

ORDINANCE NO. 07- 1

**AN ORDINANCE AUTHORIZING THE ISSUANCE OF
GENERAL OBLIGATION BONDS (ALTERNATE
REVENUE SOURCE), SERIES 2007, OF THE
COLLINSVILLE AREA RECREATION DISTRICT,
MADISON AND ST. CLAIR COUNTIES, ILLINOIS,
PROVIDING THE DETAILS OF SUCH BONDS AND FOR
ALTERNATE REVENUE SOURCES AND THE LEVY OF
DIRECT ANNUAL TAXES SUFFICIENT TO PAY THE
PRINCIPAL OF AND INTEREST ON SUCH BONDS, AND
RELATED MATTERS**

WHEREAS, The Collinsville Area Recreation District, Madison and St. Clair Counties, Illinois (the “**Issuer**”), is a park district duly established, existing and operating in accordance with the provisions of the Park District Code (Section 1205/1-1 *et seq.* of Chapter 70 of the Illinois Compiled Statutes); as supplemented and amended, including by the Local Government Debt Reform Act (Section 350/1 *et seq.* of Chapter 30 of the Illinois Compiled Statutes); and

WHEREAS, the Board of Park Commissioners of the Issuer (the “**Corporate Authorities**”) has determined that it is advisable, necessary and in the best interests of the Issuer’s public health, safety and welfare to undertake the acquisition, construction and installation of land condemned or purchased for parks, for the building, maintaining, improving and protecting of the same and the existing land and facilities of the District, including the acquisition of a golf course and related furnishings, fixtures and equipment, and related and appurtenant facilities, improvements and costs (the “**Project**”); and

WHEREAS, the total estimated costs of the Project, including related issuance costs and other expenses, is to be paid in whole or in part from proceeds of the hereinafter described alternate bonds, being general obligation in lieu of revenue bonds as authorized by Section 15 of the Local Government Debt Reform Act (Section 350/15 of Chapter 30 of the Illinois Compiled Statutes), but nevertheless expected to be paid from one or more of (Collectively, (i) and (ii) are “**Pledged Revenues.**”): (i) general tax receipts (“**General Tax Receipts**”); and (ii) proceeds of non referendum general obligation bonds or notes and/or limited bonds or notes (to the extent lawful, “**General Obligation Bond Proceeds**”), as further referenced in this ordinance as alternate revenue sources, rather than by any levy of taxes, and any balance from other funds legally available for such purpose; and

WHEREAS, the estimated cost to provide for the Project, and related legal, financial, bond discount, printing and publication costs, and other expenses preliminary to and in connection with the Project is anticipated not to exceed the amount presently anticipated and

planned to be paid from proceeds of the hereinafter described Bonds, which are to be repaid from one or both of (i) General Tax Receipts and (ii) General Obligation Bond Proceeds ((i) and (ii) each constituting a “**revenue source**” under the Local Government Debt Reform Act); and

WHEREAS, ORDINANCE NO. 06-1, AN ORDINANCE AUTHORIZING THE ISSUANCE OF UP TO \$10,000,000 ALTERNATE REVENUE SOURCE BONDS OF THE COLLINSVILLE AREA RECREATION DISTRICT, IN MADISON AND ST. CLAIR COUNTIES, ILLINOIS, FOR THE PURPOSE OF FINANCING AND REFINANCING PARK DISTRICT FACILITIES (the “**Preliminary Ordinance**”), passed and approved August 1, 2006, together with a separate notice of intent to issue alternate bonds (being general obligation in lieu of revenue bonds) was published on August 5, 2006, in the *News Democrat*, a newspaper published in Belleville, Illinois, and of general circulation within the corporate limits of the Issuer; and

WHEREAS, more than thirty (30) days have elapsed since the date of publication of the Preliminary Ordinance and such notices described above and the Issuer has received no petition in connection with the Bonds and the Project, a form of petition therefor being at all relevant times available in the office of the Secretary since August 1, 2006; and

WHEREAS, the Issuer has insufficient funds to pay the costs of the Project and, therefore, must borrow money and issue general obligation bonds (Alternate Revenue Source) under the Preliminary Ordinance and this ordinance, in evidence thereof up to the aggregate principal amount of \$10,000,000 for such purposes; and

WHEREAS, pursuant to and in accordance with the provisions of Section 15 of the Local Government Debt Reform Act (Section 350/15 of Chapter 30 of the Illinois Compiled Statutes), as supplemented and amended, the Preliminary Ordinance and this ordinance, the Issuer is authorized to issue its General Obligation Bonds (Alternate Revenue Source), Series 2007, up to the aggregate principal amount set forth above (the “**Bonds**”), for the purpose of providing funds to pay all or a portion of the costs of the Project; and

WHEREAS, after notice having been duly published on August 27, 2006 in the *News Democrat*, Belleville, Illinois, the Corporate Authorities on September 5, 2006 held, conducted and concluded the public hearing required by the Bond Issue Notification Act (30 ILCS 352/1 *et seq.*); and

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

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NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF PARK COMMISSIONERS OF THE COLLINSVILLE AREA RECREATION DISTRICT, MADISON AND ST. CLAIR COUNTIES, ILLINOIS, as follows:

Section 1. Definitions. Certain words and terms used in this ordinance shall have the meanings given them herein, including above in the preambles hereto, and the meanings given them in this Section 1, unless the context or use clearly indicates another or different meaning is intended. Certain definitions are as follows:

“**Act**” means, collectively, the Local Government Debt Reform Act (Section 350/1 *et seq.* of Chapter 30 (and particularly Section 350/15 thereof) of the Illinois Compiled Statutes, as supplemented and amended, and the Park District Code (Section 1205/1-1 *et seq.* of Chapter 70 of the Illinois Compiled Statutes), as supplemented and amended, including by applicable laws authorizing and otherwise in connection with the Pledged Reserves constituting revenue sources (as supplemented and amended, the “**Revenue Source Acts**”), including, without limitation, by the Registered Bond Act, the Illinois Bond Replacement Act and the Bond Authorization Act.

“Alternate Bonds” means **“alternate bonds”** as described in Section 15 of the Local Government Debt Reform Act (Section 350/15 of Chapter 30 of the Illinois Compiled Statutes), and includes expressly the Bonds.

“Arbitrage Agreement” means, as applicable, the Issuer’s Arbitrage Regulation Agreement as to, among other things, arbitrage rebate under Section 148(f) of the Code.

“Bona fide debt service fund” means a fund or account that: (1) is used primarily to achieve a proper matching of revenues with principal and interest payments within each bond year; and (2) is depleted at least once each bond year, except for a reasonable carryover amount not to exceed the greater of: (i) the earnings on the fund for the immediately preceding bond year; or (ii) one-twelfth of the principal and interest payments on the issue for the immediately preceding Bond Year.

“Bond” or **“Bonds”** means, collectively the Issuer’s \$10,000,000 maximum principal amount General Obligation Bonds (Alternate Revenue Source), Series 2007, authorized by this ordinance.

“Bond Order” means the Bond Order under Section 3(a).

“Bond Year” means each annual period of December 2 in a calendar year to and including December 1 in the next calendar year.

“Code” means the Internal Revenue Code of 1986, as amended, and includes related and applicable Income Tax Regulations promulgated by the Treasury Department.

“Corporate Authorities” means the Board of Park Commissioners of the Issuer.

“Depository” means a securities depository in connection with Bonds immobilized in a global book-entry system, initially The Depository Trust Company, New York, New York (“DTC”).

“Disclosure Agreement” means the Issuer’s Continuing Disclosure Certificate and Agreement under Rule 15c2-12 related to the Bonds.

“Fiscal Year” means the twelve-month period constituting the Issuer’s fiscal year, not inconsistent with applicable law.

“Fund” means the Revenue Fund (2007), created and established under this ordinance.

“Insurer” means the issuer of a Policy securing the payment when due of the principal of and interest on all or a part of Bonds, including as specified, if at all, in a Bond Order.

“Issuer” means the Collinsville Area Recreation District, Madison and St. Clair Counties, Illinois.

“Junior Bond” means any Outstanding bond or Outstanding bonds payable from the Junior Debt Service Account of the Bond and Interest Account of the Fund, and includes expressly the Bonds.

“Official Statement” means the Official Statement of the Issuer related to the offering of the Bonds for public sale.

“Outstanding”, when used with reference to any bond or obligation, means any bond or obligation which is outstanding and unpaid; provided, however, such term shall not include bonds or obligations: (i) which have matured and for which moneys are on deposit with proper paying agents, or are otherwise properly available, sufficient to pay all principal and interest thereof, or (ii) the provision for payment of which has been made by the Issuer by the deposit in an irrevocable trust or escrow of funds of direct, full faith and credit obligations of the United States of America, the principal and interest of which will be sufficient to pay at maturity or as called for redemption all the principal of and applicable premium on such bonds or obligations, and will not result in the loss of the exclusion from gross income of the interest thereon under Section 103 of the Code.

“Parity Bonds” means bonds or any other obligations which share ratably and equally in the Revenues with either the Senior Bonds or the Junior Bonds, as set forth and provided for in any such ordinance authorizing the issuance of any such Parity Bonds.

“Pledged Revenues” means the Revenues, which each constitute a **“revenue source”** under the Local Government Debt Reform Act.

“Policy” means an Insurer’s bond insurance policy, or other credit facility as specified, if at all, in a Bond Order, insuring and securing the scheduled payments when due of all or a part of principal of and interest on the Bonds.

“Purchase Agreement” means the Bond Purchase Agreement to purchase Bonds, which upon acceptance and execution by the Issuer and the Underwriter constitutes the Purchase Agreement for the Bonds.

“Qualified Investments” means, subject to the restrictions thereon in connection with an Insurer’s Policy, legal investments of the Issuer under applicable law.

“Revenues” means, as applicable, each and both of: (i) General Tax Receipts; and (ii) General Obligation Bond Proceeds, received and to be received under applicable law, and to the extent lawful includes all investment income and earnings thereon.

“Rule 15c2-12” means Rule 15c2-12 of the Securities and Exchange Commission (“SEC”).

“Senior Bond” means any Outstanding bond or Outstanding bonds payable from the Senior Debt Service Account of the Bond and Interest Account of the Fund under this ordinance.

“Underwriter” means Mesirow Financial, Inc., with its principal office in Chicago, Illinois, the underwriter in connection with the Bonds.

“Yield Reduction Payments” or **“yield reduction payments”** shall have the meaning in Income Tax Regulations Section 1.148-5(c).

“Yield Restricted” or **“yield restricted”** with reference to an obligation means that the yield thereon is limited to the yield on the Bonds.

Section 2. Preambles, Authority and Useful Life. The Corporate Authorities hereby find that all the recitals contained in the preambles and recitals to this ordinance are true, complete and correct, and hereby incorporate them into this ordinance by this reference thereto. This ordinance is adopted pursuant to the Constitution and applicable laws of the State of Illinois, including the Act, for the purpose of paying all or a portion of the costs of the Project including costs of issuance of the Bonds. The Corporate Authorities hereby determine the period of usefulness of the Project to be not less than twenty-five (25) years from the expected date of delivery of the applicable series of Bonds.

Section 3. Authorization and Terms of Bonds. To meet all or a part of the estimated cost of the Project, there is hereby appropriated the sum of up to \$10,000,000, to be derived from the proceeds of the Bonds. For the purpose of financing such appropriation, the Bonds of the Issuer shall be issued and sold in the aggregate principal amount set forth above, and shall be issuable in the denomination of \$5,000 each or any authorized integral multiple thereof.

(a) **General Terms.** The Bonds shall be numbered consecutively from 1 upwards in order of their issuance and may bear such identifying numbers or letters as shall be useful to facilitate the registration, transfer and exchange of the Bonds. Unless otherwise determined in an order to authenticate the Bonds, each Bond shall be dated February 15, 2007 (or otherwise after such date and as of or before the date of issuance thereof). The Bonds are hereby authorized to bear interest at the rates percent per annum as shall be as shall be set forth in a Bond Order (but not to exceed 7.00%) and shall mature on December 1 of the years and in the principal amount in each year, commencing not before December 1, 2008 and ending not later than December 1, 2032, shall be specified in a Bond Order.

Each Bond shall bear interest from its date, or from the most recent interest payment date to which interest has been paid, 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 semiannually on each June 1 and December 1, commencing on or after December 1, 2007, at the rates percent per annum herein provided. The Bonds shall bear interest at such rates and mature in the principal amount in each year, but not exceeding \$10,000,000 in the aggregate, if different than as set forth above, and have such other terms and provisions, as set forth in a Bond Order, and not otherwise.

For purposes of the foregoing and otherwise in this ordinance, the term “**Bond Order**” shall mean a certificate signed by the President, and attested by the Secretary and under the seal of the Issuer, setting forth and specifying details of the Bonds, including, as the case may be, but not limited to, the aggregate principal amount, but not to exceed \$10,000,000, the aggregate principal amount of the series of Bonds, final interest rates, optional and mandatory call provisions, dated date, payment dates, sales price, status as “**qualified tax-exempt obligations**,” the final maturity schedule and an Insurer and Policy. The principal of and premium, if any, on the Bonds shall be payable in lawful money of the United States of America upon presentation and surrender thereof at the designated corporate trust office of the financial institution designated in this ordinance to act as the Paying Agent for the Bonds (including its successors, the “**Paying Agent**”). Interest on the Bonds shall be payable on each interest payment date to the registered owners of record appearing on the registration books maintained by the financial institution designated in this ordinance to act as the Bond Registrar on behalf of the Issuer for such purpose (including its successors, the “**Bond Registrar**”), at the principal corporate trust office of the Bond Registrar as of the close of business on the fifteenth (15th) day (whether or not a business day) of the calendar month next preceding the applicable interest payment date. Interest on the Bonds shall be paid by check or draft mailed by the Paying Agent to such registered owners at their addresses appearing on the registration books.

(b) Redemption. The bonds are subject to redemption, as follows:

(i) Optional. Bonds shall be subject to redemption prior to maturity in whole on any date or in part on any date, from among such maturities and in such order of maturity specified by the Issuer (but in inverse order if none is specified), at the applicable redemption price, plus accrued interest to the date fixed for redemption as provided in a Bond Order.

(ii) Mandatory Redemption. This paragraph (ii) shall apply only to the extent Section 3(a) or the Bond Purchase Agreement or a Bond Order or the final Official Statement shall specify any Term Bonds, and otherwise shall not apply. Bonds so specified as Term Bonds (the “**Term Bonds**”), if any, are subject to mandatory sinking fund redemption in the principal amount on December 1 of the years so specified, but corresponding to the principal maturities specified above in Section 3(a).

At its option before the 45th day (or such lesser time acceptable to the Bond Registrar) next preceding any mandatory sinking fund redemption date in connection with Term Bonds the Issuer by furnishing the Bond Registrar and the Paying Agent as appropriate certificate of direction and authorization executed by the President or Treasurer may: **(i)** deliver to the Bond Registrar for cancellation Term Bonds in any authorized aggregate principal amount desired; or **(ii)** furnish the Paying Agent funds for the purpose of purchasing any of such Term Bonds as arranged by the Issuer; or **(iii)** received a credit (not previously given) with respect to the mandatory sinking fund redemption obligation for such Term Bonds which prior to such date have been redeemed and cancelled. Each such Bond so delivered, previously purchased or redeemed shall be credited at 100% of the principal amount thereof, and any excess shall be credited with regard to future mandatory sinking fund redemption obligations for such Bonds in any specified order, but in chronological order if there is no specification, and the principal amount of Bonds to be so redeemed as provided shall be accordingly reduced. In the event

Bonds being so redeemed are in a denomination greater than \$5,000, a portion of such Bonds may be so redeemed, but such portion shall be in the principal amount of \$5,000 or any authorized integral multiple thereof.

(iii) Procedure. In the event of the redemption of less than all the Bonds of like maturity, the aggregate principal amount thereof to be redeemed shall be \$5,000 or an integral multiple thereof and the Bond Registrar shall assign to each Bond of such maturity a distinctive number for each \$5,000 principal amount of such Bond and shall select by lot from the numbers so assigned as many numbers as, at \$5,000 for each number, shall equal the principal amount of such Bonds to be redeemed. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected; provided that only so much of the principal amount of each Bond shall be redeemed as shall equal \$5,000 for each number assigned to it and so selected.

The Issuer shall deposit with the Paying Agent an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on the redemption date, together with interest to such redemption date, prior to giving any notice of redemption. With notice at least forty-five (45) days before the redemption date (or lesser notice acceptable to the Bond Registrar) to the Bond Registrar by the Issuer, which notice shall not be required for mandatory redemption under (ii) above, notice of the redemption of Bonds shall be given by first class mail not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for such redemption to the registered owners of Bonds to be redeemed at their last addresses appearing on such registration books. Such notice shall not be required in the case (ii) above. The Bonds or portions thereof specified in such notice shall become due and payable at the applicable redemption price on the redemption date therein designated, together with interest to the redemption date. If there shall be drawn for redemption less than all of a Bond, the Issuer shall execute and the Bond Registrar shall authenticate and deliver, upon the surrender of such Bond, without charge to the registered owner thereof, for the unredeemed balance of the Bond so surrendered, Bonds of like maturity and of the denomination of \$5,000 or any authorized integral multiple thereof.

All notices of redemption shall include at least the information as follows: (1) the redemption date; (2) the redemption price; (3) if less than all of the Bonds of a given maturity are to be redeemed, the identification and, in the case of partial redemption of the Bonds, the respective principal amounts of the Bonds to be redeemed; (4) a statement that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption and that interest thereon shall cease to accrue from such date; and (5) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal office of the Paying Agent.

Notice of redemption having been so given, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date such Bonds or portions of Bonds shall cease to bear interest. Neither the failure to mail such redemption notice nor any defect in any notice so mailed to any particular registered owner of a Bond shall affect the sufficiency of such notice with respect to other registered owners. Notice having been properly given, failure of a registered owner of a Bond to receive such notice shall not be deemed to invalidate, limit or

delay the effect of the notice or the redemption action described in the notice. Such notice may be waived in writing by a registered owner of a Bond, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice shall be filed, if at all, with the Bond Registrar, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver. Upon surrender of such Bonds for redemption in accordance with such notice, such Bonds shall be paid by the Paying Agent at the redemption price. Interest due on or prior to the redemption date shall be payable as herein provided for payment of interest.

In addition to the foregoing notice set forth above, further notice shall be given by the Bond Registrar on behalf of the Issuer as set out below, but no defect in such further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed. Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (a) the CUSIP number of all Bonds being redeemed; (b) the date of issue of the Bonds as originally issued; (c) the rate of interest borne by each Bond being redeemed; (d) the maturity date of each Bond being redeemed; and (e) any other descriptive information needed to identify accurately the Bonds being redeemed.

Each further notice of redemption shall be sent at least thirty-five (35) days before the redemption date to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Bonds and to one or more national information services, chosen in the discretion of the Bond Registrar, that disseminate notice of redemption of obligations such as the Bonds.

Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall identify the Bond or Bonds, or portion thereof, being redeemed with the proceeds of such check or other transfer.

If any Bond or portion of Bond called for redemption shall not be so paid upon surrender thereof for redemption, the principal, and premium, if any, shall, until paid, bear interest from the redemption date at the rate borne by the Bond or portion of such Bond so called for redemption. All Bonds which have been redeemed shall be cancelled and destroyed by the Bond Registrar and shall not be reissued.

(c) **Bond Order.** The terms and provisions of the Bonds are subject to modification or statement in a Bond Order. The Bond form shall be appropriately conformed to an applicable Bond Order.

(d) **Underwriting Discount.** The underwriting discount for the Bonds shall not exceed two percent.

Section 4. Execution and Authentication. Each Bond shall be executed in the name of the Issuer by the manual or authorized facsimile signature of its President and the corporate seal of the Issuer, or a facsimile thereof, shall be thereunto affixed, impressed or otherwise reproduced or placed thereon and attested by the manual or authorized facsimile

signature of its Secretary. Temporary Bonds, preliminary to the availability of Bonds in definitive form, shall be and are hereby authorized and approved.

In case any officer whose signature, or a facsimile of whose signature, shall appear on any Bond shall cease to hold such office before the issuance of such Bond, such Bond shall nevertheless be valid and sufficient for all purposes, the same as if the person whose signature, or a facsimile thereof, appears on such Bond had not ceased to hold such office. Any Bond may be signed, sealed or attested on behalf of the Issuer by any person who, on the date of such act, shall hold the proper office, notwithstanding that at the date of such Bond such person may not hold such office. No recourse shall be had for the payment of any Bonds against the Corporate Authorities any officer or employee of the Issuer (past, present or future) who executes the Bonds, or on any other basis.

Each Bond shall bear thereon a certificate of authentication executed manually by the Bond Registrar. No Bond shall be entitled to any right or benefit under this ordinance or shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Bond Registrar. 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 hereunder.

Section 5. Registration of Bonds and Book-Entry. The Bonds shall be negotiable, subject to the provisions for registration of transfer contained herein and related to book-entry only registration.

(a) General. This subsection (a) is subject to the provisions of subsection (b) concerning book-entry only provisions. The Issuer 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 corporate trust office of the Bond Registrar, which is hereby constituted and appointed the Bond Registrar of the Issuer. The Issuer is authorized to prepare, and the Bond Registrar shall keep custody of, multiple Bond blanks executed by the Issuer for use in the issuance from time to time of the Bonds and in the transfer and exchange of Bonds.

Upon surrender for transfer of any Bond at the principal corporate trust 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 such owner’s attorney duly authorized in writing, the Issuer 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 series and maturity of authorized denominations, for a like aggregate principal amount. Any fully registered Bond or Bonds may be exchanged at the designated office of the Bond Registrar for a like aggregate principal amount of Bond or Bonds of the same series and maturity of other authorized denominations. The execution by the Issuer

of any fully registered Bond shall constitute full and due authorization of such Bond, and the Bond Registrar shall thereby be authorized to authenticate, date and deliver such Bond.

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

No service charge shall be made for any transfer or exchange of Bonds, but the Issuer 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 exchanged in the case of the issuance of a Bond or Bonds for the outstanding portion of a Bond surrendered for redemption.

The President or Secretary or Treasurer may, in his or her discretion at any time, designate a bank with trust powers or trust company, duly authorized to do business as a bond registrar, paying agent, or both, to act in one or both such capacities hereunder, in the event the President or Treasurer shall determine it to be advisable. Notice shall be given to the registered owners of any such designation in the same manner, as near as may be practicable, as for a notice of redemption of Bonds, and as if the date of such successor taking up its duties were the redemption date.

(b) Book-Entry-Only Provisions. Unless otherwise set forth in a Bond Order, the Bonds shall be issued in the form of a separate single fully registered Bond of each series for each of the maturities of the Bonds. Upon initial issuance, the ownership of each such Bond shall be registered in the Bond Register therefor in a street name (initially "**Cede & Co.**") of the Depository, initially DTC, or any successor thereto, as nominee of the Depository. The outstanding Bonds from time to time may be registered in the Bond Register in a street name, as nominee of the Depository. As necessary, the President or Treasurer is authorized to execute and deliver on behalf of the Issuer such letters to or agreements with the Depository as shall be necessary to effectuate such book-entry system (any such letter or agreement being referred to herein as the "**Representation Letter**"). Without limiting the generality of the authority given to the President or Treasurer with respect to entering into such Representation Letter, it may contain provisions relating to (a) payment procedures, (b) transfers of the Bonds or of beneficial interest therein, (c) redemption notices and procedures unique to the Depository, (d) additional notices or communications, and (e) amendment from time to time to conform with changing customs and practices with respect to securities industry transfer and payment practices.

With respect to Bonds registered in the Bond Register in the name of a nominee of the Depository, the Issuer and the Bond Registrar shall have no responsibility or obligation to any broker-dealer, bank or other financial institution for which the Depository holds Bonds from time to time as securities depository (each such broker-dealer, bank or other financial institution being referred to herein as a "**Depository Participant**") or to any person on behalf of whom such a Depository Participant holds an interest in the Bonds, i.e., an "**indirect participant**" or a

“beneficial owner”. Without limiting the meaning of the foregoing, the Issuer and the Bond Registrar shall have no responsibility or obligation with respect to (a) the accuracy of the records of the Depository, the nominee, or any Depository Participant with respect to any ownership interest in the Bonds, (b) the delivery to any Depository Participant or any other person, other than a registered owner of a Bond as shown in the Bond Register, of any notice with respect to the Bonds, including any notice of redemption, or (c) the payment to any Depository Participant or any other person, other than a registered owner of a Bond as shown in the Bond Register, of any amount with respect to principal of or interest on the Bonds.

As long as the Bonds are held in a book-entry-only system, no person other than the nominee of the Depository, or any successor thereto, as nominee for the Depository, shall receive a Bond certificate with respect to any Bonds. Upon delivery by the Depository to the Bond Registrar of written notice to the effect that the Depository has determined to substitute a new nominee in place of the prior nominee, and subject to the provisions hereof with respect to the payment of interest to the registered owners of Bonds as of the close of business on the fifteenth (15th) day (whether or not a business day) of the month next preceding the applicable interest payment date, the reference herein to nominee in this ordinance shall refer to such new nominee of the Depository.

In the event that (a) the Issuer determines that the Depository is incapable of discharging its responsibilities described herein and in the Representation Letter, (b) the agreement among the Issuer, the Bond Registrar, the Paying Agent and the Depository evidenced by the Representation Letter shall be terminated for any reason or (c) the Issuer determines that it is in the best interests of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, the Issuer shall notify the Depository and the Depository Participants of the availability of Bond certificates, and the Bonds shall no longer be restricted to being registered in the Bond Register in the name of a nominee of the Depository. At that time, the Issuer may determine that the Bonds shall be registered in the name of and deposited with a successor depository operating a book-entry system, as may be acceptable to the Issuer, or such depository’s agent or designee, and if the Issuer does not select such alternate book-entry system, then the Bonds may be registered in whatever name or names registered owners of Bonds transferring or exchanging Bonds shall designate, in accordance with the provisions hereof. Notwithstanding any other provision of this ordinance to the contrary, so long as any Bond is registered in the name of a nominee of the Depository, all payments with respect to principal of and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, in the manner provided in the Representation Letter.

(c) **Limit.** The Bond Registrar shall not be required to exchange or transfer any Bond during the period from the fifteenth (15th) day of the calendar month next preceding any interest payment date to such interest payment date or during the period of fifteen (15) days next preceding the mailing of a notice of redemption which could designate all or a part of any Bonds for redemption, or after such mailing.

Section 6. Bond Registrar/Paying Agent/Escrow Agent. With respect to this ordinance and the Bonds, the Escrow Agent and the Bond Registrar and Paying Agent shall be The Bank of New York Trust Company, N.A., with its principal corporate trust office in St.

Louis, Missouri. The Issuer covenants that it shall at all times retain a Bond Registrar and Paying Agent with respect to the Bonds and shall cause to be maintained at the office of such Bond Registrar a place where Bonds may be presented for registration of transfer or exchange, that it will maintain at the designated office of the Paying Agent a place where Bonds may be presented for payment, that it shall require that the Bond Registrar maintain proper registration books and that it shall require the Bond Registrar and Paying Agent to perform the other duties and obligations imposed upon each of them by this ordinance in a manner consistent with the standards, customs and practices concerning municipal securities. The Issuer may enter into appropriate agreements with any Bond Registrar and any Paying Agent in connection with the foregoing, including as follows:

- (a) to act as Bond Registrar, authenticating agent, Paying Agent and transfer agent as provided herein;
- (b) to maintain a list of the registered owners of the Bonds as set forth herein and to furnish such list to the Issuer upon request, but otherwise to keep such list confidential;
- (c) to cancel and/or destroy Bonds which have been paid at maturity or submitted for exchange or transfer;
- (d) to give notices of redemption of Bonds to be redeemed;
- (e) to furnish the Issuer at least annually a certificate with respect to Bonds cancelled and/or destroyed; and
- (f) to furnish the Issuer at least annually an audit confirmation of Bonds paid, Bonds outstanding and payments made with respect to interest on the Bonds.

In any event, the Bond Registrar and Paying Agent shall comply with (a) - (f) above.

The Bond Registrar and Paying Agent shall signify their acceptances of the duties and obligations imposed upon them by this ordinance. The Bond Registrar by executing the certificate of authentication on any Bond shall be deemed to have certified to the Issuer that it has all requisite power to accept, and has accepted, such duties and obligations, not only with respect to the Bond so authenticated but with respect to all of the Bonds. The Bond Registrar and Paying Agent are the agents of the Issuer for such purposes and shall not be liable in connection with the performance of their respective duties except for their own negligence or default. The Bond Registrar shall, however, be responsible for any representation in its certificate of authentication on the Bonds.

The Issuer may remove the Bond Registrar or Paying Agent at any time. In case at any time the Bond Registrar or Paying Agent shall resign (such resignation to not be effective until a successor has accepted such role) or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Bond Registrar or Paying Agent, or of its property, shall be appointed, or if any public officer

shall take charge or control of the Bond Registrar or Paying Agent or of their respective properties or affairs, the Issuer covenants and agrees that it will thereupon appoint a successor Bond Registrar or Paying Agent, as the case may be. The Issuer shall mail or cause to be mailed notice of any such appointment made by it to each registered owner of Bonds within twenty (20) days after such appointment. Any Bond Registrar or any Paying Agent appointed under the provisions of this Section 7 shall be a bank, trust company or other qualified professional with respect to such matters, authorized to exercise such functions in the State of Illinois.

Section 7. Alternate Bonds. Under and pursuant to Section 15 of the Local Government Debt Reform Act, the full faith and credit of the Issuer are hereby irrevocably pledged to the punctual payment of the principal of, premium, if any, and interest on the Bonds; the Bonds shall be direct and general obligations of the Issuer; and the Issuer shall be obligated to levy ad valorem taxes upon all the taxable property within the Issuer's corporate limits, for the payment of the Bonds and the interest thereon, without limitation as to rate or amount (such ad valorem taxes being the "**Pledged Taxes**").

Pledged Revenues are hereby determined by the Corporate Authorities to be sufficient to provide for or pay in each year to final maturity of the Bonds all of the following: (1) the debt service on all Outstanding revenue bonds or other obligations payable from Pledged Revenues, (2) all amounts required to meet any fund or account requirements with respect to such Outstanding revenue bonds, (3) other contractual or tort liability obligations, if any, payable from such Pledged Revenues, and (4) in each year, an amount not less than 1.25 times debt service of all (i) Alternate Bonds payable from such Pledged Revenues previously issued and outstanding, and (ii) Alternate Bonds payable from such Pledged Revenues proposed to be issued, including the Bonds. The Pledged Revenues shall be and are hereby determined by the Corporate Authorities to provide in each year an amount not less than 1.25 times debt service (as defined in Section 2 of the Local Government Debt Reform Act) of Alternate Bonds payable from such revenue sources previously issued and outstanding, of which there are none, and Alternate Bonds proposed to be issued. Such conditions enumerated need not be met for that amount of debt service (as defined in Section 2 of the Local Government Debt Reform Act) provided for by the setting aside of proceeds of bonds or other moneys at the time of the delivery of such bonds. The Pledged Revenues are hereby determined by the Corporate Authorities to provide in each year all amounts required to meet any fund or account requirements with respect to this ordinance, any contractual or tort liability obligations, if any, payable from Pledged Revenues, and an amount not less than 1.25 times debt service (as defined in Section 2 of the Local Government Debt Reform Act) of all of the Outstanding Bonds, payable from such Pledged Revenues. The determination of the sufficiency of the Pledged Revenues is supported by reference to the most recent audit of the Issuer, for a Fiscal Year ending not earlier than 18 months previous to the time of issuance of the Bonds, and, therefore, no supporting "**report**" under Section 15 of the Local Government Debt Reform Act is expected to be required, but if required is hereby authorized.

The Bonds shall be and are on parity with each other, and shall share equally and ratably in the Pledged Revenues and the Pledged Taxes as to security and source of payment and the security of this ordinance.

Section 8. Form of Bonds. Unless Bonds in typewritten form are accepted or in any contract for the sale of the Bonds the purchaser or purchasers of the Bonds shall agree to accept typewritten or other temporary Bonds preliminary to the availability of, or in lieu of, Bonds in printed form, the Bonds shall be prepared in compliance with the National Standard Specifications for Fully Registered Municipal Securities prepared by the American National Standards Institute, and in any event shall be in substantially the following form [provided, however, that appropriate insertions, deletions and modifications in the form of the Bonds may be made, including as to reordering paragraphs and to the custom of printing Bonds in part on the front and back of certificates and as to matters specific to a particular series of the Bonds, in an appropriate form prepared by Bond counsel, not inconsistent herewith]:

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**UNITED STATES OF AMERICA
STATE OF ILLINOIS
COLLINSVILLE AREA RECREATION DISTRICT
GENERAL OBLIGATION BOND
(ALTERNATE REVENUE SOURCE)
SERIES 2007**

REGISTERED NO. _____

REGISTERED \$ _____

INTEREST RATE:

MATURITY DATE:

DATED DATE:

CUSIP:

Registered Owner:

Principal Amount:

KNOW ALL BY THESE PRESENTS that the Collinsville Area Recreation District, Madison and St. Clair Counties, Illinois (the “**Issuer**”), acknowledges itself indebted and for value received hereby promises to pay to the Registered Owner identified above, or registered assigns, the Principal Amount set forth above on the Maturity Date specified above, and to pay interest on such Principal Amount from the later of the Dated Date hereof or the most recent interest payment date to which interest has been paid, at the Interest Rate per annum set forth 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 semiannually on the first (1st) days of June and December in each year, commencing _____, 200_, until the Principal Amount hereof shall have been paid, by check or draft mailed to the Registered Owner of record hereof as of the close of business on the fifteenth (15th) day (whether or not a business day) of the calendar month next preceding such interest payment date, at the address of such Registered Owner appearing on the registration books maintained for such purpose at the principal corporate trust office of The Bank of New York Trust Company, N.A., St. Louis, Missouri, as Bond Registrar (including its successors, the “**Bond Registrar**”). This Bond, as to principal and premium, if any, when due, will be payable in lawful money of the United States of America upon presentation and surrender of this Bond at the principal corporate trust office of The Bank of New York Trust Company, N.A., St. Louis, Missouri, as Paying Agent (including its successors, the “**Paying Agent**”). The Bonds are payable from (i) General Tax Receipts and/or (ii) General Obligation Bond Proceeds, constituting Pledged Revenues (each as defined in the hereinafter defined Bond Ordinance); and although it is expected, and has been certified, that the Bonds are to be paid from such Pledged Revenues, which Pledged Revenues are pledged to the payment thereof second, junior and subordinate to any bonds or other obligations thereon, the full faith and credit of the Issuer, including the power to levy taxes without limit as to rate or amount are irrevocably pledged for the punctual payment of the principal of and interest on this Bond and each Bond of the series of which it is a part, according to the terms thereof. This Bond, and each of the series of Bonds of which it is one, are issued on parity with each other, regardless of date of issue, and share equally and ratably in the Pledged Revenues as to security and source of payment and in the security of the authorizing ordinance therefor.

This Bond is one of a series of Bonds issued in the aggregate principal amount of \$_____, which are all of like tenor, except as to maturity, interest rate and right of redemption, and which are authorized and issued under and pursuant to the Constitution and laws of the State of Illinois, including Park District Code, (70 ILCS 1205/1-1 *et seq.*) Section 15 of the Local Government Debt Reform Act (Section 350/15 of Chapter 30 of the Illinois Compiled Statutes, in connection with “**alternate bonds**”, as supplemented and amended), applicable laws in connection with the imposition, receipt, distribution and application of each source of Pledged Revenues (collectively, the “**Revenue Source Acts**”), as supplemented and amended, including by the Registered Bond Act, the Illinois Bond Replacement Act, the Bond Authorization Act, and pursuant to and in accordance with Ordinance No. 07-_____, adopted by the Board of Park Commissioners of the Issuer on _____, 2007, and entitled: “AN ORDINANCE AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION BONDS (ALTERNATE REVENUE SOURCE), SERIES 2007, OF THE COLLINSVILLE AREA RECREATION DISTRICT, MADISON AND ST. CLAIR COUNTIES, ILLINOIS, PROVIDING THE DETAILS OF SUCH BONDS AND FOR ALTERNATE REVENUE SOURCES AND THE LEVY OF DIRECT ANNUAL TAXES SUFFICIENT TO PAY THE PRINCIPAL OF AND INTEREST ON SUCH BONDS, AND RELATED MATTERS” (with respect to which undefined terms herein shall have the meanings therein, the “**Bond Ordinance**”). The Bonds are issued to pay the costs of the acquisition, construction and installation of land condemned or purchased for parks, for the building, maintaining, improving and protecting of the same and the existing land and facilities of the District, including the acquisition of a golf course and related furnishings, fixtures and equipment, and related facilities, improvements and costs, and to pay costs, including costs of issuance of the Bonds.

Bonds maturing on and after December 1, 20____, shall be subject to redemption prior to maturity on December 1, 20____, and thereafter in whole on any date or in part on any date, from such maturities or in such order of maturity, as specified by the Issuer (but in inverse order if none is specified), on the applicable redemption date and at a redemption price of _____, plus accrued interest to the date fixed for redemption.

[Term Bond provisions as applicable]

In the event of the redemption of less than all the Bonds of like maturity, the aggregate principal amount thereof to be redeemed shall be \$5,000 or an authorized integral multiple thereof, and the Bond Registrar shall assign to each Bond of such maturity a distinctive number for each \$5,000 principal amount of such Bond and shall select by lot from the numbers so assigned as many numbers as, at \$5,000 for each number, shall equal the principal amount of such Bonds to be redeemed. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected; provided that only so much of the principal amount of each Bond shall be redeemed as shall equal \$5,000 for each number assigned to it and so selected.

The Issuer shall deposit with the Paying Agent an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on the redemption date, together with interest to such redemption date, prior to giving any notice of redemption. Notice of the redemption of Bonds shall be given by first class mail not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for such redemption to the

registered owners of Bonds to be redeemed at their last addresses appearing on the registration books therefor. The Bonds or portions thereof specified in such notice shall become due and payable at the redemption price on the redemption date therein designated, and if, on the redemption date, moneys for payment of the redemption price of all the Bonds or portions thereof to be redeemed, together with interest to the redemption date, remain on deposit with the Paying Agent, 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 Bonds or portions thereof shall cease to accrue and become payable. If there shall be drawn for redemption less than all of a Bond, the Issuer shall execute and the Bond Registrar shall authenticate and deliver, upon the surrender of such Bond, without charge to the registered owner thereof, for the unredeemed balance of the Bond so surrendered, Bonds of like maturity and of the denomination of \$5,000 or any authorized integral multiple thereof.

All notices of redemption shall include at least the information as follows: (1) the redemption date; (2) the redemption price; (3) if less than all of the Bonds of a given maturity are to be redeemed, the identification and, in the case of partial redemption of the Bonds, the respective principal amounts of the Bonds to be redeemed; (4) a statement that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption and that interest thereon shall cease to accrue from such date; and (5) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal corporate trust office of the Paying Agent.

This Bond is transferable only upon the registration books therefor by the Registered Owner hereof in person, or by such Registered Owner's attorney duly authorized in writing, upon surrender hereof at the designated corporate trust office of the Bond Registrar together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the Registered Owner or by such Registered Owner's duly authorized attorney, and thereupon a new registered Bond or Bonds, in the denominations of \$5,000 or any authorized integral multiple thereof and of the same aggregate principal amount 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 Bonds of any authorized denomination.

The Bond Registrar shall not be required to exchange or transfer any Bond during the period from the fifteenth (15th) day of the calendar month next preceding any interest payment date to such interest payment date or during a period of fifteen (15) days next preceding the mailing of a notice of redemption which could designate all or a part of any Bonds for redemption, or after such mailing. The Issuer or the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to the transfer or exchange of this Bond. No other charge shall be made for the privilege of making such transfer or exchange. The Issuer, the Paying Agent and the Bond Registrar may treat and consider the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal, premium, if any, and interest due hereon and for all other purposes whatsoever, and all such payments so made to such Registered Owner or upon such Registered Owner's order shall be valid and effectual to satisfy and discharge the liability upon this Bond to the extent of the sum or sums so paid, and neither

the Issuer nor the Paying Agent or the Bond Registrar shall be affected by any notice to the contrary.

No recourse shall be had for the payment of any Bonds against the President or any member of the Board of Park Commissioners or any other officer or employee of the Issuer (past, present or future) who executes any Bonds, or on any other basis. The Issuer may remove the Bond Registrar or Paying Agent at any time and for any reason and appoint a successor.

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 Bond Registrar.

The Issuer has designated the Bonds as **"qualified tax-exempt obligations"** under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

It is hereby certified, recited and declared that all acts, conditions and things required to be done, exist and be performed precedent to and in the issuance of this Bond in order to make it a legal, valid and binding general obligation of the Issuer 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 Issuer is within every debt or other limit prescribed by law.

IN WITNESS WHEREOF, the Collinsville Area Recreation District, Madison and St. Clair Counties, Illinois, has caused this Bond to be executed in its name and on its behalf by the manual or facsimile signature of its President, 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 Secretary, all as of the Dated Date set forth above.

(SEAL)

**COLLINSVILLE AREA RECREATION
DISTRICT, MADISON AND ST. CLAIR
COUNTIES, ILLINOIS**

Secretary

President

CERTIFICATE OF AUTHENTICATION

Dated: _____

This is one of the General Obligation Bonds (Alternate Revenue Source), Series 2007, described in the within mentioned Bond Ordinance.

**THE BANK OF NEW YORK TRUST
COMPANY, N.A.,** St. Louis, Missouri, as Bond
Registrar

By: _____
Authorized Signer

**Bond Registrar
and Paying Agent:**

The Bank of New York Trust Company, N.A.
St. Louis, Missouri

ASSIGNMENT

For value received the undersigned sells, assigns and transfers unto _____

[Name, Address and Tax Identification Number of Assignee]
the within Bond and hereby irrevocably constitutes and appoints _____

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

Dated _____

Signature

Signature Guarantee:

NOTICE:

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

Section 9. Levy and Extension of Taxes. For the purpose of providing the money required to pay and secure the interest on the Bonds when and as the same falls due and to pay and discharge the principal thereof as the same shall mature, there shall be levied upon all the taxable property within the Issuer's corporate limits in each year while any of the Bonds shall be Outstanding, a direct annual tax sufficient for that purpose and there is hereby levied upon all of the taxable property within the Issuer's corporate limits, in addition to all other taxes, the following direct annual taxes, in the amounts for each year, as follows:

<u>For Each Year</u>	<u>A Tax Sufficient to Produce the Sum of(\$):</u>	
2007	1,400,000	for interest and principal
2008	1,400,000	for interest and principal
2009	1,400,000	for interest and principal
2010	1,400,000	for interest and principal
2011	1,400,000	for interest and principal
2012	1,400,000	for interest and principal
2013	1,400,000	for interest and principal
2014	1,400,000	for interest and principal
2015	1,400,000	for interest and principal
2016	1,400,000	for interest and principal
2017	1,400,000	for interest and principal
2018	1,400,000	for interest and principal
2019	1,400,000	for interest and principal
2020	1,400,000	for interest and principal
2021	1,400,000	for interest and principal
2022	1,400,000	for interest and principal
2023	1,400,000	for interest and principal
2024	1,400,000	for interest and principal
2025	1,400,000	for interest and principal
2026	1,400,000	for interest and principal
2027	1,400,000	for interest and principal
2028	1,400,000	for interest and principal
2029	1,400,000	for interest and principal
2030	1,400,000	for interest and principal

To the extent lawful, interest or principal coming due at any time when there shall be insufficient funds on hand to pay the same shall be paid promptly when due from current funds on hand in advance of the collection of the taxes herein levied; and when such taxes shall have been collected, reimbursement shall be made to such fund or funds from which such advance was made in the amounts thus advanced.

As soon as this ordinance becomes effective, a copy thereof, certified by the Secretary of the Issuer, which certificate shall recite that this ordinance has been duly adopted, shall be filed in the tax extension records with the County Clerks of Madison and St. Clair Counties, Illinois, who is hereby directed to ascertain the rate percent required to produce the aggregate tax provided to be levied in the years 2007 through 2030, inclusive, and to extend the same for collection on the tax books in connection with other taxes levied in each of such years, in and by the Issuer for general corporate purposes of the Issuer, and in each of such years such annual tax shall be levied and collected in like manner as taxes for general corporate purposes for each of such years are levied and collected and, when collected, such taxes shall be used solely for the purpose of paying the principal of and interest on the Bonds herein authorized as the same become due and payable.

The Issuer covenants and agrees with the registered owners of the Bonds that so long as any of the Bonds remain Outstanding, the Issuer will not cause the abatement of the foregoing taxes and otherwise will take no action or fail to take any action which in any way would adversely affect the ability of the Issuer to levy and collect the foregoing taxes unless and to the extent there then shall be moneys irrevocably on deposit therefor in the Junior Debt Service Account established under Section 11 below. The Issuer 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 Junior Debt Service Account established in Section 11 below to pay the principal of and interest on the Bonds. Whenever this paragraph has been satisfied, the Corporate Authorities shall duly direct the abatement of the Pledged Taxes for the year with respect to which such taxes have been levied, to the extent so satisfied, and appropriate certification of such abatement shall be timely filed with the Secretary in connection with such abatement. If for any reason there is abatement of such levy of taxes and the failure thereafter to pay debt service in respect of such abatement, the additional amount, together with additional interest accruing, shall be added to the tax levy in the year of, or the next year following, such failure.

Section 10. Related Agreements. The Purchase Agreement and the Disclosure Agreement, each in substantially the form thereof presented before the meeting of the Corporate Authorities at which this ordinance is adopted, shall be and is hereby approved, with such changes therein as the officers of the Issuer executing them shall approve.

The Official Statement in connection with the Bonds, as presented before the Corporate Authorities in preliminary form, shall be and is hereby approved, deemed final under Rule 15c2-12 and is authorized to be used by the Underwriter in the offering and sale of the Bonds. The Preliminary Official Statement is hereby authorized to be supplemented and completed to constitute a final Official Statement under Rule 15c2-12. The Issuer is authorized to cooperate with the Purchaser in connection with compliance by the Underwriter with Rule 15c2-12 of the Securities and Exchange Commission and applicable rules of the Municipal Securities Rulemaking Board.

All things done with respect to the Purchase Agreement (with an underwriting discount of not more than 3%), the Disclosure Agreement and the Official Statement by the Issuer's President, Secretary, Treasurer, Executive Director and Attorney, in connection with the

issuance and sale of the Bonds, shall be and are hereby in all respects ratified, confirmed and approved. The President, Secretary, Treasurer, Executive Director and Attorney and other officials of the Issuer are hereby authorized and directed to do and perform, or cause to be done or performed for or on behalf of the Issuer, each and every thing necessary for the issuance of the Bonds, including the proper execution, delivery and performance of the Purchase Agreement, the Disclosure Agreement, and related instruments and certificates, by the Issuer and the purchase by and delivery of the Bonds to or at the direction of the Underwriter.

No elected or appointed officer of the Issuer is in any manner interested, directly or indirectly, in his or her own name or in the name of any other person, association, trust or corporation in the Purchase Agreement or the Project.

Section 11. Revenue Fund. Upon the issuance of any of the Bonds, the Issuer shall continue to be operated as a municipality on a Fiscal Year basis. All of the Revenues when received by the Treasurer or other officer of the Issuer receiving Revenues shall be set aside as and when received and shall be deposited in a separate fund and in an account in a bank to be designated or continued, as the case may be, by the Corporate Authorities, which fund is hereby continued, created and established as the Issuer's "**Revenue Fund**" (the "**Fund**"), which shall constitute a trust fund for the sole purpose of carrying out the covenants, terms, and conditions of this ordinance, including, without limitation, the establishment therein of the "**Bond and Interest Account**" (within which there shall be a **Junior Debt Service Account** and may be a **Senior Debt Service Account**) and the "**Surplus Account**," (or, if existing and continued, separate subaccounts of each with respect to the Bonds).

There shall be credited and paid into the Junior Debt Service Account, on or before the business day preceding first day of each June and December, by the Treasurer or other appropriate financial officer of the Issuer, without any further official action or direction other than this ordinance, in the order in which such Accounts are hereinafter mentioned, subject to the requirements of any account having a prior claim, all moneys constituting Pledged Revenues to be deposited in the Fund in accordance with the following provisions:

(a) **Junior Debt Service Account:** After any initial deposit required by **Section 12**, there shall be deposited and credited to the Junior Debt Service Account and held, in cash and investments, a fractional amount of the interest becoming due on the next succeeding interest payment date on all Outstanding Junior Bonds and also a fractional amount of the principal becoming due (or subject to mandatory redemption) on the next succeeding principal maturity date of all of the Outstanding Junior Bonds until there shall have been accumulated and held in cash and investments in such Account on or before the month preceding such interest payment date or principal maturity date, or both, an amount sufficient to pay such principal or interest, or both.

In computing the fractional amount to be set aside each month in such Junior Debt Service Account, the fraction shall be so computed that a sufficient amount will be set aside in such Junior Debt Service Account and will be available for the prompt payment of such principal of and interest on all Outstanding Junior Bonds and shall be not less than the interest becoming due on the next succeeding interest payment date and not less than the principal becoming due

(or subject to mandatory redemption) on the next succeeding principal payment date on all Outstanding Junior Bonds until there is sufficient money in such Junior Debt Service Account to pay such principal or interest, or both.

Credits into such Junior Debt Service Account may be suspended in any Bond Year at such time as there shall be a sufficient sum held in cash and investments in such Account to meet principal and interest requirements in such Account for the balance of such Bond Year, but such credits shall again be resumed at the beginning of the next Bond Year. All moneys in such Junior Debt Service Account shall be used only for the purpose of paying interest and principal and applicable premium on Outstanding Junior Bonds.

(b) Surplus Account: All moneys remaining in the Fund, after crediting the required amounts to the respective Accounts above, and after making up any deficiency in the Accounts above, shall be credited to the Surplus Account and then, such surplus shall be used, if at all, for one or more of the following purposes, without any priority among them:

- (1) For any general or specific corporate purpose; or
- (2) For the purpose of calling and redeeming Outstanding bonds payable from Pledged Revenues, which are callable at the time; or
- (3) For the purpose of paying principal and interest and applicable premium on any subordinate bonds or obligations; or
- (4) For any other lawful purpose, including the purchase of outstanding bonds or other obligations.

(c) Investments: Money to the credit of the Junior Debt Service Account may be invested from time to time by the Issuer's Treasurer in **(i)** interest-bearing bonds, notes, or other direct full faith and credit obligations of the United States of America, **(ii)** obligations unconditionally guaranteed as to both principal and interest by the United States of America, or **(iii)** certificates of deposit or time deposits of any bank or savings and loan association, as defined by Illinois laws, provided such bank or savings and loan association is insured by the Federal Deposit Insurance Corporation or a successor corporation to the Federal Deposit Insurance Corporation and provided further that the principal of such deposits are secured by a pledge of obligations as described in clauses (c) (i) and (c) (ii) above in the full principal amount of such deposits, or otherwise collateralized in such amount and in such manner as may be required by law. Such investments may be sold from time to time by the Treasurer of the Issuer as funds may be needed for the purpose for which such Accounts have been created.

All interest on any funds so invested shall be credited to the applicable Account of the Fund and is hereby deemed and allocated as expended with the next expenditure or expenditures of money from the applicable Account of the Fund.

Moneys in any of such accounts shall be invested by the Issuer's Treasurer, if necessary, in investments restricted as to yield, which investments may be in U.S. Treasury

Securities - State and Local Government Series, if available, and to such end the Issuer's Treasurer shall refer to any investment restrictions covenanted by the Issuer or any officer thereof as part of the transcript of proceedings for the issuance of the Bonds, and to appropriate opinions of counsel.

(d) **Bona Fide Debt Service Fund**: Moneys preliminary to deposit in subsection (a) above and used to abate taxes under Section 9 above, which if deposited into the Junior Debt Service Account would disqualify the Junior Debt Service Account as a "bona fide debt service fund" shall be held in a separate account (the "**Pledged Account**") of the Junior Debt Service Account and the investment yield thereon yield restricted and subject to yield reduction payments.

Section 12. Bond Proceeds Account. Except for accrued or capitalized interest received on the sale of the Bonds, which shall be deposited upon issuance of the Bonds into the Junior Debt Service Account for issuance costs directly paid by the Underwriter, and for sufficient Bond proceeds (together with other funds, as applicable), all remaining proceeds derived from the sale of the Bonds shall be deposited in the "**Bond Proceeds Account of 2007**", which is hereby established as a special account of the Issuer. Moneys in the Bond Proceeds Account of 2007 shall be used for the purposes specified in Section 3 of this ordinance (that is, the costs of the Project) and for the payment of costs of issuance of the Bonds, but may hereafter be reappropriated and used for other lawful purposes in accordance with applicable law. Before any such reappropriation shall be made, there shall be filed with the Secretary of the Issuer an opinion of Evans, Froehlich, Beth & Chamley, Champaign, Illinois, or other nationally recognized Bond counsel ("**Bond Counsel**") to the effect that such reappropriation is authorized and will not adversely affect the tax-exempt status of the Bonds under Section 103 of the Internal Revenue Code of 1986, as amended. Moneys in the Bond Proceeds Account of 2007 shall be withdrawn from time to time as needed for the payment of costs and expenses incurred by the Issuer in connection with the Project and for paying the fees and expenses incidental thereto. Moneys shall be withdrawn from the depositary in connection with such funds from time to time by the Executive Director, Treasurer or other appropriate financial officer of the Issuer only upon submission to such officer of the following:

A duplicate copy of the order signed by the President or Executive Director, or such other officer(s) as may from time to time be by law authorized to sign and countersign orders of the Issuer, stating specifically the purpose for which the order is issued and indicating that the payment for which the order is issued has been approved by the Corporate Authorities.

Within sixty (60) days after completion of the Project, the President or Executive Director shall certify to the Corporate Authorities the fact that the Project has been completed, and after all costs have been paid, the President or Executive Director shall execute a completion certificate and file it with the Treasurer and in the records of the Issuer certifying that the Project has been completed and that all costs have been paid; and, if at that time any funds remain in the Bond Proceeds Account of 2007, the same shall be applied for other authorized improvements to the System or such officer shall credit such funds to the Junior Debt Service Account, as the

Corporate Authorities direct. The Treasurer shall transfer such funds to the Junior Debt Service Account.

Section 13. Issuance of Additional Bonds. Except as provided in the immediately preceding sentence, the Issuer reserves the right to issue:

(a) Parity Bonds without limit provided that Revenues as determined as hereinbelow set out shall be sufficient to provide for or pay all of the following: (i) debt service on all Outstanding bonds payable from Revenues computed immediately after the issuance of any proposed Parity Bonds, (ii) all amounts required to meet any fund or account requirements with respect to such Outstanding bonds, (iii) other contractual or tort liability obligations then due and payable, if any, and (iv) an additional amount not less than 0.25 times debt service (as provided in Section 15 of the Local Debt Reform Act) on such of the Alternate Bonds as shall remain Outstanding bonds after the issuance of the proposed Parity Bonds. Such sufficiency shall be calculated for each year to the final maturity of such Alternate Bonds which shall remain Outstanding after the issuance of the proposed Parity Bonds. The determination of the sufficiency of Revenues shall be supported by reference to the most recent audit of the Fund, which audit shall be for a Fiscal Year ending not earlier than eighteen (18) months previous to the time of issuance of the proposed Parity Bonds.

If such audit shows the Revenues to be insufficient, then the determination of sufficiency may be made the following way:

The determination of sufficiency of the Revenues may be supported by the report of an independent accountant or feasibility analyst having a national reputation for expertise in such matters, demonstrating the sufficiency of the Revenues and explaining by what means they will be greater than as shown in the audit.

The reference to and acceptance of an audit, an adjusted statement of the Revenues, or a report, as the case may be, and the determination of the Corporate Authorities of the sufficiency of the Revenues shall be conclusive evidence that the conditions of this Section 13(a) have been met and that the Parity Bonds are properly issued hereunder; and no right to challenge such determination is granted to the registered owners of the Bonds.

(b) bonds or other obligations payable from Revenues subordinate to the lien of any Senior Bonds or Junior Bonds which remain Outstanding after the issuance of such bonds or other obligations.

Section 14. Arbitrage Rebate. The Issuer shall comply with the provisions of Section 148(f) of the Internal Revenue Code of 1986, as amended, relating to the rebate of certain investment earnings at periodic intervals to the United States of America to the extent necessary to preserve the exclusion from gross income for federal income tax purposes of interest on the Bonds under Section 103 of the Internal Revenue Code of 1986, as amended.

There is hereby authorized to be created a separate and special account Fund known as the **"Rebate Account"**, into which there shall be deposited as necessary investment earnings to the extent required so as to maintain the tax-exempt status of the interest on the Bonds under Section 148(f) of the Internal Revenue Code of 1986, as amended. All rebates, special impositions or taxes for such purpose payable to the United States of America (Internal Revenue Service) shall be payable from applicable excess earnings or other sources which are to be deposited into the Rebate Account. The Issuer shall, as necessary, execute an Arbitrage Agreement concerning arbitrage rebate. Similarly, the Issuer shall, as applicable, determine and pay Yield Reduction Payments.

Section 15. Investment Regulations. All investments shall be in Qualified Investments, unless otherwise expressly herein provided. No investment shall be made of any moneys in the Junior Debt Service Account or the Bond Proceeds Account of 2007, except in accordance with the tax covenants and other covenants set forth in Section 16 of this ordinance. All income derived from such investments in respect of moneys or securities in any fund or account shall be credited in each case to the fund or account in which such moneys or securities are held.

Any moneys in any fund or account that are subject to investment yield restrictions may be invested in United States Treasury Securities, State and Local Government Series, pursuant to the regulations of the United States Treasury Department, Bureau of Public Debt. The Issuer's Treasurer and agents designated by such officer are hereby authorized to submit on behalf of the Issuer subscriptions for such United States Treasury Securities and to request redemption of such United States Treasury Securities.

Section 16. Non-Arbitrage and Tax-Exemption. One purpose of this Section 16 is to set forth various facts regarding the Bonds and to establish the expectations of the Corporate Authorities and the Issuer as to future events regarding the Bonds and the use of Bond proceeds. The certifications and representations made herein and at the time of the issuance of the Bonds are intended, and may be relied upon, as certifications and expectations described in Section 1.148-0 *et seq.* of the U.S. Treasury Regulations dealing with arbitrage and rebate (the **"Regulations"**). The covenants and agreements contained herein and at the time of the issuance of the Bonds are made for the benefit of the owners from time to time of the Bonds. The Corporate Authorities and the Issuer agree, certify, covenant and represent as follows:

(a) The Bonds are being issued to pay the costs of, as applicable, the Project and related costs and expenses, and all of the amounts received upon the sale of the Bonds, plus all investment earnings thereon (the **"Proceeds"**) are needed for the purposes for which the Bonds are being issued.

(b) The Issuer has entered into, or will within six months from the date of issue of the Bonds enter into, binding contracts or commitments obligating it to spend at least 5% of the proceeds of the Bonds allocated for the Project. It is expected that the work of the Project will continue to proceed with due diligence to completion reasonably expected to be within three years of the issue date thereof, at which time all of the Proceeds will have been spent.

(c) The Issuer has on hand no funds which could legally and practically be used for the Project which are not pledged, budgeted, earmarked or otherwise necessary to be used for other purposes. Accordingly, no portion of the Proceeds will be used (i) directly or indirectly to replace funds of the Issuer or any agency, department or division thereof that could be used for the Project, or (ii) to replace any proceeds of any prior issuance of obligations by the Issuer. No portion of the Bonds is being issued solely for the purpose of investing the Proceeds at a Yield higher than the Yield on the Bonds. For purposes of this Section, **"Yield"** means that yield (that is, the discount rate) which when used in computing the present worth of all payments of principal and interest to be paid on an obligation (using semi-annual compounding on the basis of a 360-day year) produces an amount equal to the purchase price of the Bonds, including accrued interest, and the purchase price of the Bonds is equal to the first offering price at which more than 10% of the principal amount of each maturity of the Bonds is sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers).

(d) All principal proceeds of the Bonds, net of required Junior Debt Service Account deposits and the Escrow Account deposit or by the Underwriter to pay issuance costs, will be deposited in the Bond Proceeds Account of 2007 and used to pay costs of the Project and costs of issuance of the Bonds, and any accrued interest and premium received on the delivery of the Bonds will be deposited in the Junior Debt Service Account and used to pay the first interest due on the Bonds. Earnings on the investment of moneys in any fund or account or subaccount will be credited to that fund or account or subaccount. Other Project costs, including issuance costs of the Bonds, will be paid directly from other proceeds or from the Bond Proceeds Account of 2007, and no other moneys are expected to be deposited therein. Interest on and principal of the Bonds will be paid from the Junior Debt Service Account. No proceeds will be used more than thirty (30) days after the date of issue of the Bonds for the purpose of paying any principal or interest on any other issue of bonds, notes, certificates or warrants or on any installment contract or other obligation of the Issuer or for the purpose of replacing any funds of the Issuer used for such purpose.

(e) The Junior Debt Service Account is established to achieve a proper matching of revenues and earnings with debt service in each year. Other than any amounts held to pay principal of matured Bonds that have not been presented for payment, it is expected that any moneys deposited in the Junior Debt Service Account will be spent within the 12-month period beginning on the date of deposit therein. Any earnings from the investment of amounts in the Junior Debt Service Account will be spent within a one-year period beginning on the date of receipt of such investment earnings. Other than any amounts in the Pledged Subaccount or held to pay principal of matured Bonds that have not been presented for payment, it is expected that the Junior Debt Service Account will be depleted at least once a year, except for a reasonable carryover amount not to exceed the greater of (i) one-year's earnings on the investment of moneys in the Junior Debt Service Account, or (ii) in the aggregate one-twelfth (1/12th) of the annual debt service on the Bonds.

(f) Other than the Junior Debt Service Account, including the Pledged Subaccount, no funds or accounts, including the Junior Depreciation Account, have been or are expected to be established, and no moneys or property have been or are expected to be pledged (no matter where held or the source thereof) which will be available to pay, directly or indirectly, the Bonds or restricted so as to give reasonable assurance of their availability for such purposes. No property of any kind is pledged to secure, or is available to pay, obligations of the Issuer to any credit enhancer or liquidity provider.

(g) (i) All amounts on deposit in the Bond Proceeds Account of 2007 or the Junior Debt Service Account and all Proceeds, no matter in what funds or accounts deposited ("**Gross Proceeds**"), to the extent not exempted in (ii) below, and all amounts in any fund or account pledged directly or indirectly to the payment of the Bonds which will be available to pay, directly or indirectly, the Bonds or restricted so as to give reasonable assurance of their availability for such purpose contrary to the expectations set forth in (f) above, shall be invested at market prices and at a Yield not in excess of the Yield on the Bonds plus, for amounts in the Bond Proceeds Account of 2007 to finance the Project, 1/8 of 1% after a three-year temporary period.

(ii) The following may be invested without Yield restriction:

(A) amounts invested in obligations described in Section 103(a) of the Internal Revenue Code of 1986, as amended (but not specified private activity bonds as defined in Section 57(a)(5)(C) of the Code), the interest on which is not includable in the gross income of any registered owner thereof for federal income tax purposes ("**Tax-Exempt Obligations**");

(B) amounts deposited in the Junior Debt Service Account that are reasonably expected to be expended within thirteen (13) months from the deposit date and have not been on deposit therein for more than thirteen (13) months;

(C) amounts, if any, in the Bond Proceeds Account of 2007 to be applied to System improvements prior to the earlier of completion (or abandonment) of such improvements or three (3) years from the date of issue of the Bonds;

(D) an amount not to exceed the lesser of \$100,000 or 5% of Bond proceeds;

(E) all amounts for the first thirty (30) days after they become Gross Proceeds (e.g., date of deposit in any fund or account securing the Bonds); and

(F) all amounts derived from the investment of the Proceeds for a period of one (1) year from the date received.

(h) Subject to (g) below, once moneys are subject to the Yield limits of (g)(i) above, such moneys remain Yield restricted until they cease to be Gross Proceeds.

(i) As set forth in Section 148(f)(4)(D) of the Internal Revenue Code of 1986, as amended, the Issuer is not excepted from the required rebate of arbitrage profits on the Bonds, and although the Issuer is a governmental unit with general taxing powers, none of the Bonds is a **"private activity bond"** as defined in Section 141(a) of the Internal Revenue Code of 1986, as amended, and all the net proceeds of the Bonds are to be used for the local government activities of the Issuer, the aggregate face amount of all tax-exempt obligations (and excluding **"private activity bonds"** as defined in Internal Revenue Code of 1986, as amended) issued by the Issuer and all subordinate entities thereof (of which there are none) during the calendar year of issue, including the Bonds, is reasonably expected to exceed \$5,000,000. However, the Issuer expects to apply all required Bond proceeds to Project costs within two years.

(j) None of the Proceeds will be used, directly or indirectly, to replace funds which were used in any business carried on by any person other than a state or local governmental unit.

(k) The payment of the principal of or the interest on the Bonds will not be, directly or indirectly (A) secured by any interest in (i) property used or to be used for a private business use by any person other than a state or local governmental unit, or (ii) payments in respect of such property, or (B) derived from payments (whether or not by or to the Issuer), in respect of property, or borrowed money, used or to be used for a private business use by any person other than a state or local governmental unit.

(l) None of the Proceeds will be used, directly or indirectly, to make or finance loans to persons other than a state or local governmental unit.

(m) No user of the Project, other than a state or local government unit, will use the Project, on any basis other than the same basis as the general public, and no person other than a state or local governmental unit will be a user of the Project as a result of (i) ownership, or (ii) actual or beneficial use pursuant to a lease or a management or incentive payment contract, or (iii) any other similar arrangement.

(n) Beginning on the 15th day prior to the Bond sale date, the Issuer has not sold or delivered, and will not sell or deliver, (nor will it deliver within 15 days after the date of issuance of the Bonds) any other obligations pursuant to a common plan of financing, which will be paid out of substantially the same source of funds (or which will have substantially the same claim to be paid out of substantially the same source of funds) as the Bonds or will be paid directly or indirectly from Proceeds.

(o) No portion of the Project is expected to be sold or otherwise disposed of prior to the last maturity of the Bonds.

(p) The Issuer has not been notified of any disqualification or proposed disqualification of it by the Internal Revenue Service as a bond issuer which may certify bond issues under Section 1.148-1 *et seq.* of the Regulations.

(q) The Yield restrictions contained in (g) above or any other restriction or covenant contained herein (including in Section 11(d)) need not be observed and may be changed if the Issuer receives an opinion of Bond Counsel to the effect that such non-observance or change will not adversely affect the tax-exempt status of interest on the Bonds to which the Bonds otherwise are entitled.

(r) The Issuer acknowledges that any changes in facts or expectations from those set forth herein may result in different Yield restrictions or rebate requirements from those set forth herein and that Bond Counsel should be contacted if such changes do occur.

(s) The Corporate Authorities have no reason to believe the facts, estimates, circumstances and expectations set forth herein are untrue or incomplete in any material respect. On the basis of such facts, estimates, circumstances and expectations, it is not expected that the Proceeds or any other moneys or property will be used in a manner that will cause the Bonds to be private activity bonds, arbitrage bonds or hedge bonds within the meaning of Sections 141, 148 or 149(g) of the Internal Revenue Code of 1986, as amended, and of applicable regulations. To the best of the knowledge and belief of the Corporate Authorities, such expectations are reasonable, and there are no other facts, estimates and circumstances that would materially change such expectations.

The Issuer also agrees and covenants with the registered owners of the Bonds from time to time outstanding that, to the extent possible under Illinois law, it will comply with all present federal tax law and related regulations and with whatever federal tax law is adopted and regulations promulgated in the future which apply to the Bonds and affect the tax-exempt status of the Bonds.

Section 17. Further Assurances and Actions. (a) **General.** The Corporate Authorities hereby authorize the officials of the Issuer responsible for issuing the Bonds, the same being the President, Secretary, Treasurer and Executive Director of the Issuer, to make such further filings, covenants, certifications and supplemental agreements as may be necessary to assure that the Project, the Bonds and related proceeds will not cause the Bonds to be private activity bonds, arbitrage bonds or hedge bonds and to assure that the interest on the Bonds will be excluded from gross income for federal income tax purposes. In connection therewith, the Issuer and the Corporate Authorities further agree: (a) through the officers of the Issuer, to make such further specific covenants, representations as shall be true, correct and complete, and assurances as may be necessary or advisable; (b) to consult with Bond Counsel approving the Bonds and to comply with such advice as may be given; (c) to pay to the United States, as necessary, such sums of money representing required rebates of excess arbitrage profits relating

to the Bonds; (d) to file such forms, statements, and supporting documents as may be required and in a timely manner; (e) if deemed necessary or advisable, to employ and pay fiscal agents, financial advisors, attorneys, and other persons to assist the Issuer in such compliance; and (f) to appropriately cause the abatement of Pledged Taxes.

(b) Insurer / Policy. The designation in a Bond Order of an Insurer and Policy is hereby authorized, ratified, confirmed and approved. The provisions of and related to a Policy are incorporated into this ordinance by reference, including without limitation that any investment restrictions and limitations in a commitment for and related to the Policy shall be deemed to be applicable restrictions and limitations on the Qualified Investments and the investments authorized by this ordinance. The Insurer's terms and conditions shall be appended to this ordinance as operation provisions hereof, but any failure to so append shall not abrogate, diminish or impair the effect or application thereof. In the event there is no Policy or Insurer specified in a Bond Order, reference to the Insurer and Policy in this ordinance shall be given no effect.

Section 18. General Covenants. The Issuer covenants and agrees with the registered owners of the Outstanding Bonds, so long as there are any Outstanding Bonds (as defined herein), as follows:

(a) The Issuer will take all action necessary either to impose and collect or to maintain the right to receive and apply the Revenues and Pledged Taxes in the manner contemplated by this ordinance and such Revenues shall not be less than as shall be required under Section 15 of the Local Government Debt Reform Act to maintain the Bonds as Alternate Bonds.

(b) The Issuer covenants that it will, while any of the Bonds shall remain outstanding, apply sufficient Revenues to provide for or pay each of the following in any given year: (1) debt service on all Outstanding revenue bonds payable from the Revenues; (2) all amounts required to meet any fund or account requirements with respect to the Bonds or any other bonds payable from Revenues; (3) any other contractual or tort liability obligations, if any, payable from such Revenues; and (4) in each year, an amount not less than 1.25 times the debt service for all (i) Alternate Bonds payable from Net Revenues, including the Bonds Outstanding; and (ii) Alternate Bonds proposed to be issued and payable from Revenues.

(c) The Issuer will make and keep proper books and accounts (separate and apart from all other records and accounts of the Issuer), in which complete entries shall be made of all transactions relating to the Revenues, and hereby covenants that within 120 days following the close of each Fiscal Year, it will cause the books and accounts related to the Revenues to be audited by independent certified public accountants. Such audit will be available for inspection by the registered owners of any of the Bonds. Upon availability and request, the Issuer will send to the Underwriter a copy of such audit and of its general audit in each year. Each such audit, in addition to whatever matters may be thought proper by the accountants to be included therein, shall, without limiting the generality of the foregoing, include the following:

(i) A balance sheet as of the end of such Fiscal Year, including a statement of the amount held in each of the accounts under this ordinance.

(ii) The amount and details of all Outstanding bonds.

(iii) The accountant's comments regarding the manner in which the Issuer has carried out the accounting requirements of this ordinance (including as to the Alternate Bond status of the Bonds) and has complied with Section 15 of the Local Government Debt Reform Act, and the accountant's recommendations for any changes.

It is further covenanted and agreed that a copy of each such audit shall be furnished upon completion to the Purchaser, and to the registered owner of any Bond upon request.

(d) The Issuer will keep its books and accounts in accordance with generally accepted fund reporting practices for local government entities and enterprise funds; provided, however, that the monthly credits to the Junior Debt Service Account shall be in cash, and such funds shall be held separate and apart in cash and investments. For the purpose of determining whether sufficient cash and investments are on deposit in such accounts under the terms and requirements of this ordinance, investments shall be valued at the lower of the cost or market price on the valuation date thereof, which valuation date shall be not less frequently than annually.

(e) The Issuer will take no action in relation to the Revenues or the Pledged Taxes which would unfavorably affect the security of any of the Outstanding Bonds or the prompt payment of the principal and interest thereon. To the extent lawful, the Issuer will retain at all times sufficient non-refunding bond or limited bond capacity to pay debt service on the Bonds and, as applicable, all Parity Bonds heretofor or hereafter issued.

(f) The registered owner of any Bond may proceed by civil action to compel performance of all duties required by law and this ordinance.

(g) The Issuer will comply with the special covenants concerning Alternate Bonds as required by Section 15 of the Local Government Debt Reform Act and Section 15 of this ordinance.

(h) After their issuance, the Bonds shall be incontestable by the Issuer, to the extent lawful.

Section 19. Ordinance to Constitute a Contract. The provisions of this ordinance shall constitute a contract between the Issuer and the registered owners of the Bonds. Any pledge made in this ordinance and the provisions, covenants and agreements herein set forth to be performed by or on behalf of the Issuer shall be for the equal benefit, protection and security of the registered owners of any and all of the Bonds. All of the Bonds, regardless of the time or times of their issuance, shall be of equal rank without preference, priority or distinction

of any of the Bonds over any other thereof except as expressly provided in or pursuant to this ordinance. This ordinance and the Preliminary Ordinance shall constitute full authority for the issuance of the Bonds, and to the extent that the provisions thereof conflict with the provisions of any other ordinance or resolution of the Issuer, the provisions of this ordinance and the Preliminary Ordinance shall control.

Section 20. Severability and No Contest. 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 or any ordinance supplemental hereto. Upon the issuance of the Bonds, neither the Bonds nor this ordinance shall be subject to contest by or in respect of the Issuer.

Section 21. Bank Qualified Bonds. Pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, the Issuer hereby designates the Bonds as “qualified tax-exempt obligations” as defined in Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. The Issuer represents that the reasonably anticipated amount of tax-exempt obligations that will be issued by the Issuer and all subordinate entities of the Issuer during the calendar year in which the Bonds are issued will not exceed \$10,000,000 within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. The Issuer covenants that it will not so designate and issue more than \$10,000,000 aggregate principal amount of tax-exempt obligations in such calendar year. For purposes of this Section, the term “tax-exempt obligations” includes “qualified 501(c)(3) Bonds” (as defined in the Section 145 of the Internal Revenue Code of 1986, as amended) but does not include other “private activity bonds” (as defined in Section 141 of the Internal Revenue Code of 1986, as amended).

Section 22. Conflict. All ordinances, resolutions or parts thereof in conflict herewith be and the same are hereby superseded to the extent of such conflict and this ordinance shall be in full force and effect forthwith upon its adoption.

Section 23. Effective Date. This ordinance shall become effective immediately upon its passage and approval in the manner provided by law, and upon its becoming effective and prior to the issuance of the Bonds a certified copy of this ordinance shall be filed in the tax extension records with the County Clerks of Madison and St. Clair Counties, Illinois.

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Upon motion by Commissioner PICKERING, seconded
by Commissioner MUMPER, adopted this 20th day of FEBRUARY,
2007, by roll call vote as follows:

Ayes (Names): PICKERING, LEGENDRE, MUMPER,
BRYANT, BITZER

Nays (Names): NONE

Abstent (Names): NONE

APPROVED: FEB. 20, 2007

Mary Ann Bitzer
President

Mark D. Dorsch
Secretary



STATE OF ILLINOIS)
)
COUNTY OF ST. CLAIR) SS.

CERTIFICATION OF ORDINANCE

I, the undersigned, do hereby certify that I am the duly selected, qualified and acting Secretary of the Collinsville Area Recreation District, Madison and St. Clair Counties, Illinois (the "Issuer"), and as such official I am the keeper of the records and files of the Issuer and of its Board of Park Commissioners (the "Corporate Authorities").

I do further certify that the attached constitutes a full, true and complete excerpt from the proceedings of the regular meeting of the Corporate Authorities held on the 20th day of FEBRUARY, 2007, insofar as the same relates to the adoption of Ordinance No. 07- 1, entitled:

AN ORDINANCE AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION BONDS (ALTERNATE REVENUE SOURCE), SERIES 2007, OF THE COLLINSVILLE AREA RECREATION DISTRICT, MADISON AND ST. CLAIR COUNTIES, ILLINOIS, PROVIDING THE DETAILS OF SUCH BONDS AND FOR ALTERNATE REVENUE SOURCES AND THE LEVY OF DIRECT ANNUAL TAXES SUFFICIENT TO PAY THE PRINCIPAL OF AND INTEREST ON SUCH BONDS, AND RELATED MATTERS,

a true, correct and complete copy of which ordinance (the "Ordinance") as adopted at such meeting appears in the transcript of the minutes of such meeting and is hereto attached. The Ordinance was adopted and approved by the vote and on the date therein set forth.

I do further certify that the deliberations of the Corporate Authorities on the adoption of such Ordinance were taken openly, that the adoption of such Ordinance was duly moved and seconded, that the vote on the adoption of such Ordinance was taken openly and was preceded by a public recital of the nature of the matter being considered and such other information as would inform the public of the business being conducted, that such meeting was held at a specified time and place convenient to the public, that the agenda for the meeting was duly posted at the District's offices at least 48 hours prior to the meeting, that notice of such meeting was duly given to all of the news media requesting such notice, that such meeting was called and held in strict compliance with the provisions of the open meeting laws of the State of Illinois, as amended, and the Park District Code, as amended, and that the Corporate Authorities have complied with all of the applicable provisions of such open meeting laws and such Code and their procedural rules in the adoption of such Ordinance.

IN WITNESS WHEREOF, I hereunto affix my official signature and the seal of the Collinsville Area Recreation District, Madison and St. Clair Counties, Illinois, this 20th day of FEBRUARY, 2007.



Mark Badach
Secretary