund will be spent within a 13-month period beginning on the date of deposit, and investment earnings in the Bond Fund will be spent within a one-year period beginning on the date of receipt.

5. The Debt Service Reserve Account, which was established from System revenues and from original proceeds of the various previously issued secured bonds, is required to be funded in an amount such that the total amount in the Debt Service Reserve Account is equal to Maximum Annual Debt Service.

6. The County will establish by agreement hereby authorized methods and covenants relating to the rebate of excess arbitrage profits, if applicable.

D. The County represents and covenants that no portion of the Bonds are an issue of "private activity bonds" as defined in Section 141(a) of the Code. In particular, the County further represents and covenants as follows:

1. Not more than 10% of the proceeds of the Bonds are to be used, and not more than 10% of the proceeds of the Refunded Bonds were used, directly or indirectly, in any trade or business carried on by any person other than a state or local governmental unit.

2. Not more than 10% of any and all direct or indirect payments made on the principal of or interest on the Bonds taken separately is to be derived from payments made by or with respect to any private business use by any person.

3. None of the proceeds of the Bonds is to be used, and none of the proceeds of the Refunded Bonds was used, directly or indirectly, to make or finance loans or persons other than a state or local governmental unit.

4. No person other than a state or local governmental unit will be a user of the System as a result of (a) ownership or (b) actual or beneficial use pursuant to a lease, a management or incentive payment contract, or (c) any other similar arrangement.

E. Notwithstanding the foregoing specified representations and covenants, the County reserves the right to use or invest moneys in connection with the Bonds in any manner, or to treat with or use or dispose of the System in any way, *provided* it shall first have received an opinion from Chapman and Cutler LLP, Chicago, Illinois, or other attorney or firm of attorneys of nationally recognized standing in matters pertaining to tax-exempt bonds to the effect that use or investment of such moneys or treatment, use, or disposal of the System, as contemplated, will not adversely affect the tax-exempt status of interest on the Series A of 2016 Bonds as established upon delivery thereof.

Section 3.05. Provisions for Bond Insurance. In the event the payment of principal of and interest on the Series 2016 Bonds is insured pursuant to a policy or guaranty issued by a municipal bond insurer or guarantor, and as long as such policy shall be in full force and effect, the County and the Bond Registrar agree to comply with such usual and reasonable provisions regarding presentment and payment of the Series 2016 Bonds, subrogation of the rights of the Bondholders to said bond insurer when holding Series 2016 Bonds, amendment hereof, or other terms, as approved by any of the County officers on advice of counsel, his or her approval to constitute full and complete acceptance by the County of such terms and provisions under authority of this Section.

ARTICLE FOUR

SALE OF SERIES 2016 BONDS; USE OF PROCEEDS AND ADDITIONAL FUNDS FROM COUNTY; DIRECTION FOR REDEMPTION

Section 4.01. Sale of Bonds; Bond Order. The Designated Officials are hereby authorized to proceed, without any further authorization or direction whatsoever from the County Board, to sell and deliver the Series 2016 Bonds upon the terms as prescribed in this Section.

The Series 2016 Bonds shall be sold and delivered to the Purchaser. Such sale shall be made upon the conditions as evidenced by a report of Speer Financial, Inc., Chicago, Illinois, municipal advisor to the County (the "*Municipal Advisor*"), that (1) the terms of the Series 2016 Bonds are fair and reasonable in view of current market conditions; and (2) the net present value savings resultant from the issuance of the Series 2016 Bonds for the Refunding, calculated in accordance with customary market practice, is not less than 4.25% of the principal amount of the Refunded Bonds.

Nothing in this Section shall require the Designated Officials to sell Series 2016 Bonds if in their judgment, aided by the Municipal Advisor, the conditions in the bond markets shall have markedly deteriorated from the time of adoption hereof, but the Designated Officials shall have the authority to sell the Series 2016 Bonds in any event so long as the limitations set forth in this Ordinance and the conditions of this Section shall have been met. Upon the sale of the Series 2016 Bonds, the Designated Officials and any other officers of the County as shall be appropriate, shall be and are hereby authorized and directed to approve or execute, or both, such documents of sale of such Series 2016 Bonds as may be necessary, including, without limitation, Bond Order, Preliminary Official Statement, Official Statement, Bond Purchase Contract (as evidenced by an executed Official Bid Form for the Series 2016 Bonds, in response to the

Official Notice of Sale for the Series 2016 Bonds), and closing documents. The Bond Order shall set forth the terms of such Series 2016 Bonds within the several limitations set forth in this Ordinance. Each Bond Order shall include a finding and determination of the Designated Officials that no person holding any office of the County either by election or appointment, is in any manner interested either directly or indirectly, in his or her own name or in the name of any other person, association, trust or corporation in said Bond Purchase Contract with the Purchaser for the purchase of such Series 2016 Bonds. The distribution by the Municipal Advisor of a Preliminary Official Statement relating to the Series 2016 Bonds as shall be approved by the Designated Officials is hereby in all respects authorized and approved, and the proposed use by the Purchaser of an Official Statement or Official Statements (in substantially the form of the Preliminary Official Statement but with appropriate variations to reflect the final terms of the Series 2016 Bonds) is hereby approved. A bond purchase contract for the sale of the Bonds to the Purchaser (as evidenced by an Official Bid Form for the Series 2016 Bonds in response to an Official Notice of Sale for the Series 2016 Bonds, the "*Bond Purchase Contract*") in substantially the form as before the County Board at this meeting (with such changes to be made as shall be approved by the Designated Officials) is hereby in all respects authorized and approved. Upon the sale of the Series 2016 Bonds, the Designated Officials shall execute and file a related Bond Order with the County Clerk and such shall be entered into the records of the County and made available to all members of the County Board at a public meeting of the County Board; but such action shall be for information purposes only, and the County Board shall have no right or authority at such time to approve or reject such sale as evidenced in such Bond Order.

Section 4.02. Application of Proceeds; Escrow Agreement. The net proceeds derived from the sale of the Series 2016 Bonds shall be received by the County Treasurer (except as expressly noted) and used as follows:

1. Accrued interest, if any, on each of the Series 2016 Bonds shall be credited to the Interest Account to pay first interest due on the related Series 2016 Bonds.
2. The sums necessary from the sale of the Series 2016 Bonds or from other lawfully available County funds shall be either (A) applied immediately by the Municipal Advisor or the County Treasurer to the payment of expenses of issuance of such Series 2016 Bonds or (B) be set aside by the County Treasurer in a special fund hereby created, and designated the "Expense Fund." Amounts so payable or in said fund are to be used to pay the premium for the Municipal Bond Insurance Policy, if any, recording expenses, Paying Agent, Bond Registrar and Escrow Agent fees and expenses, commitment and other financing costs, legal fees, Municipal Advisor's fees, rating agency fees, verification agent fees, and other fees and expenses incurred or to be incurred by or on behalf of the County in connection with or as an incident to the issuance and sale of the Series 2016 Bonds. Moneys so payable or in the Expense Fund shall be paid after receipt of appropriate invoice. Six months after delivery of the Series 2016 Bonds, any moneys remaining in the Expense Fund shall be transferred to the Interest Account of the Bond Fund. Moneys in the Expense Fund shall be invested as if held as part of the Bond Fund generally.

3. The amount necessary to cause the amount in the Debt Service Reserve Account to equal the Debt Service Reserve Requirement shall remain on deposit to the credit of the Reserve Account. Any excess in the Reserve Account upon the issuance of the Series 2016 Bonds shall, to the fullest extent practicable, be applied to the Refunding or, if not practicable, be credited to such other account of the System as the County officers may determine.

4. The sum necessary, together with all money in the Interest Account or Reserve Account of the Bond Fund as may be available for the purpose, shall be used to provide for the Refunding. Amounts for the Refunding shall be applied pursuant to the provisions of an Escrow Agreement. The Chairman of the County Board, the County Clerk, or the County Treasurer shall be hereby authorized, empowered and directed to execute and deliver the Escrow Agreement in substantially the same form as now before the County Board, or with such changes therein as the officers executing the Escrow Agreement on behalf of the County shall approve, their execution thereof to constitute conclusive evidence of their approval of such changes. When the Escrow Agreement is executed and delivered on behalf of the County as herein provided, the Escrow Agreement will be binding on the County and the officers, employees and agents of the County, and the officers, employees and agents of the County are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Escrow Agreement as executed.

5. Any remaining excess shall be deposited to the credit of the Interest Account of the Bond Fund and used to pay first interest due on the Series 2016 Bonds.

Section 4.03. Continuing Disclosure Undertaking. The Chairman of the County Board or the County Clerk is hereby authorized, empowered and directed to execute and deliver the Continuing Disclosure Undertaking (the “*Continuing Disclosure Undertaking*”) in substantially the same form attached hereto as *Exhibit B* to this Ordinance, or with such changes therein as the individual executing the Continuing Disclosure Undertaking on behalf of the County shall approve, said officer’s execution thereof to constitute conclusive evidence of said officer’s approval of such changes. When the Continuing Disclosure Undertaking is executed and delivered on behalf of the County as herein provided, the Continuing Disclosure Undertaking will be binding on the County and the officers, employees and agents of the County, and the officers, employees and agents of the County are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Continuing Disclosure Undertaking as executed. Notwithstanding any other provision of this Ordinance, the sole remedies for failure to comply with the Continuing Disclosure Undertaking shall be the ability of the beneficial owner of any Bond to seek mandamus or specific performance by court order, to cause the County to comply with its obligations under the Continuing Disclosure Undertaking.

ARTICLE FIVE

SUPERSEDER, EFFECTIVE DATE AND EXECUTION

Section 5.01. Superseder. All ordinances, resolutions or orders, or parts thereof, in conflict with the provisions of this Series Ordinance are to the extent of such conflict hereby superseded.

Section 5.02. Effective Date. This Series Ordinance shall become effective immediately upon its passage.

Enacted this 13th day of September, 2016.

WITNESS:

Chairman of the County Board
The County of Lake, Illinois

ATTEST:

County Clerk
The County of Lake, Illinois

STATE OF ILLINOIS)
) SS
COUNTY OF LAKE)

CLERK’S CERTIFICATE OF ORDINANCE

I do hereby certify that the attached and foregoing copy of Ordinance entitled:

AN ORDINANCE OF THE COUNTY OF LAKE, ILLINOIS, AUTHORIZING
THE ISSUANCE AND SALE OF NOT TO EXCEED \$13,000,000 WATER
AND SEWER SYSTEM REVENUE REFUNDING BONDS, SERIES 2016, IN
ONE SERIES AND PROVIDING THE TERMS OF AND SECURITY FOR
PAYMENT THEREOF.

as adopted September 13, 2016, by the County Board of The County of Lake, Illinois, is true,
correct and complete.

ATTEST:

_____ Dated: September 13, 2016
County Clerk

[SEAL]

ACCEPTANCE BY TREASURER

The undersigned Treasurer of The County of Lake, Illinois, does hereby acknowledge, accept, and join in and bind himself and his successors to the provisions of the foregoing Ordinance entitled:

AN ORDINANCE OF THE COUNTY OF LAKE, ILLINOIS, AUTHORIZING THE ISSUANCE AND SALE OF NOT TO EXCEED \$13,000,000 WATER AND SEWER SYSTEM REVENUE REFUNDING BONDS, SERIES 2016, IN ONE SERIES AND PROVIDING THE TERMS OF AND SECURITY FOR PAYMENT THEREOF.

as adopted September 13, 2016, by the County Board of the County, and agrees to all the provisions thereof relating to the administration of his office.

Dated this 13th day of September, 2016.

County Treasurer
The County of Lake, Illinois

EXHIBIT A

ESCROW AGREEMENT

EXHIBIT A

ESCROW AGREEMENT

This Escrow Agreement, dated as of _____, 2016, but actually executed on the date witnessed herein below, by and between The County of Lake, Illinois (the “*County*”), and The Bank of New York Mellon Trust Company, National Association, a banking corporation organized and operating under the laws of the State of Illinois, located in Chicago, Illinois (the “*Escrow Agent*”), in consideration of the mutual promises and agreements herein set forth:

W I T N E S S E T H:

ARTICLE I

DEFINITIONS

The following words and terms used in this Agreement shall have the following meanings unless the context or use clearly indicates another or different meaning:

Section 1.01. “*Agreement*” means this Agreement between the County and the Escrow Agent.

Section 1.02. “*Board*” means the County Board of the County.

Section 1.03. “*Bonds*” means the \$_____ Water and Sewer System Revenue Refunding Bonds, Series A of 2016, dated _____, 2016, authorized to be issued by the Bond Ordinance.

Section 1.04. “*Bond Ordinance*” means the Ordinance adopted on the 13th day of September, 2016, by the Board entitled:

AN ORDINANCE OF THE COUNTY OF LAKE, ILLINOIS, AUTHORIZING THE ISSUANCE AND SALE OF NOT TO EXCEED \$13,000,000 WATER AND SEWER SYSTEM REVENUE REFUNDING BONDS, SERIES 2016, IN ONE SERIES AND PROVIDING THE TERMS OF AND SECURITY FOR PAYMENT THEREOF.

authorizing the issuance of the Bonds.

Section 1.05. “*Code*” means Section 148 of the Internal Revenue Code of 1986, and all lawful regulations promulgated thereunder.

Section 1.06. “*County*” means The County of Lake, Illinois.

Section 1.07. “*Escrow Account*” means the trust account established under this Agreement by the deposit of the Government Securities and the beginning cash.

Section 1.08. “*Escrow Agent*” means The Bank of New York Mellon Trust Company, National Association, a banking corporation organized and operating under the laws of the State of Illinois, located in Chicago, Illinois, not individually but in the capacity for the uses and purposes hereinafter mentioned, or any successor thereto.

Section 1.09. “*Government Securities*” means the non-callable direct obligations of or non-callable obligations guaranteed by the full faith and credit of the United States of America as to principal and interest deposited hereunder as more particularly described in *Exhibit A* to this Agreement and also including any direct obligations purchased pursuant to Section 3.02.

Section 1.10. “*Paying Agent*” means The Bank of New York Mellon Trust Company, National Association, Chicago, Illinois, as bond registrar and paying agent for the Refunded Bonds, and any successor thereto.

Section 1.11. “*Refunded Bonds*” means the outstanding bonds of the County as follows:

\$12,315,000 Water and Sewer System Revenue Refunding Bonds, Series B of 2006, dated November 2, 2006, being a portion of the bonds outstanding from an issue in the original principal amount of \$17,170,000, fully registered and without coupons, due serially on December 1 of the years, in the amounts and bearing interest at the rates per annum as follows:

MATURITY	PRINCIPAL AMOUNT (\$)	INTEREST RATE (%)
2017	1,765,000	4.500
2018	2,615,000	4.250
2019	2,555,000	4.250
2020	2,665,000	4.375
2021	2,715,000	4.250

ARTICLE II

CREATION OF ESCROW

Section 2.01. The County by the Bond Ordinance has authorized the issue and delivery of the Bonds, proceeds of which, together with certain funds of the County on hand and legally available for such purpose, are to be used to refund the Refunded Bonds by the deposit on demand and to purchase on behalf of the County the Government Securities. Such deposit and securities will provide all moneys necessary to pay the principal of and interest on the Refunded Bonds when due and upon redemption prior to maturity.

Section 2.02. The County deposits \$_____ from the proceeds of the Bonds, \$_____ from the proceeds of the Refunded Bonds and \$_____ from funds on hand and legally available for the purchase of the Government Securities and the funding of a beginning cash escrow deposit on demand in the amount of \$_____. The beginning deposit and the Government Securities are held in an irrevocable trust fund account for the County to the benefit of the holders of the Refunded Bonds to pay the principal of and interest on the Refunded Bonds when due and upon redemption prior to maturity.

Section 2.03. The Escrow Agent and the County have each received the report of _____, _____, _____, attached hereto as *Exhibit B* (the "*Verification Report*"), that the principal of and income and profit to be received from the Government Securities, when paid at maturity, and the cash held in accordance with Section 2.02 hereof, will be sufficient, at all times pending the final payment of the Refunded Bonds, to pay all interest on and all principal of the Refunded Bonds when due and upon redemption prior to maturity as evidenced by said Report.

ARTICLE III

COVENANTS OF ESCROW AGENT

The Escrow Agent covenants and agrees with the County as follows:

Section 3.01. The Escrow Agent will hold the Government Securities and all interest income or profit derived therefrom and all uninvested cash in an irrevocable segregated and separate trust fund account for the sole and exclusive benefit of the holders of the Refunded Bonds until final payment thereof.

Section 3.02. The beginning cash escrow deposit shall not be invested by the Escrow Agent. Otherwise, the Escrow Agent will reinvest all available uninvested balances (rounded to an even \$100) in the Escrow Account on deposit from time to time, whenever said balances exceed \$1,000, and acknowledges that the schedule of amounts available for reinvestment appears in the cash flow tables in the Verification Report and in *Exhibit C*. Investments so made shall be in direct obligations of or obligations guaranteed by the full faith and credit of the United States of America and shall be scheduled to mature on or prior to the next succeeding interest payment date on the Refunded Bonds on which such proceeds will be needed to pay the principal of or interest on the Refunded Bonds. Such investments shall, to the extent possible, be in zero-yield obligations issued directly by the Bureau of Public Debt of the United States Treasury (currently designated “*U. S. Treasury Securities—State and Local Government Series Certificates of Indebtedness, Notes or Bonds*”) (“*SLGS*”). Such investments shall be made only to the extent permitted by, and shall be made in accordance with, the applicable statutes, rules and regulations governing such investments issued by the Bureau of Fiscal Service. The Escrow Agent expressly recognizes that under current regulations all SLGS must be subscribed for not less than 5 days (7 days for amounts of \$10,000,000 or more) nor more than 60 days prior to date of issuance.

Exhibit C contains a list of scheduled reinvestments. The Escrow Agent is instructed to subscribe for and take delivery of SLGS as described in *Exhibit C*.

If the Department of the Treasury (or the Bureau of Fiscal Service) of the United States suspends the sale of SLGS causing the Escrow Agent to be unable to purchase SLGS, then the Escrow Agent will take the following actions. On the date it would have purchased SLGS had it been able to do so, the Escrow Agent will purchase direct obligations of the United States (the “*Alternate Investment*”) maturing no more than 90 days after the date of purchase and no later than the scheduled maturity date of such SLGS as shown on *Exhibit C*. The purchase price of the Alternate Investment shall be as close as possible but not more than the principal amount of the SLGS that would have been purchased on such date if they had been available for purchase. The maturity date of the Alternate Investment shall be the latest possible date that (i) is not more than 90 days after the purchase date and (ii) is not after the scheduled maturity date for the SLGS that would have been purchased if available as shown on *Exhibit C*. The Escrow Agent will purchase each Alternate Investment in the customary manner for such investments (in the secondary market or in a Treasury auction) at a price no higher than the fair market value of the Alternate Investment and will maintain records demonstrating compliance with this requirement. On the maturity of each Alternate Investment, the Escrow Agent shall pay the difference between the total of the receipts (principal and interest) on the Alternate Investment and the purchase price of the Alternate Investment to the County with a notice to the County that such amount may need to be paid to the Internal Revenue Service pursuant to Rev. Proc. 95-47 or successor provisions including any finalized version of Prop. Treas. Reg. Section 1.148-5(c). If the Alternate Investment matures more than 14 days prior to the next succeeding interest payment date on the Refunded Bonds on which such proceeds will be needed to pay principal of or interest on the Refunded Bonds, the Escrow Agent shall treat such amounts as an uninvested

balance available for reinvestment and shall take all reasonable steps to invest such amounts in SLGS (or additional Alternate Investments as provided in this Section).

The Escrow Agent shall hold balances not so invested in the Escrow Account on demand and in trust for the purposes hereof and shall secure same in accordance with applicable Illinois law for the securing of public funds.

Section 3.03. The Escrow Agent will take no action in the investment or securing of the proceeds of the Government Securities which would cause the Bonds to be classified as “arbitrage bonds” under the Code, *provided*, it shall be under no duty to affirmatively inquire whether the Government Securities as deposited are properly invested under the Code; and, *provided, further*, it may rely on all specific directions in this Agreement in the investment or reinvestment of balances held hereunder.

Section 3.04. The Escrow Agent will promptly collect the principal, interest or profit from the Government Securities and promptly apply the same as necessary to the payment of principal and interest on the Refunded Bonds when due and upon redemption prior to maturity as herein provided.

Section 3.05. The Escrow Agent will remit to the Paying Agent, in good funds on or before each principal or interest payment or redemption date on the Refunded Bonds, moneys sufficient to pay such principal, interest and redemption price as will meet the requirements for the retirement of the Refunded Bonds, and such remittances shall fully release and discharge the Escrow Agent from any further duty or obligation thereto under this Agreement.

Section 3.06. The Escrow Agent will make no payment of fees, charges or expenses due or to become due, of the Paying Agent or the bond registrar and paying agent on the Bonds, and the County either paid such fees, charges and expenses in advance as set forth in Section 3.07 hereof or covenants to pay the same as they become due.

Section 3.07. The charges, fees and expenses of the Escrow Agent (other than any charges, fees and expenses incurred pursuant to Section 3.08 hereof) have been paid in advance, and all charges, fees or expenses of the Escrow Agent in carrying out any of the duties, terms or provisions of this Agreement shall be paid solely therefrom. The Escrow Agent is also providing bond registrar and paying agent services for the Bonds, and the acceptance fee and first annual fee of the Escrow Agent for such bond registrar and paying agent services have been paid in advance, and all remaining charges, fees or expenses of the Escrow Agent for such services shall be paid by the County upon receipt of invoices therefor.

Section 3.08. The County has called the Refunded Bonds for redemption and payment prior to maturity on December 1, 2016. The Escrow Agent will cause the Paying Agent to provide for and give timely notice of the call for redemption of such Refunded Bonds. In the event the Escrow Agent determines that the Paying Agent will not give such timely notice, the Escrow Agent will give such notice. The form and time of the giving of such notice regarding such Refunded Bonds shall be as specified in the resolution authorizing the issuance of the Refunded Bonds. The County shall reimburse the Escrow Agent for any actual out of pocket expenses incurred in the giving of such notice, but the failure of the District to make such payment shall not in any respect whatsoever relieve the Escrow Agent from carrying out any of the duties, terms or provisions of this Agreement.

The Escrow Agent shall also give, or shall cause the Paying Agent to give, notice of the call of the Refunded Bonds, on or before the date the notice of such redemption is given to the holders of the Refunded Bonds, to the Municipal Securities Rulemaking Board (the “MSRB”) through its Electronic Municipal Market Access system for municipal securities disclosure or through any other electronic format or system prescribed by the MSRB for purposes of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities

Exchange Act of 1934, as amended. Information with respect to procedures for submitting notice can be found at <https://msrb.org>.

Section 3.09. The Escrow Agent has all the powers and duties herein set forth with no liability in connection with any act or omission to act hereunder, except for its own negligence or willful breach of trust, and shall be under no obligation to institute any suit or action or other proceeding under this Agreement or to enter any appearance in any suit, action or proceeding in which it may be defendant or to take any steps in the enforcement of its, or any, rights and powers hereunder, nor shall be deemed to have failed to take any such action, unless and until it shall have been indemnified by the County to its satisfaction against any and all costs and expenses, outlays, counsel fees and other disbursements, including its own reasonable fees, and if any judgment, decree or recovery be obtained by the Escrow Agent, payment of all sums due it, as aforesaid, shall be a first charge against the amount of any such judgment, decree or recovery.

Section 3.10. The Escrow Agent may in good faith buy, sell or hold and deal in any of the Bonds or the Refunded Bonds.

Section 3.11. The Escrow Agent will submit to the Treasurer a statement within forty-five (45) days after June 2 and December 2 of each calendar year, commencing December 2, 2016, itemizing all moneys received by it and all payments made by it under the provisions of this Agreement during the preceding six (6) month period (or, for the first period, from the date of delivery of the Bonds to December 2, 2016), and also listing the Government Securities on deposit therewith on the date of said report, including all moneys held by it received as interest on or profit from the collection of the Government Securities.

Section 3.12. If at any time it shall appear to the Escrow Agent that the available proceeds of the Government Securities and deposits on demand in the Escrow Account will not be sufficient to make any payment due to the holders of any of the Refunded Bonds, the Escrow

Agent shall notify the Treasurer and the Board, not less than five (5) days prior to such date, and the County agrees that it will from any funds legally available for such purpose make up the anticipated deficit so that no default in the making of any such payment will occur.

ARTICLE IV

COVENANTS OF COUNTY

The County covenants and agrees with the Escrow Agent as follows:

Section 4.01. The Escrow Agent shall have no responsibility or liability whatsoever for (a) any of the recitals of the County herein, (b) the performance of or compliance with any covenant, condition, term or provision of the Bond Ordinance, and (c) any undertaking or statement of the County hereunder or under the Bond Ordinance.

Section 4.02. All payments to be made by, and all acts and duties required to be done by, the Escrow Agent under the terms and provisions of this Agreement, shall be made and done by the Escrow Agent without any further direction or authority of the County or the Treasurer.

Section 4.03. The County will take no action regarding the proceeds of the Bonds which would cause the Bonds to be classified as “arbitrage bonds” under the Code, and the County will take any and all further action necessary to ensure that adequate provision is made for the payment of the Refunded Bonds and that neither the Refunded Bonds nor the Bonds are classified as “arbitrage bonds” under the Code.

ARTICLE V

AMENDMENTS, REINVESTMENT OF FUNDS, IRREVOCABILITY OF AGREEMENT

Section 5.01. Except as provided in Section 5.04 hereof, all of the rights, powers, duties and obligations of the Escrow Agent hereunder shall be irrevocable and shall not be subject to

amendment by the Escrow Agent and shall be binding on any successor to the Escrow Agent during the term of this Agreement.

Section 5.02. Except as provided in Section 5.04 hereof, all of the rights, powers, duties and obligations of the County hereunder shall be irrevocable and shall not be subject to amendment by the County and shall be binding on any successor to the officials now comprising the Board during the term of this Agreement.

Section 5.03. Except as provided in Section 5.04 hereof, all of the rights, powers, duties and obligations of the Treasurer hereunder shall be irrevocable and shall not be subject to amendment by the Treasurer and shall be binding on any successor to said official now in office during the term of this Agreement.

Section 5.04. This Agreement may be amended or supplemented, and the Government Securities or any portion thereof may be sold, redeemed, invested or reinvested, in any manner provided (any such amendment, supplement, or direction to sell, redeem, invest or reinvest to be referred to as a “*Subsequent Action*”), upon submission to the Escrow Agent of each of the following:

(1) Certified copy of proceedings of the Board authorizing the Subsequent Action and copy of the document effecting the Subsequent Action signed by duly designated officers of the County.

(2) An opinion of nationally recognized bond counsel or tax counsel nationally recognized as having an expertise in the area of tax-exempt municipal bonds that the Subsequent Action has been duly authorized by the Board and will not adversely affect the tax-exempt status of the interest on the Bonds or the Refunded Bonds nor violate the covenants of the County not to cause the Bonds or the Refunded Bonds to become

“arbitrage bonds” under the Code, and that the Subsequent Action does not materially adversely affect the legal rights of the holders of the Bonds and the Refunded Bonds.

(3) An opinion of a firm of nationally recognized independent certified public accountants or consultants nationally recognized as having an expertise in the area of refunding escrows that the amounts (which will consist of cash or deposits on demand held in trust or receipts from non-callable direct obligations of or non-callable obligations guaranteed by the full faith and credit of the United States of America, all of which shall be held hereunder) available or to be available for payment of the Refunded Bonds will remain sufficient to pay when due all principal and interest on the Refunded Bonds after the taking of the Subsequent Action.

ARTICLE VI

MERGER, CONSOLIDATION OR RESIGNATION OF ESCROW AGENT

Any banking association or corporation into which the Escrow Agent may be merged, converted or with which the Escrow Agent may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Escrow Agent shall be a party, or any banking association or corporation to which all or substantially all of the corporate trust business of the Escrow Agent shall be transferred, shall succeed to all the Escrow Agent’s rights, obligations and immunities hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding. The Escrow Agent may at any time resign as Escrow Agent under this Agreement by giving 30 days’ written notice to the County, and such resignation shall take effect upon the appointment of a successor Escrow Agent by the County. The County may select as successor Escrow Agent any financial institution with capital, surplus and undivided profits of at least \$75,000,000 and having

a corporate trust office within the State of Illinois, and which is authorized to maintain trust accounts for municipal corporations in Illinois under applicable law.

ARTICLE VII

NOTICES TO THE COUNTY, THE TREASURER AND THE ESCROW AGENT

Section 6.01. All notices and communications to the County and the Board shall be addressed in writing to: County Board, The County of Lake, 18 North County Street, Waukegan, Illinois 60085.

Section 6.02. All notices and communications to the Treasurer shall be addressed in writing to: County Treasurer, The County of Lake, 18 North County Street, Waukegan, Illinois 60085.

Section 6.03. All notices and communications to the Escrow Agent shall be addressed in writing to: Corporate Trust Department, The Bank of New York Mellon Trust Company, National Association, Two North LaSalle Street, Chicago, Illinois 60602.

ARTICLE VIII

TERMINATION OF AGREEMENT

Section 7.01. That, upon final disbursement of funds sufficient to pay the principal of and interest on the Refunded Bonds as hereinabove provided for, the Escrow Agent will transfer any balance remaining in the Escrow Account to the Treasurer with due notice thereof mailed to the Board, and thereupon this Agreement shall terminate.

IN WITNESS WHEREOF, The County of Lake, Illinois, has caused this Agreement to be signed in its name by the Chairman of the Board and to be attested by the County Clerk under its corporate seal hereunto affixed; and The Bank of New York Mellon Trust Company, National Association, Chicago, Illinois, not individually, but in the capacity as hereinabove described, has caused this Agreement to be signed in its corporate name by one of its officers and attested by one of its officers under its corporate seal hereunto affixed, all as of the ____ day of _____, 2016.

THE COUNTY OF LAKE, ILLINOIS

(SEAL)

By _____
Chairman of the County Board

Attest:

County Clerk

THE BANK OF NEW YORK MELLON TRUST
COMPANY, NATIONAL ASSOCIATION,
Chicago, Illinois

By _____

Its _____

Attest:

Its _____

[BANK SEAL]

This Escrow Agreement received and acknowledged by me this ____ day of _____, 2016.

County Treasurer

EXHIBIT A

GOVERNMENT SECURITIES

EXHIBIT B

VERIFICATION REPORT

EXHIBIT C

SCHEDULED REINVESTMENTS

SUBSCRIBE BY	PURCHASE DATE	MATURITY DATE	PAR AMOUNT	TYPE	RATE
				SLGS-Cert	0%

If any date shown above is not a business day, the subscribe by date or purchase date should be adjusted to the next possible business day.

The Escrow Agent may submit a subscription for a scheduled SLGS purchase before the date shown, so long as it is not submitted more than 60 days prior to the purchase date. If subscriptions are not accepted on the date shown, the Escrow Agent should keep trying to submit such a subscription until five days before the scheduled purchase date. If the Escrow Agent is unable to purchase or subscribe for SLGS as shown above, the Escrow Agent should purchase an Alternate Investment as described in Section 3.02.

In completing this form, the subscription date should be approximately one month before the purchase date. The purchase date should be the date cash becomes available.

EXHIBIT B

CONTINUING DISCLOSURE UNDERTAKING

EXHIBIT B

CONTINUING DISCLOSURE UNDERTAKING FOR THE PURPOSE OF PROVIDING CONTINUING DISCLOSURE INFORMATION UNDER SECTION (b)(5) OF RULE 15c2-12

This Continuing Disclosure Undertaking (this “*Agreement*”) is executed and delivered by the County of Lake, Illinois (the “*County*”), in connection with the issuance of \$_____ Water and Sewer System Revenue Refunding Bonds, Series A of 2016 (the “*Bonds*”). The Bonds are being issued pursuant to an ordinance adopted by the County Council of the County on the 13th day of September, 2016 (as supplemented by a bond order, the “*Ordinance*”).

In consideration of the issuance of the Bonds by the County and the purchase of such Bonds by the beneficial owners thereof, the County covenants and agrees as follows:

1. PURPOSE OF THIS AGREEMENT. This Agreement is executed and delivered by the County as of the date set forth below, for the benefit of the beneficial owners of the Bonds and in order to assist the Participating Underwriters in complying with the requirements of the Rule (as defined below). The County represents that it will be the only obligated person with respect to the Bonds at the time the Bonds are delivered to the Participating Underwriters and that no other person is expected to become so committed at any time after issuance of the Bonds.

2. DEFINITIONS. The terms set forth below shall have the following meanings in this Agreement, unless the context clearly otherwise requires.

Annual Financial Information is defined in the Official Statement.

Annual Financial Information Disclosure means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

Audited Financial Statements means the audited financial statements of the County prepared pursuant to the principles and as described in *Exhibit I*.

Commission means the Securities and Exchange Commission.

Dissemination Agent means any agent designated as such in writing by the County and which has filed with the County a written acceptance of such designation, and such agent’s successors and assigns.

EMMA means the MSRB through its Electronic Municipal Market Access system for municipal securities disclosure or through any other electronic format or system prescribed by the MSRB for purposes of the Rule.

Exchange Act means the Securities Exchange Act of 1934, as amended.

MSRB means the Municipal Securities Rulemaking Board.

Official Statement means the Final Official Statement, dated _____, 2016, and relating to the Bonds.

Participating Underwriter means each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Bonds.

Reportable Event means the occurrence of any of the Events with respect to the Bonds set forth in *Exhibit II*.

Reportable Events Disclosure means dissemination of a notice of a Reportable Event as set forth in Section 5.

Rule means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

State means the State of Illinois.

Undertaking means the obligations of the County pursuant to Sections 4 and 5.

3. CUSIP NUMBERS. The CUSIP Numbers of the Bonds are set forth in *Exhibit III*. The County will include the CUSIP Numbers in all disclosure materials described in Sections 4 and 5 of this Agreement.

4. ANNUAL FINANCIAL INFORMATION DISCLOSURE. Subject to Section 8 of this Agreement, the County hereby covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements (in the form and by the dates set forth in *Exhibit I*) to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information and by such time so that such entities receive the information by the dates specified. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents required to be filed with EMMA, including financial statements and other externally prepared reports.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the County will disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment or waiver is made to this Agreement, the Annual Financial Information for the year in which such amendment or waiver is made (or in any notice or supplement provided to EMMA) shall contain a narrative description of the reasons for such amendment or waiver and its impact on the type of information being provided.

5. REPORTABLE EVENTS DISCLOSURE. Subject to Section 8 of this Agreement, the County hereby covenants that it will disseminate in a timely manner (not in excess of ten business days after the occurrence of the Reportable Event) Reportable Events Disclosure to

EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents required to be filed with EMMA, including financial statements and other externally prepared reports. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Bonds or defeasance of any Bonds need not be given under this Agreement any earlier than the notice (if any) of such redemption or defeasance is given to the Bondholders pursuant to the Ordinance.

6. CONSEQUENCES OF FAILURE OF THE COUNTY TO PROVIDE INFORMATION. The County shall give notice in a timely manner to EMMA of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

In the event of a failure of the County to comply with any provision of this Agreement, the beneficial owner of any Bond may seek mandamus or specific performance by court order, to cause the County to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed a default under the Ordinance, and the sole remedy under this Agreement in the event of any failure of the County to comply with this Agreement shall be an action to compel performance.

7. AMENDMENTS; WAIVER. Notwithstanding any other provision of this Agreement, the County by ordinance or resolution authorizing such amendment or waiver, may amend this Agreement, and any provision of this Agreement may be waived, if:

(a) (i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, including without limitation, pursuant to a “no-action” letter issued by the Commission, a change in law, or a change in the identity, nature, or status of the County, or type of business conducted; or

(ii) This Agreement, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) The amendment or waiver does not materially impair the interests of the beneficial owners of the Bonds, as determined by parties unaffiliated with the County (such as Bond Counsel).

In the event that the Commission or the MSRB or other regulatory authority shall approve or require Annual Financial Information Disclosure or Reportable Events Disclosure to be made to a central post office, governmental agency or similar entity other than EMMA or in lieu of EMMA, the County shall, if required, make such dissemination to such central post office, governmental agency or similar entity without the necessity of amending this Agreement.

8. TERMINATION OF UNDERTAKING. The Undertaking of the County shall be terminated hereunder if the County shall no longer have any legal liability for any obligation on

or relating to repayment of the Bonds under the Ordinance. The County shall give notice to EMMA in a timely manner if this Section is applicable.

9. DISSEMINATION AGENT. The County may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

10. ADDITIONAL INFORMATION. Nothing in this Agreement shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Reportable Event, in addition to that which is required by this Agreement. If the County chooses to include any information from any document or notice of occurrence of a Reportable Event in addition to that which is specifically required by this Agreement, the County shall have no obligation under this Agreement to update such information or include it in any future disclosure or notice of occurrence of a Reportable Event.

11. BENEFICIARIES. This Agreement has been executed in order to assist the Participating Underwriters in complying with the Rule; however, this Agreement shall inure solely to the benefit of the County, the Dissemination Agent, if any, and the beneficial owners of the Bonds, and shall create no rights in any other person or entity.

12. RECORDKEEPING. The County shall maintain records of all Annual Financial Information Disclosure and Reportable Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

13. ASSIGNMENT. The County shall not transfer its obligations under the Ordinance unless the transferee agrees to assume all obligations of the County under this Agreement or to execute an Undertaking under the Rule.

14. GOVERNING LAW. This Agreement shall be governed by the laws of the State.

THE COUNTY OF LAKE, ILLINOIS

By _____
Chairman

Date: _____, 2016

EXHIBIT I
ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED
FINANCIAL STATEMENTS

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted to EMMA or filed with the Commission. If the information included by reference is contained in a Final Official Statement, the Final Official Statement must be available on EMMA; the Final Official Statement need not be available from the Commission. The County shall clearly identify each such item of information included by reference.

Annual Financial Information exclusive of Audited Financial Statements will be submitted to EMMA by 210 days after the last day of the County's fiscal year (currently November 30), beginning with the fiscal year ending November 30, 2016. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, Audited Financial Statements will be submitted to EMMA within 30 days after availability to the County.

Audited Financial Statements will be prepared in accordance with accounting principles generally accepted in the United States of America.

If any change is made to the Annual Financial Information as permitted by Section 4 of the Agreement, the County will disseminate a notice of such change as required by Section 4.

EXHIBIT II
EVENTS WITH RESPECT TO THE BONDS
FOR WHICH REPORTABLE EVENTS DISCLOSURE IS REQUIRED

1. Principal and interest payment delinquencies
2. Non-payment related defaults, if material
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security
7. Modifications to the rights of security holders, if material
8. Bond calls, if material, and tender offers
9. Defeasances
10. Release, substitution or sale of property securing repayment of the securities, if material
11. Rating changes
12. Bankruptcy, insolvency, receivership or similar event of the County*
13. The consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material

* This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the County in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the County, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County.

EXHIBIT III
CUSIP NUMBERS

YEAR OF MATURITY	CUSIP NUMBER (509300)
---------------------	-----------------------------

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, in said
County at 9:00 a.m., on the 13th day of September, 2016.

* * *

The meeting was called to order by the Chairman, and upon the roll being called, Aaron Lawlor, the Chairman, and the following Members of the County Board, all being physically present in chambers, 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 County Board 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: _____

* * * * *

The County Board then discussed certain water and sewer system bond financings.

Whereupon Peter E. Kolb, Director of Public Works, presented and explained an ordinance which was before the County Board and entitled:

AN ORDINANCE OF THE COUNTY OF LAKE, ILLINOIS, AUTHORIZING THE ISSUANCE AND SALE OF NOT TO EXCEED \$13,000,000 WATER AND SEWER SYSTEM REVENUE REFUNDING BONDS, SERIES 2016, IN ONE SERIES AND PROVIDING THE TERMS OF AND SECURITY FOR PAYMENT THEREOF.

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

After a full discussion thereof, in the presence of a quorum at all times, including a public reading of the title of the ordinance, the Chairman directed that the roll be called for a vote upon the motion to adopt said ordinance as read.

Upon the roll being called, the following County Board Members voted

AYE: _____

NAY: _____

Whereupon the Chairman declared the motion carried and said ordinance adopted, approved and signed the same in open meeting and directed the County Clerk to record the same in the records of the County Board of The County of Lake, Illinois, which was done.

* * *

Upon motion duly made, seconded and carried, 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 records and files of the County and of the County Board thereof (the "*Board*").

I do further certify that the foregoing constitutes a full, true, and complete transcript of the minutes of the meeting of the Board held on the 13th day of September, 2016 (the "*Meeting*"), insofar as same relates to the adoption of an ordinance entitled:

AN ORDINANCE OF THE COUNTY OF LAKE, ILLINOIS, AUTHORIZING
THE ISSUANCE AND SALE OF NOT TO EXCEED \$13,000,000 WATER
AND SEWER SYSTEM REVENUE REFUNDING BONDS, SERIES 2016, IN
ONE SERIES AND PROVIDING THE TERMS OF AND SECURITY FOR
PAYMENT THEREOF.

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

I do further certify that the deliberations of the Board on the adoption of the Ordinance were conducted openly; that the vote on the adoption of the Ordinance was taken openly; that the Meeting was called and 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 such notice; that an agenda (the "*Agenda*") for the Meeting was posted at least 96 hours in advance of holding the Meeting and also not later than 5:00 p.m. on the Friday preceding the Meeting at the location where the Meeting was held and at the principal office of the Board and remained continuously so posted until adjournment of the Meeting; that a true, correct, and complete copy of the Agenda, which

contains a specific item relating to adoption of the Ordinance, is attached to this Certificate; that the Meeting was called and held in strict compliance with the provisions of the Open Meetings Act of the State of Illinois, as amended, the Counties Code of the State of Illinois, as amended; and the Local Government Debt Reform Act of the State of Illinois, as amended, and that the Board has complied with all of the provisions of law and with all of the procedural rules of the Board in the conduct of the Meeting and the adoption of the Ordinance.

IN WITNESS WHEREOF I hereunto affix my official signature and the official seal of the County this 13th day of September, 2016.

County Clerk

[Attach agenda, minutes and ordinance.]

STATE OF ILLINOIS)
) SS
COUNTY OF LAKE)

FILING CERTIFICATE

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 do further certify that on the ____ day of _____, 2016, there was filed in my office a duly certified copy of an ordinance entitled:

AN ORDINANCE OF THE COUNTY OF LAKE, ILLINOIS, AUTHORIZING THE ISSUANCE AND SALE OF NOT TO EXCEED \$13,000,000 WATER AND SEWER SYSTEM REVENUE REFUNDING BONDS, SERIES 2016, IN ONE SERIES AND PROVIDING THE TERMS OF AND SECURITY FOR PAYMENT THEREOF.

duly adopted by the County Board of the County, on the 13th day of September, 2016, and that the same has been deposited in (and all as appearing from) the official files and records of my office.

IN WITNESS WHEREOF, I hereunto affix my official signature and the seal of the County this ____ day of _____, 2016.

[SEAL]

County Clerk of
The County of Lake, Illinois