

ORDINANCE NO. 2000-06

**AN ORDINANCE PROVIDING FOR THE ISSUE OF \$400,000
GENERAL OBLIGATION BONDS (ALTERNATE REVENUE
SOURCE), SERIES 2000, OF THE SOUTH LYONS TOWNSHIP
SANITARY DISTRICT, COOK COUNTY, ILLINOIS**

WHEREAS, the South Lyons Township Sanitary District, Cook County, Illinois (the "District"), is a duly organized and existing Sanitary District created under the provisions of the laws of the State of Illinois, and is now operating under the provisions of the Sanitary District Act of 1936, (the "Act") and the Sanitary District Refunding Bond Act, (the "Refunding Bond Act") and all laws amendatory thereof and supplementary thereto; and

WHEREAS, the District owns and operates a sanitary sewer system (the "System") in accordance with the provisions of the Act; and

WHEREAS the Board of Trustees of the District (the "Board") has determined that it is advisable, necessary and in the best interests of the public health, safety and welfare to improve the System and to pay bond discount, bond interest, bond reserve account funding, legal, financing, and administrative expense (all of which said construction, services, and incidental expenses are referred to as the "Project"), the total estimated costs of the Project are not less than \$400,000; and

WHEREAS, the Board finds that it does not have sufficient funds on hand for the purpose aforesaid, and that the cost thereof will be not less than \$400,000, and that it is necessary and for the best interests of the District that it borrow the sum of \$400,000 to pay for the cost of the Project; and

WHEREAS, the District is authorized by the Local Government Debt Reform Act, (the "Reform Act"), to issue its general obligation bonds payable from an alternate revenue source; and

WHEREAS, the District published a legal notice in the *Liberty Suburban Newspapers* on May 14, 2000 with regard to the public hearing required under the Bond Issue Notification Act; and

WHEREAS, the District conducted a public hearing on May 25, 2000 pursuant to the requirements of the Bond Issue Notification Act at which hearing the reasons for the proposed bond issue were explained and persons were permitted to be heard pertaining to the issuance of the Bonds; and

WHEREAS, the Board on May 25, 2000 passed Ordinance No. 2000-04 (the "Alternate Bond Authorizing Ordinance") authorizing the issuance of General Obligation Bonds (Alternate Revenue Source) (the "Alternate Bonds") in an amount not to exceed \$400,000; and

WHEREAS, the Alternate Bond Authorizing Ordinance, together with a notice of intent to issue the Alternate Bonds, was published on June 7, 2000 in the

Liberty Suburban Newspapers, being a newspaper published in and of general circulation in the District; and

WHEREAS, more than 30 days have expired since the date of publication of the Alternate Bond Authorizing Ordinance and said notice, and no petitions with the requisite number of valid signatures thereon have been filed with the District Clerk requesting that the question of the issuance of the Alternate Bonds be submitted to referendum; and

WHEREAS, the Board will pledge the amount received from the levy and collection of its general corporate tax levy which is authorized under the provisions of 70 ILCS 2805/16 (the "Revenues") for payment of the debt service on the Alternate Bonds; and

WHEREAS, the Alternate Bonds to be issued will be payable from the Revenues and ad valorem taxes levied against all taxable property in the District without limitation as to rate or amount (the "Pledged Taxes"); and

WHEREAS, the Board does hereby determine that the Revenues will be sufficient to provide or pay in each year to final maturity of the Alternate Bonds an amount not less than 1.25 times debt service of the Alternate Bonds proposed to be issued, there being no alternate bonds previously issued payable from the Revenues; and

WHEREAS, such determination of the sufficiency of the Revenues is supported by reference to the Financial Statements of the District for the fiscal year ending May 31, 1999 as audited by William F. Gurrie & Co., Ltd., Oak Brook, Illinois.

NOW, THEREFORE, Be It Ordained by the Board of Trustees of the South Lyons Township Sanitary District, Cook County, Illinois, as follows:

Section 1. Incorporation of Preambles. The Board hereby finds that all of the recitals contained in the preambles to this ordinance are full, true and correct and does incorporate them into this ordinance by this reference.

Section 2. Authorization. It is hereby found and determined that the District has been authorized by law to borrow the sum of \$400,000 upon the credit of the District and as evidence of such indebtedness to issue Bonds of the District in said amount, the proceeds of said Bonds to be used for the purpose of paying the cost of the Project, and it is necessary and for the best interests of the District that there be issued at this time the \$400,000 Bonds so authorized.

Section 3. Bond Details. There be borrowed on the credit of and for and on behalf of the District the sum of \$400,000 for the purposes aforesaid, bonds of the District (the "Bonds") shall be issued in said amount and shall be designated "General Obligation Bonds (Alternate Revenue Source), Series 2000". The Bonds shall be dated August 1, 2000, and shall also bear the date of authentication thereof, shall be in fully registered form, shall be numbered 1 and upward, and

shall be issued in denominations of \$1,000 or authorized integral multiples thereof. The Bonds shall bear interest at the 5.75% per annum (computed upon the basis of a 360-day year of 12 30-day months) and become due and payable serially (without option of prior redemption) in the amounts as follows:

Dates of Maturity	Principal Amount
8/1/2001	\$ 26,000
8/1/2002	\$ 28,000
8/1/2003	\$ 30,000
8/1/2004	\$ 32,000
8/1/2005	\$ 34,000
8/1/2006	\$ 36,000
8/1/2007	\$ 38,000
8/1/2008	\$ 40,000
8/1/2009	\$ 42,000
8/1/2010	\$ 44,000
8/1/2011	\$ 50,000

The Bonds shall bear interest from their date or from the most recent interest payment date to which interest has been paid or duly provided for, until the principal amount of the Bonds are paid, such interest (computed upon the basis of a 360-day year of twelve 30-day months) being payable on February 1 and August 1 of each year, commencing on February 1, 2001. Interest on each Bond shall be paid by check or draft of the South Lyons Township Sanitary District (the "Paying Agent"), payable upon presentation in lawful money of the United States of America, to the person in whose name such Bond is registered as hereinafter provided at the close of business on the 15th day next preceding the interest payment date. The principal of the Bonds shall be payable in lawful money of the United States of America at the principal office of the Paying Agent.

The Bonds shall be signed by the manual or facsimile signatures of the President and District Clerk, and shall be countersigned by the manual or facsimile signature of the Treasurer of the District, as they shall determine. In case any officer whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery.

All Bonds shall have thereon a certificate of authentication substantially in the form hereinafter set forth duly executed by South Lyons Township Sanitary District (the "Bond Registrar"), as bond registrar and authenticating agent of the District, and showing the date of authentication. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this ordinance unless and until such certificate of authentication shall have been duly executed by the Bond Registrar by manual signature, and such certificate of authentication upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this ordinance. The certificate of authentication on any Bond shall be deemed to have been executed by the Bond

Registrar, if signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds issued herein.

Section 4. Registration of Bonds; Persons Treated as Owners. The District shall cause books (the "Bond Register") for the registration and for the transfer of the Bonds as provided in this ordinance to be kept at the principal office of the Bond Registrar, which is hereby constituted and appointed the registrar of the District. The District is authorized to prepare, and the Bond Registrar or such other authorized person as an officer of the District may designate shall keep custody of, multiple bond blanks executed by the District for use in the transfer and exchange of Bonds.

Upon surrender for transfer of any Bond at the principal office of the Bond Registrar, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Bond Registrar and duly executed by, the registered owner or his attorney duly authorized in writing, the District shall execute and the Bond Registrar shall authenticate, date and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of the same maturity of authorized denomination(s), for a like aggregate principal amount. Any fully registered Bond or Bonds may be exchanged at said office of the Bond Registrar for a like aggregate principal amount of Bond or Bonds of the same maturity of other authorized denomination(s). The execution by the District of any fully registered Bond shall constitute full and due authorization of such Bond, and the Bond Registrar shall thereby be authorized to authenticate, date and deliver such Bond; provided, however, the principal amount of outstanding Bonds of each maturity authenticated by the Bond Registrar shall not exceed the authorized principal amount of Bonds for such maturity less principal amounts previously paid.

The Bond Registrar shall not be required to transfer or exchange any Bond during the period of fifteen days next preceding any interest payment date on such Bond.

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

No service charge shall be made for any transfer or exchange of Bonds, but the District or the Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds.

Section 5. Form of Bond. The Bonds shall be in substantially the following form:

REGISTERED NO.

REGISTERED \$

**UNITED STATES OF AMERICA-STATE OF ILLINOIS-COUNTY OF COOK
SOUTH LYONS TOWNSHIP SANITARY DISTRICT
GENERAL OBLIGATION BOND
(ALTERNATE REVENUE SOURCE), SERIES 2000**

Interest Rate: 5.75%

Maturity Date: 8/1/

Dated Date: 8/1/00

Registered Owner:

Principal Amount:

KNOW ALL PERSONS BY THESE PRESENTS, that the South Lyons Township Sanitary District, Cook County, Illinois (the "District"), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns as hereinafter provided, on the Maturity Date identified above, the Principal Amount identified above and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on such Principal Amount from the Dated Date identified above or from the most recent interest payment date to which interest has been paid at the Interest Rate per annum identified above on February 1 and August 1 of each year, commencing February 1, 2001, until said Principal Amount is paid. The principal of this Bond is payable in lawful money of the United States of America at the principal office of the South Lyons Township Sanitary District, as paying agent (the "Paying Agent"). Payment of interest shall be made to the Registered Owner hereof as shown on the registration books of the District maintained by the South Lyons Township Sanitary District (the "Bond Registrar"), at the close of business on the 15th day next preceding each interest payment date and shall be paid by check or draft of the Paying Agent, payable upon presentation in lawful money of the United States of America, mailed to the address of such Registered Owner as it appears on such registration books or at such other address furnished in writing by such Registered Owner to the Bond Registrar.

This Bond is one of a series of bonds issued by the District for the purpose of paying the cost of improving the sanitary sewer system, as provided in Ordinance No. 2000-04 and Ordinance No. 2000-06 (the "Bond Ordinances") authorizing the Bonds, and for the payment of the expenses incident thereto. The Bonds are issued pursuant to and in all respects in compliance with the provisions of the Sanitary District Act of 1936, the Local Government Debt Reform Act, and all laws amendatory thereof and supplementary thereto, and the Bond Ordinances, which have been duly and properly passed by the Board of Trustees of the District in all respects as provided by law.

The Bonds are payable from (1) ad valorem taxes levied for general corporate purposes under 70 ILCS 2805/16 (the "Revenues") and (2) ad valorem taxes levied against all of the taxable property in the District without limitation as to rate or amount (the "Pledged Taxes"). Bonds may be issued in the future to share ratably and equally in the Revenues either on a parity as to the lien of the Bonds or having a junior lien to the lien of the Bonds.

This Bond shall not constitute an indebtedness of the District within the meaning of any constitutional or statutory provision or limitation, unless the Pledged Taxes shall have been extended pursuant to the general obligation, full faith and credit promise supporting the Bonds, in which case the amount of the Bonds then outstanding shall be included in the computation of indebtedness of the District for purposes of all statutory provisions or limitations until such time as an audit of the District shall show that the Bonds shall have been paid from the Revenues for a complete fiscal year.

The District has designated the Bonds as "qualified tax-exempt obligations" pursuant to Section 265 (b) (3) of the Internal Revenue Code of 1986.

The Bonds are issued in fully registered form in the denominations of \$1,000 or authorized integral multiples thereof. This Bond is transferable by the Registered Owner hereof in person or by his attorney duly authorized in writing at the principal office of the Bond Registrar but only in the manner, subject to the limitations and upon payment of the charges provided in the Bond Ordinances, and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds of authorized denomination(s) of the same maturity and for the same aggregate principal amount will be issued to the transferee in exchange therefor. The Bond Registrar shall not be required to transfer or exchange any Bond during the period of fifteen days next preceding any interest payment date on such Bond. The District, the Paying Agent and the Bond Registrar may deem and treat the Registered Owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes; and the District, the Paying Agent and the Bond Registrar shall not be affected by any notice to the contrary.

It is hereby certified and recited that all conditions, acts and things required by law to exist or to be done precedent to and in the issuance of this Bond did exist, have happened, been done and performed in regular and due form and time as required by law; that the indebtedness of the District, including the issue of Bonds of which this is one, does not exceed any limitation imposed by law; that provision has been made for the collection of the Revenues, the levy and collection of the Pledged Taxes, and the segregation of them to pay the interest hereon as it falls due and also to pay and discharge the principal hereof at maturity; and the District hereby covenants and agrees that it will properly account for said funds and will comply with all covenants of and will maintain the funds and accounts as provided by the Bond Ordinances. For the prompt payment of this Bond, both principal and interest at maturity, the full faith, credit and resources of the District are hereby irrevocably pledged.

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

IN WITNESS WHEREOF, the South Lyons Township Sanitary District, Cook County, Illinois, by its Board of Trustees, has caused this Bond to be signed by the duly authorized manual or facsimile signatures of the President and District Clerk, and to be countersigned by the duly authorized manual or facsimile signature of the Treasurer of the District, all as appearing hereon and as of the Dated Date as identified above.

President

Treasurer

District Clerk

Date of Authentication: August 1, 2000

CERTIFICATE
OF
AUTHENTICATION

Bond Registrar
and Paying Agent: South Lyons Township
Sanitary District

This Bond is one of the Bonds of the issue
described in the Bond Ordinances.

South Lyons Township Sanitary District, as Bond Registrar

By _____
Authorized Signatory

[REVERSE SIDE]

(FORM OF ASSIGNMENT)

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

(Name and Address and Social Security or other identifying number of Assignee)
the within Bond and does hereby irrevocably constitute and appoint _____
as attorney to transfer the said Bond on the books kept for registration thereof with full power of
substitution in the premises.

Dated: _____
Signature of Assignee

Signature guaranteed: _____

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

Section 6. Debt Limitation. The Bonds shall be payable from the Revenues and Pledged Taxes, and shall not constitute an indebtedness of the District within the meaning of any constitutional or statutory limitation, unless the Pledged Taxes shall have been extended pursuant to the general obligation, full faith and credit promise supporting the Bonds, as set forth in Section 7 hereof, in which case the amount of the Bonds then Outstanding shall be included in the computation of indebtedness of the District for purposes of all statutory provisions or limitations until such time as an audit of the District shall show that the Bonds have been paid from the Revenues for a complete Fiscal Year.

Section 7. Pledged Taxes; Tax Levy. In order to provide for the collection of a direct annual tax sufficient to pay the interest on the Bonds as it falls due, and also to pay and discharge the principal thereof at maturity, there be and there is hereby levied upon all the taxable property within the District a direct annual tax for each of the years while the Bonds are outstanding, in amounts sufficient for that purpose, and that there be and there is hereby levied upon all of the taxable property in the District, the following direct annual tax, to-wit:

For the Year	A Tax Sufficient to Produce the Sum of:
2000	\$ 49,000
2001	\$ 49,505
2002	\$ 49,895
2003	\$ 50,170
2004	\$ 50,330
2005	\$ 50,375
2006	\$ 50,305
2007	\$ 50,120
2008	\$ 49,820
2009	\$ 49,405
2010	\$ 52,875

Principal or interest maturing at any time when there are not sufficient funds on hand from the foregoing tax levy to pay the same shall be paid from the general funds of the District, and the fund from which such payment was made shall be reimbursed out of the taxes hereby levied when the same shall be collected.

The District covenants and agrees with the purchasers and the holders of the Bonds that so long as any of the Bonds remains outstanding, the District will take no action or fail to take any action which in any way would adversely affect the ability of the District to levy and collect the foregoing tax levy and the District and its officers will comply with all present and future applicable laws in order to assure that the foregoing taxes will be levied, extended and collected as provided herein and deposited in the fund established to pay the principal of and interest on the Bonds.

Section 8. Abatement of Pledged Taxes. Whenever the Revenues are available to pay the principal of and interest on the Bonds when due, so as to

enable the abatement of the Pledged Taxes levied for the same, the Treasurer or District Clerk shall direct the abatement of the Pledged Taxes by the amount of the Revenues so available, and proper notification of such abatement shall be filed with the County Clerk. The Treasurer or District Clerk shall not direct the abatement of the Pledged Taxes for any levy year unless the Revenues are on deposit in the Bond Fund in an amount sufficient to pay the principal and interest on the Bonds when due on the next succeeding February 1 and August 1 and, to the extent that the Revenues are not available to pay the principal of and interest on the Bonds when due on the next succeeding February 1 and August 1, the Pledged Taxes will be extended and collected to make such debt service payments.

Section 9. Filing of Ordinance and Creation of Funds and Appropriation. Forthwith upon the passage of this ordinance, the District Clerk is hereby directed to file a certified copy of this ordinance with the County Clerk of Cook County, Illinois, and it shall be the duty of said County Clerk to ascertain the rate necessary to produce the tax herein levied, and extend the same for collection on the tax books against all of the taxable property within the District in connection with other taxes levied in said year for general purposes, in order to raise the respective amounts aforesaid and in said year such annual tax shall be computed, extended and collected in the same manner as now or hereafter provided by law for the computation, extension and collection of taxes for general purposes of the District, and when collected, the taxes hereby levied shall be placed to the credit of a special fund to be designated "General Obligation Bonds (Alternate Revenue Source), Series 2000 Bond Fund" (the "Bond Fund"), which fund is hereby irrevocably pledged to and shall be used only for the purpose of paying the principal and interest on the Bonds.

From the amounts received upon sale of the Bonds, all principal proceeds shall be deposited into the "General Obligation Bonds (Alternate Revenue Source), Series 2000, Project Fund" (the "Project Fund"), hereby created, and disbursements shall be made from the Project Fund only for payment of the costs of the Project and expenses of issuance of the Bonds or otherwise incidental to the Bonds or such Project, and for which the principal proceeds are hereby appropriated.

Accrued interest and premium (if any) payable on the Bonds shall be and are hereby appropriated for the purpose of paying first interest due on the Bonds and, to that end, are hereby ordered deposited into the Bond Fund. Interest received from deposits in the Bond Fund shall be retained in the Bond Fund for payment of the Bonds on the interest payment date next after such interest is received or, to the extent permitted by law, transferred by the Board to such other fund of the District as the Board may designate.

Section 10. General Covenants. The District covenants and agrees with the registered owners of the Bonds, so long as any bonds remain outstanding, as follows:

- (1) The District pledges the Revenues to the payment of Bonds, and the Board covenants and agrees to levy, collect and apply the Revenues to the payment of the Bonds and the provision of not less than an additional .25 times debt service. The determination of the sufficiency of the Revenues pursuant to this subsection shall be supported by reference to the most recent audit of the District, and the reference to and acceptance of such audit by the Board shall be conclusive evidence that the conditions of Section 15 of the Reform Act have been met.
- (2) The District will punctually pay or cause to be paid the principal of and interest on the Bonds in strict conformity with the terms of the Bonds and this Ordinance, and it will faithfully observe and perform all of the conditions, covenants and requirements thereof and hereof.
- (3) The District will pay and discharge, or cause to be paid and discharged, any and all lawful claims which, if unpaid, might become a lien or charge thereon, or any part thereof, or upon any funds in the hands of the Bond Registrar, or which might impair the security of the Bonds. Nothing herein contained shall require the District to make any such payment so long as the District in good faith shall contest the validity of said claims.
- (4) The District will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the District, in which complete and correct entries shall be made of all transactions relating to the Project, the Pledged Taxes, the Revenues, and the Bond Fund. Such books of record and accounts shall at all times during business hours be subject to the inspection of any registered owner of the Bonds.
- (5) The District will preserve and protect the security of the Bonds and the rights of the registered owners of the Bonds, and will warrant and defend their rights against all claims and demands of all persons. From and after the sale and delivery of any of the Bonds by the District, the Bonds shall be incontestable by the District.
- (6) The District will adopt, make, execute and deliver any and all such further ordinances, resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention of, or to facilitate the performance of, this Ordinance, and for the better assuring and confirming unto the registered owners of the Bonds of the rights and benefits provided in this Ordinance.
- (7) As long as any Bonds are outstanding, the District will continue to deposit and apply the Revenues as provided herein and, if applicable, the Pledged Taxes to the Bond Fund. The District covenants and agrees with the purchasers of the Bonds and with the registered owners thereof that so long as any Bonds remain outstanding, the

District will take no action or fail to take any action which in any way would adversely affect the ability of the District to levy the Pledged Taxes and to collect and to segregate the Pledged Taxes or the Revenues. The District and its officers will comply with all present and future applicable laws in order to assure that the Pledged Taxes can be levied and extended and that the Revenues and the Pledged Taxes may be collected and deposited to the General Corporate Fund and the Bond Fund, respectively, as provided herein.

- (8) Once issued, the Bonds shall be and forever remain until paid or defeased the general obligation of the District, for the payment of which its full faith and credit are pledged, and shall be payable, in addition to from the Revenues, from the levy of the Pledged Taxes as provided in the Reform Act.

Section 11. Parity Bonds. The District reserves the right to issue bonds or other obligations (the "Parity Bonds") without limit provided that immediately upon the issuance of such Parity Bonds, the District shall be able to demonstrate in the same manner as provided by the Reform Act (as it is written at this time) that at such time all the bonds or other obligations secured by the Revenues could then be issued as if not then having previously been issued.

Section 12. Sale of Bond. The Bonds hereby authorized shall be sold at a price of par plus accrued interest to date of delivery, to State Bank of Countryside, it being hereby found and determined that said sale is in the best interests of the District and that no person holding any office of the District either by election or appointment, is in any manner interested, either directly or indirectly, in his own name or in the name of any other person, association, trust or corporation, in said sale for the purchase of the Bonds.

Section 13. Non-Arbitrage and Tax-Exemption. The principal proceeds from the sale of the Bonds shall be devoted to and used with due diligence for the purpose for which the Bonds are being issued, and the Board represents and certifies that:

- (1) That all of the proceeds of sale of and investment earnings on the Bonds are needed for the purpose for which the Bonds are issued, including expenses incidental to such purpose and to the issuance of the Bonds;
- (2) That accrued interest received upon the sale of the Bonds will be deposited in the Bond Fund and applied to the first interest due thereon;
- (3) That the District has not accumulated and does not expect to accumulate amounts of money in a fund to pay or to be held as security for the payment of principal and interest on the Bonds, other than in the Bond Fund, and (a) amounts deposited in the Bond Fund are expected to be spent within 13 months from the date of deposit

thereof into the Bond Fund; (b) interest earned by the Bond Fund is to be spent within 12 months from date of receipt; and (c) the Bond Fund will be depleted at least once a year to an amount not greater than 1/12 of the then current annual debt service on the Bonds;

- (4) That except for the accrued interest on the Bonds, no proceeds of the Bonds or any investment earnings thereon will be used more than 30 days after the date of issue of the Bonds for the purpose of paying any principal or interest on any issue of bonds, notes, certificates or warrants or other obligation of the District or for the purpose of replacing any funds of the District used for such purpose;
- (5) That the District and all subordinate entities thereof will not issue obligations, including the Bonds, during the calendar year 2000 the total aggregate face amount of which exceeds \$5,000,000;
- (6) That none of the proceeds of the Bonds will be used directly or indirectly in a trade or business carried on by any person other than the District and no portion of the payment of the principal of, or the interest on, the Bonds directly or indirectly (a) secured by any interest in property used or to be used for a private business use or payment in respect to such property or (b) to be derived from payment (whether or not to the District) in respect of property, or borrowed money, used or to be used for a private business use;
- (7) That none of the proceeds of the Bonds are to be used (directly or indirectly) to make or finance loans to any person; and
- (8) That to the best of the knowledge and belief of the Board, there are no facts, estimates or circumstances that would materially change the conclusions and representations set out in this Section and the expectations set out in this Section are reasonable.

The Board also certifies and further covenants with the purchasers and holders of the Bonds from time to time outstanding, that so long as any of the Bonds remain outstanding, moneys on deposit in any fund or account in connection with the Bonds, whether or not such moneys were derived from the proceeds of the sale of the Bonds or from any other sources, will not be used in a manner which will cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and any lawful regulations promulgated or proposed thereunder. The Board reserves the right, however, to make any investment of such moneys permitted by Illinois law if, when and to the extent that said Section 148 or regulations promulgated thereunder shall be repealed or relaxed or shall be held void by final decision of a court of competent jurisdiction, but only if any investment made by virtue of such repeal, relaxation or decision would not, in the opinion of counsel of recognized competence in such matters, result in making the interest on the Bonds subject to federal income taxation.

The Board hereby authorizes the officials of the District responsible for issuing the Bonds, the same being the President, District Clerk and Treasurer of the District, to make such further covenants and certifications as may be necessary to assure that the use thereof will not cause the Bonds to be "arbitrage bonds."

The District also agrees and covenants with the purchasers and holders of the Bonds from time to time outstanding that, to the extent possible under Illinois law, it will comply with whatever federal law is adopted in the future which applies to the Bonds and affects the tax-exempt status of the Bonds.

Section 14. Not Private Activity Bonds. None of the Bonds is a "private activity bond" as defined in Section 141(a) of the Code. In support of such conclusion, the District certifies, represents and covenants as follows:

- (1) None of the proceeds of the Bonds are to be used, directly or indirectly, in any trade of business carried on by any person other than a state or local governmental unit.
- (2) No direct or indirect payments are to be made on any Bond with respect to any private business use by any person other than a state or local governmental unit other than generally as a rate payer.
- (3) None of the proceeds of the Bonds are to be used, directly or indirectly, to make or finance loans to persons other than a state or local governmental unit.
- (4) No user of the Project other than the District will use the same on any basis other than the same basis as the general public; and no person will be a user of the Project as a result of (i) ownership or (ii) actual or beneficial use pursuant to a lease, a management or incentive payment contract, or (iii) any other arrangement.

Section 15. Arbitrage Rebate Exemption. The District recognizes that the provisions of Section 148 of the Code require a rebate to the United States in certain circumstances. An exemption to rebate requirements appears at Section 148(f)(4)(c) of the Code and applies to this issue. No rebate is required or planned by the District. In support of this conclusion, the District covenants, represents and certifies as follows:

- (1) The District is a governmental unit having general taxing powers.
- (2) No Bond in this issue is a "private activity bond" as defined in Section 141(a) of the Code.
- (3) All the net proceeds of the Bonds are to be used for local government activities of the District described in this Ordinance.

- (4) That the aggregate face amount of all tax-exempt bonds (other than "private activity bonds" as defined in the Code) issued by the District (and all subordinate entities thereof) during 2000 is not reasonably expected to exceed \$5,000,000.

Section 16. Qualified Tax-Exempt Obligations. The District recognizes the provisions of Section 265(b)(3) of the Code which provide that a "qualified tax-exempt obligation" as therein defined may be treated by certain financial institutions as if it were acquired on August 7, 1986, for certain purposes. The District hereby designates each of the Bonds as may be from time to time outstanding for purposes of Section 265(b)(3) of the Code as a "qualified tax-exempt obligation" as provided therein. In support of such designation, the District certifies, represents and covenants as follows:

- (1) The Bonds are not "private activity bonds" as defined in Section 141(a) of the Code.
- (2) Including the Bonds, the District (including any entities subordinate thereto) has not and does not reasonably expect to issue in excess of \$10,000,000 in "qualified tax-exempt obligations" (other than "private activity bonds") (as such terms are defined in the Code) during 2000.
- (3) Including the Bonds, not more than \$10,000,000 of obligations issued by the District (including any entities subordinate thereto) during the calendar year of issuance of the Bonds have been to date or will be designated by the District for purposes of said Section 265(b)(3).

Section 17. Registered Form. The District recognizes that Section 149(j) of the Internal Revenue Code of 1986, as amended, requires the Bonds to be issued and to remain in fully registered form in order that interest thereon not be includable in gross income for federal income tax purposes under laws in force at the time the Bonds are delivered. The District will not take any action to permit the Bonds to be issued in, or converted into, bearer or coupon form.

Section 18. List of Registered Owners. The Bond Registrar shall maintain a list of the names and addresses of the owners of all Bonds, and upon any transfer shall add the name and address of the new Registered Owner and eliminate the name and address of the transferor Registered Owner.

Section 19. Duties of Bond Registrar. The District as Bond Registrar hereby accepts the following duties:

- (1) to act as bond registrar, authenticating agent, and transfer agent as provided herein;
- (2) to maintain a list of Registered Owners as set forth herein, but otherwise to keep such list confidential;

- (3) to cancel or destroy Bonds which have been paid at maturity or upon earlier redemption or submitted for exchange or transfer.

Section 20. Continuing Disclosure. To the extent required by the Securities and Exchange Commission Rule 15c2-12(b)(5) promulgated under the Securities Exchange Act of 1934, the District covenants and agrees to provide certain annual financial information relating to the District and to provide notices of the occurrence of certain enumerated events, if material, for the benefit of the beneficial owners of the Bonds.

The annual financial information shall consist of the annual audited financial statement of the District. Each annual audited financial statement will conform to generally accepted accounting principles applicable to governmental units and will be prepared in accordance with standards of the Governmental Accounting Standards Board. The annual financial information shall be filed with the Illinois state information depository, if any. The District covenants to send the annual financial information to any person who should request such information.

The District also covenants and agrees, for the benefit of the beneficial owners of the Bonds, to provide timely notice to the Municipal Securities Rulemaking Board and to the Illinois state information depository, if any, of the occurrence of any of the following events with respect to the Bonds, if material: (1) principal and interest payment delinquencies; (2) non-payment related defaults; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions or events affecting the tax-exempt status of the Bonds; (7) modifications to rights of bondholders; (8) Bond calls; (9) defeasances; (10) release, substitution or sale of property securing repayment of the Bonds; and (11) rating changes.

It is found and determined that the District has agreed to the undertakings contained in this Section in order to assist participating underwriters of the Bonds and brokers, dealers and municipal securities dealers in complying with said Rule 15c2-12(b)(5). The Treasurer of the District is authorized and directed to do and perform, or cause to be done or performed, for or on behalf of the District, each and every thing necessary to accomplish the undertakings of the District contained in this Section for so long as said Rule 15c2-12(b)(5) is applicable to the Bonds and the District remains an "obligated person" under the Rule with respect to the Bonds.

The undertakings contained in this Section may be amended by the District upon a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the obligated person, or type of business conducted, provided that (a) the undertaking, as amended, would have complied with the requirements of Rule 15(c)2-12(b)(5) at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances and (b) in the


opinion of nationally recognized bond counsel selected by the District, the amendment does not materially impair the interests of the beneficial owners of the Bonds.

Section 21. Supplemental Documents. The President, District Clerk and Treasurer are hereby authorized to execute or attest such documents as necessary to carry out the intent of this Ordinance, the execution of such documents to constitute conclusive evidence of their approval and approval hereunder.

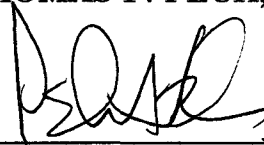
Section 22. Severability. If any section, paragraph or provision of this ordinance shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this ordinance.

Section 23. Repealer and Effective Date. All ordinances, resolutions, orders or parts thereof in conflict herewith be and the same are hereby repealed, and this ordinance shall be in full force and effect forthwith upon its passage.

Passed July 27, 2000.



THOMAS F. PECK, President



PETER A. FELICE, District Clerk

(SEAL)

South Lyons Township Sanitary District

6246 Joliet Road

Suite 1

Countryside, Illinois 60525-3990

(708) 354-7390

FAX (708) 354-0807

TRUSTEES

THOMAS F. PECK
PRESIDENT

JOHN C. WALSH
VICE-PRESIDENT

PETER A. FELICE
CLERK

OFFICIALS

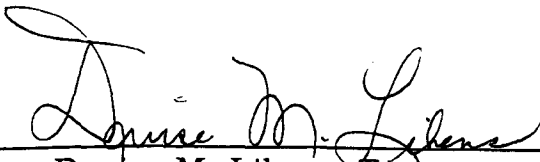
DENISE M. LIKENS
TREASURER

CERTIFICATE OF ABATEMENT OF TAX LEVY

Pursuant to the provisions of Section 8 of Ordinance No. 2000-06, the tax levied in Section 7 is hereby abated in full so that the tax levy is:

<u>Tax Year</u>	<u>Original Levy</u>	<u>Amount Abated</u>	<u>Tax Levy</u>
2000	\$ 49,000	\$ 49,000	\$ 0
2001	\$ 49,505	\$ 49,505	\$ 0
2002	\$ 49,895	\$ 49,895	\$ 0
2003	\$ 50,170	\$ 50,170	\$ 0
2004	\$ 50,330	\$ 50,330	\$ 0
2005	\$ 50,375	\$ 50,375	\$ 0
2006	\$ 50,305	\$ 50,305	\$ 0
2007	\$ 50,120	\$ 50,120	\$ 0
2008	\$ 49,820	\$ 49,820	\$ 0
2009	\$ 49,405	\$ 49,405	\$ 0
2010	\$ 52,875	\$ 52,875	\$ 0

August 1, 2000.



 Denise M. Likens, Treasurer

Aug 1 2000

Aug 1 2000