

DATE: December 18, 2012

REQUEST FOR BOARD ACTION

AGENDA SECTION	Finance Committee	ORIGINATING DEPARTMENT	General Manager's Office
ITEM	A Bond Ordinance Authorizing the Issuance and Sale of Water Revenue Refunding Bonds, Series 2013, of the DuPage Water Commission Ordinance No. O-15-12	APPROVAL	
Account No.: N/A			
<p>The DuPage Water Commission has considered and determined that interest rates available in the bond market are currently more favorable for the Commission than they were in 2003 when the Series 2003 Bonds were issued and that it is possible, proper and advisable to refund all the Series 2003 Bonds at this time to take advantage of the debt service savings that will result from such lower interest rates.</p> <p>Ordinance No. O-15-12 would allow the Commission to borrow an aggregate principal amount not to exceed \$51,000,000 at this time for the purpose of paying the costs of the Refunding and, in evidence of such borrowing, to issue its Water Revenue Refunding Bonds, Series 2013 to be purchased by BMO Harris Bank N.A. and to enter into an Additional Covenant and Term Loan Agreement with BMO Harris Bank N.A. in an aggregate principal amount not to exceed \$51,000,000.</p>			
MOTION: To adopt Ordinance No. O-15-12.			

ORDINANCE NUMBER O-15-12

A BOND ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF
WATER REVENUE REFUNDING BONDS, SERIES 2013, OF THE
DUPAGE WATER COMMISSION

Adopted: December 20, 2012

Table of Contents

	Page
ARTICLE ONE Definitions and Other Provisions of General Application; Acceptance of Trust	
Section 101. Definitions.....	2
Section 102. Effect of Headings	6
Section 103. Severability	6
Section 104. Authority for this Bond Ordinance	6
Section 105. Incorporation of Preambles.....	6
Section 106. Applicable Law	6
Section 107. Counterparts.....	6
Section 108. Grant to Purchaser.....	6
Section 109. Acceptance of Trusts and Acknowledgment of Consideration.....	7
Section 110. Purchaser's Disclaimer	7
Section 111. Indemnification	Error! Bookmark not defined.
ARTICLE TWO Terms of the Series 2013 Bonds	
Section 201. Determination to Issue Series 2013 Bonds; Authorization.....	8
Section 202. Form of the Series 2013 Bonds.....	8
Section 203. Terms of Series 2013 Bonds; Form of Bank Note; Terms of Bank Note and Term Loan	13
Section 204. Optional Redemption	14
Section 205. Tax Covenants	14
Section 206. Authentication and Delivery of Series 2013 Bonds.....	14
Section 207. Registered Form.....	15
Section 208. Exchange of Series 2013 Bonds	15
ARTICLE THREE Sale of Series 2013 Bonds and Use of Proceeds	
Section 301. Sale of Series 2013 Bonds	15
Section 302. Application of Proceeds.....	16
ARTICLE FOUR Defeasance	
Section 401. Bonds Deemed Paid; Discharge of Bond Ordinance	17
ARTICLE FIVE The Water Fund and Accounts	
Section 501. The Water Fund	18
Section 502. Accounts of the Water Fund	18
Section 503. Flow and Use of System Revenues.....	18
Section 504. Operation and Maintenance Account.....	18
Section 505. Interest Account	19
Section 506. Principal Account.....	19

Section 507.	Bank Obligations Account.....	19
Section 508.	General Account	19
Section 509.	Special Covenant for Deficiencies.....	19
Section 510.	Rebate Fund	20
Section 511.	Investment of Moneys from Funds.....	20
Section 512.	Deposit of Earnings into Funds.....	20
Section 513.	Trust Funds; Liens and Security Interest	20

ARTICLE SIX Prior Lien, Parity and Subordinate Bonds

Section 601.	Authentication of Parity Bonds.....	21
Section 602.	Limitation on Prior Lien Obligations, Parity Bonds or Subordinate Bonds	21
Section 603.	Parity Bonds for Refunding	22
Section 604.	Parity Bonds under Parity Test	22
Section 605.	Subordinate Bonds	23
Section 606.	Purposes for issuance of Parity Bonds and Subordinate Bonds	23

ARTICLE SEVEN General Covenants

Section 701.	In General.....	23
Section 702.	Maintenance	23
Section 703.	Rate Covenant.....	23
Section 704.	No Sale, Lease or Encumbrance	23
Section 705.	Records and Accounts; Cash Credits Required	23
Section 706.	Operations, Rules and Regulations	24
Section 707.	Other Obligations.....	24
Section 708.	Existence of Commission	25
Section 709.	No Loss of Revenue Pledge or Lien	25
Section 710.	Payments to Commission in Money Only	25
Section 711.	Filing of Documents	25
Section 712.	Absolute Conditions under the Act.....	25
Section 713.	No Free Service.....	25
Section 714.	Enforcement of Rates.....	25
Section 715.	Water Supply and Chicago Contracts	25

ARTICLE EIGHT Prior Actions, Effective Date and Execution

Section 801.	Prior Actions Ratified	26
Section 802.	Effective Date	26

ORDINANCE NUMBER O-15-12

**A BOND ORDINANCE AUTHORIZING THE ISSUANCE
AND SALE OF WATER REVENUE REFUNDING BONDS,
SERIES 2013, OF THE DUPAGE WATER COMMISSION**

WHEREAS, the DuPage Water Commission (the "Commission"), is a body corporate and politic and a unit of local government of the State of Illinois and is a duly organized water commission operating under the provisions of the Water Commission Act of 1985, 70 Illinois Compiled Statutes 3720, as amended, and is authorized to supply water pursuant to said act and pursuant to Division 135 of Article 11 of the Illinois Municipal Code, 65 Illinois Compiled Statutes 5/11-135, as amended, said act and said division, being herein collectively called the "Act"); and

WHEREAS, pursuant to Ordinance Number O-09-03 adopted by the Board of Commissioners of the Commission on August 14, 2003, the Commission issued its Water Refunding Revenue Bonds, Series 2003, which are currently outstanding in the aggregate principal amount of \$50,375,000 (the "Series 2003 Bonds"); and

WHEREAS, the Board of Commissioners has considered and determined that interest rates available in the bond market are currently more favorable for the Commission than they were in 2003 when the Series 2003 Bonds were issued and that it is possible, proper and advisable to refund all the Series 2003 Bonds at this time to take advantage of the debt service savings that will result from such lower interest rates; and

WHEREAS, the Act, as supplemented by the provisions of the Local Government Debt Reform Act, 30 Illinois Compiled Statutes 350, provides authority to the Commission to refund, in whole or in part, the Commission's revenue bonds upon such terms as the Board of Commissioners may determine; and

WHEREAS, it is therefore deemed advisable and necessary that refunding bonds, as hereinafter provided, be issued for the purpose of refunding the Series 2003 Bonds (such refunding may be hereinafter referred to as the "Refunding"); and

WHEREAS, the Board of Commissioners does hereby determine that it is advisable and in the best interests of the Commission to borrow an aggregate principal amount not to exceed \$51,000,000 at this time for the purpose of paying the costs of the Refunding and, in evidence of such borrowing, to issue its Water Revenue Refunding Bonds, Series 2013 (the "Series 2013 Bonds") to be purchased by BMO Harris Bank N.A. (together with its successors and assigns, the "Purchaser") and to enter into an Additional Covenant and Term Loan Agreement (the "Loan Agreement") with the Purchaser setting forth additional covenants and terms substantially in a form attached hereto as Exhibit A in an aggregate principal amount not to exceed \$51,000,000; and

WHEREAS, it is therefore deemed advisable and necessary that the principal amount of the Series 2013 Bonds held by the Purchaser be converted to a term loan (the "Term Loan") and evidenced by a note of the Commission payable to the Purchaser (the "Bank Note") upon the satisfaction of certain terms and conditions pursuant to the Loan Agreement; and

WHEREAS, the Series 2003 Bonds were issued for the purpose of refunding a portion of the Water Revenue Bonds, Series 1993, originally issued pursuant to Ordinance Number O-08-93 which refunded a portion of the Water Revenue Bonds, Series 1987, of the Commission authorized and issued pursuant to Ordinance Number O-1-87 adopted by the Board of Commissioners on January 15, 1987, as amended (the "Master Prior Bond Ordinance") for the purpose of financing a construction project to provide the Contract Customers (as defined below) of the Commission with a common source of supply of water from Lake Michigan by pumping, treating, storing and transporting such water to the Contract Customers (the "Project"); and

WHEREAS, the Commission has entered into a contract with the Charter Customers (as defined below) to provide for the purchase and sale of water delivered by the Commission's waterworks system at charges sufficient, among other things, to pay the costs of operation and maintenance of such system and principal of and interest on the bonds, the Bank Note, and the Term Loan, if any, and all other amounts due under the Loan Agreement (the "Bank Obligations") and to carry out the corporate purposes and powers of the Commission; and

WHEREAS, the Series 2013 Bonds in the amount of not to exceed \$51,000,000 to be so issued, the Bank Note, the Term Loan and the Bank Obligations must be secured and provisions made for payment so as to enable the sale thereof, and the Commission must now undertake to issue, sell, secure and provide for payment of such bonds, the Bank Note, the Term Loan and the Bank Obligations on the terms and in the manner as in this Bond Ordinance provided and pursuant to the authority of the Act and the Local Government Debt Reform Act and NOW THEREFORE

BE IT ORDAINED BY THE BOARD OF COMMISSIONERS OF THE DUPAGE WATER COMMISSION, AS FOLLOWS:

ARTICLE ONE

Definitions and Other Provisions of General Application; Acceptance of Trust

Section 101. Definitions. Except as expressly in conflict with a definition herein, all capitalized terms used herein shall have the meanings ascribed to them in this Section 101.

For all purposes of this Bond Ordinance, except as otherwise expressly provided or unless the context otherwise requires: (a) 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; (b) all references in this Bond Ordinance to designated "Articles," "Sections" and other subdivisions are to the designated Articles, Sections and other subdivisions of this Bond Ordinance as originally adopted; and (c) the words "herein," "hereof" and "hereunder" and other words of similar import refer to this Bond Ordinance as a whole and not any particular Article, Section or other subdivision.

All of the words and terms used in this Bond 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 follows:

"*Accounting*" means the crediting of all moneys on deposit in the Water Fund to the various Accounts thereof as required in Article Five of this Ordinance.

"*Bank*" means BMO Harris Bank N.A. and its successors and assigns.

"*Bank Note*" means the note of the Commission payable to the Bank, evidencing the Term Loan and payable from Net Revenues on a parity with all Bonds.

"*Bank Obligations*" means amounts payable by the Commission, and all other obligations to be performed by the Commission, pursuant to the Loan Agreement (including any amounts to reimburse the Purchaser for any advances or expenditures by it under the Loan Agreement), including in each instance interest thereon.

"*Bond Order*" means the Bond Order as authorized to be executed by the Designated Officials of the Commission as set forth in Section 301 of this Bond Ordinance and by which the final terms of the Series 2013 Bonds will be established.

"*Bonds*" means the Series 2013 Bonds, the Bank Note and all Parity Bonds authorized to be issued under this Ordinance, but excluding, specifically, Subordinate Bonds.

"*Chicago Contract*" means the contract, dated March 19, 1983, by and between the Commission and the City of Chicago, Illinois, as amended or supplemented from time to time, providing for a supply of water to the Commission.

"*Code*" means the Internal Revenue Code of 1986.

"*Charter Customer*" means a charter customer of the Commission as defined in the Water Supply Contract.

"*Closing Date*" means the date on which the Series 2013 Bonds and the Bank Note are issued and delivered to the Purchaser.

"*Commission Resolution*" and "*Commission Ordinance*" mean, respectively, a resolution or ordinance duly passed by the Commissioners and effective as provided by law.

"*Contract Customer*" means a contract customer of the Commission as defined in the Water Supply Contract.

"*Current Debt Service Requirement*" means, for any Fiscal Year, the sum of the amounts of the Principal Requirements and Interest Requirements during such Fiscal Year.

"*Designated Officials*" means the Chairman and General Manager of the Commission, acting together.

"*Financial Advisor*" means The PFM Group, Inc., the duly appointed financial advisor to the Commission for the sale of the Series 2013 Bonds.

"Fiscal Year" means that twelve calendar month period beginning May 1 of any calendar year and ending on April 30 of the following calendar year.

"Government Obligations" means direct obligations of, or obligations the timely payment of the principal of, and interest on, which are fully and unconditionally guaranteed by the United States of America, which, at the time of investment, are not subject to prepayment or redemption prior to maturity.

"Interest Requirement" means, for any Fiscal Year, the aggregate amount of interest having a maturity during the period from May 2 of such Fiscal Year up to and including May 1 of the next Fiscal Year.

"Investment Earning" means all interest when received on or profit when realized, in cash, from investments made from moneys on deposit hereunder or derived from the Revenues.

"Loan Agreement" means the Additional Covenant and Term Loan Agreement dated as of February 1, 2013, entered into between the Commission and the Purchaser in substantially the form attached hereto as Exhibit A, and all amendments, supplements, restatements and modifications thereto.

"Master Prior Bond Ordinance" means Ordinance Number O-1-87 adopted by the Commissioner on January 15, 1987, as amended.

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

"Officer's Certificate" and any other Commission certificate means a certificate signed by one or more of the Chairman, Clerk or Treasurer of the Commission. Wherever this Bond Ordinance requires that such be signed also by an engineer or other expert, such engineer or other expert may (except as otherwise expressly provided in this Bond Ordinance) be in the employ of the Commission.

"Operation and Maintenance Costs" means all costs of operating, maintaining and routine repairing of the System, including without limitation wages, salaries, costs of material and supplies, power, fuel, insurance, purchase or treatment of water, all payments under the Chicago Contract, taxes, paying agent and Purchaser fees, counsel fees, contract services for operation of the System or advice related thereto, audit or accounting expenses, expenses of billing and making collections, studies for rate determinations and provision for loss in collection; but do not include for any period amounts required to be deposited in such period to the Interest Account or the Principal Account.

"Operation and Maintenance Maximum Amount" means the greater of (i) \$25,000,000 and (ii) 150% of the maximum seasonally adjusted budgeted monthly Operation and Maintenance Costs for the then current Fiscal Year.

"Opinion of Counsel" means, except as otherwise expressly provided in this Bond Ordinance, a written opinion of counsel acceptable to the Purchaser, which counsel may also be counsel for the Commission.

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

- (a) Bonds theretofore paid and cancelled by the Purchaser or delivered to the Purchaser for cancellation;
- (b) Bonds (i) which have matured and for which moneys are on deposit with the Purchaser or are otherwise properly available, sufficient to pay all principal and interest thereof or (ii) which have matured and with respect to which moneys have been paid to the Commission pursuant to Section 401 hereof.

"Parity Bonds" means bonds or any other obligation to be issued subsequent in time to the Series 2013 Bonds, including the Term Loan, and which will share ratably and equally in the Net Revenues with the Series 2013 Bonds.

"Parity Series Ordinance" means an ordinance of the Commission authorizing the issuance of Parity Bonds.

"Permitted Investments" means any investment authorized pursuant to the Public Funds Investment Act, 30 Illinois Compiled Statutes 235, and the Commission's investment policy.

"Principal Requirement" means, for any Fiscal Year, the aggregate principal amount of Bonds having a maturity on May 1 of the next Fiscal Year.

"Prior Ordinances" means collectively the Series 2003 Bond Ordinance and the Master Prior Bond Ordinance.

"Prior Trustee" means The Bank of New York Mellon Trust Company, N.A., as trustee for the Series 2003 Bonds.

"Purchaser" means BMO Harris Bank N.A. and its successors and assigns.

"Redemption Price" means the par amount of the Bonds plus any loss or expense to the Purchaser as provided in the Loan Agreement.

"Revenues" means all income from whatever source derived from the operation of the System, including (a) all payments made under the Water Supply Contract; (b) all receipts from the sale of water or contract payments under contracts for the sale of water (other than the Water Supply Contract); (c) Investment Earnings (except as otherwise allocable hereunder); (d) connection, permit and inspection fees and the like; (e) penalties and delinquency charges; (f) capital development, reimbursement, or recovery charges and the like; but excluding expressly: (i) non-recurring income from the sale of real estate; (ii) governmental or other grants or fund transfers; (iii) collections of insurance awards or condemnation proceeds (which shall be credited and disbursed as hereinafter specifically provided); and (iv) Sales Tax Revenues.

"Sales Tax Revenues" means the Commission's portion of the sales tax revenues of DuPage County, Illinois.

"Series 2003 Bonds" means the bonds of the Commission described and defined as such in the preambles to this Bond Ordinance.

"Series 2013 Bonds" mean the Water Revenue Bonds, Series 2013, initially authorized to be issued and delivered under this Bond Ordinance.

"Series 2003 Bond Ordinance" means Ordinance Number O-09-03 and adopted by the Board of the Commissioners of the Commission on August 14, 2003.

"Subordinate Bonds" means bonds or any other obligation made payable from the Revenues of the System from the General Account pursuant to Section 508.

"Water Supply Contract" means the contract, dated as of June 11, 1986, by and among the Commission and the Charter Customers, as amended or supplemented from time to time, providing for a supply of water from the Commission to the Charter Customers; and also means all contracts entered into by the Commission with any Subsequent Customers as such term is defined in the Water Supply Contract.

Section 102. 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 103. Severability. In case any one or more of the provisions of this Bond Ordinance or of the Series 2013 Bonds shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Bond Ordinance, the Series 2013 Bonds, the Bank Note or the Term Loan, but this Bond Ordinance and the Series 2013 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 2013 Bonds, the Bank Note or the Term Loan or in this Bond Ordinance shall for any reason be held to be partly unenforceable or in violation of law, then such covenant, stipulation, obligation or agreement of the Commission shall be enforceable to the full extent that the power to incur such obligation or to make such covenant, stipulation or agreement shall have been conferred on the Commission by law.

Section 104. Authority for this Bond Ordinance. This Bond Ordinance is enacted in accordance with the Act and the Local Government Debt Reform Act.

Section 105. Incorporation of Preambles. The Board of Commissioners hereby finds that all of the recitals contained in the preambles to this Bond Ordinance are true and correct and does incorporate them into this Bond Ordinance by this reference.

Section 106. Applicable Law. This Bond Ordinance shall be construed under and governed by the laws of the State of Illinois.

Section 107. Counterparts. This Bond Ordinance, the Purchaser's acceptance of trust and the Loan Agreement created hereunder and the Loan Agreement may be executed in multiple counterparts, each of which shall be regarded for all purposes as an original, and such counterparts shall constitute but one and the same instrument.

Section 108. Grant to Purchaser. The Commission in consideration of the premises, the acceptance by the Purchaser of the trusts hereby created, the purchase and acceptance of the Series 2013 Bonds by the Purchaser thereof and the issuance of the Term Loan, if any, under the

Loan Agreement, and of other good and valuable considerations, and in order to secure the payment of principal of, premium, if any, and interest on and any other sums payable on the Series 2013 Bonds Outstanding hereunder from time to time or on the Bank Note and the Term Loan, according to their tenor and effect, and to secure the observance and performance by the Commission of all the covenants expressed or implied herein and in the Series 2013 Bonds, the Bank Note and the Term Loan, does hereby adopt the Bond Ordinance as herein provided; and does hereby grant a security interest and first and prior lien in and pledge unto the Purchaser and unto its successors in trust and its assigns forever all right, title and interest of the Commission in and to the Net Revenues, the rights and remedies under the Water Supply Contract, the moneys and investments held by the Purchaser under the Bond Ordinance (except those in the Rebate Fund) or by the Commission and all other rights hereinafter granted under the Bond Ordinance or purported to be granted under the Bond Ordinance for the further securing of the Series 2013 Bonds, the Bank Note and the Term Loan, all as more particularly provided herein.

The Purchaser may, as a holder of the Series 2013 Bonds, in any civil action, mandamus, or other proceeding, enforce and compel performance of all duties required by law to be performed by the Commission or by any customers of the Commission, including the making of rates and charges, the collection of sufficient revenue and the application thereof, as provided by applicable law, and including, expressly, all of the terms and provisions of Section 6, 7 and 16 of the Water Supply Contract.

The foregoing pledge is made pursuant to the Act and Section 13 of the Local Government Debt Reform Act and shall be valid and binding from the date of issuance of the Series 2013 Bonds. All such Net Revenues and other moneys required to be paid to the Purchaser shall immediately be subject to the lien of such pledge without any physical delivery or further act and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Commission irrespective of whether such parties have notice thereof.

Section 109. Acceptance of Trusts and Acknowledgment of Consideration. The authentication of any of the Series 2013 Bonds hereunder shall constitute the Purchaser's acceptance of the trusts created and imposed hereby. The execution and delivery of such Series 2013 Bonds by the Commission shall constitute acknowledgment of the receipt of the consideration set forth in Section 108 by the Commission. The Purchaser shall act as "Trustee" for the Series 2013 Bonds solely for purposes of Section 17 of the Water Supply Contract.

Section 110. Purchaser's Disclaimer. The Purchaser makes no representation as to the validity or adequacy of this Bond Ordinance or the Bonds, it shall not be accountable for the Commission's use of the proceeds from the Bonds, and it shall not be responsible for any statement in this Bond Ordinance for the Bonds other than its certificate of authentication. The Purchaser shall not be responsible for the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby, or for the sufficiency of the funds and accounts created and contained hereunder.

ARTICLE TWO
Terms of the Series 2013 Bonds

Section 201. Determination to Issue Series 2013 Bonds; Authorization. It is necessary for and in the best interests of the Commission that the Commission provide for the Refunding to achieve a net debt service savings, to pay all related costs and expenses incidental thereto and to issue the Series 2013 Bonds, the Bank Note and the Term Loan to pay a part of the cost thereof.

The Commission does hereby authorize the Refunding, the Bank Note and the Term Loan and the making of all related expenditures, and, for the purpose of paying a part of the costs thereof, the issuance of the Series 2013 Bonds, initially to be delivered hereunder, in the aggregate principal amount of not to exceed \$51,000,000.

The redemption date of the Series 2003 Bonds shall be determined in the Bond Order and any such redemption date shall be within 90 days of the date of issuance of the Series 2013 Bonds. The Bank Note and the Term Loan and interest thereon shall be subject to payment and prepayment in the amounts and on the dates set forth in the Loan Agreement. The Commission shall provide for the defeasance of the Series 2003 Bonds as of the date of issuance of the Series 2013 Bonds and in accordance with Section 13.01 of the Master Prior Bond Ordinance and the terms of the Loan Agreement.

Section 202. Form of the Series 2013 Bonds. The Series 2013 Bonds shall be in substantially the following form:

[Form of Series 2013 Bond]

No. _____

CUSIP

N/A

UNITED STATES OF AMERICA
STATE OF ILLINOIS
COUNTIES OF DUPAGE, COOK AND WILL
DUPAGE WATER COMMISSION
WATER REVENUE REFUNDING BONDS,
SERIES 2013

INTEREST RATE MATURITY DATE DATED DATE

REGISTERED OWNER: BMO Harris Bank N.A.

PRINCIPAL AMOUNT:

The DUPAGE WATER COMMISSION, a county water commission, body corporate and politic and unit of local government of the State of Illinois (the "Commission"), acknowledges itself indebted and for value received hereby promises to pay (but only from the sources herein referred to) to the registered owner hereof, or registered assigns, the principal amount specified above on the maturity date specified above, and to pay interest and principal as provided on the amortization schedule attached hereto from the Dated Date of this bond or the most recent interest payment date to which interest has been paid at the interest rate per annum specified above, computed on the basis of a 360-day year consisting of twelve 30-day months and payable in lawful money of the United States of America on May 15, 2013 and on the fifteenth day of each month or the next succeeding Business Day thereafter until the principal amount shall have been paid, by check or draft mailed to the registered owner of record hereof as of the 1st day of the calendar month next preceding such interest payment date, at the address of such owner appearing on the registration books maintained by the Commission, initially, the principal office of BMO Harris Bank N.A. or its successor or assign (the "Purchaser") or by wire transfer pursuant to an agreement by and between the Commission and the registered owner of this bond. This bond, as to principal and premium, if any, when due, will be payable in lawful money of the United States of America, and at maturity or upon payment in full, upon presentation and surrender of this bond at the principal corporate trust office of the Purchaser. No presentation or surrender of the Bond shall be required other than at maturity or payment in full.

The Commission and the Purchaser have entered into an Additional Covenant and Term Loan Agreement dated as of February 1, 2013 (the "Loan Agreement"), setting forth certain additional covenants and terms. Upon an Event of a Default (as defined in the Loan Agreement), the interest rate of the Series 2013 Bond shall be the Base Rate (as defined in the Loan Agreement) plus four percent.

This bond is one of a series of bonds issued in the aggregate principal amount of \$ _____ (the "Series 2013 Bonds"), which are authorized and issued under and pursuant to the Water Commission Act of 1985, 70 Illinois Compiled Statutes 3720; Division 135 of Article 11 of the Illinois Municipal Code, 65 Illinois Compiled Statutes 5/11-135; and the Local Government Debt Reform Act, 30 Illinois Compiled Statutes 350. The Series 2013 Bonds are issued under and in accordance with Bond Ordinance Number O-15-12, adopted by the Board of Commissioners of the Commission on December 20, 2012, as amended (the "Bond Ordinance").

This bond does not constitute an indebtedness of any municipality represented by the Commission within the meaning of any statutory or constitutional limitation.

The Series 2013 Bonds are "Bonds" as described in the Bond Ordinance. Pursuant to the Bond Ordinance, the Commission may hereafter issue additional Bonds (herein and in the Bond Ordinance called "Parity Bonds") for the purposes, in the amounts and upon the conditions set forth in the Bond Ordinance. The Series 2013 Bonds and any Parity Bonds (herein collectively called the "Bonds") are payable from, and equally and ratably secured by a pledge of, the net revenues of the water supply system (the "System") of the Commission and certain moneys held under the Bond Ordinance. Reference to the Bond Ordinance is made for a description of the nature and extent of the security for this bond, the revenues pledged, the nature and extent and

manner of enforcement of the pledge and the rights and remedies of the registered owners of Bonds with respect thereto.

Under the Bond Ordinance, the revenues to be derived from the operation of the System will be deposited in a separate fund of the Commission designated as the "Water Fund", which shall be used for paying the cost of operation and maintenance of the System and carrying out the corporate purposes and powers of the Commission and for paying the principal of and interest on all obligations of the Commission that are payable by their terms from the net revenues of the System.

The Series 2013 Bonds are subject to redemption prior to maturity at the option of the Commission and upon notice as hereinafter provided, in such principal amounts and from such maturities as the Commission shall determine, at a redemption price equal to the principal amount thereof to be redeemed plus, the amount of the Purchaser's costs, loss or expense as a result of the redemption as provided pursuant to the terms of the Loan Agreement.

Notice of the redemption of Series 2013 Bonds will be mailed not less than 30 days nor more than 60 days prior to the date fixed for such redemption to the registered owners of Series 2013 Bonds to be redeemed at their last addresses appearing on such registration books. The Series 2013 Bonds or portions thereof specified in said notice shall become due and payable at the applicable redemption price on the redemption date therein designated, and if, on the redemption date, moneys for payment of the redemption price of all the Series 2013 Bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be available for such payment on said date, and if notice of redemption shall have been mailed as aforesaid (and notwithstanding any defect therein or the lack of actual receipt thereof by any registered owner) then from and after the redemption date interest on such Series 2013 Bonds or portions thereof shall cease to accrue and become payable.

This bond is transferable, subject to the limitations set forth in the Loan Agreement, only upon such registration books by the registered owner hereof in person, or by his attorney duly authorized in writing, upon surrender hereof at the principal corporate trust office of the Purchaser together with a written instrument of transfer satisfactory to the Purchaser duly executed by the registered owner or by his duly authorized attorney, and thereupon a new registered Series 2013 Bond or Bonds, in the authorized denominations of \$5,000 or any integral multiple thereof and of the same aggregate principal amount, maturity and interest rate as this bond shall be issued to the transferee in exchange therefor. In like manner, this bond may be exchanged for an equal aggregate principal amount of Series 2013 Bonds of the same maturity and interest rate and of any of such authorized denominations. The Commission may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to the transfer or exchange of this bond. This bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been duly executed by the Purchaser.

It is hereby certified, recited and declared that this bond is issued in part pursuant to the Local Government Debt Reform Act, that all acts, conditions and things required to be done, exist and be performed precedent to and in the issuance of this bond in order to make it a legal, valid and binding obligation of the Commission have been done, exist and have been performed

in regular and due time, form and manner as required by law, and that the series of bonds of which this bond is one, together with all other indebtedness of the Commission is within every debt or other limit prescribed by law.

IN WITNESS WHEREOF, the DUPAGE WATER COMMISSION has caused this bond to be executed in its name and on its behalf by the manual or facsimile signature of its Chairman, and its corporate seal, or a facsimile thereof, to be hereunto affixed or otherwise reproduced hereon and attested by the manual or facsimile signature of its Clerk.

DUPAGE WATER COMMISSION

Chairman

Attest:

Clerk

Date of Authentication: _____

CERTIFICATION OF AUTHENTICATION

This bond is one of the Water Revenue Refunding Bonds, Series 2013, described in the within mentioned Bond Ordinance

BMO HARRIS BANK N.A.

By _____
Authorized Signer

[Form Of Assignment]

ASSIGNMENT

For value received the undersigned sells, assigns and transfers unto _____ the within bond and hereby irrevocably constitutes and appoints _____ attorney to transfer the said bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated _____

Signature Guarantee:

Section 203. Terms of Series 2013 Bonds; Form of Bank Note; Terms of Bank Note and Term Loan. The Series 2013 Bonds shall each be designated "Water Revenue Refunding Bonds, Series 2013" and shall be issuable solely in fully registered form. The Series 2013 Bonds shall mature on the first day of May of any year (or all years) up to and including May 2016 as shall be set forth in the Bond Order, and in such principal amounts as shall be set forth therein. The rate of interest of each Series 2013 Bond shall be determined in the Bond Order, provided that the Series 2013 Bond shall not initially bear interest exceeding one and two-tenths percent (1.20%) percent per annum as of the initial date of issuance of the Series 2013 Bonds. In the Event of a Default (as defined in the Loan Agreement), the interest rate of the Series 2013 Bonds shall be the Base Rate (as defined in the Loan Agreement) plus four percent. Upon the occurrence of a Determination of Taxability (as defined in the Loan Agreement), the interest rate of the Series 2013 Bonds shall be the Taxable Rate (as defined in the Loan Agreement).

The Series 2013 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 2013 Bonds shall be in denominations of \$5,000 or integral multiples thereof (but no single Series 2013 Bond shall represent principal maturing on more than one date); shall be numbered consecutively in such reasonable fashion as shall be determined by the Purchaser, and shall become due and payable (subject to right of prior redemption) as provided in the Bond Order.

Each Series 2013 Bond shall bear interest from the later of its Dated Date or from the most recent interest payment date to which interest has been paid or duly provided for. The Series 2013 Bonds shall bear interest and principal shall be payable on May 15, 2013 and on the fifteenth day of each month or the next succeeding Business Day thereafter until the principal thereof shall be paid or duly provided for as provided on the amortization schedule approved pursuant to the Bond Order. Principal, interest on each Series 2013 Bond shall be paid to the Purchaser, payable upon presentation thereof in lawful money of the United States of America, provided that presentation shall only be required at maturity or upon payment in full of the Bond.

The Bank Note shall be in substantially the form attached to the Loan Agreement.

The Bank Note and the Term Loan shall bear interest at the rates and be payable and subject to prepayment at the times and in the amounts set forth in the Loan Agreement. Upon an Event of a Default (as defined in the Loan Agreement), the interest rate of the Bank Note and the Term Loan and all Bank Obligations shall be the Base Rate (as defined in the Loan Agreement) plus four percent.

Notwithstanding anything in this Bond Ordinance to the contrary, if the rate of interest on the Series 2013 Bonds, the Bank Note, the Term Loan or any Bank Obligation exceeds the maximum rate permitted by applicable law for such obligations (the "Maximum Rate"), then (i) such Series 2013 Bonds, the Bank Note, the Term Loan or such Bank Obligation, as applicable, shall bear interest at the Maximum Rate and (ii) interest on such calculated at the rate equal to the difference between (A) the rate of interest for such Series 2013 Bonds, the Bank Note, the Term Loan or such Bank Obligation, as applicable, as calculated pursuant to this Bond Ordinance and (B) the Maximum Rate (the "Excess Interest") shall be deferred until such date as the rate of interest borne by such Series 2013 Bonds, the Bank Note, the Term Loan or such

Bank Obligation, as applicable, is below the Maximum Rate, at which time that portion of the deferred Excess Interest shall be payable with respect to such Series 2013 Bonds, the Bank Note, the Term or such Bank Obligation, as applicable, as will cause the rate of interest then paid thereon to equal to Maximum Rate, which payments of deferred Excess Interest shall continue until all deferred Excess Interest with respect to the Series 2013 Bonds, the Bank Note, the Term Loan or such Bank Obligation, as applicable, is fully paid.

Section 204. Optional Redemption. Subject to the limitations and requirements set forth in the Loan Agreement, the Series 2013 Bonds may be made subject to redemption, at the option of the Commission, at any time, in whole or in part, as the Commission may determine, at the Redemption Price plus accrued interest not paid or provided for to the date specified for redemption, for the periods of redemption, plus any prepayment penalty or breakage cost payable pursuant to the Loan Agreement.

Section 205. Tax Covenants. The Commission shall not take, or omit to take, any action lawful and within its power to take, which action or omission would cause interest on any Series 2013 Bond to become subject to federal income taxes in addition to federal income taxes to which interest on such Series 2013 Bond is subject on the date of original issuance thereof.

The Commission shall not permit any of the proceeds of Series 2013 Bonds, or any facilities financed with such proceeds, to be used in any manner that would cause any Series 2013 Bond to constitute a "private activity bond" within the meaning of Section 141 of the Code.

The Commission shall not permit any of the proceeds of the Series 2013 Bonds or other moneys to be invested in any manner that would cause any Series 2013 Bond to constitute an "arbitrage bond" within the meaning of Section 148 of the Code or a "hedge bond" within the meaning of Section 149(g) of the Code.

The Commission shall comply with the provisions of Section 148(f) of the Code relating to the rebate of certain investment earnings at periodic intervals to the United States of America.

Section 206. Authentication and Delivery of Series 2013 Bonds. The Purchaser, forthwith upon the execution and delivery of this Bond Ordinance and upon the execution and delivery to it by the Commission of the Series 2013 Bonds, and receipt of the purchase price therefor, shall authenticate Series 2013 Bonds in the aggregate principal amount of not to exceed \$51,000,000 and shall deliver them at the direction of the Commission. Prior to the delivery of the Purchaser of any of the Series 2013 Bonds, there shall be filed with the Purchaser:

(a) a copy, duly certified by the Clerk of the Commission, of this Bond Ordinance and of the Bond Order;

(b) an Officer's Certificate, dated as of the date of delivery, that the aforementioned ordinances and proceedings are still in full force and effect without amendments or supplements except as shown in said filings;

(c) an Officer's Certificate directing the Purchaser on behalf of the Commission to authenticate and deliver the Series 2013 Bonds in the aggregate principal amount therein named to purchasers or others entitled to receive them therein identified

upon payment to the Purchaser, but for the account or benefit of the Commission, of a sum specified in such certificate, such proceeds to be deposited as provided in Section 302;

(d) an unqualified opinion of bond counsel of national standing ("Bond Counsel") that the Series 2013 Bonds are valid and legally binding special obligations of the Commission payable from Net Revenues and that the interest on the Series 2013 Bonds is excludable from gross income for federal income tax purposes or from State income taxes;

(e) executed copy of the Loan Agreement and the Bank Note; and

(f) Officer's Certificate and opinion of Bond Counsel that all conditions precedent to the satisfaction and discharge of the Prior Ordinances have been satisfied.

Section 207. Registered Form. The Purchaser, as bond registrar for the Series 2013 Bonds, agrees to keep proper books for the registration of, and transfer of ownership of, each Series 2013 Bond, and proper books, records and accounts in which complete and correct entries shall be made of all transactions relating to the receipt, disbursement, investment, allocation and application of the Series 2013 Bonds may be transferred only on the registration books of the Commission for the Series 2013 Bonds, maintained by the Purchaser, as bond registrar for the Series 2013 Bonds, as the case may be.

Section 208. Exchange of Series 2013 Bonds. Upon surrender for transfer of any Series 2013 Bond to the Purchaser, as bond registrar for the Series 2013 Bonds, duly endorsed for transfer or accompanied by an assignment duly executed by the holder or the holder's attorney duly authorized in writing, the Purchaser shall have the transferee authenticate a new Series 2013 Bond or Bonds in an equal total principal amount and registered in the name of the transferee.

The Purchaser shall not be required to transfer or exchange any Series 2013 Bond after notice calling all or a portion of such Series 2013 Bond for redemption has been mailed or during the period of 15 days preceding the mailing of a notice of redemption of any Series 2013 Bonds.

The execution by the Commission of any fully registered Series 2013 Bond shall constitute full and due authorization of such Series 2013 Bond, and the Purchaser shall thereby be authorized to authenticate, date and deliver such Series 2013 Bond; *provided, however*, the principal amount of the Series 2013 Bonds of each maturity authenticate by the Purchaser shall not at any one time exceed the authorized principal amount of the Series 2013 Bonds for such maturity less the amount of such Series 2013 Bonds which have been paid.

ARTICLE THREE

Sale of Series 2013 Bonds and Use of Proceeds

Section 301. Sale of Series 2013 Bonds. The Designated Officials are hereby authorized to proceed, without any further authorization or direction whatsoever from the Board

of Commissioners, to sell and deliver the Series 2013 Bonds upon the terms as prescribed in this Section.

The Series 2013 Bonds shall be sold and delivered to the Purchaser, at the price of not less than 99.50% of the principal amount thereof (but not counting in any discount the original issue discount on Series 2013 Bonds), plus accrued interest to the date of delivery. The true interest cost received on the Series 2013 Bonds on the Closing Date shall not exceed 1.20%; for this test, true interest cost shall be the same as yield on the Series 2013 Bonds as calculated for the purposes of Section 148 of the Code. The sale of the Series 2013 Bonds shall be made upon the advice (in the form of a written certificate or report) of the Financial Advisor that the terms of the Series 2013 Bonds are fair and reasonable in view of current conditions in the bond markets.

Nothing in this Section shall require the Designated Officials to sell the Series 2013 Bonds if in their reasonable judgment, aided by the Financial Advisor, the conditions in the bond markets shall have markedly deteriorated from the time of adoption hereof, or the documents of sale are not in acceptable form but the Designated Officials shall have the authority to sell the Series 2013 Bonds in any event so long as the limitations set forth in this Bond Ordinance and the conditions of this section shall have been met.

Upon the sale of the Series 2013 Bonds, the Designated Officials and any other officers of the Commission as shall be appropriate, shall be and are hereby authorized and directed to approve or execute, or both, such documents of sale of the Series 2013 Bonds and the issuance of the Bank Note and the Term Loan as may be necessary, including, without limitation, the Bond Order, the Loan Agreement substantially in the form attached hereto as *Exhibit A*, or with such revisions as may be required by the attorneys for the Commission.

The Loan Agreement for the sale of the Series 2013 Bonds to the Purchaser (with such changes to be made as shall be approved by the Designated Officials) is hereby authorized and approved; subject, however, to final approval as to form by the attorneys for the Commission.

Upon the sale of the Series 2013 Bonds, an executed copy of the Bond Order shall be entered into the records of the Commission and made available to all Commissioners at the next public meeting thereof; but such action shall be for information purposes only, and the Board of Commissioners shall have no right or authority at such time to approve or reject such sale as evidenced in the Bond Order unless the limitations on the sale of the Series 2013 Bonds set forth in this Bond Ordinance were not satisfied.

Section 302. Application of Proceeds. The net proceeds derived from the sale of the Series 2013 Bonds shall be received by the Commission (except as expressly noted) and used as follows:

- (a) From (i) the proceeds of sale of the Series 2013 Bonds that are paid to, or upon the order of, the Commission and (ii) other funds deposited with the Prior Trustee in trust, a sum sufficient to provide for the immediate defeasance of the Series 2003 Bonds and the payment of the Series 2003 Bonds on the redemption date specified in the Bond Order shall be deposited in trust with the Prior Trustee pursuant to an escrow agreement

approved pursuant to the Bond Order in accordance with the provisions of Section 13.01 of the Master Prior Bond Ordinance.

(b) The sums necessary as specified in the Bond Order shall be either (i) applied immediately by the Purchaser to the payment of expenses of issuance (as hereinafter enumerated) of the Series 2013 Bonds to the Persons and in the amounts as set forth therein or (ii) as provided, be set aside by the Purchaser in a special fund hereby created, and designated the "Expense Fund." Amounts in the Expense Fund shall be used to pay recording expenses, Purchaser's fees (acting as bond registrar and paying agent) and expenses, commitment and other financing costs, escrow costs, legal fees, financial advisor's fees, and other fees and expenses incurred or to be incurred by or on behalf of the Commission in connection with or as an incident to the issuance and sale of the Series 2013 Bonds. Moneys in the Expense Fund shall be paid out from time to time by the Purchaser within five business days after receipt by the Purchaser of an Officer's Certificate. Ninety days after delivery of the Series 2013 Bonds any moneys remaining in the Expense Fund shall be transferred to the Interest Account of the Water Fund. Moneys in the Expense Fund shall be invested as if held as part of the Water Fund.

ARTICLE FOUR

Defeasance

Section 401. Bonds Deemed Paid; Discharge of Bond Ordinance. Subject to any limitations set forth in the Loan Agreement, any Bond will be deemed paid for all purposes of this Bond Ordinance when (a) payment of the principal of and interest on the Bond to the due date of such principal and interest (whether at maturity, upon redemption or otherwise) either (i) has been made in accordance with the terms of the Bond or (ii) has been provided for by depositing with the Purchaser, as the case may be, an amount sufficient to make such payment and/or Government Obligations maturing as to principal and interest in such amounts and at such times as will, in the opinion of an independent certified public accountant delivered to the Purchaser in form and substance satisfactory to the Purchaser, ensure the availability of sufficient moneys to make such payment to the satisfaction of the Purchaser, and (b) all compensation and expenses of the Purchaser pertaining to each Bond in respect of which such deposit is made have paid or provided for to the Purchaser's satisfaction. When a Bond is deemed paid, it will no longer be secured by or entitled to the benefits of this Bond Ordinance or be an obligation of the Commission, except for payment from moneys or Government Obligations under clause (a)(ii) above.

Notwithstanding the foregoing, no deposit under clause (a)(ii) of the first paragraph of this Section shall be deemed a payment of Bond until (A)(1) the Commission has furnished the Purchaser an opinion of Bond Counsel stating that the deposit of such cash or Government Obligations will not cause the Bonds, or any portion thereof, to become "arbitrage bonds" within the meaning of Section 148 of the Code and (2) notice of redemption of the Bonds is given in accordance with this Bond Ordinance.

ARTICLE FIVE

The Water Fund and Accounts

Section 501. The Water Fund. There is hereby continued a special fund of the Commission designated the "Water Fund" to be held by the Commission, except as hereinafter expressly provided. The System and the Water Fund shall be operated on a Fiscal Year basis. All Revenues of the System shall, immediately upon receipt, be deposited into the Water Fund, which shall be a trust fund for the sole purposes of carrying out the covenants, terms and conditions of the Act, this Bond Ordinance and the Water Supply Contract. The Commission and the Treasurer of the Commission shall set aside as collected and deposit as received all Revenues into the Water Fund.

Section 502. Accounts of the Water Fund. There are hereby created and established the following accounts (collectively, the "Accounts") of the Water Fund to be held by the Commission.

1. Operation and Maintenance Account
2. Interest Account
3. Principal Account
4. Bank Obligations Account
5. General Account

The Accounts may each be referred to herein by the name set forth above for each without further definition or description.

Section 503. Flow and Use of System Revenues. On the day of each month as selected by the Commission and upon the receipt of any late payment, the Treasurer of the Commission, without any further order or direction from the Commission, shall credit to the Accounts, in the order of priority herein set forth, all moneys held in the Water Fund in the amounts provided in the following Sections 504 through 510 (such required Accounting being hereinafter referred to as the "Accounting").

The Treasurer shall disburse the moneys in the Accounts for the purposes and in the amounts as provided in said Sections.

Section 504. Operation and Maintenance Account. There shall be credited to the Operation and Maintenance Account an amount sufficient to pay Operation and Maintenance Costs which shall not cause the balance in such account at any time to be greater than the Operation and Maintenance Maximum Amount.

All moneys in said Account shall be used solely to pay Operation and Maintenance Costs.

Section 505. Interest Account. There shall next be credited to the Interest Account and paid immediately to the Purchaser the then current interest due on the Bonds plus, at the Commission's option, the interest due for the next following month. All moneys to the credit of said Account shall be used solely to pay interest on Outstanding Bonds.

Section 506. Principal Account. There shall next be credited to the Principal Account and paid immediately to the Purchaser the current Principal Requirement due on the Bonds plus, at the Commission's option, all or a portion of the principal due for the next following Fiscal Year. All moneys to the credit of the Principal Account shall be used solely to pay principal on Outstanding Bonds.

Section 507. Bank Obligations Account. There shall next be credited to the Bank Obligations Account and paid immediately to the Purchaser any amounts due on Bank Obligations. All moneys to the credit of said Account shall be used solely to pay amounts due on Bank Obligations.

Section 508. General Account. All moneys remaining in the Water Fund after crediting the required amounts to the respective Accounts hereinabove provided for and after making up any deficiency in any of said Accounts, including for past due amounts that remain unpaid, shall be credited to the General Account.

A. Moneys to the credit of the General Account shall be used in the order of priority as follows.

1. Such amount as may be necessary shall be transferred to the Rebate Fund as established in Section 510 hereof.

2. Such amount as may be necessary shall be used to make up any deficiencies occurring at any time in the Accounts of the Water Fund having a prior lien on the Revenues.

B. The balance of the moneys to the credit of the General Account shall be used for one or more of the following purposes, without any priority among them.

1. For the purpose of constructing or acquiring repairs, replacements, renewals, improvements or extensions to the System;

2. For the purpose of calling and redeeming Bonds which are callable at the time;

3. For the purpose of paying principal and interest and applicable premium on any Subordinate Bonds;

4. For the purpose of reducing charges to or payments due from the Contract Customers;

5. For any other lawful corporate purpose related to the System.

Section 509. Special Covenant for Deficiencies. It is hereby covenanted and agreed that the Revenues of the System are to be paid into the various special Accounts hereinabove

established and created in the order in which said Accounts have been listed, and if within any period of time the Revenues are insufficient to place the required amounts in any of said Accounts, the deficiencies shall be made up during the Accounts period or periods after payments into all the Accounts enjoying a higher priority on Revenues shall have been made in full.

Section 510. Rebate Fund. There is hereby created a separate fund designated the "Rebate Fund," which shall be held by the Purchaser in trust for the purposes for which created and into which deposits and from which disbursements shall be made as provided in this Bond Ordinance.

To the extent required by Officer's Certificates or Commission Ordinances or Resolutions or Opinions of Counsel in connection with any Bonds, there shall be deposited into the Rebate Fund (a) Investment Earnings in the Interest and Principal Accounts and (b) transfers from the General Account to the extent required so as to maintain the tax exempt status of the interest paid on the Bonds issued on a tax exempt basis. All rebates, special impositions or taxes for such purpose payable to the United States of America (Internal Revenue Service) shall be payable from the Rebate Fund.

Section 511. Investment of Moneys from Funds. The Treasurer and the Purchaser at the direction of the Treasurer shall invest the moneys to the credit of the Water Fund and the Rebate Fund, as held by each, respectively, in Permitted Investments.

Section 512. Deposit of Earnings into Funds. Investment Earnings in the Operation and Maintenance Account and the General Account shall be credited to each such Account, respectively. Investment Earnings in the Interest and Principal Accounts shall first be credited to the Rebate Fund to the extent required and next be transferred to the Water Fund. All other Investment Earnings in the Water Fund shall be transferred to the Water Fund. Investment Earnings in the Rebate Fund shall be deposited into the Rebate Fund.

Section 513. Trust Funds; Liens and Security Interest. The Water Fund shall be funds held in trust for the holder of the Outstanding Bonds, all as and to the extent provided in this Bond Ordinance and subject to use and disbursement as provided in this Bond Ordinance.

The pledges, security interests and liens granted in this Bond Ordinance are valid and binding from the date Bonds are issued, without any physical delivery or further action, and, to the fullest extent authorized by law, shall be valid and binding as against, and prior to any claim of all other parties having claims of any kind in tort, contract or otherwise against the Commission or any Contract Customer or any other person, irrespective of whether the other parties have notice of the lien or security interest.

The Commission by this Bond Ordinance assigns to the Purchaser its rights to enforce the Water Supply Contract. The Purchaser shall have the right to enforce the Water Supply Contract at law or in equity with or without the further consent or participation of the Commission. This assignment to the Purchaser of the right to enforce the Water Supply Contract shall not prevent the Commission from enforcing the Water Supply Contract on its own behalf.

ARTICLE SIX

Prior Lien, Parity and Subordinate Bonds

Section 601. Authentication of Parity Bonds. Subject to the limitations set forth in the Loan Agreement, the Commission may from time to time issue Parity Bonds for the purposes herein permitted. All Parity Bonds shall be of the same rank as all other Outstanding Bonds and shall be payable as to principal from the Principal Account and interest from the Interest Account on a parity with all other Outstanding Bonds, but shall bear such other specific terms and be issued at such prices as shall be approved by a Parity Series Ordinance and any supplemental proceedings of the Commission; provided that the Bank Note and the Term Loan shall bear such other specific terms and be payable in the amounts and at the times set forth in the Loan Agreement. Upon the passage of such Parity Series Ordinance and supplemental proceedings, if any, or the execution and delivery of such other appropriate instrument, as applicable, the Commission shall execute and deliver to the Purchaser thereof, and the Purchaser thereof shall authenticate, such Parity Bonds and deliver them to the purchasers as may be directed by the Commission, but only as hereinafter in this Section 601 provided.

Prior to the delivery by the Purchaser thereof of any of such Parity Bonds, there shall be filed with the Purchaser each of the following showings.

1. A copy, duly certified by the Clerk of the Commission, of this Bond Ordinance and such Parity Series Ordinance and supplemental proceedings, if any, or such other appropriate instrument, as applicable, authorizing the series of Parity Bonds and confirming the sale thereof and fixing the terms thereof;
2. An Officer's Certificate, dated as of the date of delivery, that the aforementioned ordinance and proceedings are still in full force and effect without amendments or supplements except as shown in said filings;
3. Such other certificates and showings as may be required pursuant to the provisions of this Article and of this Bond Ordinance;
4. An Officer's Certificate to the effect that, immediately upon the issuance of the proposed Parity Bonds, all conditions and covenants under this Bond Ordinance and the Loan Agreement are satisfied, upon which the Purchaser may rely except as to matters within the Purchaser's own knowledge; and
5. An unqualified opinion of Bond Counsel approving the Parity Bonds then being delivered as being valid and binding special obligations of the Commission and a no adverse tax opinion with respect to all Outstanding Bonds.

Section 602. Limitation on Prior Lien Obligations, Parity Bonds or Subordinate Bonds. All Outstanding Bonds shall enjoy complete parity of lien on the funds, Revenues, and property despite the fact that any of the Bonds may be delivered at an earlier date than any other of the Bonds. The Commission will issue no Parity Bonds, Subordinate Bonds or any other obligation of any kind or nature payable from or enjoying a lien on the funds, Revenues, and property or any part thereof except as hereinafter permitted.

Section 603. Parity Bonds for Refunding. Subject to the limitations set forth in the Loan Agreement, Parity Bonds may be issued for the purpose of refunding Bonds at or in advance of maturity; provided that either of the conditions set forth in (A) or (B) as follows are met.

A. The Purchaser shall have received the certificate of an independent certified public accountant (i) setting forth the Current Debt Service Requirement of all Outstanding Bonds during the then current Fiscal Year and for each Fiscal Year to and including the Fiscal Year of the last Maturity of any Outstanding Bonds (determined immediately prior to the proposed date of authentication and delivery of such refunding Bonds) (a) with respect to all such Outstanding Bonds immediately prior to the proposed date of authentication and delivery of such refunding Bonds and (b) with respect to all Outstanding Bonds immediately thereafter and (ii) demonstrating that the amount set forth for each Fiscal Year pursuant to (a) above is no greater than the amount set forth for each such Fiscal Year pursuant to (b) above except for the last Fiscal Year of such comparison, for which year it shall be demonstrated that the amount set forth in (b) above is not greater than the average for all Fiscal Years (excluding the last) of the amounts set forth in (a) above.

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

Subject to the limitations set forth in the Loan Agreement, Parity Bonds may also be issued to refund Bonds within six months prior to, at or after Maturity thereof in order to prevent or remedy a default in the payment of principal thereof or interest or redemption premium thereon. The necessity of issuing Bonds for the purpose set forth in this paragraph shall be established by finding in the Parity Series Ordinance authorizing the series of such refunding Bonds.

Section 604. Parity Bonds under Parity Test. Subject to the limitations set forth in the Loan Agreement, Parity Bonds may be issued upon compliance with the conditions set forth in both (A) and (B) below.

A. The amounts required to be on deposit in the respective Accounts of the Water Fund described in Article Five of this Bond Ordinance shall have been credited in full as determined immediately upon the issuance of said Parity Bonds, as evidenced by an Officer's Certificate.

B. The Commission and the Purchaser shall have received an Opinion of Counsel from bond counsel of national standing that there is in existence a valid and legally binding Water Supply Contract obligating the Contract Customers, collectively, to make payments to the Commission for deposit into the Water Fund with respect to such Parity Bonds proposed to be issued (1) on the same basis as such Contract Customers must make payments with respect to all other Outstanding Bonds determined immediately upon the issuance of the proposed Parity Bonds and (2) in sufficient amounts to provide for all required deposits in and credits to and payments from the Water Fund as provided in this Bond Ordinance as determined immediately upon the issuance of said Parity Bonds; but such opinion need only relate to the period of time

during which the Outstanding Bonds immediately prior to such issuance will continue to be Outstanding Bonds as provided herein.

Section 605. Subordinate Bonds. Subject to the limitations set forth in the Loan Agreement, Subordinate Bonds payable from the General Account may be issued as determined by the Commission.

Section 606. Purposes for issuance of Parity Bonds and Subordinate Bonds. Subject to the limitations set forth in the Loan Agreement, Parity Bonds and Subordinate Bonds may be issued for any lawful purpose of the Commission.

ARTICLE SEVEN

General Covenants

Section 701. In General. The Commission hereby makes the following covenants, in addition to all other covenants in this Bond Ordinance, with each and every successive Holder of any of the Outstanding Bonds so long as any of said Bonds remain Outstanding.

Section 702. Maintenance. The Commission will maintain the System in good repair and working order, will operate the same efficiently and faithfully, and will punctually perform all duties with respect thereto required by the Constitution and laws of the State of Illinois.

Section 703. Rate Covenant. The Commission shall, to the extent permitted by law, 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 the Revenues of the System sufficient at all times to pay or provide for Operation and Maintenance Costs, to pay the principal of and interest on all Bonds (including, without limitation, the Series 2013 Bonds, the Bank Note and Term Loan) which by their terms are payable solely from the Water Fund or secured by a pledge of the Revenues or Net Revenues, as provided in the Act, to comply with the covenants of this Bond Ordinance, including the making of all the required deposits in the credits to all the Funds and Accounts established herein, to pay all other amounts owed pursuant to the Loan Agreement, and to carry out the corporate purposes and powers of the Commission.

Section 704. No Sale, Lease or Encumbrance. The Commission will not sell, lease, loan, mortgage, or in any manner dispose of or encumber the System or the Revenues (subject to the reserved right of the Commission to issue additional obligations as provided in this Bond Ordinance) or any improvements and extensions thereto, while any Bonds remain Outstanding; provided, however, that this covenant shall not prevent the Commission from disposing of any property which in the judgment of the Commissioners is no longer useful or profitable in the operation of the System nor essential to the continued operation thereof.

Section 705. Records and Accounts; Cash Credits Required. The Commission covenants that it will keep an accurate record of the total cost of the System, of the Revenues and other funds collected and of the application of such Revenues. Such records shall be open at all reasonable times to the inspection of the Purchaser, any Bondholder, or the agents and representatives thereof. The Commission further covenants that no later than 120 days after the

close of each Fiscal Year it will cause an audit to be made of its books and accounts relating to the System by an independent certified public accountant. Such audit shall include, without limiting the scope thereof, each of the following items:

1. An income and expenses statement;
2. All deposits to the credit of and withdrawals from each fund or account created under the provisions of this Bond Ordinance;
3. The details of all Bonds issued, paid, purchased or redeemed;
4. A balance sheet as of the end of each such year;
5. Revisions (if any) in fees, rates and other charges;
6. The amounts on deposit at the end of each such Fiscal Year to the credit of each fund or account and showing the details of any investments thereof;
7. A list of all the insurance policies in force at the end of the Fiscal Year, setting out as to each policy the amount of the policy, the risks covered, the name of the insurer, and the expiration date of the policy, and a review of the purposes and amounts of any self-insurance reserves; and
8. The accountant's comments as to compliance' with this Bond Ordinance.

Within 30 days after receipt of the audit by the Commission, such audit shall be filed with the Purchaser and shall also be mailed to all Purchaser who shall have filed their names and addresses with the Commission for such purpose. The Commission further covenants that it will cause any additional reports or audits relating to the System to be made as required by law and that, as often as may be requested, it will furnish to the Purchaser such other information concerning the System or the operation thereof as any of them may reasonably request. The cost of such reports and audits shall be treated as a part of Operation and Maintenance Costs of the System.

Section 706. Operations, Rules and Regulations. The Commission covenants that it will establish and enforce reasonable rules and regulations governing the use of the System and the operation thereof, that it will at all times maintain the same in good repair and sound operating condition, and will make or cause to be made all necessary repairs, renewals and replacements, and that it will observe and perform all of the terms and conditions contained in law and in this Bond Ordinance.

Section 707. Other Obligations. The Commission covenants that it will not issue any bonds, limited obligations or other evidences of indebtedness, except pursuant to the provisions of this Bond Ordinance and the Loan Agreement, secured by a pledge of or claim upon any part of the Revenues or the income therefrom; that the Commission will not create or suffer to be created any lien or charge upon the System or any part thereof or upon the Revenues except the lien and charge of the Bonds and the Bank Obligations secured hereby upon such Revenues, or such other bonds that may be issued pursuant to the provisions of this Bond Ordinance; and that,

from such Revenues or other available funds, it will pay or cause to be discharged, or will make adequate provisions to satisfy and discharge, within 90 days after the same shall become payable, all lawful claims and demands for labor, materials, supplies or other objects which, if unpaid, might by law become a lien upon the System or any portion thereof or the Revenues therefrom; provided, however, that nothing in this Section contained shall require the Commission to pay or cause to be discharged, or make provision, for, any such lien or charge so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings which stay the enforcement thereof.

Section 708. Existence of Commission. The Commission shall maintain its corporate identity and shall make no attempt to cause its corporate existence to be abolished.

Section 709. No Loss of Revenue Pledge or Lien. The Commission shall, not do, or omit to do, or suffer to be done or omitted to be done, any matter or thing whatsoever whereby the pledge of or lien of the Bonds and Bank Obligations on the Revenues or any part thereof might or could be lost or impaired.

Section 710. Payments to Commission in Money Only. The Commission shall require all payments to be made to the Commission as charges for services from the System to be made in lawful money of the United States of America and will not accept as payment any of the Bonds or any other obligation or security.

Section 711. Filing of Documents. The Commission shall cause all necessary filings of this Bond Ordinance, or amendments or supplements, or other documents necessary or advisable to perfect and preserve the rights, interests, securities and remedies of the Purchaser.

Section 712. Absolute Conditions under the Act. The Purchaser, which makes loans of funds to the Commission by this Bond Ordinance, has received the pledge of the State of Illinois that it will not impair or limit the power or ability of the Commission or a unit of local government fully to carry out the terms of any contract for the supply of water entered into by the Commission and a unit of local government for the term of such contract, including the Water Supply Contract. For purposes of such impairment or limitation, the Water Supply Contract contains terms and conditions intended by the parties thereto and by the Purchaser to be absolute conditions thereof.

Section 713. No Free Service. The Commission covenants not to furnish water from the System free of charge.

Section 714. Enforcement of Rates. The Commission shall compel the prompt payment of rates, fees, charges and penalties imposed for services rendered or water supplied under the Water Supply Contract and, to that end, will enforce all of the provisions of any ordinance, resolution or contract of the Commission having to do with use of water, connections, rates, fees, charges or penalties and all of the rights and remedies permitted the Commission under law.

Section 715. Water Supply and Chicago Contracts. The Commission covenants and agrees to fulfill every covenant, condition and requirement of the Chicago Contract and the Water Supply Contract, to maintain said contracts as enforceable and to enforce said contracts

according to their terms for the benefit and security of the Purchaser. The Chicago Contract and the Water Supply Contract may be amended from time to time in accordance with their terms and in the manner provided by law; provided, however, that no such amendment shall be permitted which would:

(a) materially impair or adversely affect the ability or obligation of the Contract Customers under the Water Supply Contract to make payments to the Commission (including payments due under Paragraph 6(d) of the Water Supply Contract) at the times, in the amounts, and with the priority required in order for the Commission timely to meet its obligations under this Ordinance, including without limitation the making of all deposits in the various Funds and Accounts;

(b) materially impair or adversely affect the ability of the Purchaser, under the Water Supply Contract or this Ordinance, to enforce the terms of the Water Supply Contract as provided herein;

(c) materially impair or adversely affect the obligation or ability of the Commission to supply water from Lake Michigan and to fulfill its duties under the Water Supply contract; or

(d) materially impair or adversely affect the right of the Commission to enforce the Chicago Contract.

This covenant is made solely for the benefit of the Purchaser and not for the benefit of the City of Chicago, Illinois, or the Contract Customers.

ARTICLE EIGHT

Prior Actions, Effective Date and Execution

Section 801. Prior Actions Ratified. All proceedings and actions heretofore taken by the Board of Commissioners, the Commission and the officers and officials of the Commission with respect to (i) the authorization, execution and delivery of the Chicago Contract, (ii) the authorization, execution and delivery of the Water Supply Contract, and the Loan Agreement (iii) the pledge and assignment of the Water Supply Contract as security for the payment of Bonds and the Bank Obligations are hereby ratified and confirmed as valid and binding proceedings and actions of the Commission.

Section 802. Effective Date. This Bond Ordinance shall become effective immediately upon its passage.

Passed this 20th day of December, 2012.

Ayes: _____

Nays: _____

Absent: _____

Chairman

Attest:

Clerk

CERTIFICATE

I, _____, Clerk of the DuPage Water Commission, hereby certify that the foregoing Bond Ordinance Number O-15-12 entitled: "A Bond Ordinance Authorizing the Issuance and Sale of Water Revenue Refunding Bonds, Series 2013, of the DuPage Water Commission," is a true copy of an original ordinance that was duly adopted by the recorded affirmative votes of 12 of the members of the Board of Commissioners of the Commission at a meeting thereof that was duly called and held at 7:30 p.m. on December 20, 2012, at the offices of the Commission, 600 East Butterfield Road, Elmhurst, Illinois, and at which a quorum was present and acting throughout, and that said copy has been compared by me with the original ordinance signed by the Chairman of the Commission and recorded in the Ordinance Book of the Commission and that it is a correct transcript thereof and of the whole of said ordinance, and that said ordinance has not been altered, amended, repealed or revoked, but is in full force and effect.

I further certify that the agenda for said meeting included the Bond Ordinance as a matter to be considered at the meeting and that said agenda was posted at least 48 hours in advance of the holding of the meeting in the manner required by the Open Meetings Act, 5 Illinois Compiled Statutes 120.

IN WITNESS WHEREOF I have hereunto set my hand and affixed the seal of the Commission, this _____ day of _____, 2012.

Clerk

(SEAL)

ACCEPTANCE BY TREASURER

The undersigned Treasurer of the DuPage Water Commission does hereby acknowledge, accept and join in and bind him and his successors to the provisions of the foregoing Ordinance Number O-15-12 and agrees to all the provisions thereof relating to the administration of his office.

Dated this _____ day of _____, 2012.

Treasurer

ACCEPTANCE BY PURCHASER

The undersigned Purchaser of the Bond does hereby acknowledge receipt of a duplicate original of the above and foregoing Ordinance Number O-15-12 of the DuPage Water Commission.

Dated this ____ day of _____, 2012.

BMO HARRIS BANK N.A.
as Purchaser

By _____
Its _____

EXHIBIT A

LOAN AGREEMENT

ADDITIONAL COVENANT AND TERM LOAN AGREEMENT

dated as of January 1, 2013,

between

DUPAGE WATER COMMISSION

and

BMO HARRIS BANK N.A.

Relating to

[\$50,375,000]

DUPAGE WATER COMMISSION
WATER REVENUE REFUNDING BONDS, SERIES 2013

TABLE OF CONTENTS

SECTION	HEADING	PAGE
ARTICLE I	DEFINITIONS	1
Section 1.01.	Certain Defined Terms.....	1
Section 1.02.	Computation of Time Periods.....	11
Section 1.03.	Construction.....	11
Section 1.04.	Accounting Terms and Determinations	12
Section 1.05.	Relation to Other Documents; Acknowledgment of Different Provisions of Related Documents; Incorporation by Reference.....	12
ARTICLE II	PURCHASE OF BONDS; CONDITIONS TO TERM LOAN; BANK NOTE	13
Section 2.01.	Purchase of Bonds.....	13
Section 2.02.	Conditions Precedent to Term Loan	13
Section 2.03.	The Bank Note	14
ARTICLE III	CONDITIONS PRECEDENT TO PURCHASE OF BONDS	14
Section 3.01.	Documentary Requirements.....	14
Section 3.02.	Litigation.....	16
Section 3.03.	Other Matters	16
Section 3.04.	Payment of Fees and Expenses	16
Section 3.05.	No Bond Rating; DTC; CUSIP.....	16
ARTICLE IV	THE COMMISSION’S OBLIGATIONS.....	17
Section 4.01.	Payment Obligations.....	17
Section 4.02.	Increased Payments.....	18
Section 4.03.	Obligations Absolute	22
Section 4.04.	Funding Indemnity.....	23
ARTICLE V	REPRESENTATIONS AND WARRANTIES.....	24
Section 5.01.	Existence and Power	24
Section 5.02.	Due Authorization.....	24
Section 5.03.	Valid and Binding Obligations	24
Section 5.04.	Noncontravention; Compliance with Law	25
Section 5.05.	Pending Litigation and Other Proceedings	25
Section 5.06.	Financial Statements	25
Section 5.07.	Employee Benefit Plan Compliance	26
Section 5.08.	No Defaults	26
Section 5.09.	Insurance	26
Section 5.10.	Title to Assets	26
Section 5.11.	Incorporation by Reference.....	26

Section 5.12.	Correct Information	26
Section 5.13.	Investment Company	27
Section 5.14.	Margin Stock.....	27
Section 5.15.	Tax-Exempt Status.....	27
Section 5.16.	Usury.....	27
Section 5.17.	Security	27
Section 5.18.	Pending Legislation and Decisions	28
Section 5.19.	Environmental Matters.....	28
Section 5.20.	No Immunity.....	28
Section 5.21.	No Public Vote or Referendum.....	29
Section 5.22.	Swap Agreements	29
Section 5.23.	Anti-Terrorism Laws	29
Section 5.24.	Solvency.....	29
Section 5.25.	Taxes	30
Section 5.26.	No Existing Revenues Secured Debt Subject to Acceleration	30
Section 5.27.	Liens.....	30
Section 5.28.	Pledge of Net Revenues	30
ARTICLE VI	COVENANTS OF THE COMMISSION	30
Section 6.01.	Existence, Etc.....	30
Section 6.02.	Maintenance of Properties	30
Section 6.03.	Compliance with Laws; Taxes and Assessments.....	31
Section 6.04.	Insurance	31
Section 6.05.	Reports	31
Section 6.06.	Maintenance of Books and Records	33
Section 6.07.	Access to Books and Records	33
Section 6.08.	Compliance With Documents	33
Section 6.09.	Rate Covenant.....	34
Section 6.10.	No Impairment	34
Section 6.11.	Application of Proceeds	34
Section 6.12.	Negative Pledge of Sales Tax Revenue	34
Section 6.13.	Limitation on Additional Debt.....	34
Section 6.14.	Related Documents	34
Section 6.15.	Liens.....	35
Section 6.16.	Conversions, Redemptions, Prepayments and Defeasance.....	35
Section 6.17.	Disclosure to Participants, Purchaser Transferees and Non-Purchaser Transferees	35
Section 6.18.	Other Agreements	36
Section 6.19.	Immunity from Jurisdiction	36
Section 6.20.	Swap Agreements	37
Section 6.21.	Budget and Appropriation.....	37
Section 6.22.	Use of Purchaser's Name.....	37
Section 6.23.	Maintenance of Tax-Exempt Status of Bonds	37
Section 6.24.	Investment Policy.....	37

Section 6.25.	Environmental Laws	37
Section 6.26.	Federal Reserve Board Regulations.....	38
Section 6.27.	Underlying Rating.....	38
Section 6.28.	Banking Relationship.....	38
ARTICLE VII	EVENTS OF DEFAULT	38
Section 7.01.	Events of Default	38
Section 7.02.	Consequences of an Event of Default.....	41
Section 7.03.	Remedies Cumulative; Solely for the Benefit of Purchaser.....	42
Section 7.04.	Waivers or Omissions.....	43
Section 7.05.	Discontinuance of Proceedings.....	43
ARTICLE VIII	INDEMNIFICATION.....	43
Section 8.01.	Indemnification.....	43
Section 8.02.	Survival.....	44
ARTICLE IX	MISCELLANEOUS	44
Section 9.01.	Patriot Act Notice	44
Section 9.02.	Further Assurances.....	44
Section 9.03.	Amendments and Waivers; Enforcement	44
Section 9.04.	No Implied Waiver; Cumulative Remedies	45
Section 9.05.	Notices	45
Section 9.06.	Right of Setoff.....	46
Section 9.07.	No Third-Party Rights.....	46
Section 9.08.	Severability	46
Section 9.09.	Governing Law; Consent to Jurisdiction and Venue; Waiver of Jury Trial.....	46
Section 9.10.	Prior Understandings	47
Section 9.11.	Duration	47
Section 9.12.	Counterparts	47
Section 9.13.	Successors and Assigns.....	47
Section 9.14.	Headings	49
Section 9.15.	No Fiduciary Relationship	49
Section 9.16.	Electronic Signatures	49

EXHIBITS

EXHIBIT A	–	FORM OF NO DEFAULT CERTIFICATE
EXHIBIT B	–	FORM OF BANK NOTE
EXHIBIT C	–	FORM OF INVESTOR LETTER
SCHEDULE 6.16(C)	—	BOND AMORTIZATION SCHEDULE

ADDITIONAL COVENANT AND TERM LOAN AGREEMENT

THIS ADDITIONAL COVENANT AND TERM LOAN AGREEMENT, dated as of January 1, 2013 (as amended, modified or restated from time to time, this “*Agreement*”), between DUPAGE WATER COMMISSION, a body corporate and politic and a unit of local government of the State of Illinois and a duly organized water commission operating under the laws of the State of Illinois (together with its permitted successors and assigns, the “*Commission*”), and BMO HARRIS BANK N.A., a national banking association.

RECITALS

WHEREAS, the Commission has issued its Water Revenue Refunding Bonds, Series 2013 (the “*Bonds*”) pursuant to Ordinance Number O-15-12 entitled “A BOND ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF WATER REVENUE REFUNDING BONDS, SERIES 2013, OF THE DUPAGE WATER COMMISSION” adopted by the Commission on December 20, 2012 (as the same may be amended, modified or restated in accordance with the terms thereof and hereof, the “*Bond Ordinance*”); and

WHEREAS, the Purchaser has agreed to make a loan to the Commission by purchasing the Bonds upon the terms and conditions set forth herein, and, as a condition to such purchase, the Purchaser has required the Commission to enter into this Agreement; and

WHEREAS, upon the satisfaction of certain terms and conditions set forth herein, the Purchaser has agreed to make a loan to the Commission by converting the principal amount owed on the Bonds to a Term Loan (as defined herein);

NOW, THEREFORE, to induce the Purchaser to make a loan to the Commission by purchasing the Bonds and to induce the Purchaser to extend credit in the form of a Term Loan upon the terms and conditions set forth herein, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the Commission and the Purchaser hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Certain Defined Terms. In addition to the terms defined in the recitals and elsewhere in this Agreement and the Bond Ordinance, the following terms shall have the following meanings:

“*Act*” has the meaning set forth in the Bond Ordinance.

“*Affiliate*” means, with respect to any Person, any Person that directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such first Person. A Person shall be deemed to control another Person for the purposes of

this definition if such first Person possesses, directly or indirectly, the power to direct, or cause the direction of, the management and policies of the second Person, whether through the ownership of voting securities, common directors, trustees or officers, by contract or otherwise.

“*Agreement*” has the meaning set forth in the introductory paragraph hereof.

“*Amortization End Date*” means the earlier to occur of (a) May 1, 2017 and (b) the date on which the principal of and interest on the Term Loan has been paid in full in accordance with the terms hereof.

“*Amortization Payment*” has the meaning set forth in Section 2.02(c) hereof.

“*Amortization Payment Date*” means (a) the fifteenth day of the first (1st) full calendar month following the Term Loan Conversion Date and the fifteenth day of each calendar month occurring thereafter which occurs prior to the Amortization End Date and (b) the Amortization End Date.

“*Amortization Period*” has the meaning set forth in Section 2.02(c) hereof.

“*Anti-Terrorism Laws*” has the meaning set forth in Section 5.23 hereof.

“*Authorized Representative*” means any person authorized from time to time in writing by the Commission, or its successors and assigns, to perform a designated act or execute a designated document.

“*Bank Agreement*” means any credit agreement, liquidity agreement, standby bond purchase agreement, reimbursement agreement, direct purchase agreement, bond purchase agreement, or other agreement or instrument (or any amendment, supplement or other modification thereof) under which, directly or indirectly, any Person or Persons undertake(s) to make or provide funds to make payment of, or to purchase or provide credit enhancement for bonds or notes of the Commission secured by or payable from Revenues.

“*Bank Note*” has the meaning set forth in Section 2.03 hereof, and shall be substantially in the form attached hereto as Exhibit B.

“*Bank Rate*” means a fluctuating interest rate per annum which shall equal the Base Rate from time to time in effect *plus 2.00%*; *provided, however*, that immediately and automatically upon the occurrence of an Event of Default (and without any notice given with respect thereto) and during the continuance of such Event of Default, “*Bank Rate*” shall mean the Default Rate.

“*Base Rate*” means, for any day, a fluctuating rate of interest per annum equal to the greatest of:

- (i) the Prime Rate;

(ii) the sum of (x) the rate determined by the Purchaser to be the average (rounded upwards, if necessary, to the next higher 1/100 of 1%) of the rates per annum quoted to the Purchaser at approximately 10:00 a.m. (Chicago time) (or as soon thereafter as is practicable) on such day (or, if such day is not a Business Day, on the immediately preceding Business Day) by two or more Federal funds brokers selected by the Purchaser for the sale to the Purchaser at face value of Federal funds in the secondary market in an amount equal or comparable to the principal amount owed for which such rate is being determined, *plus* (y) 150 basis points (1.50%);

(iii) the LIBOR Quoted Rate for such day *plus* 3.50%. As used herein, the term “*LIBOR Quoted Rate*” means, for any day, the rate per annum equal to the quotient of (i) the rate per annum (rounded upwards, if necessary, to the next higher one hundred-thousandth of a percentage point) for deposits in U.S. Dollars for a one month interest period, which appears on the LIBOR01 Page as of 11:00 a.m. (London, England time) on such day (or, if such day is not a Business Day, on the immediately preceding Business Day) divided by (ii) one minus the Reserve Percentage; the term “*LIBOR01 Page*” means the display designated as “*LIBOR01 Page*” on the Reuters Service (or such other page as may replace the LIBOR01 Page on that service or such other service as may be nominated by the British Bankers’ Association as the information vendor for the purpose of displaying British Bankers’ Association Interest Settlement Rates for U.S. Dollar deposits); the term “*Reserve Percentage*” means, for any day, the maximum reserve percentage, expressed as a decimal, at which reserves (including, without limitation, any emergency, marginal, special, and supplemental reserves) are imposed by the Board of Governors of the Federal Reserve System (or any successor) on “*eurocurrency liabilities*”, as defined in such Board’s Regulation D (or any successor thereto), subject to any amendments of such reserve requirement by such Board or its successor, taking into account any transitional adjustments thereto, without benefit or credit for any prorations, exemptions or offsets under Regulation D (and adjusted automatically on and as of the effective date of any change in any such reserve percentage); and

(iv) five percent (5.00%).

“*Bond Counsel*” means Ice Miller LLP, or any other firm of attorneys nationally recognized on the subject of tax-exempt municipal finance selected by the Commission.

“*Bond Ordinance*” has the meaning set forth in the recitals hereof.

“*Bonds*” has the meaning set forth in the recitals hereof.

“*Business Day*” means a day which is not (a) a Saturday, Sunday or legal holiday on which banking institutions in Chicago, Illinois, New York, New York or the principal corporate office of the paying agent or registrar under the Bond Ordinance is located are authorized by law to close, (b) a day on which the New York Stock Exchange or the Federal Reserve Bank is closed or (c) a day on which the principal offices of the Purchaser is closed.

“Code” means the Internal Revenue Code of 1986, as amended, and, where appropriate any statutory predecessor or any successor thereto.

“Commission” has the meaning set forth in the introductory paragraph hereof.

“Debt” of any Person means at any date, without duplication, (i) all obligations of such Person evidenced by bonds, debentures, notes, securities or other similar instruments, (ii) all obligations of such Person for borrowed money, (iii) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business, (iv) obligations of such Person as lessee under any lease of property, real or personal, that, in accordance with GAAP, would be required to be capitalized on a balance sheet of the lessee thereof, (v) obligations of such Person to reimburse or repay any bank or other Person in respect of amounts paid or advanced under a letter of credit, credit agreement, liquidity facility, direct purchase agreement or other instrument, (vi) all obligations of such Person to purchase securities (or other property) which arise out of or in connection with the sale of the same or substantially similar securities or property or obligations for the deferred purchase price of property or services (other than trade accounts payable occurring in the ordinary course of business), (vii) all Debt of others secured by a Lien on any asset of such Person whether or not such Debt is assumed by such Person, (viii) all Guarantees by such Person of Debt of other Persons, and (ix) all obligations of such Person under any Swap Agreement..

“Default” means any event or condition which, with notice, the passage of time or any combination of the foregoing, would constitute an Event of Default.

“Default Rate” means, for any day, a rate of interest per annum equal to the sum of the Base Rate in effect on such day plus four percent (4.00%).

“Determination of Taxability” means and shall be deemed to have occurred on the first to occur of the following:

(i) on the date when the Commission files any statement, supplemental statement or other tax schedule, return or document which discloses that an Event of Taxability shall have in fact occurred;

(ii) on the date when the Holder or any former Holder notifies the Commission that it has received a written opinion by a nationally recognized firm of attorneys of substantial expertise on the subject of tax-exempt municipal finance to the effect that an Event of Taxability shall have occurred unless, within one hundred eighty (180) days after receipt by the Commission of such notification from the Holder or any former Holder, the Commission shall deliver to the Holder and any former Holder a ruling or determination letter issued to or on behalf of the Commission by the Commissioner or any District Director of the Internal Revenue Service (or any other governmental official exercising the same or a substantially similar function from time to time) to the effect that, after taking into consideration such facts as form the basis for the opinion that an Event of Taxability has occurred, an Event of Taxability shall not have occurred;

(iii) on the date when the Commission shall be advised in writing by the Commissioner or any District Director of the Internal Revenue Service (or any other government official or agent exercising the same or a substantially similar function from time to time) that, based upon filings of the Commission, or upon any review or audit of the Commission or upon any other ground whatsoever, an Event of Taxability shall have occurred; or

(iv) on the date when the Commission shall receive notice from the Holder or any former Holder that the Internal Revenue Service (or any other government official or agency exercising the same or a substantially similar function from time to time) has assessed as includable in the gross income of such Holder or such former Holder the interest on the Bonds due to the occurrence of an Event of Taxability;

provided, however, no Determination of Taxability shall occur under subparagraph (iii) or (iv) hereunder unless the Commission has been afforded the opportunity, at its expense, to contest any such assessment, and, further, no Determination of Taxability shall occur until such contest, if made, has been finally determined; *provided further, however*, that upon demand from the Holder or former Holder, the Commission shall promptly reimburse such Holder or former Holder for any payments, including any taxes, interest, penalties or other charges, such Holder (or former Holder) shall be obligated to make as a result of the Determination of Taxability.

“*Effective Date*” means January [___], 2013, subject to the satisfaction or waiver by the Purchaser of the conditions precedent set forth in Article IV hereof.

“*EMMA*” means Electronic Municipal Market Access as provided by the Municipal Securities Rulemaking Board.

“*Environmental Laws*” means any and all federal, state, local, and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any materials into the environment, including those related to hazardous substances or wastes, air emissions and discharges to waste or public systems.

“*ERISA*” means the Employee Retirement Income Security Act of 1974, as amended, and any successor statute of similar import, and regulations thereunder, in each case as in effect from time to time. References to Sections of ERISA shall be construed also to refer to any successor Sections.

“*Event of Default*” with respect to this Agreement has the meaning set forth in Section 7.01 of this Agreement and, with respect to any Related Document, has the meaning assigned therein.

“*Event of Taxability*” means a (i) change in Law or fact or the interpretation thereof, or the occurrence or existence of any fact, event or circumstance (including, without limitation, the taking of any action by the Commission, or the failure to take any action by the Commission, or

the making by the Commission of any misrepresentation herein or in any certificate required to be given in connection with the issuance, sale or delivery of the Bonds) which has the effect of causing interest paid or payable on the Bonds to become includable, in whole or in part, in the gross income of the Holder or any former Holder for federal income tax purposes or (ii) the entry of any decree or judgment by a court of competent jurisdiction, or the taking of any official action by the Internal Revenue Service or the Department of the Treasury, which decree, judgment or action shall be final under applicable procedural law, in either case, which has the effect of causing interest paid or payable on the Bonds to become includable, in whole or in part, in the gross income of the Holder or any former Holder for federal income tax purposes with respect to the Bonds.

“*Excess Interest Amount*” has the meaning set forth in Section 4.02(d) thereof.

“*Excluded Taxes*” means, with respect to a Holder, taxes imposed on or measured by its overall net income (however denominated), and franchise taxes imposed on it (in lieu of net income taxes), by the jurisdiction (or any political subdivision thereof) under the Laws of which such recipient is organized or in which its principal office is located.

“*Executive Order*” has the meaning set forth in Section 5.23 hereof.

“*Fiscal Year*” means that twelve calendar month period beginning May 1 of any calendar year and ending on April 30 of the following calendar year.

“*Fitch*” means Fitch, Inc., and any successor rating agency.

[“*Fixed Rate*” means _____.]

“*FRB*” means the Board of Governors of the Federal Reserve System of the United States, together with any successors thereof.

“*General Account*” has the meaning set forth in the Bond Ordinance.

“*Generally Accepted Accounting Principles*” or “*GAAP*” means generally accepted accounting principles in effect from time to time in the United States and applicable to entities such as the Commission.

“*Governmental Approval*” means an authorization, consent, approval, license, or exemption of, registration or filing with, or report to any Governmental Authority.

“*Governmental Authority*” means any federal, state or local government (whether domestic or foreign), any political subdivision thereof or any other governmental, quasi-governmental, judicial, public or statutory instrumentality, authority, body, agency, bureau or entity (including any zoning authority, the Federal Deposit Insurance Corporation or the Federal Reserve Board, any central bank or any comparable authority), or any arbitrator with authority to bind a party at law.

“*Guarantee*” means, as to any Person, any (a) any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Debt or other obligation payable or performable by another Person (the “*primary obligor*”) in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or other obligation, (ii) to purchase or lease property, securities or services for the purpose of assuring the obligee in respect of such Debt or other obligation of the payment or performance of such Debt or other obligation, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity or level of income or cash flow of the primary obligor so as to enable the primary obligor to pay such Debt or other obligation, or (iv) entered into for the purpose of assuring in any other manner the obligee in respect of such Debt or other obligation of the payment or performance thereof or to protect such obligee against loss in respect thereof (in whole or in part), or (b) any Lien on any assets of such Person securing any Debt or other obligation of any other Person, whether or not such Debt or other obligation is assumed by such Person (or any right, contingent or otherwise, of any holder of such Debt to obtain any such Lien). The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the related primary obligation, or portion thereof, in respect of which such Guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by the guaranteeing Person in good faith. The term “Guarantee” as a verb has a corresponding meaning.

“*Holder*” means the Purchaser and each Purchaser Transferee or Non-Purchaser Transferee pursuant to Section 9.13 hereof so long as such Purchaser Transferee or Non-Purchaser Transferee is an owner of Bonds or is owed amounts with respect to the Term Loan.

“*Indemnitee*” has the meaning set forth in Section 8.01 hereof.

“*Investment Grade*” means a rating of “Baa3” (or its equivalent) or better by Moody’s and “BBB-” (or its equivalent) or better by S&P and by Fitch.

“*Investment Policy*” means the investment policy of the Commission delivered to the Purchaser, pursuant to Section 3.01(a)(iv) hereof.

“*Laws*” means, collectively, all international, foreign, federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

“*Liabilities*” has the meaning set forth in Section 8.01 hereof.

“*Lien*” means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, or preference, priority or other security interest or

preferential arrangement in the nature of a security interest of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any easement, right of way or other encumbrance on title to real property, and any financing lease having substantially the same economic effect as any of the foregoing).

“*Majority Holder*” means, (i) so long as the Bonds remain outstanding, the Holders with a majority of the aggregate principal amount of Bonds from time to time and (ii) so long as the Term Loan remains outstanding, the Holders with a majority of the aggregate principal balance of the Term Loan from time to time. As of the Effective Date, BMO Harris Bank N.A. shall be the Majority Holder.

“*Margin Stock*” has the meaning ascribed to such term in Regulation U promulgated by the FRB, as now and hereafter from time to time in effect.

“*Material Adverse Effect*” means: (a) a material adverse change in, or a material adverse effect upon, the operations, business, properties, assets, liabilities (actual or contingent), condition (financial or otherwise) or prospects of the Commission and the System; (b) a material impairment of the ability of the Commission to perform its obligations under any Related Document to which it is a party; (c) a material adverse effect upon the legality, validity, binding effect or enforceability against the Commission of any Related Document to which it is a party; or (d) any material adverse change in or effect on the rights, interests, security or remedies of the Purchaser or any Holder hereunder or under any of the other Related Documents.

“*Maturity Date*” means May 1, 2016 (or if such date is not a Business Day, the immediately preceding Business Day).

“*Maximum Interest Rate*” means the maximum rate of interest on the relevant obligation permitted by applicable law.

“*Moody’s*” means Moody’s Investors Service, Inc. and any successor rating agency.

“*1933 Act*” means the Securities Act of 1933, as amended.

“*Net Revenues*” has the meaning set forth in the Bond Ordinance.

“*No Default Certificate*” means a certificate substantially in form of Exhibit A hereto.

“*Non-Purchaser Transferee*” has the meaning set forth in Section 9.13(c) hereof.

“*Obligations*” means all Reimbursement Obligations (which includes amounts owing to the Purchaser as evidenced by the Bank Note), all amounts payable by the Commission, and all other obligations to be performed by the Commission, pursuant to this Agreement and the other Related Documents (including any amounts to reimburse the Purchaser for any advances or expenditures by it under any of such documents), including, in each instance, all accrued interest thereon.

“Operation and Maintenance Costs” has the meaning set forth in the Bond Ordinance.

“OFAC” has the meaning set forth in Section 5.23 hereof.

“Parity Bonds” has the meaning set forth in the Bond Ordinance.

“Parity Debt” means any Debt issued or incurred by or on behalf of the Commission and secured on a parity with the Lien on Net Revenues securing the payment of the principal and purchase price of and interest on the Bonds and the payment of the principal of and interest on the Bank Note and the Term Loan.

“Participant” shall have the meaning set forth in Section 9.13(d) hereof.

“Patriot Act” means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Title III of Pub. L. 107-56 (signed into law October 26, 2001).

“PBGC” means the Pension Benefit Guaranty Corporation or any successor thereto.

“Person” means any individual, corporation, not for profit corporation, partnership, limited liability company, joint venture, association, professional association, joint stock company, trust, unincorporated organization, government or any agency or political subdivision thereof or any other form of entity.

“Plan” means a pension plan providing benefits for employees of any Person.

“Prime Rate” means a rate per annum equal to the rate of interest publicly announced from time to time by the Purchaser as its “prime commercial rate” as in effect for such day, with any change in the Prime Rate resulting from a change in said prime commercial rate to be effective as of the date of the relevant change in said prime commercial rate (it being acknowledged and agreed that such rate may not be the Purchaser’s best or lowest rate).

“Property” means any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible, whether now owned or hereafter acquired.

“Purchase Price” has the meaning set forth in Section 2.01(a) hereof.

“Purchaser” means, initially, BMO Harris Bank N.A., a national banking association, and its successors and assigns, and upon the receipt from time to time by the Commission of a notice described in Section 9.13(a) from time to time means the Person designated in such notice as the Purchaser, as more fully provided in Section 9.13(a) hereof.

“Purchaser Letter” has the meaning set forth in Section 9.13(c) hereof.

“Purchaser Transferee” has the meaning set forth in Section 9.13(b) hereof.

“*Rating Agency*” means any of S&P, Moody’s and Fitch, as applicable.

“*Rating Documentation*” has the meaning set forth in Section 3.01(d)(v) hereof.

“*Reimbursement Obligations*” means any and all obligations of the Commission to reimburse the Purchaser for the Term Loan (if any) advanced hereunder, including in each instance all interest accrued thereon, which obligations are evidenced and secured by the Bank Note.

“*Related Documents*” means this Agreement, the Bond Ordinance, the Bonds, the Bank Note, and any other documents related to any of the foregoing or executed in connection therewith, and any and all future renewals and extensions or restatements of, or amendments or supplements to, any of the foregoing.

“*Revenues*” has the meaning set forth in the Bond Ordinance.

“*Revenues Secured Debt*” means any Debt secured by a Lien on or pledge of all or any portion of the Net Revenue on a basis that is senior to or on a parity with the Bonds, the Bank Note, the Term Loan and all Reimbursement Obligations.

“*Risk-Based Capital Guidelines*” means (i) the risk-based capital guidelines in effect in the United States on the Effective Date, including transition rules, and (ii) the corresponding capital regulations promulgated by regulatory authorities outside the United States including transition rules, and any amendments to such regulations adopted prior to the Effective Date.

“*S&P*” means Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business, and any successor rating agency.

“*Sales Tax Revenues*” means the Commission’s portion of the sales tax revenues of DuPage County, Illinois.

“*State*” means the State of Illinois.

“*Subordinate Bonds*” has the meaning set forth in the Bond Ordinance.

“*Swap Agreement*” means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the

International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a “*Master Agreement*”), including any such obligations or liabilities under any Master Agreement.

“*System*” has the meaning set forth in the Bond Ordinance.

“*Taxable Date*” means the date on which interest on the Bonds is first includable in gross income of the Holder (including, without limitation, any previous Holder) thereof as a result of an Event of Taxability as such date is established pursuant to a Determination of Taxability.

“*Taxable Period*” has the meaning set forth in Section 4.02(b) hereof.

“*Taxable Rate*” means, with respect to a Taxable Period, the product of (i) the average interest rate on the Bonds during such period and (ii) 1.5386.

“*Taxes*” means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

“*Term Loan*” has the meaning set forth in Section 2.02(b) hereof.

“*Term Loan Conversion Date*” means, upon the satisfaction of the Term Loan Requirements on the Maturity Date, the date the principal amount of outstanding Bonds is converted to a Term Loan pursuant to Section 2.02(b) hereof.

“*Term Loan Original Amount*” has the meaning set forth in Section 2.02(b) hereof.

“*Term Loan Requirements*” has the meaning set forth in Section 2.02(b) hereof.

“*Water Funds*” has the meaning set forth in the Bond Ordinance.

Section 1.02. Computation of Time Periods. In this Agreement, in the computation of a period of time from a specified date to a later specified date, the word “from” means “from and including” and the words “to” and “until” each mean “to but excluding.”

Section 1.03. Construction. Unless the context of this Agreement otherwise clearly requires, references to the plural include the singular, to the singular include the plural and to the part include the whole. The word “including” shall be deemed to mean “including but not limited to,” and “or” has the inclusive meaning represented by the phrase “and/or.” The words “hereof,” “herein,” “hereunder” and similar terms in this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement. The Section headings contained in this Agreement and the table of contents preceding this Agreement are for reference purposes only and shall not control or affect the construction of this Agreement or the interpretation thereof in any respect. Section, subsection and exhibit references are to this Agreement unless otherwise specified.

Section 1.04. Accounting Terms and Determinations. Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared, in accordance with GAAP. If, after the Effective Date, there shall occur any change in GAAP from those used in the preparation of the financial statements referred to in Sections 6.05 hereof and such change shall result in a change in the method of calculation of any financial covenant, standard or term found in this Agreement including, without limitation, a recharacterization of operating leases to the effect that certain operating leases are to be treated as capital leases, either the Commission or the Purchaser may by notice to the other party hereto, require that the Purchaser and the Commission negotiate in good faith to amend such covenants, standards, and terms so as equitably to reflect such change in accounting principles, with the desired result being that the criteria for evaluating the financial condition of the Commission shall be the same as if such change had not been made. No delay by the Commission or the Purchaser in requiring such negotiation shall limit their right to so require such a negotiation at any time after such a change in accounting principles. Until any such covenant, standard, or term is amended in accordance with this Section 1.05, financial covenants shall be computed and determined in accordance with GAAP in effect prior to such change in accounting principles.

Section 1.05. Relation to Other Documents; Acknowledgment of Different Provisions of Related Documents; Incorporation by Reference. (a) Nothing in this Agreement shall be deemed to amend, or relieve the Commission of its obligations under, any Related Document to which it is a party. Conversely, to the extent that the provisions of any Related Document allow the Commission to take certain actions, or not to take certain actions, with regard for example to permitted liens, transfers of assets, maintenance of financial ratios and similar matters, the Commission nevertheless shall be fully bound by the provisions of this Agreement.

(b) Except as provided in subsection (c) of this Section 1.05, all references to other documents shall be deemed to include all amendments, modifications and supplements thereto to the extent such amendment, modification or supplement is made in accordance with the provisions of such document and this Agreement.

(c) All provisions of this Agreement making reference to specific Sections of any Related Document shall be deemed to incorporate such Sections into this Agreement by reference as though specifically set forth herein (with such changes and modifications as may be herein provided) and shall continue in full force and effect with respect to this Agreement notwithstanding payment of all amounts due under or secured by the Related Documents, the termination or defeasance thereof or any amendment thereto or any waiver given in connection therewith, so long as this Agreement is in effect and until all Obligations are paid in full. No amendment, modification, consent, waiver or termination with respect to any of such Sections shall be effective as to this Agreement until specifically agreed to in writing by the parties hereto with specific reference to this Agreement.

ARTICLE II

PURCHASE OF BONDS; CONDITIONS TO TERM LOAN; BANK NOTE

Section 2.01. Purchase of Bonds. (a) *Purchase Price.* Upon the fulfillment of all conditions set forth in Article III hereof and based on the representations, warranties and covenants of the Commission set forth herein, the Purchaser hereby agrees to make a loan to the Commission by purchasing from the Commission, and the Commission hereby agrees to sell to the Purchaser, all, but not less than all, of the Bonds at the purchase price of \$[50,375,000] representing the aggregate principal amount of the Bonds (the “*Purchase Price*”).

(b) *Closing.* On the Effective Date, the Commission shall deliver to the Purchaser the documents described in Article III hereof. Upon delivery of such documents, the Purchaser will pay the full Purchase Price for the Bonds in immediately available federal funds payable to the Commission. One fully registered Bond, in the aggregate principal amount equal to the Purchase Price, shall be issued to and registered in the name of the Purchaser, or as otherwise directed by the Purchaser. The Bonds shall be so issued and registered to and held by the Purchaser, or as otherwise directed by the Purchaser.

Section 2.02. Conditions Precedent to Term Loan. (a) Upon the fulfillment of all conditions set forth in Section 2.02(b) hereof and based on the representations, warranties and covenants of the Commission set forth herein, the Purchaser hereby agrees to make the Term Loan to the Commission on the terms set forth in Section 2.02(b) hereof.

(b) In the event any principal of and interest on the Bonds remains outstanding and unpaid on the Maturity Date, the Commission shall redeem all outstanding Bonds on the Maturity Date at a price equal to 100% of the principal amount thereof plus unpaid interest accrued thereon to the Maturity Date; *provided that*, if any principal amount of the Bonds remains outstanding on the Maturity Date and (i) no Default or Event of Default shall have occurred and be continuing (other than nonpayment of the principal due on the Bonds on the Maturity Date), (ii) the representations and warranties set forth in Article V hereof and each of the Related Documents are true and correct on and as of the Maturity Date as if made on the date thereof and (iii) the Commission pays in full all unpaid interest accrued on the Bonds to the Maturity Date (collectively, the “*Term Loan Requirements*”), then the outstanding principal amount of the Bonds which remains unpaid on the Maturity Date shall automatically constitute a taxable advance made by the Purchaser to the Commission on the Maturity Date (the “*Term Loan*”) in an amount equal to outstanding principal amount of the Bonds on the Maturity Date (the “*Term Loan Original Amount*”).

(c) The Commission shall cause the unpaid principal balance of the Term Loan to be paid in equal monthly installments payable on each Amortization Payment Date (each such payment, an “*Amortization Payment*”), with the final installment in an amount equal to the entire then-outstanding principal balance of the Term Loan to be paid in full on the Amortization End Date (the period commencing on the Term Loan Conversion Date and ending on the Amortization End Date is herein referred to as the “*Amortization Period*”). Each Amortization Payment shall be that amount of principal which will result in equal (as nearly as possible)

aggregate Amortization Payments over the Amortization Period. During the Amortization Period, interest on the unpaid balance of the Term Loan shall accrue at the Bank Rate, be payable monthly in arrears on the fifteenth day of each calendar month and on the Amortization End Date and be calculated on the basis of a 360-day year and actual days elapsed.

(d) *Prepayment of the Term Loan.* The Commission may prepay any Term Loan in whole, or in part in a minimum amount of \$500,000 and in integral multiples of \$100,000 in excess thereof, in each case without penalty on one Business Day's prior written notice.

Section 2.03. The Bank Note. The Term Loan and all Reimbursement Obligations shall be made against and evidenced by the Commission's promissory note payable to the order of the Purchaser in the principal amount equal to the Term Loan Original Amount, such note to be executed and delivered to the Purchaser on the Effective Date in the form of Exhibit B attached hereto with appropriate insertions (the "*Bank Note*"). All Reimbursement Obligations and all payments and prepayments on account of the principal balance of and interest on the Term Loan shall be recorded by the Purchaser on its books and records, which books and records shall, absent manifest error, be conclusive as to amounts payable by the Commission hereunder and under the Bank Note. The Purchaser may, but shall not be required to, complete the schedule attached to the Bank Note to reflect the making and status of the Term Loan, *provided* that the failure to make or any error in making any such endorsement on such schedule shall not limit, extinguish or in any way modify the obligation of the Commission to repay the Term Loan and Reimbursement Obligations. The Commission shall pay principal and interest on the Bank Note on the dates and at the rates provided for in Sections 2.02 hereof with respect to the Term Loan and Reimbursement Obligations.

ARTICLE III

CONDITIONS PRECEDENT TO PURCHASE OF BONDS

Section 3.01. Documentary Requirements. The obligation of the Purchaser to make a loan to the Commission by purchasing the Bonds is subject to the conditions precedent that the Purchaser shall have received, on or before the Effective Date, the items listed below in this Section, each dated and in form and substance as is satisfactory to the Purchaser.

(a) The following Commission documents:

(i) copies of the resolutions of the governing body of the Commission approving the execution and delivery of the Related Documents and the other matters contemplated hereby, certified by a Authorized Representative as being true and complete and in full force and effect on the Effective Date;

(ii) the enabling legislation of the Commission, certified by an Authorized Representative to be in full force and effect as of the Effective Date;

(iii) the audited annual financial statements of the Commission for the Fiscal Year ended April 30, 2012, together with internally prepared financial statements of the Commission for each fiscal quarter(s) ended since the end of such Fiscal Year;

(iv) a copy of the Commission's Investment Policy in effect as of the Effective Date; and

(v) a certificate dated the Effective Date and executed by a Authorized Representative certifying the names and signatures of the persons authorized to sign, on behalf of the Commission, the Related Documents to which it is a party and the other documents to be delivered by it hereunder or thereunder.

(b) The following financing documents:

(i) an executed original or certified copy, as applicable, of each of the Related Documents;

(ii) one fully registered Bond in certificated form, executed by the Commission, in the principal amount equal to the Purchase Price, issued to and registered in the name of the Purchaser, or as otherwise directed by the Purchaser;

(iii) one fully registered Bank Note, executed by the Commission, in the principal amount equal to the Purchase Price, payable to the Purchaser, or as otherwise directed by the Purchaser; and

(iv) copies of all documentation relating to any Swap Agreement relating to the Bonds.

(c) The following opinions, dated the Effective Date and addressed to the Purchaser or on which the Purchaser is otherwise expressly authorized to rely:

(i) from counsel to the Commission, opinions as to the due authorization, execution, delivery and enforceability of the Related Documents, and such other customary matters as the Purchaser may reasonably request; and

(ii) from Bond Counsel, opinions to the effect that the interest on the Bonds is excludable from gross income for federal income tax purposes and such other customary matters as the Purchaser may reasonable request.

(d) The following documents and other information:

(i) a certificate dated the Effective Date and executed by an Authorized Representative certifying that (A) there has been no event or circumstance since April 30, 2012, that has had or could be reasonably expected to have, either individually or in the aggregate, a Material Adverse Effect, (B) the representations and warranties contained in Article IV hereof and the other Related Documents are true and correct in all

material respects on the Effective Date, (C) no event has occurred and is continuing, or would result from entry into this Agreement, which would constitute a Default or Event of Default, (D) since the dated date of the Rating Documentation, the unenhanced long-term debt ratings assigned to any Revenues Secured Debt has not been withdrawn, suspended or reduced and (E) the Commission is in compliance with all of the covenants set forth in the Bond Ordinance and the Related Documents;

(ii) true and correct copies of all Governmental Approvals, if any, necessary for the Commission to execute, deliver and perform the Related Documents to which it is a party;

(iii) evidence of insurance meeting or exceeding the requirements set forth herein and in the Bond Ordinance; and

(iv) recent evidence that the unenhanced long-term debt rating assigned by **[Moody's, S&P and Fitch]** to any Revenues Secured Debt is at least [**“[],” “[]” and “[],”**] respectively (the “*Rating Documentation*”).

Section 3.02. Litigation. The Purchaser shall have received a written description of all actions, suits or proceedings pending or threatened against the Commission or any of its Affiliates in any court or before any arbitrator of any kind or before or by any governmental or non-governmental body which could reasonably be expected to result in a Material Adverse Effect, if any, and such other statements, certificates, agreements, documents and information with respect thereto as the Purchaser may reasonably request.

Section 3.03. Other Matters. All other legal matters pertaining to the execution and delivery of this Agreement and the Related Documents shall be satisfactory to the Purchaser and its counsel, and the Purchaser shall have received such other statements, certificates, agreements, documents and information with respect to the Commission and the other parties to the Related Documents and matters contemplated by this Agreement as the Purchaser may reasonably request.

Section 3.04. Payment of Fees and Expenses. On or prior to the Effective Date, the Purchaser shall have received reimbursement of the Purchaser's fees and expenses (including the legal fees and expenses of Chapman and Cutler LLP) and any other fees incurred in connection with the transaction contemplated by the Related Documents.

Section 3.05. No Bond Rating; DTC; CUSIP. The Bonds shall not be (i) assigned a separate rating by any Rating Agency, (ii) registered with The Depository Trust Company or any other securities depository, (iii) issued pursuant to any type of offering document or official statement or (iv) assigned a CUSIP number by Standard & Poor's CUSIP Service.

ARTICLE IV

THE COMMISSION'S OBLIGATIONS

Section 4.01. Payment Obligations. (a) The Commission hereby unconditionally, irrevocably and absolutely agrees to make prompt and full payment of all payment obligations owed to the Purchaser under the Related Documents and to pay any other Obligations owing to the Purchaser whether now existing or hereafter arising, irrespective of their nature, whether direct or indirect, absolute or contingent, with interest thereon at the rate or rates provided in such Related Documents and under such Obligations. Unless the Term Loan Requirements contained in Section 2.02(b) hereof are satisfied in full on the Maturity Date, the Commission agrees to pay in full all principal of and interest on the Bonds outstanding on the Maturity Date. If the Term Loan Requirements contained in Section 2.02(b) hereof are not satisfied on the Maturity Date and the Commission does not pay in full all outstanding principal of the Bonds and interest accrued thereon to the Maturity Date, the Bonds and all Obligations shall bear interest at the Default Rate and be payable upon demand.

(b) The Commission shall pay within ten (10) days after demand:

(i) if an Event of Default shall have occurred, all costs and expenses of the Purchaser in connection with the enforcement (whether by means of legal proceedings or otherwise) of any of its rights under this Agreement, the other Related Documents and such other documents which may be delivered in connection therewith;

(ii) a fee for each amendment to this Agreement or any other Related Document or any consent or waiver by the Purchaser with respect to any Related Document, in each case, in a minimum amount of \$2,500 plus the reasonable fees and expenses of counsel to the Purchaser;

(iii) the reasonable fees and out-of-pocket expenses for counsel or other reasonably required consultants to the Purchaser in connection with advising the Purchaser as to its rights and responsibilities under this Agreement and the other Related Documents or in connection with responding to requests from the Commission for approvals, consents and waivers; and

(iv) any amounts advanced by or on behalf of the Purchaser to the extent required to cure any Default, Event of Default or event of nonperformance hereunder or any Related Document, together with interest at the Default Rate.

In addition, if at any time any Governmental Authority shall require revenue or other documentary stamps or any other tax in connection with the execution or delivery of this Agreement or any other Related Document, then, if the Commission lawfully may pay for such stamps, taxes or fees, the Commission shall pay, when due and payable, for all such stamps, taxes and fees, including interest and penalties thereon, and the Commission agrees to save the Purchaser harmless from and against any and all liabilities with respect to or resulting from any

delay of the Commission in paying, or omission of the Commission to pay, such stamps, taxes and fees hereunder.

Section 4.02. Increased Payments. (a) *Increased Costs.* (i) If, on or after the Effective Date, the adoption of any law or any governmental or quasi-governmental rule, regulation, policy, guideline or directive (whether or not having the force of law), or any change in the interpretation, promulgation, implementation or administration thereof by any governmental or quasi-governmental authority, central bank or comparable agency charged with the interpretation or administration thereof including, notwithstanding the foregoing, all requests, rules, guidelines or directives in connection with Dodd-Frank Wall Street Reform and Consumer Protection Act, or promulgated by the Bank for International Settlements, the Basel Committee on Banking Regulations and Supervisory Practices (or any successor or similar authority) pursuant to Basel III or any successor Basel accord regardless of the date enacted, adopted or issued, or compliance by the Purchaser or any other Holder with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency:

(A) subjects the Purchaser or any other Holder to any Texas, or changes the basis of taxation of payments (other than with respect to Excluded Taxes) to the Purchaser or any other Holder hereunder or with respect to the Bonds, the Term Loan or the Bank Note, or

(B) imposes or increases or deems applicable any liquidity or capital ratio, reserve, assessment, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by the Purchaser or any other Holder, or

(C) imposes any other condition the result of which is to increase the cost to the Purchaser or any other Holder with respect to this Agreement, the Bonds, the Term Loan, the Bank Note or its making, maintenance or funding of the Bonds, the Term Loan, the Bank Note or any security therefor, or reduces any amount receivable by the Purchaser or any other Holder with respect to this Agreement, the Bonds, the Term Loan, the Bank Note, or the making, maintenance or funding of any loan, or requires any Purchaser to make any payment calculated by reference to any amount received with respect to this Agreement, the Bonds, the Term Loan, the Bank Note, or the making, maintenance or funding of any loan, by an amount deemed material by such Purchaser or other Holder, as the case may be (each such instance referred to individually herein as a "*Reduction in Amount*" and collectively as "*Reductions in Amount*"),

and the result of any of the foregoing is to increase the cost to such Purchaser or other Holder with respect to this Agreement, the Bonds, the Term Loan, the Bank Note, or the making, maintenance or funding of the purchase of the Bonds, the Term Loan, the Bank Note or of participating the same or to reduce the return received by such Purchaser or other Holder, as the case may be, in connection with the same, then, to the extent permitted by law, within fifteen (15) days of demand by such Purchaser or other Holder, as the case may be, the Commission shall pay such Purchaser or other Holder such additional amount or amounts as will compensate such Purchaser or other Holder for such increased cost or reduction in amount received.

The Purchaser or the Holder shall use its best efforts to provide to the Commission written notice of the expected occurrence of any event referred to in clause (A), (B) or (C) above for which it has actual knowledge, setting forth in reasonable detail the anticipated additional amount or amounts that the Purchaser or such Holder expects to demand from the Commission as additional compensation for such increased costs or Reductions in Amount (the “*Yield Protection Demand Notice*”) and the anticipated date upon which the Purchaser or such Holder would make such demand upon the Commission, and, if, all obligations due and owing under this Agreement are paid in full prior to the date on which any increased cost or Reduction in Amount related to any event referred to in clause (A), (B) or (C) above are imposed upon the Purchaser or such Holder, then the Commission will not be obligated to pay the additional amounts set forth in the Yield Protection Demand Notice; provided, however, that if all obligations due and owing under this Agreement are not paid prior to the date on which any increased cost or Reduction in Amount are imposed on the Purchaser or such Holder, the Commission shall become liable for the additional amount for such increased cost or Reduction in Amount set forth in the Yield Protection Demand Notice on the date on which such increased cost or Reduction in Amount related to any event referred to in clause (A), (B) or (C) above are imposed on the Purchaser or such Holder, as applicable. Such amounts will be payable as set forth in Section 4.02(a)(iii) hereof.

Notwithstanding the foregoing, a failure by the Purchaser or such Holder to deliver to the Commission a Yield Protection Demand Notice shall in no event relieve the obligation of the Commission for any obligation under this Section 4.02(a). Additionally, nothing set forth in this Section 4.02(a) shall limit the obligation of the Commission to pay to the Purchaser any increased cost imposed upon the Purchaser or any Holder related to any event referred to in clause (A), (B) or (C) above.

(ii) If a Purchaser or other Holder determines the amount of capital required or expected to be maintained by such Purchaser or other Holder or any corporation controlling such Purchaser or other Holder is increased as a result of a Change (as hereinafter defined), then, within fifteen (15) days of demand by such Purchaser or other Holder, the Commission shall, to the extent permitted by law, pay such Purchaser or other Holder the amount necessary to compensate for any shortfall in the rate of return on the portion of such increased capital which such Purchaser or other Holder determines is attributable to this Agreement, the Bonds, the Term Loan or the Bank Note, as the case may be, hereunder (after taking into account such Purchaser or other Holder’s policies as to capital adequacy). “*Change*” means (i) any change after the date of this Agreement in the Risk-Based Capital Guidelines (as hereinafter defined) or (ii) any adoption of or change in any other law, governmental or quasi-governmental rule, regulation, policy, guideline, interpretation, or directive (whether or not having the force of law) or in the enforcement, interpretation, promulgation, implementation or administration thereof after the date of this Agreement which affects the amount of capital required or expected to be maintained by any Purchaser or other Holder or any corporation controlling any such Purchaser or other Holder. Notwithstanding the foregoing, for purposes of this Agreement, all requests, rules, guidelines or directives in connection with the Dodd-Frank Wall Street Reform and Consumer Protection Act shall be deemed to be a Change regardless of the date enacted, adopted or issued and all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Regulations and Supervisory Practices (or any

successor or similar authority) pursuant to Basel III or any successor Basel accord or the United States financial regulatory authorities shall be deemed to be a Change regardless of the date adopted, issued, promulgated or implemented.

(iii) In connection with any costs imposed upon the Commission by the Purchaser or other Holder pursuant to this Section 4.02(a)(ii), the Purchaser or other Holder shall use its best efforts to provide the Commission with written notice of the expected occurrence of an event referred to in clause (a)(ii) above for which it has actual knowledge, setting forth, in reasonable detail, the anticipated amount that the Purchaser or such Holder anticipates demanding from the Commission as additional compensation for such increased cost related to any event described in clause (a)(ii) above (the “*Capital Adequacy Demand Notice*”) and the anticipated date upon which the Purchaser or such Holder would make such demand upon the Commission, and, if all obligations due and owing the Purchaser or any Holder are paid in full prior to the date on which any increased cost related to any event referred to in clause (a)(ii) above are imposed on the Purchaser or such Holder, then the Commission will not be obligated to pay the additional amounts set forth in the Capital Adequacy Demand Notice; provided however that if all obligations due and owing the Purchaser or such Holder are not paid prior to the date on which any increased cost related to any event referred to in clause (a)(ii) above are imposed upon the Purchaser and Holder, the Commission shall become liable for the additional amount set forth in the Capital Adequacy Demand Notice on the date on which such increased cost related to any event referred to in clause (a)(ii) above are imposed on the Purchaser and such Holder. Such amounts will be payable as set forth in Section 4.02(a)(iii) hereof.

Notwithstanding the foregoing, a failure by the Purchaser or any Holder to deliver to the Commission a Capital Adequacy Demand Notice shall in no event relieve the obligation of the Commission of any obligation under Section 4.02(a)(ii).

All payments of amounts to be paid by the Commission pursuant to this Section 4.02(a) shall be paid within 30 days of delivery by the Purchaser of a certificate requesting such amounts, which certificate shall set forth the Purchaser’s or Holder’s basis for the calculation of such amount and the amount of such calculation submitted by the Purchaser or other Holder to the Commission which calculation shall be conclusive (absent manifest error) as to the amount thereof. In making the determinations contemplated by the above referenced certificate, the Purchaser or other Holder may make such reasonable estimates, assumptions, allocations and the like that the Purchaser or other Holder in good faith determines to be appropriate.

(iv) The benefits of this Section 4.02(a) shall also be available to each Participant; *provided however*, that no such Participant shall be entitled to receive payment pursuant to this Section 4.02(a) of any amount greater than the amount which would have been payable had the Purchaser not granted a participation to such Participant. For purposes of this Section 4.02(a), the term “*Purchaser*” shall also include any entity controlling the Purchaser. For purposes of the immediately preceding sentence, “controlling” means the power to direct the management and policies of the Purchaser, directly or indirectly, whether through the ownership of voting rights, membership, the power to appoint members, trustees or directors, by contract or otherwise.

(v) The Commission shall not be required to compensate the Purchaser or any Holder pursuant to this Section 4.02(a) in respect of a period occurring more than six (6) months prior to the date the above-described written demand is given to the Commission with respect thereto (the “*Cut- Off Date*”), except where (x) the Purchaser or such Holder, as applicable, had no actual knowledge of the action resulting in such increased costs, increased capital or Reduction in Amount, as applicable, as of the Cut- Off Date or (y) such increased costs, increased capital or Reduction in Amount apply to the Purchaser or such Holder retroactively to a date prior to the Cut- Off Date.

(b) *Determination of Taxability.* (i) In the event a Determination of Taxability occurs, to the extent not payable to each Holder (or to the Purchaser for the period that it was the Holder of any of the Bonds) under the terms of the Bond Ordinance and the Bonds, the Commission hereby agrees to pay to each Holder (or, if applicable, the Purchaser) on demand therefor (1) an amount equal to the difference between (A) the amount of interest that would have been paid to such Holder (or, if applicable, the Purchaser) on the Bonds during the period for which interest on the Bonds is included in the gross income of such Holder (or, if applicable, the Purchaser) if the Bonds had borne interest at the Taxable Rate, beginning on the Taxable Date (the “*Taxable Period*”), and (B) the amount of interest actually paid to the Holder (or, if applicable, the Purchaser) during the Taxable Period, and (2) an amount equal to any interest, penalties or charges owed by such Holder (or, if applicable, the Purchaser) as a result of interest on the Bonds becoming included in the gross income of such Holder (or, if applicable, the Purchaser), together with any and all attorneys’ fees, court costs, or other out-of-pocket costs incurred by such Holder (or, if applicable, the Purchaser) in connection therewith;

(ii) Subject to the provisions of clause (iii) below, such Holder (or, if applicable, the Purchaser) shall afford the Commission the opportunity, at the Commission’s sole cost and expense, to contest (1) the validity of any amendment to the Code which causes the interest on the Bonds to be included in the gross income of such Holder (or, if applicable, the Purchaser) or (2) any challenge to the validity of the tax exemption with respect to the interest on the Bonds, including the right to direct the necessary litigation contesting such challenge (including administrative audit appeals); and

(iii) As a condition precedent to the exercise by the Commission of its right to contest set forth in clause (ii) above, the Commission shall, on demand, immediately reimburse such Holder (or, if applicable, the Purchaser) for any and all expenses (including attorneys’ fees for services that may be required or desirable, as determined by such Holder (or, if applicable, the Purchaser) in its sole discretion) that may be incurred by the Holder (or, if applicable, the Purchaser) in connection with any such contest, and shall, on demand, immediately reimburse the Holder (or, if applicable, the Purchaser) for any payments, including any taxes, interest, penalties or other charges payable by such Holder (or, if applicable, the Purchaser) for failure to include such interest in its gross income.

(c) *Default Rate.* Upon the occurrence and during the continuance of an Event of Default, the Obligations shall bear interest at the Default Rate, which shall be payable by the

Commission to each Holder (or, if applicable, the Purchaser) upon demand therefore and be calculated on the basis of a 360-day year and actual days elapsed.

(d) *Maximum Interest Rate.* (i) If the amount of interest on any Obligation payable for any period in accordance with the terms hereof or the Bonds, the Term Loan or the Bank Note exceeds the amount of interest that would be payable for such period had interest for such period been calculated at the Maximum Interest Rate, then interest for such period shall be payable in an amount calculated at the Maximum Interest Rate.

(ii) Any interest that would have been due and payable for any period but for the operation of the immediately preceding subclause (i) shall accrue and be payable as provided in this subclause (ii) and shall, less interest actually paid to each Holder for such period, constitute the “Excess Interest Amount.” If there is any accrued and unpaid Excess Interest Amount as of any date, then the principal amount with respect to which interest is payable shall bear interest at the Maximum Interest Rate until payment to each Holder of the entire Excess Interest Amount.

(iii) Notwithstanding the foregoing, on the date on which no principal amount with respect to the Bonds or the Term Loan remains unpaid, the Commission shall pay to each Holder a fee equal to any accrued and unpaid Excess Interest Amount.

(e) *Late Payments.* If the principal amount of any Obligation is not paid when due, such Obligation shall bear interest until paid in full at a rate per annum equal to the Default Rate, payable upon demand.

(f) *Business Days.* Whenever any payment by the Commission under any provision of this Agreement or any Related Document shall be due on a day, which is not a Business Day, the date for payment thereof shall be extended, without penalty, to the next succeeding Business Day, and such extended time shall be included in the computation of fees or interest, as applicable.

(g) *Survival.* The obligations of the Commission under clauses (a) and (b) of this Section 4.02 shall survive the termination of this Agreement and the redemption or other payment in full of the Bonds, the Term Loan (if any), the Bank Note and repayment of all Obligations hereunder.

Section 4.03. Obligations Absolute. The obligations of the Commission to pay the Obligations, the Term Loan, the Reimbursement Obligations, and the other amounts owing under this Agreement and the Bank Note shall be unconditional and irrevocable and shall be paid strictly in accordance with the terms of this Agreement under all circumstances, including without limitation the following:

(a) any lack of validity or enforceability of this Agreement, the Bonds, the Bank Note, or any of the other Related Documents;

(b) any amendment or waiver of or any consent to departure from all or any of the Related Documents;

(c) the existence of any claim, set-off, defense or other right which the Commission may have at any time against the Purchaser, any other Holder or any other person or entity, whether in connection with this Agreement, the other Related Documents, the transactions contemplated herein or therein or any unrelated transaction; or

(d) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing.

Notwithstanding this Section, the Purchaser acknowledges the Commission may have the right to bring a collateral action with respect to one or more of the foregoing circumstances. The Commission's payment obligations shall remain in full force and effect pending the final disposition of any such action. All fees payable pursuant to this Agreement shall be deemed to be fully earned when due and non-refundable when paid.

Section 4.04. Funding Indemnity. (a) In consideration of the Purchaser offering the Commission a fixed rate of interest on the Bonds, the Commission agrees that if the Commission prepays all or any portion of the principal balance of the Bonds prior to the scheduled payment due date and/or the stated Maturity Date (whether by acceleration, prepayment or otherwise) the Commission agrees to pay the Purchaser, in addition to all accrued and unpaid interest on the principal amount prepaid, on the date of prepayment (as liquidated damages and not as a penalty), a prepayment charge equal to the sum of the differences between (i) each scheduled interest payment which would have been made on the prepaid amount if such prepayment had not occurred and (ii) the corresponding fixed-rate interest payment which would be received under an interest rate swap which the Purchaser shall be deemed to have entered into as of the date of such prepayment (the "*Replacement Swap*") covering its payment obligations under an interest rate swap which the Purchaser shall be deemed to have entered into when the prepaid amount was originally funded, with each such difference discounted to a present value as of the date of prepayment using the fixed interest rate of the Replacement Swap as the applicable discount rate. The Commission acknowledges that the Purchaser might not fund or hedge its fixed-rate loan portfolio or any prepayment thereof on a loan-by-loan basis at all times, and agrees that the foregoing is a reasonable and appropriate method of calculating liquidated damages for any prepayment irrespective of whether any of the foregoing hedging transactions have in fact occurred or occurred precisely as stated with respect to the loan evidenced by the Bonds. All calculations and determinations by the Purchaser of the amounts payable pursuant to the preceding provisions or of any element thereof, if made in accordance with its then standard procedures for so calculating or determining such amounts, shall be conclusive absent manifest arithmetic error. At the request of the Commission, the Purchaser shall provide a certificate showing the calculation of such amounts in reasonable detail.

ARTICLE V

REPRESENTATIONS AND WARRANTIES

The Commission makes the following representations and warranties to each Holder:

Section 5.01. Existence and Power. The Commission is a body corporate and politic and a unit of local government of the State and is a duly organized water commission operating under the provisions of the Water Commission Act of 1985, 70 Illinois Compiled Statutes 3720, and is authorized to supply water pursuant to said act and pursuant to the Act and has the power and authority to own its properties and the System and to carry on its businesses as now being conducted and as currently contemplated to be conducted hereafter and is duly qualified to do business in each jurisdiction in which the character of the properties owned or leased by it or in which the transactions of any material portion of its business (as now conducted and as currently contemplated to be conducted) makes such qualification necessary.

Section 5.02. Due Authorization. (a) The Commission has the corporate power, and has taken all necessary corporate action to authorize the Related Documents to which it is a party, and to execute, deliver and perform its obligations under this Agreement and each of the other Related Documents to which it is a party in accordance with their respective terms. The Commission has approved the form of the Related Documents to which it is not a party.

(b) The Commission is duly authorized and licensed to own its Property (including, without limitation, the System) and to operate its business under the laws, rulings, regulations and ordinances of all Governmental Authorities having the jurisdiction to license or regulate such Property and/or the System or business activity and the departments, agencies and political subdivisions thereof, and the Commission has obtained all requisite approvals of all such governing bodies required to be obtained for such purposes. All Governmental Approvals necessary for the Commission to enter into this Agreement and the other Related Documents and to perform the transactions contemplated hereby and thereby and to conduct its business activities and own its property have been obtained and remain in full force and effect and are subject to no further administrative or judicial review. No other Governmental Approval or other action by, and no notice to or filing with, any Governmental Authority is required for the due execution, delivery and performance by the Commission of this Agreement or the due execution, delivery or performance by the Commission of the Related Documents.

Section 5.03. Valid and Binding Obligations. This Agreement has been duly executed and delivered by one or more duly authorized officers of the Commission, and each of the Related Documents to which the Commission is a party, when executed and delivered by the Commission will be, a legal, valid and binding obligation of the Commission enforceable in accordance with its terms, except as such enforceability may be limited by (a) the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar law affecting creditors' rights generally, and (b) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

Section 5.04. Noncontravention; Compliance with Law. (a) The execution, delivery and performance of this Agreement and each of the other Related Documents in accordance with their respective terms do not and will not (i) contravene the Act or the Commission's authorizing legislation, (ii) require any consent or approval of any creditor of the Commission, (iii) violate any Laws (including, without limitation, Regulations T, U or X of the FRB, or any successor regulations), (iv) conflict with, result in a breach of or constitute a default under any contract to which the Commission is a party or by which it or any of its Property (including, without limitation, the System) may be bound or (v) result in or require the creation or imposition of any Lien upon or with respect to any Property (including, without limitation, the System) now owned or hereafter acquired by the Commission or any Affiliate thereof except such Liens, if any, expressly created by any Related Document.

(b) The Commission and the System is in compliance with all Laws, except for such noncompliance that, singly or in the aggregate, has not caused or is not reasonably expected to cause a Material Adverse Effect.

Section 5.05. Pending Litigation and Other Proceedings. There is no action, suit or proceeding pending in any court, any other governmental authority with jurisdiction over the Commission or the System or any arbitration in which service of process has been completed against the Commission or the System or, to the knowledge of the Commission, any other action, suit or proceeding pending or threatened in any court, any other governmental authority with jurisdiction over the Commission or the System or any arbitrator, in either case against the Commission, the System or any of its properties or Revenues or Net Revenues, or any of the Related Documents to which it is a party, which if determined adversely to the Commission or the System would adversely affect the legality, validity or enforceability of the any of the Related Documents to which it is a party, or the rights, security, interests or remedies of the Purchaser hereunder or under any of the other Related Documents or which is reasonably likely to result in a Material Adverse Effect, except any action, suit or proceeding which has been brought prior to the Effective Date as to which the Purchaser has received an opinion of counsel satisfactory to the Purchaser, in form and substance satisfactory to the Purchaser and the Purchaser's legal counsel, to the effect that such action, suit or proceeding is without substantial merit.

Section 5.06. Financial Statements. The audited financial statements of the Commission as of April 30, 2012, and the related consolidated statement of activities and changes in net assets and the consolidated statement of cash flows for the Fiscal Year then ended, and accompanying notes thereto, which financial statements, accompanied by the audit report of _____, independent public accountants, heretofore furnished to the Purchaser, which are consistent in all material respects with the audited financial statements of the Commission for the Fiscal Year ended April 30, 2012, fairly present the financial condition of the Commission in all material respects as of such dates and the results of its operations for the periods then ended in conformity with GAAP. Since April 30, 2012, there has been no material adverse change in the financial condition or operations of the Commission or the System that could reasonably be expected to result in a Material Adverse Effect.

Section 5.07. Employee Benefit Plan Compliance. Neither the Commission nor the System has any funding liability or obligation currently due and payable with respect to any Plan which could reasonably be expected to result in a Material Adverse Effect. The Commission and the System are otherwise in compliance with the terms of any such Plan in which the Commission and/or the System participates to the extent any such failure to comply could reasonably be expected to result in a Material Adverse Effect. Neither the Commission nor the System is subject to ERISA or maintains any Plans subject to ERISA.

Section 5.08. No Defaults. No default by the Commission has occurred and is continuing in the payment of the principal of or premium, if any, or interest on any Revenues Secured Debt including, without limitation, regularly scheduled payments on Swap Agreement which constitute Revenues Secured Debt. No bankruptcy, insolvency or other similar proceedings pertaining to the Commission, the System or any agency or instrumentality of the Commission are pending or presently contemplated. No Default or Event of Default has occurred and is continuing hereunder. No “default” or “event of default” under, and as defined in, any of the other Related Documents has occurred and is continuing. The Commission is not presently in default under any material agreement to which it is a party which could reasonably be expected to have a Material Adverse Effect. The Commission is not in violation of any material term of the Act, the organizational documents or authorizing legislation applicable to the Commission or the System or any material term of any ordinance, resolution or agreement to which it is a party or by which any of its Property (including, without limitation, the System) is bound which could reasonably be expected to result in a Material Adverse Effect.

Section 5.09. Insurance. The Commission currently maintains a system of self-insurance or insurance coverage for the System with insurance companies believed by the Commission to be capable of performing their obligations under the respective insurance policies issued by such insurance companies to the Commission (as determined in its reasonable discretion) and in full compliance with Section 704 of the Bond Ordinance and Section 6.04 hereof.

Section 5.10. Title to Assets. The Commission has good and marketable title to its assets (including, without limitation, the System) except where the failure to have good and marketable title to any of its assets would not have a Material Adverse Effect.

Section 5.11. Incorporation by Reference. The representations and warranties of the Commission contained in the other Related Documents to which the Commission is a party, together with the related definitions of terms contained therein, are hereby incorporated by reference in this Agreement as if each and every such representation and warranty and definition were set forth herein in its entirety, and the representations and warranties made by the Commission in such Sections are hereby made for the benefit of the Purchaser. No amendment to or waiver of such representations and warranties or definitions made pursuant to the relevant Related Document or incorporated by reference shall be effective to amend such representations and warranties and definitions as incorporated by reference herein without the prior written consent of the Purchaser.

Section 5.12. Correct Information. All information, reports and other papers and data with respect to the Commission and the System furnished by the Commission to the Purchaser

were, at the time the same were so furnished, correct in all material respects. Any financial, budget and other projections furnished by the Commission to the Purchaser were prepared in good faith on the basis of the assumptions stated therein, which assumptions were fair and reasonable in light of conditions existing at the time of delivery of such financial, budget or other projections, and represented, and as of the date of this representation, represent (subject to the updating or supplementation of any such financial, budget or other projections by any additional information provided to the Purchaser in writing, the representations contained in this Agreement being limited to financial, budget or other projections as so updated or supplemented), in the judgment of the Commission, a reasonable, good faith estimate of the information purported to be set forth, it being understood that uncertainty is inherent in any projections and that no assurance can be given that the results set forth in the projections will actually be obtained. No fact is known to the Commission that materially and adversely affects or in the future may (as far as it can reasonably foresee) materially and adversely affect the security for any of the Bonds, the Bank Note or the Term Loan, or the ability of the Commission to repay when due the Obligations, that has not been set forth in the financial statements and other documents referred to in this Section 5.12 or in such information, reports, papers and data or otherwise disclosed in writing to the Purchaser. The documents furnished and statements made by the Commission in connection with the negotiation, preparation or execution of this Agreement and the Related Documents do not contain untrue statements of material facts or omit to state material facts necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

Section 5.13. Investment Company. The Commission is not an “investment company” or a company “controlled” by an “investment company,” as such terms are defined in the Investment Company Act of 1940, as amended.

Section 5.14. Margin Stock. The Commission is not engaged in the business of extending credit for the purpose of purchasing or carrying Margin Stock, and no part of the proceeds from the issuance of the Bonds, the Bank Note or the Term Loan, if any, will be used to purchase or carry any such Margin Stock or extend credit to others for the purpose of purchasing or carrying any such Margin Stock.

Section 5.15. Tax-Exempt Status. The Commission has not taken any action or omitted to take any action, and has no actual knowledge of any action taken or omitted to be taken by any other Person, which action, if taken or omitted, would adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes or the exemption of interest on the Bonds from State personal income taxes.

Section 5.16. Usury. None of the Related Documents, the Bonds, the Bank Note or the Term Loan provide for any payments that would violate any applicable law regarding permissible maximum rates of interest.

Section 5.17. Security. The Bond Ordinance creates, for the benefit of the owners of the Bonds and the holders of the Bank Note, the Term Loan and the other Obligations, the legally valid, binding and irrevocable Lien on and pledge of the Commission’s Net Revenues and security interest in the amounts in various funds and accounts established by the Bond Ordinance

and the moneys and investments held under the Bond Ordinance (except those in the Rebate Fund) or by the Commission and all other rights hereinafter granted under the Bond Ordinance or purported to be granted under the Bond Ordinance for the further securing of the Bonds, the Bank Note, the Term Loan and the other Obligations, all as more particularly provided herein and in the Bond Ordinance. The foregoing pledge is made pursuant to the Act and Section 13 of the Local Government Debt Reform Act and is valid and binding as of the Effective Date. All such Net Revenues and other moneys required to be paid to the Purchaser are subject to the Lien of such pledge without any physical delivery or further act and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Commission irrespective of whether such parties have notice thereof. There is no lien on the Revenues other than the lien created by the Bond Ordinance. The Bond Ordinance does not permit the issuance or incurrence of any Debt secured by Net Revenues to rank senior to the Bonds, the Bank Note, the Term Loan and the other Obligations. The payment of the Bonds, the Bank Note, the Term Loan and the other Obligations ranks on a parity with the payment of the principal and purchase price of and interest on all Parity Debt and is not subordinate to any payment secured by a Lien on the Net Revenues or any other claim, and is prior as against all other Persons having claims of any kind in tort, contract or otherwise, whether or not such Persons have notice of such Lien. No filing, registration, recording or publication of the Bond Ordinance or any other instrument is required to establish the pledge provided for thereunder or to perfect, protect or maintain the Lien created thereby on the Net Revenues to secure the Bonds, the Bank Note, the Term Loan and the other Obligations.

Section 5.18. Pending Legislation and Decisions. There is no amendment, or to the knowledge of the Commission, proposed amendment to the Constitution of the State or any State law or any administrative interpretation of the Constitution of the State or any State law, or any legislation that has passed either house of the legislature of the State, or any judicial decision interpreting any of the foregoing, the effect of which will materially adversely affect the issuance of any of the Bonds, the execution and delivery of the Bank Note, the security for any of the Bonds, the Bank Note, the Term Loan or any Obligations, the creation, organization, or existence of the Commission or the titles to office of any officers executing this Agreement or any Related Documents to which the Commission is a party or the Commission's ability to repay when due its obligations under this Agreement, any of the Bonds, the Bank Note, the Term Loan or any other Obligation.

Section 5.19. Environmental Matters. The operations of the Commission and the System are in material compliance with all of the requirements of applicable federal, state and local environmental, health and safety statutes and regulations and are not the subject of any governmental investigation evaluating whether any remedial action is needed to respond to a release of any toxic or hazardous waste or substance into the environment, where a failure to comply with any such requirement or the need for any such remedial action could reasonably be expected to result in a Material Adverse Effect.

Section 5.20. No Immunity. Under existing law, the Commission is not entitled to raise the defense of sovereign immunity in connection with any legal proceeding to enforce or collect upon this Agreement, the other Related Documents or the transactions contemplated hereby or

thereby, including the payment of the principal of and interest on the Bonds, the Bank Note, the Term Loan or the payment of the other Obligations.

Section 5.21. No Public Vote or Referendum. There is no public vote or referendum pending, proposed or concluded, the results of which could reasonably be expected to result in a Material Adverse Effect.

Section 5.22. Swap Agreements. The Commission has not entered into any Swap Agreement relating to Debt (i) wherein any termination payment thereunder is senior to or on a parity with the payment of the Bonds, the Bank Note, the Term Loan or the other Obligations or (ii) which requires the Commission to post cash collateral to secure its obligations thereunder.

Section 5.23. Anti-Terrorism Laws. The Commission is not in violation of any Laws relating to terrorism or money laundering (“*Anti-Terrorism Laws*”), including Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001 (the “*Executive Order*”), and the Patriot Act;

(a) The Commission is not any of the following:

(i) a Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;

(ii) a Person owned or controlled by, or acting for or on behalf of, any Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;

(iii) a Person with which the Purchaser is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law;

(iv) a Person that commits, threatens or conspires to commit or supports “terrorism” as defined in the Executive Order; or

(v) a Person that is named as a “specially designated national and blocked person” on the most current list published by the Office of Foreign Asset Control (“*OFAC*”) or any list of Persons issued by OFAC pursuant to the Executive Order at its official website or any replacement website or other replacement official publication of such list;

(b) The Commission does not (i) conduct any business or engage in making or receiving any contribution of funds, goods or services to or for the benefit of any Person described in subsection (a)(ii) above, (ii) deal in, or otherwise engage in any transaction relating to, any property or interests in property blocked pursuant to the Executive Order or (iii) engage in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law.

Section 5.24. Solvency. The Commission and the System are each solvent.

Section 5.25. Taxes. The Commission and the System has filed or caused to be filed all tax returns required by law to be filed and has paid or caused to be paid all taxes, assessments and other governmental charges levied upon or in respect of any of its properties, assets or franchises, other than taxes the validity or amount of which are being contested in good faith by the Commission by appropriate proceedings and for which the Commission shall have set aside on its books adequate reserves in accordance with GAAP. The charges, accruals and reserves on the books of the Commission in respect of taxes for all fiscal periods are adequate, and there is no unpaid assessment for additional taxes for any fiscal period or any basis therefor.

Section 5.26. No Existing Revenues Secured Debt Subject to Acceleration. As of the Effective Date, no Person, including, without limitation, any credit facility provider or liquidity provider, either of which provides credit enhancement or liquidity support or purchases or provides funds to any Revenues Secured Debt, or any holder or purchaser of or Person that makes or provide funds to make payment on Revenues Secured Debt, has a right under any ordinance, resolution, indenture or Bank Agreement relating to any such Revenues Secured Debt or under any other document or agreement relating to any Revenues Secured Debt, to direct the trustee to cause a mandatory acceleration of such Revenues Secured Debt, or to otherwise declare the principal of and interest on any Revenues Secured Debt to be immediately due and payable, prior to its maturity.

Section 5.27. Liens. The Net Revenues have not been pledged by the Commission to the payment of any other outstanding obligation.

Section 5.28. Pledge of Net Revenues. The moneys pledged pursuant to the granting clauses of the Bond Ordinance for payment of the Bonds, the Bank Note, the Term Loan and the other Obligations have not been, and will not be, pledged by the Commission to the payment of any other obligation, except as contemplated and permitted by the Bond Ordinance.

ARTICLE VI

COVENANTS OF THE COMMISSION

The Commission covenants and agrees, until the full and final payment and satisfaction of all of the Obligations, except in any instance in which the Purchaser specially agrees in writing to any performance or noncompliance, that:

Section 6.01. Existence, Etc. The Commission (a) shall maintain its existence pursuant to the Act and its authorizing legislation and the laws of the State and (b) shall not liquidate or dissolve, or sell or lease or otherwise transfer or dispose of all or any substantial part of its Property (including, without limitation, the System), assets or business, or combine, merge or consolidate with or into any other entity or change the use of facilities or assets that generate Revenues.

Section 6.02. Maintenance of Properties. The Commission shall, in all material respects, maintain, preserve and keep its Property (including, without limitation, the System) in good

repair, working order and condition (ordinary wear and tear excepted), except to the extent that the failure to do so could reasonably be expected to result in a Material Adverse Effect.

Section 6.03. Compliance with Laws; Taxes and Assessments. The Commission shall comply with all Laws applicable to it and its Property (including, without limitation, the System), except where non-compliance could not reasonably be expected to result in a Material Adverse Effect, such compliance to include, without limitation, paying all taxes, assessments and governmental charges imposed upon it or its Property (including, without limitation, the System) before the same become delinquent, unless and to the extent that the same are being contested in good faith and by appropriate proceedings and reserves are provided therefor that in the opinion of the Commission are adequate.

Section 6.04. Insurance. The Commission shall maintain insurance for itself and its Property (including, without limitation, the System) with reputable insurance companies or associations believed by the Commission at the time of purchase of such insurance to be financially sound and in such amounts and covering such risks as are usually carried by organizations engaged in the same or a similar business and similarly situated, which insurance may provide for reasonable deductibles from coverage. The Commission shall upon request of the Purchaser furnish a certificate setting forth in summary form the nature and extent of the insurance maintained pursuant to this Section 6.04. All moneys received for loss under the insurance policies or on deposit as self-insurance reserve funds shall be used in making good the loss or damage in respect of which they were paid, except to the extent no longer deemed useful to or profitable in the operation of the System, whether by repairing the property damaged or replacing the property destroyed, and provision for making good such loss or damage or replacing the property destroyed shall be made within a reasonable time from date of loss.

Section 6.05. Reports. The Commission shall furnish to the Purchaser in form and detail satisfactory to the Purchaser:

(a) *Annual Report.* As soon as available, and in any event within 180 days after the end of the Fiscal Year, the annual audited financial statements of the Commission together with (1) an independent auditor report thereon of an independent public accounting firm acceptable to the Bank and (2) a certificate signed by an Authorized Representative of the Commission substantially in the form of Exhibit A hereto stating that (A) the Commission has complied with all of the terms, provisions and conditions of this Agreement and the other Related Documents, (B) the Commission has kept, observed, performed and fulfilled each and every covenant, provision and condition of this Agreement and the other Related Documents on the Commission's part to be performed and (C) no Default or Event of Default has occurred, or if such Default or Event of Default has occurred, specifying the nature of such Default or Event of Default, the period of its existence, the nature and status thereof and any remedial steps taken or proposed to correct such Default or Event of Default.

(b) *Unaudited Quarterly Financials.* As soon as available, and in any event within 45 days after each of the fiscal quarters of each Fiscal Year, the unaudited financial statements of the Commission, including the balance sheet as of the end of such

quarter and a statement of income and expenses, all in reasonable detail and certified, subject to year-end adjustment, by an Authorized Representative.

(c) *Budget.* As soon as available, and in any event within five (5) days following the approval thereof, and in any event within sixty (60) days of the commencement of each Fiscal Year, the operating budget, including any amendments if passed, of the Commission.

(d) *Other Notices.* As soon as available all notices, certificates, instruments, letters and written commitments in connection with the Bonds and any Parity Bonds provided to any Person.

(e) *Offering Memorandum and Material Event Notices.* (A) Within ten (10) days after the issuance of any securities payable or secured by Revenues by the Commission with respect to which a final official statement or other offering or disclosure document has been prepared by the Commission, (1) a copy of such official statement or offering circular or (2) notice that such information has been filed with EMMA and is publicly available; and (B) during any period of time the Commission is subject to continuing disclosure requirements under Rule 15c2-12 promulgated pursuant to the Securities Exchange Act of 1934, as amended (17 C.F.R. Sec. 240-15c2-12), or any successor or similar legal requirement, immediately following any dissemination, distribution or provision thereof to any Person, (1) a copy of any reportable event notice (as described in b(5)(i)(C) of Rule 15c2-12) disseminated, distributed or provided in satisfaction of or as may be required pursuant to such requirements or (2) notice that such event notice has been filed with EMMA and is publicly available.

(f) *Notice of Default or Event of Default.* (i) Promptly upon obtaining knowledge of any Default or Event of Default, or notice thereof, and in any event within five (5) days thereafter, a certificate signed by a Authorized Representative specifying in reasonable detail the nature and period of existence thereof and what action the Commission has taken or proposes to take with respect thereto; (ii) promptly following a written request of the Purchaser, a certificate of a Authorized Representative as to the existence or absence, as the case may be, of a Default or an Event of Default under this Agreement; and (iii) promptly upon obtaining knowledge of any “default” or “event of default” as defined under any Bank Agreement, notice specifying in reasonable detail the nature and period of existence thereof and what action the Commission has taken or proposes to take with respect thereto.

(g) *Litigation.* As promptly as practicable, written notice to the Purchaser of all litigation served against the Commission and/or the System and all proceedings before any court or governmental authority which could reasonably be expected to result in a Material Adverse Effect.

(h) *Other Information.* Such other information regarding the business affairs, financial condition and/or operations of the Commission as the Purchaser may from time to time reasonably request.

Section 6.06. Maintenance of Books and Records. The Commission and the System will keep proper books of record and account in which full, true and correct entries in accordance with GAAP. All financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with GAAP applied on a consistent basis, as in effect from time to time, applied in a manner consistent with that used in preparing the financial statements, except as otherwise specifically prescribed herein. Except as provided in the immediately preceding sentence, in preparing any financial data or statements contemplated or referred to in this Agreement, the Commission and the System shall not vary or modify the accounting methods or principles from the accounting standards employed in the preparation of its audited financial statements described in Section 5.06 hereof.

Section 6.07. Access to Books and Records. To the extent permitted by law, the Commission will permit any Person designated by the Purchaser (at the expense of the Purchaser, unless and until a Default or Event of Default has occurred, at which time such expenses shall be borne by the Commission) to visit any of the offices of the Commission and the System to examine the books and financial records (except books and financial records the examination of which by the Purchaser is prohibited by law or by attorney or client privilege), including minutes of meetings of any relevant governmental committees or agencies, and make copies thereof or extracts therefrom, and to discuss the affairs, finances and accounts of the Commission and the System with their principal officers, employees and independent public accountants, all at such reasonable times and as often as the Purchaser may reasonably request.

Section 6.08. Compliance With Documents. The Commission agrees that it will perform and comply with each and every covenant and agreement required to be performed or observed by it in the Bond Ordinance and each of the other Related Documents to which it is a party, which provisions, as well as related defined terms contained therein, are hereby incorporated by reference herein with the same effect as if each and every such provision were set forth herein in its entirety all of which shall be deemed to be made for the benefit of the Purchaser and shall be enforceable against the Commission. To the extent that any such incorporated provision permits the Commission or any other party to waive compliance with such provision or requires that a document, opinion or other instrument or any event or condition be acceptable or satisfactory to the Commission or any other party, for purposes of this Agreement, such provision shall be complied with unless it is specifically waived by the Purchaser in writing and such document, opinion or other instrument and such event or condition shall be acceptable or satisfactory only if it is acceptable or satisfactory to the Purchaser which shall only be evidenced by the written approval by the Purchaser of the same. Except as permitted by Section 6.14 hereof, no termination or amendment to such covenants and agreements or defined terms or release of the Commission with respect thereto made pursuant to the Bond Ordinance or any of the other Related Documents to which the Commission is a party, shall be effective to terminate or amend such covenants and agreements and defined terms or release the Commission with respect thereto in each case as incorporated by reference herein without the prior written consent of the Purchaser. Notwithstanding any termination or expiration of the Bond Ordinance or any such other Related Document to which the Commission is a party, the Commission shall continue to observe the covenants therein contained for the benefit of the Purchaser until the termination of this Agreement and the payment in full of the Bonds, the Bank Note, the Term Loan and all other Obligations. All such incorporated covenants shall be in addition to the express covenants

contained herein and shall not be limited by the express covenants contained herein nor shall such incorporated covenants be a limitation on the express covenants contained herein.

Section 6.09. Rate Covenant. The Commission covenants and agrees that it shall (a) establish and maintain at all times reasonable fees, charges and rates for the use and service of the System and to provide for the collection thereof and the segregation and application of the Revenues sufficient at all times to pay or provide for payment of Operation and Maintenance Costs, to pay the principal of and interest on the Bonds, the Bank Note, the Term Loan, the other Obligations, and all outstanding Parity Bonds payable from Revenues of the System, to comply with other covenants of the Bond Ordinance, including the making of all the required deposits in the credits to all the funds and accounts established therein, and to carry out the corporate purposes and powers of the Commission and (b) conduct an annual review of the water service rates so that any necessary adjustments in such rates can be made to meet the revenue needs of the Commission, including an analysis of the projected Operation and Maintenance Costs as well as the level of Revenues needed to comply with this rate covenant and other factors.

Section 6.10. No Impairment. The Commission will neither take any action, nor cause any Person to take any action, under or with respect to the Bond Ordinance or any other Related Document which would materially adversely affect the rights, interests, remedies or security of the Purchaser or any Holder under this Agreement or any other Related Document or which could reasonably be expected to result in a Material Adverse Effect.

Section 6.11. Application of Proceeds. The Commission will not take or omit to take any action, which action or omission will in any way result in the proceeds from the issuance of the Bonds, the Bank Note or the Term Loan being applied in a manner other than as provided in the Bond Ordinance or this Agreement.

Section 6.12. Negative Pledge of Sales Tax Revenues. The Commission shall not pledge any Sales Tax Revenues to any Person or party without the written prior consent of the Purchaser, which consent shall not be unreasonably withheld.

Section 6.13. Limitation on Additional Debt. The Commission will not issue and/or incur any additional Debt payable from or secured by Revenues without the prior written consent of the Purchaser; *provided*, that (i) the foregoing shall not be deemed to prohibit the refunding or the refinancing, for debt service savings purposes, of Indebtedness of the Commission secured by Net Revenues for Indebtedness at the same or a junior lien level for an equal or lower principal amount, or (ii) Indebtedness in an aggregate principal amount not to exceed \$5,000,000, so long as the Commission demonstrates that it will be in compliance with Section 6.04 hereof taking into consideration the incurrence of such Indebtedness. Accounts payable or accrued liabilities incurred in the ordinary course of business do not constitute Indebtedness within the meaning of this Section 6.13.

Section 6.14. Related Documents. The Commission will not amend or modify, or permit to be amended or modified in any manner whatsoever any Related Document in a manner which would materially adversely affect the Commission's ability to repay Debt that is secured by Revenues or Net Revenues or which adversely affects the security for the Bonds, the Bank Note,

the Term Loan or the other Obligations or the Commission's ability to repay when due the Bonds, the Bank Note, the Term Loan or the other Obligations or the interests, security, rights or remedies of the Purchaser or any Holder without the prior written consent of the Purchaser.

Section 6.15. Liens. The Commission shall not, directly or indirectly, incur, create or permit to exist any Lien on all or any part of the security provided by the Bond Ordinance that is senior to or on a parity with the Lien securing the Bonds, the Bank Note, the Term Loan and the Obligations, other than (i) Liens created under and in accordance with the terms of the Bond Ordinance; (ii) the Liens created for the benefit of the Bonds, the Bank Note, the Term Loan and the Obligations and other Revenues Secured Debt that has heretofore or may hereafter be issued; and (iii) Liens which could not reasonably be expected to materially adversely affect the interests, rights, remedies or security of the Purchaser or any Holder under this Agreement and the other Related Documents.

Section 6.16. Conversions, Redemptions, Prepayments and Defeasance. (a) The Commission shall provide thirty (30) days written notice to the Purchaser prior to the date of any proposed defeasance, optional redemption or purchase in lieu of redemption of Bonds pursuant to Section 204 of the Bond Ordinance.

(b) The Commission shall cause the Bonds to be redeemed or paid pursuant to Section 203 of the Bond Ordinance in the principal amounts and by the dates specified in Schedule 6.16(c) hereto.

(c) The Commission shall select, or cause to be selected, for redemption or prepayment any and all Bonds prior to selecting or causing to be selected, for redemption or prepayment any Parity Bonds.

Section 6.17. Disclosure to Participants, Purchaser Transferees and Non-Purchaser Transferees. (a) The Commission shall permit the Purchaser to disclose the Information (as defined below) received by it pursuant to this Agreement subject to confidentiality restrictions and use restrictions customary for financial institutions as set forth in (b) below.

(b) The Purchaser agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (i) to each Participant, Purchaser Transferee and Non-Purchaser Transferee, the Purchaser's affiliates and to each of their Related Parties (as defined below, with it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential); (ii) to the extent required or requested by any regulatory authority purporting to have jurisdiction over such Person or its Related Parties (including any self-regulatory authority, such as the National Association of Insurance Commissioners); (iii) to the extent required by applicable Laws or regulations or by any subpoena or similar legal process; (iv) to any other party hereto; (v) in connection with the exercise of any remedies hereunder or under any other Related Document or any action or proceeding relating to this Agreement or any other Related Document or the enforcement of rights hereunder or thereunder; (vi) subject to an agreement containing provisions substantially the same as those of this Section, to (1) any Holder or assignee of or Participant in, or any prospective assignee of or Participant in, any of its

rights and obligations under this Agreement, or (2) any actual or prospective party (or its Related Parties) to any swap, derivative or other transaction under which payments are to be made by reference to the Commission and its obligations, this Agreement or payments hereunder; (vii) on a confidential basis to (1) any Rating Agency in connection with rating the Commission or the Bonds or the Bank Note or (2) the CUSIP Service Bureau or any similar agency in connection with the issuance and monitoring of CUSIP numbers with respect to the Bonds or the Bank Note; (viii) with the consent of the Commission; or (ix) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section, or (y) becomes available to the Purchaser or any of their respective affiliates on a nonconfidential basis from a source other than the Commission.

For purposes of this Section:

“Information” means all information received from the Commission relating to the Commission or the System or any of their respective businesses, other than any such information that is available to the Purchaser on a nonconfidential basis prior to disclosure by the Commission; provided that, in the case of information received from the Commission after the Effective Date, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

“Related Parties” means, with respect to any Person, such Person's affiliates and the partners, directors, officers, employees, agents, trustees, administrators, managers, advisors and representatives of such Person and of such Person's affiliates.

Section 6.18. Other Agreements. In the event that the Commission shall, directly or indirectly, enter into or otherwise consent to any Bank Agreement which such Bank Agreement provides such Person with different or more restrictive covenants, different or additional events of default and/or greater rights and remedies than are provided to the Purchaser in this Agreement, the Commission shall provide the Purchaser with a copy of each such Bank Agreement and such different or more restrictive covenants, different or additional events of default and/or greater rights and remedies shall automatically be deemed to be incorporated into this Agreement and the Purchaser shall have the benefits of such different or more restrictive covenants, different or additional events of default and/or greater rights and remedies as if specifically set forth herein. The Commission shall promptly enter into an amendment to this Agreement to include different or more restrictive covenants, different or additional events of default and/or greater rights and remedies; *provided* that the Purchaser shall have and maintain the benefit of such different or more restrictive covenants, different or additional events of default and/or greater rights and remedies even if the Commission fails to provide such amendment.

Section 6.19. Immunity from Jurisdiction. To the fullest extent permitted by law, the Commission will not assert any immunity it may have as a public entity under the laws of the

State from lawsuits with respect to the Bonds, the Bank Note, the Term Loan, the other Obligations, this Agreement or any other Related Document.

Section 6.20. Swap Agreements. Without the prior written consent of the Purchaser, the Commission will not enter into any Swap Agreement relating to Debt (i) wherein any termination payments thereunder are senior to or on parity with the payment of the Bonds, the Bank Note, the Term Loan or the other Obligations or (ii) which requires the Commission to post cash collateral to secure its obligations thereunder.

Section 6.21. Budget and Appropriation. (a) To the fullest extent permitted and/or required by State law, the Commission shall cause the appropriate Commission official(s) to take any and all ministerial actions that may be necessary to facilitate the payment of the principal of and interest on the Bonds, the Bank Note, the Term Loan and the payment of all other Obligations and to include the principal of and interest on the Bonds, the Bank Note, the Term Loan and the payment of all other Obligations in the annual budget of the Commission (including any necessary appropriations related thereto).

(b) Not less than 60 days prior to the beginning of each Fiscal Year, the Commission shall adopt the file with the Purchaser for such Fiscal Year a tentative budget prepared in accordance with the provisions of, and in the manner contemplated by, the Water Supply Contract.

In establishing the budget, the Commission may take into account funds on hand in the General Account and budgeted and lawfully appropriated for expenditure in the current Fiscal Year to meet Revenue requirements. The Commission may also take into account sales tax revenues reasonably expected to be available, but only to the lesser of the amount budgeted and lawfully appropriated or 80% of the actual sales tax revenues received during the 12 months preceding preparation of the current budget. In the event the Commission determines to budget the use of Sales Tax Revenues pursuant to this paragraph, all Sales Tax Revenues to be received in the Fiscal Year to which such budget is applicable shall to the fullest extent as by law permitted first be deposited into the Water Funds until the aggregate amount so budgeted has been so deposited in such Fiscal Year.

Section 6.22. Use of Purchaser's Name. The Commission shall not include any information concerning the Purchaser in any offering document for any Debt that is not supplied in writing, or otherwise approved, by the Purchaser expressly for inclusion therein.

Section 6.23. Maintenance of Tax-Exempt Status of Bonds. The Commission shall not take any action or omit to take any action which, if taken or omitted, would adversely affect the tax-exempt status of the Bonds.

Section 6.24. Investment Policy. All investments of the Commission have been and will be made in accordance with the terms of the Investment Policy.

Section 6.25. Environmental Laws. The Commission and the System shall comply with all applicable Environmental Laws and cure any defect (or cause other Persons to cure any such

defect) to the extent necessary to bring such real property owned, leased, occupied or operated by the Commission (including, without limitation, the System) back into compliance with Environmental Laws and to comply with any cleanup orders issued by a Governmental Authority having jurisdiction thereover. The Commission shall at all times use commercially reasonable efforts to render or maintain any real property owned, leased, occupied or operated by the Commission (including, without limitation, the System) safe and fit for its intended uses. The Commission shall also immediately notify the Purchaser of any actual or alleged material failure to so comply with or perform, or any material breach, violation or default under any Environmental Law.

Section 6.26. Federal Reserve Board Regulations. No portion of the proceeds of Bonds, the Bank Note or the Term Loan, if any shall be used by the Commission for the purpose of “purchasing” or “carrying” any margin stock or used in any manner which might cause the borrowing or the application of such proceeds to violate Regulation G, Regulation U, Regulation T, or Regulation X of the Board of Governors of the Federal Reserve System or any other regulation of the Commission or to violate the Securities Exchange Act of 1934, as amended, in each case as in effect on the Effective Date and the date of the Bank Note and the Term Loan and any such use of proceeds. The Commission shall not incur any Debt which is to be reduced, retired or purchased by the Commission out of such proceeds of the Bonds, the Bank Note or the Term Loan.

Section 6.27. Underlying Rating. If at any time there is a long-term unenhanced rating from any Rating Agency on the Commission’s Revenues Secured Debt, the Commission covenants and agrees that such rating shall not fall below Investment Grade or be suspended, withdrawn or unavailable for non-credit-related reasons. The Commission covenants and agrees that it shall not at any time withdraw any long-term unenhanced rating on its Revenues Secured Debt from any Rating Agency if the effect of such withdrawal would be to cure a Default or an Event of Default under this Agreement.

Section 6.28. Banking Relationship. The Commission will at all times maintain its existing depository accounts at BMO Harris Bank N.A. (or an Affiliate of the BMO Harris Bank N.A.) while BMO Harris Bank N.A. owns the Bond or the Term Loan is outstanding.

ARTICLE VII

EVENTS OF DEFAULT

Section 7.01. Events of Default. The occurrence of any of the following events (whatever the reason for such event and whether voluntary, involuntary, or effected by operation of Law) shall be an “Event of Default” hereunder, unless waived in writing by Purchaser:

- (a) the Commission shall fail to pay the principal of or interest on any Bond when due (whether by scheduled maturity, required prepayment, redemption or otherwise) or fail to pay principal of or interest on the Bank Note, the Term Loan or any Reimbursement Obligation or interest thereon as and when due hereunder;

(b) the Commission shall fail to pay any Obligation (other than the obligation to pay the principal of or interest on the Bonds, the Bank Note, the Term Loan or any Reimbursement Obligation) when due and such failure shall continue for three (3) Business Days;

(c) any representation or warranty made by or on behalf of the Commission in this Agreement or in any other Related Document or in any certificate or statement delivered hereunder or thereunder shall be incorrect or untrue in any material respect when made or deemed to have been made or delivered;

(d) the Commission shall default in the due performance or observance of any of the covenants set forth in Section 6.01, 6.05, 6.09, 6.10, 6.11, 6.12, 6.13, 6.14, 6.15, 6.16(c), 6.18, 6.19, 6.20, 6.21, 6.22, 6.23, 6.26 or 6.27 hereof; or

(e) the Commission shall default in the due performance or observance of any other term, covenant or agreement contained in this Agreement or any other Related Document and such default shall remain unremedied for a period of thirty (30) days after the occurrence thereof;

(f) the Commission or the System shall (i) have entered involuntarily against it an order for relief under the United States Bankruptcy Code, as amended, (ii) become insolvent or shall not pay, or be unable to pay, or admit in writing its inability to pay, its debts generally as they become due, (iii) make an assignment for the benefit of creditors, (iv) apply for, seek, consent to, or acquiesce in, the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any substantial part of its Property (including, without limitation, the System), (v) institute any proceeding seeking to have entered against it an order for relief under the United States Bankruptcy Code, as amended, to adjudicate it insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, marshalling of assets, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors or fail to file an answer or other pleading denying the material allegations of any such proceeding filed against it, (vi) take any corporate action in furtherance of any matter described in parts (i) through (v) above, or (vii) fail to contest in good faith any appointment or proceeding described in Section 7.01(g) of this Agreement;

(g) a custodian, receiver, trustee, examiner, liquidator or similar official shall be appointed for the Commission or any substantial part of its Property (including, without limitation, the System), or a proceeding described in Section 7.01(g)(v) shall be instituted against the Commission and such proceeding continues undischarged or any such proceeding continues undismissed or unstayed for a period of thirty (30) or more days;

(h) a debt moratorium, debt restructuring, debt adjustment or comparable restriction is imposed on the repayment when due and payable of the principal of or interest on any Debt of the Commission by the Commission or any Governmental Authority with appropriate jurisdiction;

(i) (i) any provision of this Agreement or any Related Document related to (A) payment of principal of or interest on the Bonds, the Bank Note, the Term Loan or any Reimbursement Obligation or (B) the validity or enforceability of the pledge of the Net Revenues or any other pledge or security interest created by the Bond Ordinance shall at any time for any reason cease to be valid and binding on the Commission as a result of any legislative or administrative action by a Governmental Authority with competent jurisdiction, or shall be declared, in a final nonappealable judgment by any court of competent jurisdiction, to be null and void, invalid or unenforceable; or

(ii) the validity or enforceability of any material provision of this Agreement or any Related Document related to (A) payment of principal of or interest on the Bonds, the Bank Note, the Term Loan or any Reimbursement Obligation, or (B) the validity or enforceability of the pledge of the Net Revenues or any other pledge or security interest created by the Bond Ordinance shall be publicly contested by the Commission; or

(iii) any other material provision of this Agreement or any other Related Document, other than a provision described in clause (i) above, shall at any time for any reason cease to be valid and binding on the Commission as a result of any legislative or administrative action by a Governmental Authority with competent jurisdiction or shall be declared in a final non-appealable judgment by any court with competent jurisdiction to be null and void, invalid, or unenforceable, or the validity or enforceability thereof shall be publicly contested by the Commission;

(j) dissolution or termination of the existence of the Commission or the System;

(k) the Commission shall (i) default on the payment of the principal of or interest on any Revenues Secured Debt including, without limitation, any regularly scheduled payments on Swap Agreements which constitute Revenues Secured Debt, beyond the period of grace, if any, provided in the instrument or agreement under which such Revenues Secured Debt was created or incurred; or (ii) default in the observance or performance of any agreement or condition relating to any Revenues Secured Debt or contained in any instrument or agreement evidencing, securing or relating thereto, or any other default, event of default or similar event shall occur or condition exist, the effect of which default, event of default or similar event or condition is to cause or permit (determined without regard to whether any notice is required) any such Revenues Secured Debt to become immediately due and payable in full as the result of the acceleration, mandatory redemption or mandatory tender of such Revenues Secured Debt;

(l) the Commission shall (i) default on the payment of the principal of or interest on any Debt (other than Revenues Secured Debt) including, without limitation, any regularly scheduled payments on Swap Agreements, aggregating in excess of \$100,000, beyond the period of grace, if any, provided in the instrument or agreement

under which such Debt (other than Revenues Secured Debt) was created or incurred; or (ii) default in the observance or performance of any agreement or condition relating to any Debt (other than Revenues Secured Debt) aggregating in excess of \$100,000, or contained in any instrument or agreement evidencing, securing or relating thereto, or any other default, event of default or similar event shall occur or condition exist, the effect of which default, event of default or similar event or condition is to permit (determined without regard to whether any notice is required) any such Debt to become immediately due and payable in full as the result of the acceleration, mandatory redemption or mandatory tender of such Debt;

(m) any final, unappealable judgment or judgments, writ or writs or warrant or warrants of attachment, or any similar process or processes, which are not covered in full by insurance, with written acknowledgement of such coverage having been provided by the provider of such insurance coverage to the Purchaser, in an aggregate amount not less than \$100,000 shall be entered or filed against the Commission or against any of its Property (including, without limitation, the System) and remain unpaid, unvacated, unbonded or unstayed for a period of thirty (30) days;

(n) any “event of default” under any Related Document (as defined respectively therein) shall have occurred; or

(o) Moody’s, Fitch or S&P shall have downgraded its rating of any long-term unenhanced Revenues Secured Debt of the Commission to below “Baa3” (or its equivalent), “BBB-” (or its equivalent) or “BBB-” (or its equivalent) respectively, or suspended or withdrawn or made unavailable its rating of the same for credit-related reasons.

Section 7.02. Consequences of an Event of Default. If an Event of Default specified in Section 7.01 hereof shall occur and be continuing, the Purchaser may take one or more of the following actions at any time and from time to time (regardless of whether the actions are taken at the same or different times):

(a) (i) by written notice to the Commission, declare the outstanding amount of the Obligations under this Agreement to be immediately due and payable without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived, and an action therefor shall immediately accrue;

(ii) deliver a written notice to the Commission that an Event of Default has occurred and is continuing and direct the Commission, as applicable, to cause a mandatory redemption or mandatory tender of the Bonds or the payment or prepayment of the Bank Note and the Term Loan or take such other remedial action as is provided for in the Bond Ordinance;

(iii) either personally or by attorney or agent without bringing any action or proceeding, or by a receiver to be appointed by a court in any appropriate action or proceeding, take whatever action at law or in equity may

appear necessary or desirable to collect the amounts due and payable under the Related Documents or to enforce performance or observance of any obligation, agreement or covenant of the Commission under the Related Documents, whether for specific performance of any agreement or covenant of the Commission or in aid of the execution of any power granted to the Purchaser in the Related Documents;

(iv) cure any Default, Event of Default or event of nonperformance hereunder or under any Related Document; *provided, however*, that the Purchaser shall have no obligation to effect such a cure; and

(v) exercise, or cause to be exercised, any and all remedies as it may have under the Related Documents (other than as provided for in clause (ii) of this Section 7.02(a)) and as otherwise available at law and at equity.

(b) Notwithstanding the provisions of Section 7.02(a)(i) or 7.02(a)(ii), (x) the Purchaser shall not cause a mandatory redemption or mandatory tender of the Bonds as described in Section 7.02(a)(i) or 7.02(a)(ii) until seven (7) days after the occurrence of an Event of Default specified in Section 7.01(a), 7.01(f), 7.01(g), [7.01(h)], 7.01(i)(i), 7.01(i)(ii), [7.01(j)] or 7.01(k) and (y) the Purchaser shall notify the Commission of a mandatory redemption or mandatory tender at least thirty (30) days prior thereto in the case of any Event of Default not specified in the immediately preceding clause (x). Notwithstanding the foregoing sentence of this Section 7.02(b), if any other holder or credit enhancer of Debt or any counterparty under any Swap Agreement related thereto causes any such Debt or other obligations of the Commission to become immediately due and payable, the Purchaser may immediately, without notice, avail itself of the remedies set forth in Section 7.02(a)(i) or 7.02(a)(ii) hereof and/or declare or cause to be declared the unpaid principal amount of all outstanding Bonds, the Bank Note, the Term Loan, all interest accrued and unpaid thereon, and all other amounts owing or payable hereunder to be immediately due and payable.

Section 7.03. Remedies Cumulative; Solely for the Benefit of Purchaser. To the extent permitted by, and subject to the mandatory requirements of, applicable Law, each and every right, power and remedy herein specifically given to the Purchaser in the Related Documents shall be cumulative, concurrent and nonexclusive and shall be in addition to every other right, power and remedy herein specifically given or now or hereafter existing at law, in equity or by statute, and each and every right, power and remedy (whether specifically herein given or otherwise existing) may be exercised from time to time and as often and in such order as may be deemed expedient by the Purchaser, and the exercise or the beginning of the exercise of any power or remedy shall not be construed to be a waiver of the right to exercise at the same time or thereafter any other right, power or remedy.

The rights and remedies of the Purchaser specified herein are for the sole and exclusive benefit, use and protection of the Purchaser, and the Purchaser is entitled, but shall have no duty or obligation to the Commission or any other Person or otherwise, to exercise or to refrain from

exercising any right or remedy reserved to the Purchaser hereunder or under any of the other Related Documents.

Section 7.04. Waivers or Omissions. No delay or omission by the Purchaser in the exercise of any right, remedy or power or in the pursuit of any remedy shall impair any such right remedy or power or be construed to be a waiver of any default on the part of the Purchaser or to be acquiescence therein. No express or implied waiver by the Purchaser of any Event of Default shall in any way be a waiver of any future or subsequent Event of Default.

Section 7.05. Discontinuance of Proceedings. In case the Purchaser shall proceed to invoke any right, remedy or recourse permitted hereunder or under the Related Documents and shall thereafter elect to discontinue or abandon the same for any reason, the Purchaser shall have the unqualified right so to do and, in such event, the Commission and the Purchaser shall be restored to their former positions with respect to the Obligations, the Related Documents and otherwise, and the rights, remedies, recourse and powers of the Purchaser hereunder shall continue as if the same had never been invoked.

ARTICLE VIII

INDEMNIFICATION

Section 8.01. Indemnification. In addition to any and all rights of reimbursement, indemnification, subrogation or any other rights pursuant hereto or under law or equity, the Commission hereby agrees (to the extent permitted by law) to indemnify and hold harmless the Purchaser and each Holder and its officers, directors and agents (each, an “*Indemnitee*”) from and against any and all claims, damages, losses, liabilities, reasonable costs or expenses whatsoever (including reasonable attorneys’ fees) which may incur or which may be claimed against an Indemnitee by any Person or entity whatsoever (collectively, the “*Liabilities*”) by reason of or in connection with (a) the execution and delivery or transfer of, or payment or failure to pay under, any Related Document; (b) the issuance and sale of the Bonds; (c) the use of the proceeds of the Bonds, the Bank Note and the Term Loan, and (d) the Purchaser acting as trustee and/or paying agent pursuant to the Bond Ordinance; *provided* that the Commission shall not be required to indemnify an Indemnitee for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by the willful misconduct or gross negligence of such Indemnitee. If any proceeding shall be brought or threatened against an Indemnitee by reason of or in connection with the events described in clause (a), (b) or (c) as a condition of indemnity hereunder each Indemnitee shall promptly notify the Commission in writing and the Commission shall assume the defense thereof, including the employment of counsel satisfactory to such Indemnitee and the payment of all reasonable costs of litigation. Notwithstanding the preceding sentence, each Indemnitee shall have the right to employ its own counsel and to determine its own defense of such action in any such case, but the fees and expenses of such counsel shall be at the expense of such Indemnitee unless (i) the employment of such counsel shall have been authorized in writing by the Commission, or (ii) the Commission, after due notice of the action, shall not have employed counsel satisfactory to such Indemnitee to have charge of such defense, in either of which events the reasonable fees and expenses of counsel for such Indemnitee shall be borne by the Commission. The Commission shall not be

liable for any settlement of any such action effected without its consent. Nothing under this Section 8.01 is intended to limit the Commission's payment of the Obligations.

Section 8.02. Survival. The obligations of the Commission under this Article VIII shall survive the payment of the Bonds, the Term Loan (if any), the Bank Note, all Obligations hereunder and the termination of this Agreement.

ARTICLE IX

MISCELLANEOUS

Section 9.01. Patriot Act Notice. The Purchaser hereby notifies the Commission that pursuant to the requirements of the Patriot Act it is required to obtain, verify and record information that identifies the Commission, which information includes the name and address of the Commission and other information that will allow the Purchaser to identify the Commission in accordance with the Patriot Act. The Commission hereby agrees that it shall promptly provide such information upon request by the Purchaser.

Section 9.02. Further Assurances. From time to time upon the request of either party hereto, the other shall promptly and duly execute, acknowledge and deliver any and all such further instruments and documents as the requesting party may in its reasonable discretion deem necessary or desirable to confirm this Agreement, and the other Related Documents, to carry out the purpose and intent hereof and thereof or to enable the requesting party to enforce any of its rights hereunder or thereunder. At any time, and from time to time, upon request by the Purchaser, the Commission will, at the Commission's expense, (a) correct any defect, error or omission which may be discovered in the form or content of any of the Related Documents, and (b) make, execute, deliver and record, or cause to be made, executed, delivered and recorded, any and all further instruments, certificates, and other documents as may, in the opinion of the Purchaser, be necessary or desirable in order to complete, perfect or continue and preserve the Lien of the Bond Ordinance. Upon any failure by the Commission to do so, the Purchaser may make, execute and record any and all such instruments, certificates and other documents for and in the name of the Commission, all at the sole expense of the Commission, and the Commission hereby appoints the Purchaser the agent and attorney-in-fact of the Commission to do so, this appointment being coupled with an interest and being irrevocable. Without limitation of the foregoing, the Commission irrevocably authorizes the Purchaser at any time and from time to time to file any initial financing statements, amendments thereto and continuation statements deemed necessary or desirable by the Purchaser to establish or maintain the validity, perfection and priority of the security interests granted in the Bond Ordinance, and the Commission ratifies any such filings made by the Purchaser prior to the date hereof. In addition, at any time, and from time to time, upon request by the Purchaser, the Commission will, at the Commission's expense, provide any and all further instruments, certificates and other documents as may, in the opinion of the Purchaser, be necessary or desirable in order to verify the Commission's identity and background in a manner satisfactory to the Purchaser.

Section 9.03. Amendments and Waivers; Enforcement. The Purchaser and the Commission may from time to time enter into agreements amending, modifying or

supplementing this Agreement or the other Related Documents or changing the rights of the Purchaser or the Commission hereunder or thereunder, and the Purchaser may from time to time grant waivers or consents to a departure from the due performance of the obligations of the Commission hereunder or thereunder. Any such agreement, waiver or consent must be in writing and shall be effective only to the extent specifically set forth in such writing. In the case of any such waiver or consent relating to any provision hereof, any Default or Event of Default so waived or consented to shall be deemed to be cured and not continuing, but no such waiver or consent shall extend to any other or subsequent Default or Event of Default or impair any right consequent thereto.

Section 9.04. No Implied Waiver; Cumulative Remedies. No course of dealing and no delay or failure of the Purchaser in exercising any right, power or privilege under this Agreement or the other Related Documents shall affect any other or future exercise thereof or exercise of any right, power or privilege; nor shall any single or partial exercise of any such right, power or privilege or any abandonment or discontinuance of steps to enforce such a right, power or privilege preclude any further exercise thereof or of any other right, power or privilege. The rights and remedies of the Purchaser under this Agreement are cumulative and not exclusive of any rights or remedies which the Purchaser would otherwise have under any Related Document, at law or in equity.

Section 9.05. Notices. All notices, requests, demands, directions and other communications (collectively “*notices*”) under the provisions of this Agreement shall be in writing (including facsimile communication), unless otherwise expressly permitted hereunder, and shall be sent by first-class mail or overnight delivery and shall be deemed received as follows: (i) if by first class mail, five (5) days after mailing; (ii) if by overnight delivery, on the next Business Day; (iii) if by telephone, when given to a person who confirms such receipt; and (iv) if by facsimile, when confirmation of receipt is obtained. All notices shall be sent to the applicable party at the following address or in accordance with the last unrevoked written direction from such party to the other parties hereto:

The Commission: DuPage Water Commission
600 East Butterfield Road
Elmhurst, IL 60126
Attention: [_____]]
Facsimile: () [_____]]
Telephone: () [_____]]

The initial Purchaser: BMO Harris Bank N.A.
111 West Monroe Street
Chicago, IL 60603
Attention: John Mattern,
Institutional Markets Division
Facsimile: (312) 293-5811
Telephone: (312) 461-3295

The Purchaser may rely on any notice (including telephone communication) purportedly made by or on behalf of the other, and shall have no duty to verify the identity or authority of the Person giving such notice, unless such actions or omissions would amount to gross negligence or intentional misconduct.

Section 9.06. Right of Setoff. (a) Upon the occurrence of an Event of Default, a Holder may, at any time and from time to time, without notice to the Commission or any other person (any such notice being expressly waived), set off and appropriate and apply against and on account of any Obligations under this Agreement, without regard to whether or not such Holder shall have made any demand therefor, and although such Obligations may be contingent or unmatured, any and all deposits (general or special, including but not limited to deposits made pursuant to this Agreement and Debt evidenced by certificates of deposit, whether matured or unmatured, but not including trust accounts, such as restricted donor accounts) and any other Debt at any time held or owing by such Holder to or for the credit or the account of any or all of the Commission.

(b) Each Holder agrees promptly to notify the Commission after any such set-off and application referred to in subsection (a) above, *provided* that the failure to give such notice shall not affect the validity of such set-off and application. Subject to the provisions of subsection (a) above, the rights of a Holder under this Section 9.06 are in addition to other rights and remedies (including, without limitation, other rights of set-off) which such Holder may have.

Section 9.07. No Third-Party Rights. Nothing in this Agreement, whether express or implied, shall be construed to give to any Person other than the parties hereto and the Holders any legal or equitable right, remedy or claim under or in respect of this Agreement, which is intended for the sole and exclusive benefit of the parties hereto.

Section 9.08. Severability. The provisions of this Agreement are intended to be severable. If any provision of this Agreement shall be held invalid or unenforceable in whole or in part in any jurisdiction, such provision shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without in any manner affecting the validity or enforceability thereof in any other jurisdiction or the remaining provisions hereof in any jurisdiction.

Section 9.09. Governing Law; Consent to Jurisdiction and Venue; Waiver of Jury Trial.
(a) THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF ILLINOIS WITHOUT GIVING EFFECT TO CONFLICTS OF LAWS PROVISIONS.

(b) EACH PARTY HERETO CONSENTS TO AND SUBMITS TO IN PERSONAM JURISDICTION AND VENUE IN THE STATE OF ILLINOIS AND IN THE FEDERAL DISTRICT COURTS WHICH ARE LOCATED IN THE STATE OF ILLINOIS. EACH PARTY ASSERTS THAT IT HAS PURPOSEFULLY AVAILED ITSELF OF THE BENEFITS OF THE LAWS OF THE STATE OF ILLINOIS AND WAIVES ANY OBJECTION TO IN PERSONAM JURISDICTION ON THE GROUNDS OF MINIMUM CONTACTS, WAIVES ANY OBJECTION TO VENUE, AND WAIVES ANY PLEA OF FORUM NON CONVENIENS. THIS CONSENT TO AND SUBMISSION TO JURISDICTION IS WITH REGARD TO ANY ACTION RELATED TO THIS AGREEMENT. REGARDLESS OF WHETHER THE PARTY'S ACTIONS TOOK PLACE IN THE STATE OF ILLINOIS OR ELSEWHERE IN THE

UNITED STATES, THIS SUBMISSION TO JURISDICTION IS NONEXCLUSIVE, AND DOES NOT PRECLUDE EITHER PARTY FROM OBTAINING JURISDICTION OVER THE OTHER IN ANY COURT OTHERWISE HAVING JURISDICTION.

(c) TO THE EXTENT PERMITTED BY APPLICABLE LAWS, EACH OF THE PARTIES HERETO HEREBY WAIVES ITS RIGHT TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT, THE RELATED DOCUMENTS OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS.

(d) The covenants and waivers made pursuant to this Section 9.09 shall be irrevocable and unmodifiable, whether in writing or orally, and shall be applicable to any subsequent amendments, renewals, supplements or modifications of this Agreement. In the event of litigation, this Agreement may be filed as a written consent to a trial by the court.

Section 9.10. Prior Understandings. This Agreement and the other Related Documents supersede all other prior understandings and agreements, whether written or oral, among the parties hereto relating to the transactions provided for herein and therein.

Section 9.11. Duration. All representations and warranties of the Commission contained herein or made in connection herewith shall survive the making of and shall not be waived by the execution and delivery of this Agreement or the other Related Documents. All covenants and agreements of the Commission contained herein shall continue in full force and effect from and after the date hereof until the Obligations have been fully discharged.

Section 9.12. Counterparts. This Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts each of which, when so executed, shall be deemed an original, but all such counterparts shall constitute but one and the same instrument.

Section 9.13. Successors and Assigns.

(a) *Successors and Assigns Generally.* This Agreement is a continuing obligation and shall be binding upon the Commission, its successors, transferees and assigns and shall inure to the benefit of the Holders and their respective permitted successors, transferees and assigns. The Commission may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Purchaser. Each Holder may, in its sole discretion and in accordance with applicable Law, from time to time assign, sell or transfer in whole or in part, its interest in the Bonds, the Bank Note, the Term Loan and the Related Documents in accordance with the provisions of paragraph (b) or (c) of this Section. Each Holder may at any time and from time to time enter into participation agreements in accordance with the provisions of paragraph (d) of this Section. Each Holder may at any time pledge or assign a security interest subject to the restrictions of paragraph (e) of this Section. BMO Harris Bank N.A. shall be the Purchaser hereunder until such time as the Majority Holder designates an alternate Person to serve as the Purchaser hereunder by delivery of written notice to the Commission and such Person accepts and agrees to act as the Purchaser hereunder and under the Related Documents.

The Majority Holder may so designate an alternate Person to act as the Purchaser from time to time. Upon acceptance and notification thereof to the Commission, the successor to the Purchaser for such purposes shall thereupon succeed to and become vested with all of the rights, powers, privileges and responsibilities of the Purchaser, and BMO Harris Bank N.A. or any other Person being replaced as the Purchaser shall be discharged from its duties and obligations as the Purchaser hereunder.

(b) *Sales and Transfers by Holder to a Purchaser Transferee.* Without limitation of the foregoing generality, a Holder may at any time sell or otherwise transfer to one or more transferees all or a portion of its interest in the Bonds, the Bank Note, the Term Loan and the Related Documents to a Person that is (i) an Affiliate of the Purchaser or (ii) a trust or other custodial arrangement established by the Purchaser or an Affiliate of the Purchaser, the owners of any beneficial interest in which are limited to “qualified institutional buyers” as defined in Rule 144A promulgated under the 1933 Act (each, a “*Purchaser Transferee*”). From and after the date of such sale or transfer, BMO Harris Bank N.A. (and its successors) shall continue to have all of the rights of the Purchaser hereunder and under the other Related Documents as if no such transfer or sale had occurred; *provided, however*, that (A) no such sale or transfer referred to in clause (b)(i) or (b)(ii) hereof shall in any way affect the obligations of the Purchaser hereunder, (B) the Commission shall be required to deal only with the Purchaser with respect to any matters under this Agreement and (C) in the case of a sale or transfer referred to in clause (b)(i) or (b)(ii) hereof, only the Purchaser shall be entitled to enforce the provisions of this Agreement against the Commission.

(c) *Sales and Transfers by Holder to a Non-Purchaser Transferee.* Without limitation of the foregoing generality, a Holder may at any time sell or otherwise transfer to one or more transferees which are not Purchaser Transferees but each of which constitutes a “qualified institutional buyer” as defined in Rule 144A promulgated under the 1933 Act (each a “*Non-Purchaser Transferee*”) all or a portion of its interest in the Bonds, the Bank Note, the Term Loan and the Related Documents if (A) written notice of such sale or transfer, including that such sale or transfer is to a Non-Purchaser Transferee, together with addresses and related information with respect to the Non-Purchaser Transferee, shall have been given to the Commission and the Purchaser (if different than the Holder) by such selling Holder and Non-Purchaser Transferee, and (B) the Non-Purchaser Transferee shall have delivered to the Commission and the selling Holder, an investment letter in substantially the form attached as Exhibit C hereto (the “*Purchaser Letter*”).

From and after the date the Commission and the selling Holder have received written notice and an executed Purchaser Letter, (A) the Non-Purchaser Transferee thereunder shall be a party hereto and shall have the rights and obligations of a Holder hereunder and under the other Related Documents, and this Agreement shall be deemed to be amended to the extent, but only to the extent, necessary to effect the addition of the Non-Purchaser Transferee, and any reference to the assigning Holder hereunder and under the other Related Documents shall thereafter refer to such transferring Holder and to the Non-Purchaser Transferee to the extent of their respective interests, and (B) if the transferring Holder no longer owns this the Bonds, the Bank Note or the Term Loan then it shall relinquish its rights and be released from its obligations hereunder and under the Related Documents.

(d) *Participations.* The Purchaser shall have the right to grant to one or more banking or other financial institutions (each a “*Participant*”) a participation or participations in all or any part of the Purchaser’s interest in the Bonds, this Agreement, the Bank Note, the Term Loan and the other Related Documents on a participating basis but not as a party to this Agreement (a “*Participation*”), without the prior written consent of the Commission. In the event of any such grant by the Purchaser of a Participation to a Participant, the Purchaser shall remain responsible for the performance of its obligations hereunder, and the Commission shall continue to deal solely and directly with the Purchaser in connection with the Purchaser’s rights and obligations under this Agreement. The Commission agrees that each Participant shall, to the extent of its Participation, be entitled to the benefits of this Agreement as if such Participant were the Purchaser; *provided* that no Participant shall have the right to declare, or to take actions in response to, an Event of Default under Section 7.02 hereof; *provided, further* the Commission’s liability to any Participant shall not in any event exceed the liability which the Commission would owe the Purchaser but for such Participation.

(e) *Certain Pledges.* The Purchaser may at any time pledge or grant a security interest in all or any portion of its rights under the Bonds, this Agreement, the Bank Note, the Term Loan and the Related Documents to secure obligations of the Purchaser, including any pledge or assignment to secure obligations to a Federal Reserve Bank; *provided* that no such pledge or assignment shall release the Purchaser from any of its obligations hereunder or substitute any such pledgee or assignee for the Purchaser as a party hereto.

Section 9.14. Headings. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

Section 9.15. No Fiduciary Relationship. The Commission acknowledges and agrees that its dealing with the Purchaser are solely in the nature of a debtor/creditor relationship and that in no event shall the Purchaser be considered to be a partner or joint venturer of the Commission. Also, the Commission represents and warrants that it has independently evaluated the business transaction and has not relied upon, nor will it rely upon, the expertise, advice or other comments or statements of the Purchaser (including agents of the Purchaser), if any, in deciding to pursue such undertaking. As the Commission is experienced in business, in no event shall the Purchaser owe any fiduciary or similar obligations to it in connection with the subject transaction.

Section 9.16. Electronic Signatures. The parties agree that the electronic signature of a party to this Agreement shall be as valid as an original signature of such party and shall be effective to bind such party to this Agreement. The parties agree that any electronically signed document (including this Agreement) shall be deemed (i) to be “written” or “in writing,” (ii) to have been signed and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Such paper copies or “printouts,” if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records

exception to the hearsay rule. For purposes hereof, “electronic signature” means a manually-signed original signature that is then transmitted by electronic means; “transmitted by electronic means” means sent in the form of a facsimile or sent via the internet as a “pdf” (portable document format) or other replicating image attached to an e-mail message; and, “electronically signed document” means a document transmitted by electronic means and containing, or to which there is affixed, an electronic signature.

[SIGNATURES BEGIN ON THE FOLLOWING PAGE.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the Effective Date.

DUPAGE WATER COMMISSION

By _____
Name: _____
Title: _____

BMO HARRIS BANK N.A.

By _____
Name: _____
Title: _____

EXHIBIT A

FORM OF NO DEFAULT CERTIFICATE

This No Default Certificate (this “*Certificate*”) is furnished to BMO Harris Bank N.A. (the “*Purchaser*”) pursuant to that certain Additional Covenant and Term Loan Agreement dated as of January 1, 2013 (the “*Agreement*”), between DuPage Water Commission (the “*Commission*”) and the Purchaser. Unless otherwise defined herein, the terms used in this Certificate shall have the meanings assigned thereto in the Agreement.

THE UNDERSIGNED HEREBY CERTIFIES THAT:

1. I am the duly elected chief financial officer of the Commission;
2. I have reviewed the terms of the Agreement and I have made, or have caused to be made under my supervision, a detailed review of the transactions and conditions of the Commission during the accounting period covered by the attached financial statements and the Commission has complied with all of the terms, provisions and conditions of the Agreement and the other Related Documents;
3. To the best of my knowledge, the Commission has kept, observed, performed and fulfilled each and every covenant, provision and condition of the Agreement and the other Related Documents on the Commission’s part to be performed;
4. The examinations described in paragraph 2 did not disclose, and I have no knowledge of, the existence of any condition or the occurrence of any event which constitutes a Default or Event of Default during or at the end of the accounting period covered by the attached financial statements or as of the date of this Certificate, except as set forth below;
5. To the best of my knowledge the financial statements required by Section 6.05 of the Agreement and being furnished to you concurrently with this certificate fairly represent the consolidated financial condition of the Commission in accordance with GAAP (subject to year end adjustments) as of the dates and for the periods covered thereby; and

Described below are the exceptions, if any, to paragraph 4 by listing, in detail, the nature of the condition or event, the period during which it has existed and the action which the Commission has taken, is taking, or proposes to take with respect to each such condition or event:

The foregoing certifications and the financial statements delivered with this Certificate in support hereof, are made and delivered this _____ day of _____, 20__.

DUPAGE WATER COMMISSION

By: _____

Name: _____

Title: _____

EXHIBIT B

FORM OF BANK NOTE

[\$50,375,000]

January [___], 2013

FOR VALUE RECEIVED, the undersigned, DUPAGE WATER COMMISSION (the "*Commission*"), hereby promises to pay to the order of BMO HARRIS BANK N.A. (the "*Purchaser*"), at 111 West Monroe Street, Chicago, IL 60603, in the manner and on the dates provided in the hereinafter defined Agreement in lawful money of the United States of America and in immediately available funds, the principal amount of FIFTY MILLION THREE HUNDRED AND SEVENTY-FIVE THOUSAND and NO/100 DOLLARS (**[\$50,375,000]**), or, if less, the aggregate unreimbursed amount of the Term Loan made by the Purchaser pursuant to the Agreement. Terms used herein and not otherwise defined herein shall have the meanings assigned to them in the Additional Covenant and Term Loan Agreement dated as of January 1, 2013 (the "*Agreement*"), between the Commission and the Purchaser, as from time to time in effect.

The Commission further promises to pay interest from the date hereof on the outstanding principal amount hereof and unpaid interest hereon from time to time at the rates and times and in all cases in accordance with the terms of the Agreement. The Purchaser may endorse its records relating to this Bank Note with appropriate notations evidencing the Term Loan and payments of principal hereunder as contemplated by the Agreement.

This Bank Note is issued pursuant to, is entitled to the benefits of, and is subject to, the provisions of the Agreement and that certain Ordinance Number [_____] entitled "A BOND ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF WATER REVENUE REFUNDING BONDS, SERIES 2013, OF THE DUPAGE WATER COMMISSION" adopted by the Commission on December 20, 2012. The principal of this Bank Note is subject to prepayment in whole or in part in accordance with the terms of the Agreement.

The parties hereto, including the undersigned maker and all guarantors, endorsers and pledgors that may exist at any time with respect hereto, hereby waive presentment, demand, notice, protest and all other demands and notices in connection with the delivery, acceptance, performance and enforcement of this Bank Note.

THIS BANK NOTE AND THE OBLIGATIONS OF THE COMMISSION HEREUNDER SHALL FOR ALL PURPOSES BE GOVERNED BY AND INTERPRETED AND DETERMINED IN ACCORDANCE WITH THE LAWS OF THE STATE OF ILLINOIS (EXCLUDING THE LAWS APPLICABLE TO CONFLICTS OR CHOICE OF LAW).

IN WITNESS WHEREOF, the Commission has caused this Bank Note to be signed in its corporate name as an instrument under seal by its duly authorized officer on the date and in the year first above written.

DUPAGE WATER COMMISSION

[SEAL]

ATTEST:

By: _____

Name: _____

Title: Chairman

Clerk

ASSIGNMENT

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

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

(Name and Address of Assignee)

the within Bank Note and does hereby irrevocably constitute and appoint

as attorney to transfer the said Bank Note 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 Holder as it appears upon the face of the within Bank Note in every particular, without alteration or enlargement or any change whatever.

EXHIBIT C

FORM OF INVESTOR LETTER

SCHEDULE 6.16(C)

BOND AMORTIZATION SCHEDULE

AMORTIZATION DATE (MAY 1)	PRINCIPAL AMOUNT
2013	\$11,645,000
2014	\$12,255,000
2015	\$12,900,000
2016	\$13,575,000
Total	<u>\$50,375,000.00</u>