
ORDINANCE NUMBER 009-009

AN ORDINANCE authorizing the issuance of not to exceed \$300,000,000 Taxable General Obligation Refunding Bonds, Series of 2009, of the Metropolitan Water Reclamation District of Greater Chicago, County of Cook, State of Illinois, in one or more series, limited tax or unlimited tax, or both, the execution of bond orders in connection therewith, providing details and manner of the refunding of bonds, and providing for the security for and payment of bonds from taxes.

Adopted by the Board of Commissioners
of the Metropolitan Water Reclamation
District of Greater Chicago on the 9th
day of July 2009

TABLE OF CONTENTS

SECTION	HEADING	PAGE
PREAMBLES		1
SECTION 1.	DEFINITIONS	3
SECTION 2.	INCORPORATION OF PREAMBLES.....	9
SECTION 3.	AUTHORIZATION	9
SECTION 4.	BOND DETAILS	9
SECTION 5.	BOOK ENTRY FORM.....	12
SECTION 6.	EXECUTION; AUTHENTICATION	13
SECTION 7.	REDEMPTION.....	14
SECTION 8.	REDEMPTION PROCEDURES.....	16
SECTION 9.	REGISTRATION OF BONDS; PERSONS TREATED AS OWNERS	22
SECTION 10.	FORM OF BOND	23
SECTION 11.	SECURITY FOR THE BONDS AND CERTAIN COVENANTS AND RESERVATIONS	29
SECTION 12.	TAX LEVY; APPLICATION OF TAXES COLLECTED	31
SECTION 13.	SALE OF BONDS	32
SECTION 14.	FILING WITH THE COUNTY CLERK	35
SECTION 15.	CREATION OF FUNDS AND APPROPRIATIONS; PROVISIONS FOR REFUNDING	35
SECTION 16.	GENERAL BUILD AMERICA BOND COVENANTS	37
SECTION 17.	REIMBURSEMENT	37
SECTION 18.	PERTAINING TO THE BOND REGISTRAR.....	37
SECTION 19.	INSURANCE	39
SECTION 20.	CONTINUING DISCLOSURE UNDERTAKING.....	39
SECTION 21.	DEFEASANCE	40
SECTION 22.	SEVERABILITY	40
SECTION 23.	SUPERSEDER	41

ORDINANCE NUMBER 009-009

AN ORDINANCE authorizing the issuance of not to exceed \$300,000,000 Taxable General Obligation Refunding Bonds, Series of 2009, of the Metropolitan Water Reclamation District of Greater Chicago, County of Cook, State of Illinois, in one or more series, limited tax or unlimited tax, or both, the execution of bond orders in connection therewith, providing details and manner of the refunding of bonds, and providing for the security for and payment of bonds from taxes.

P R E A M B L E S

— WHEREAS —

A. The Metropolitan Water Reclamation District of Greater Chicago, Cook County, Illinois (the “*District*”) is a duly organized and operating sanitary district, body politic and corporate, and unit of local government district under the constitution and laws of the State of Illinois.

B. The District operates, *inter alia*, under the following Illinois acts and laws, in each case as amended:

1. the Metropolitan Water Reclamation District Act (the “*Act*”);
2. the Local Government Debt Reform Act (the “*Debt Reform Act*”) relating to borrowing and the Sanitary District Refunding Bond Act (the “*Refunding Act*”); and
3. the Property Tax Extension Limitation Law (the “*Limitation Law*”) relating to certain ad valorem property tax limits.

C. The District is governed by a duly constituted nine-member Board of Commissioners (the “*Board*”), and the tax extension officer for the District is the County Clerk (the “*County Clerk*”) of The County of Cook, Illinois (the “*County*”).

D. Pursuant to the provisions of the Act, the Board has heretofore authorized the issuance of and there are now outstanding and validly subsisting certain bonds of the District,

being various capital improvement or refunding bonds, due on or after December 1, 2020, limited tax or unlimited tax as more particularly described on Exhibit A the (“*Prior Bonds*”).

E. The Board has heretofore and it hereby does determine that it is desirable and in the best interests of the District that all or a portion of the Prior Bonds be refunded by means of redemption or tender offer in order to provide debt service savings (the “*Refunding*”).

F. The specific Prior Bonds to be refunded incidental to the Refunding will be hereafter determined and will be specified in one or more bond orders and escrow agreements to be executed on behalf of the District as hereinafter authorized.

G. The Board does hereby determine that it is advisable and in the best interests of the District to borrow at one time or from time to time for the purpose of paying the costs of the Refunding and to pay costs of issuance, and, in evidence of such borrowing, to issue one or more series of full faith and credit bonds of the District as hereinafter authorized, *provided* that at any given time the aggregate principal amount of bonds issued for the purpose shall not exceed the amount of \$300,000,000.

H. The District is authorized to issue its bonds without prior condition in order to refund the Prior Bonds pursuant to the Act, the Refunding Act, and the Debt Reform Act (collectively, “*Applicable Law*”).

I. The bonds herein authorized may be issued as bonds the interest on which is taxable pursuant to the provisions of the American Recovery and Reinvestment Act of 2009, which permits the District or the holders of the District’s bonds to obtain certain tax credit advantages when issuing certain taxable obligations, referred to as “Build America Bonds.”

NOW THEREFORE BE IT AND IT IS HEREBY ORDAINED by the Board of Commissioners of the Metropolitan Water Reclamation District of Greater Chicago, Cook County, Illinois, as follows:

Section 1. Definitions. A. Words and terms used in this Ordinance shall have the meanings assigned them unless the context or use clearly indicates another or different meaning is intended. Words and terms defined in the singular may be used in the plural and vice-versa. Reference to any gender shall be deemed to include the other and also inanimate persons such as corporations, where applicable.

“*Act*” is defined in the preambles.

“*Applicable Law*” is defined in the preambles.

“*Available Base*” means the amount of Extension of taxes available to the District in any given Calendar Year under the Debt Service Extension Base, after subtracting Extensions for all previously issued bonds the Extension for which will be chargeable against the Debt Service Extension Base in such year.

“*Authorized Denominations*” means \$5,000 and integral multiples of \$5,000.

“*Board*” is defined in the preambles.

“*Bond Fund*” means the Bond Fund created in (Section 15 of) this Ordinance.

“*Bond Order*” means that certain bond order, to be executed by any two of the Designated Officers acting together, and setting forth certain details of the Bonds as provided in (Section 13 of) this Ordinance.

“*Bond Purchase Agreement*” is defined in (Section 13 of) this Ordinance.

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

“*Bond Registrar*” means a bank, trust company, or national banking association maintaining an office for registration, transfer, and payment of bonds in the City of Chicago, Illinois, or in the City of New York, Borough of Manhattan, New York and either (a) having capital, surplus and undivided profits in excess of \$100,000,000 or (b) which has been selected

as a bond registrar or paying agent for a prior District bond issue within the past three (3) years; duly authorized to do business as a bond registrar and paying agent with the powers and duties as herein set forth, and as set forth in a Bond Order; or a successor thereto or a successor designated as bond registrar and paying agent hereunder.

“Bonds” means the Taxable General Obligation Refunding Bonds, authorized to be issued by this Ordinance, including bonds issued in exchange for or upon transfer or replacement of bonds previously issued under this Ordinance.

“Bond Year” means the period from December 2 of a given year through December 1 of the following year.

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

“Build America Bonds” means taxable bonds authorized by the Stimulus Act and as so designated pursuant to this Ordinance, the interest on which, but for Section 54AA of the Code, would be excludable from gross income of the owners thereof under the Code for federal income tax purposes.

“Business Day” means any day other than a day on which banks in New York, New York, Chicago, Illinois, or the city in which the Bond Registrar maintains its principal corporate trust office are required or authorized to close.

“Clerk” means the Clerk of the District.

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

“County” is defined in the preambles.

“County Clerk” is defined in the preambles.

“Current Collection” means the taxes in fact received by the District from the County Treasurer from a given Extension up to the date payment is due upon bonds, which payment is to

be made from such Extension, plus that amount, if any, received in the year preceding such payment date as the collection of delinquent taxes from prior years allocable to the levy for all Limited Bonds of the District and General Funds.

“Debt Reform Act” is defined in the preambles.

“Debt Service Extension Base” means the debt service extension base of the District as provided by the Limitation Law, currently, \$141,463,900, and as subject to change from time to time.

“Defeased Bonds” means such bonds as are described and defined by such term in (Section 21 of) this Ordinance.

“Depository” means The Depository Trust Company or successor depository duly qualified to act as a securities depository and acceptable to the District.

“Designated Officers” means the officers of the District as follows:

President of the Board (elective), Treasurer of the District (appointive), Chairman of the Committee on Finance (elective), Executive Director (appointive) and Clerk (appointive); *provided* that any act required of more than one of such officers shall be done by not less than one elected officer and one appointive officer.

“District” is defined in the preambles.

“Extension” means the amount of taxes in fact extended for collection by the County Clerk based upon a levy, which extension is calculable by the sum of taxable property multiplied by the rate (in percent, mills or decimal, as appropriate) of taxation applied for such levy.

“Extraordinary Event” means a change that has occurred to Section 54AA or 6431 of the Code (as such sections were added by Section 1531 of the Stimulus Act, pertaining to Build America Bonds) or there is any guidance published by the Internal Revenue Service or the

United States Treasury with respect to such sections or any other determination by the Internal Revenue Service or the United States Treasury, pursuant to which the District's 35% investor credit subsidy payment from the United States Treasury is reduced or eliminated, and which is not the result of any act or omission by the District to satisfy the requirements to qualify to receive the 35% investor credit payment from the United States Treasury.

"Future Limited Bonds" means Limited Bonds to be issued by the District in the future.

"General Funds" means any and all funds of the District, other than the Bond Fund, from which payments may lawfully be made to pay principal of or interest on the Bonds.

"Insurer" means an issuer of a municipal bond or financial guaranty insurance policy issued in connection with the issuance and delivery of the Bonds.

"Limitation Law" is defined in the preambles.

"Limited Bonds" means that portion, if any, of the Bonds or other bonds of the District issued pursuant to Section 15.01 of the Debt Reform Act and subject to the provisions of the Limitation Law.

"Loss in Current Collection" means the difference between an Extension and the Current Collection from such Extension.

"Nonreferendum Base Bonds" means bonds of any kind, other than Limited Bonds, the levy (and resulting Extension) for which is chargeable against (*i.e.*, deductible from) the Debt Service Extension Base in a given year.

"Ordinance" means this Ordinance, numbered as set forth on the title page and adopted by the Board on the 9th day of July 2009.

"Pledged Limited Taxes" means the ad valorem taxes levied against all taxable property of the District without limitation as to rate, but limited as to amount, and pledged hereunder as security for the Limited Bonds.

“Pledged Taxes” means, collectively, the Pledged Limited Taxes and the Pledged Unlimited Taxes.

“Pledged Unlimited Taxes” means the ad valorem taxes levied against all taxable property of the District without limitation as to rate or amount and pledged hereunder by the District as security for the Bonds.

“Prior Bonds” is defined in the preambles.

“Prior Limited Bonds” means Limited Bonds previously issued for which taxes have been levied which are allocable to the Debt Service Extension Base, the listing of which is on file in the office of the Treasurer.

“Purchase Price” means the price to be paid by the Purchasers for the Bonds.

“Purchasers” means Mesirow Financial, Inc., Chicago, Illinois, as representative of a group of purchasers, as indicated in the Bond Purchase Agreement.

“Qualified Investments” means any lawful investment for the District as permitted under Illinois law.

“Rebate Fund” means the Rebate Fund authorized to be created in (Section 15 of) this Ordinance.

“Record Date” means the fifteenth day of the month preceding any regular or other interest payment date occurring on the first day of any month and the fifteenth day preceding any interest payment date occasioned by the redemption of Bonds on other than the first day of a month.

“Refunding” is defined in the preambles.

“Representations Letter” means such agreement or agreements by and among the District, the Bond Registrar, and the Depository as shall be necessary to effectuate a book-entry

system for the Bonds, and includes the Blanket Letter of Representations previously executed by the District and the Depository.

“*Rule*” means Rule 15c2-12 as promulgated by the Securities and Exchange Commission, as amended.

“*Stated Maturity*” means, with respect to any Bond, the date specified in such Bond as the fixed date on which the principal of such Bond or such interest is due and payable, whether by maturity or otherwise.

“*Stimulus Act*” means the American Recovery and Reinvestment Act of 2009, Pub. L. No. 111-5, 123 Stat. 115 (2009), enacted February 17, 2009.

“*Taxable*” means, with respect to all or any portion of the Bonds, the status of interest paid and received thereon as includible in the gross income of the owners thereof under the Code for federal income tax purposes, but also having allocable to such Bonds, as Build America Bonds, a federal income tax credit, alienable as provided in the Code.

“*Tax-exempt*” means, with respect to all or any portion of the Bonds, the status of interest paid and received thereon as excludable from the gross income of the owners thereof under the Code for federal income tax purposes.

“*Term Bonds*” means Bonds subject to mandatory redemption by operation of the Bond Fund and designated as Term Bonds in the Bond Order.

“*Treasurer*” means the Treasurer of the District.

“*Treasury Rate*” means as of any redemption date, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available on the Determination Date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data))

most nearly equal to (i) the remaining average life of the Bonds to be redeemed, or (ii) the period from the redemption date to the Stated Maturity of the Bonds to be redeemed, as shall be determined by the Designated Officers and set forth in the relevant Bond Order; *provided, however*, that if the period from the redemption date to such Stated Maturity is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used. “Determination Date” means the date which is that number of Business Days prior to the redemption date as shall be set forth in the relevant Bond Order.

B. Definitions also appear in the preambles hereto or in specific sections, as appear below. The headings in and the table of contents preceding this Ordinance are for the convenience of the reader and are not a part of this Ordinance.

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

Section 3. Authorization. It is necessary and in the best interests of the District to provide for the Refunding and to borrow money and issue the Bonds in one or more series for such purposes. It is hereby found and determined that such borrowing of money is necessary and convenient for the public health, safety, welfare and convenience and is for a proper public purpose or purposes and is in the public interest, and is authorized pursuant to Applicable Law. The Bonds shall be issued pursuant to Applicable Law and the Stimulus Act.

Section 4. Bond Details.

A. It is hereby found and determined that the Board has been authorized by law to borrow not to exceed the sum of \$300,000,000 upon the credit of the District and as evidence of

such indebtedness to issue bonds in the aggregate principal amount of not in excess of \$300,000,000 in order to pay all or a part of the costs of the Refunding.

B. The Bonds shall be issued from time to time, in such series, as may be determined by Designated Officers pursuant to Bond Orders.

C. The name of each Bond shall be “*Taxable General Obligation Refunding Bond, Unlimited [Limited] Tax Series of 2009, Build America Bond–Investor Credit*” with such revisions, additions, or modifications as shall be determined to be necessary by Designated Officers at the time of the sale of a series of the Bonds to reflect the purpose of the issue, the order of sale of the Bonds, whether the Bonds are Limited Bonds, and any other authorized features of the Bonds determined by such Designated Officers as desirable to be reflected in the title of the Bonds being issued and sold. The Bonds shall be dated as of the date of issuance thereof. All Bonds shall also bear the date of authentication, shall be in fully registered form, shall be in Authorized Denominations (provided that no single Bond shall represent installments of principal maturing on more than one date), shall be numbered consecutively within each series, shall bear interest at the rates percent per annum, and shall become due and payable (subject as hereinafter provided with respect to prior redemption) on December 1 of the years as provided in the relevant Bond Order, subject to the limitations set forth below.

D. All or any portion of the Bonds may be issued as Limited Bonds as shall be determined necessary by Designated Officers in order to comply with the Debt Reform Act and the Limitation Law.

E. All Bonds shall become due and payable as provided in the relevant Bond Order; *provided, however*, that no Bond shall have a Stated Maturity which is later than December 1, 2038. The aggregate of the principal amount of the Bonds payable, whether at maturity or by virtue of mandatory redemption, in any Bond Year (after taking into account prior required

mandatory redemptions of such Bonds) and the interest to accrue thereon on such Bond Year shall not exceed the applicable amount levied therefor pursuant to the Bond Orders plus any amounts determined in the relevant Bond Orders to be available either from the funds on hand, tax levies for a series of the Prior Bonds, or the proceeds of the Bonds.

F. The Bonds shall bear interest at a rate or rates not to exceed thirteen percent (13%) per annum.

G. Each Bond shall bear interest from the later of its dated date or the most recent interest payment date to which interest has been paid or duly provided for, until the principal amount of such Bond is paid or duly provided for, such interest (computed upon the basis of a 360-day year of twelve 30-day months) being payable, subject to the provisions of any Bond Order, on June 1 and December 1 of each year, commencing on such June 1 or December 1 as determined by the Designated Officers in the Bond Order therefor. Interest on each Bond shall be paid to the person in whose name such Bond is registered at the close of business on the Regular Record Date.

H. So long as the Bonds are held in Book Entry Form, interest on each Bond shall be paid to the Depository by check or draft or electronic funds transfer, in lawful money of the United States of America, as may be agreed in the Representations Letter; in the event the Bonds should ever become available in physical form to registered owners other than the Depository, interest on each Bond shall be paid by check or draft of the Bond Registrar, payable upon presentation thereof in lawful money of the United States of America, or by electronic funds transfer of lawful money of the United States of America, as may be provided, to the person in whose name such Bond is registered at the close of business on the applicable Record Date, and mailed to the address or transferred to such account of such registered owner as it appears on the Bond Register or at such other address or account as may be furnished in writing to the Trustee.

I. Principal of and premium (if any) on each Bond shall be paid upon surrender in lawful money of the United States of America, at the designated office of the Bond Registrar.

Section 5. Book Entry Form. The Bonds of each series shall be initially issued in the form of a separate single fully registered Bond for each of the maturities of the Bonds bearing the same rate of interest. Upon initial issuance, the ownership of each such Bond shall be registered in the Bond Register in such name as may be provided by the Depository (the “*Book Entry Owner*”) and, accordingly, in Book Entry Form as provided and defined herein. The Clerk or the Treasurer is authorized to execute a Representations Letter or to utilize the provisions of an existing Representations Letter. Without limiting the generality of the authority given with respect to entering into a Representations Letter for the Bonds, it may contain provisions relating to (a) payment procedures, (b) transfers of the Bonds or of beneficial interests therein, (c) redemption notices and procedures unique to the Depository, (d) additional notices or communications, and (e) amendment from time to time to conform with changing customs and practices with respect to securities industry transfer and payment practices. With respect to Bonds registered in the Bond Register in the name of the Book Entry Owner, neither the District nor the Bond Registrar shall have any 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. Without limiting the meaning of the immediately preceding sentence, neither the District nor the Bond Registrar shall have any responsibility or obligation with respect to (a) the accuracy of the records of the Depository, the Book Entry Owner, 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 or as expressly provided in the Representations Letter, 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. No person other than a registered owner of a Bond as shown in the Bond Register shall receive a Bond certificate with respect to any Bond. In the event that (a) the District determines that the Depository is incapable of discharging its responsibilities described herein or in the Representations Letter, (b) the agreement among the District and the Depository evidenced by the Representations Letter shall be terminated for any reason, or (c) the District determines that it is in the best interests of the District or of the beneficial owners of the Bonds or of any given series of the Bonds that they be able to obtain certificated Bonds; the District shall notify the Depository of the availability of Bond certificates, and such Bonds shall no longer be restricted to being registered in the Bond Register to the Book Entry Owner. The District may determine at such time that such Bonds shall be registered in the name of and deposited with a successor depository operating a book entry only system, as may be acceptable to the District, or such depository's agent or designee, but if the District does not select such successor depository, then such Bonds shall be registered in whatever name or names registered owners of Bonds transferring or exchanging Bonds shall designate, in accordance with the provisions hereof.

Section 6. Execution; Authentication. The Bonds shall be executed by the manual or duly authorized facsimile signatures of the President and Clerk of the District, and shall be registered, numbered, and countersigned by the manual or duly authorized facsimile signature of the Treasurer, as they may determine, and shall have impressed or imprinted thereon the corporate seal or facsimile thereof of the District. In case any such officer whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer

had remained in office until delivery. All Bonds shall have thereon a certificate of authentication, substantially in the form hereinafter set forth, duly executed by the Bond Registrar as authenticating agent of the District and showing the date of authentication. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this Ordinance unless and until such certificate of authentication shall have been duly executed by the Bond Registrar by manual signature, and such certificate of authentication upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Ordinance. The certificate of authentication on any Bond shall be deemed to have been executed by it if signed by an authorized signatory of the Bond Registrar, but it shall not be necessary that the same person sign the certificate of authentication on all of the Bonds issued hereunder.

Section 7. Redemption. A. Mandatory Redemption. If so provided in the relevant Bond Order, any Bonds may be issued as Term Bonds and be subject to mandatory redemption by operation of the Bond Fund, at a price of par, without premium, plus accrued interest to the date fixed for redemption, on such date of each year as may be provided in the relevant Bond Order and in the amounts and subject to such provisions as shall be set forth in the relevant Bond Order. Bonds subject to mandatory redemption shall be deemed, for purposes of the limitations within this Ordinance, to become due on the dates so subject to redemption and not at maturity, except for any remainder to be paid at maturity. The District covenants that it will redeem any Term Bonds pursuant to the mandatory redemption requirement for such Term Bonds and levy taxes accordingly. If the District redeems pursuant to *optional* redemption as may be provided or purchases Term Bonds of any maturity and cancels the same from *Bond Moneys* as hereinafter described, then an amount equal to the principal amount of Term Bonds so redeemed or purchased shall be deducted from the mandatory redemption requirement as provided for Term Bonds of such maturity, first, in the current year of such requirement, until the requirement for the current year has been fully met, and then in any order of payment on the Term Bonds as due

at maturity or subject to mandatory redemption in any year as the District shall at such time determine. If the District redeems pursuant to *optional* redemption or purchases Term Bonds of any maturity and cancels the same from moneys *other than Bond Moneys*, then an amount equal to the principal amount of Term Bonds so redeemed or purchased shall be deducted from the amount of such Term Bonds as due at maturity or subject to mandatory redemption in any year as the District shall at such time determine.

B. Optional Redemption. If so provided in the relevant Bond Order, any Bonds may be subject to redemption prior to maturity at the option of the District, in whole or in part on any date, at such times and at such optional redemption prices as may be provided in the relevant Bond Order. Such optional redemption prices shall be expressed as (i) a percentage of the principal amount of Bonds to be redeemed, *provided* that such percentage shall not exceed one hundred five percent (105.00%), plus accrued interest to the date of redemption, or (ii) the “Make-Whole Redemption Price” hereinafter provided, or (iii) the “Extraordinary Optional Redemption Price” hereinafter provided. If less than all of the Outstanding Bonds of a series are to be optionally redeemed, the Bonds to be called shall be called from such series, in such principal amounts and from such maturities as may be determined by the District and within any maturity in the manner hereinafter provided.

C. Make-Whole Redemption. If so provided in the relevant Bond Order, any Bonds may be redeemable prior to maturity at the option of the District, in whole or in part, on any Business Day, at the “Make-Whole Redemption Price,” which is the greater of (i) one hundred percent (100%) of the principal amount of the Bonds to be redeemed and (ii) the sum of the present value of the remaining scheduled payments of principal and interest to the Stated Maturity of the Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Bonds are to be redeemed, discounted to the date

on which the Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at a rate which is equal to or in excess of the adjusted Treasury Rate, plus, in each case, accrued and unpaid interest on the Bonds to be redeemed on the redemption date. The District shall confirm and transmit the Make-Whole Redemption Price on such dates and to such parties as shall be necessary to effectuate such make-whole redemption.

D. Extraordinary Optional Redemption. If so provided in the relevant Bond Order, the Bonds may be subject to redemption prior to maturity at the option of the District, in whole or in part, upon the occurrence of an Extraordinary Event, at the “Extraordinary Optional Redemption Price,” which is the greater of: (i) one hundred percent (100%) of the principal amount of the Bonds to be redeemed and (ii) the sum of the present value of the remaining scheduled payments of principal and interest to the Stated Maturity of the Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Bonds are to be redeemed, discounted to the date on which the Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at a rate which is equal to or in excess of the adjusted Treasury Rate, plus, in each case, accrued and unpaid interest on the Bonds to be redeemed on the redemption date. The District shall confirm and transmit the Extraordinary Optional Redemption Price on such dates and to such parties as shall be necessary to effectuate such extraordinary optional redemption.

Section 8. Redemption Procedures. The Bonds subject to redemption shall be identified, notice given, and paid and redeemed pursuant to the procedures as follows.

A. No Further Action for a Mandatory Redemption. For a mandatory redemption, the Bond Registrar shall proceed to redeem Bonds without any further order or direction from the District whatsoever.

B. *Optional Redemption.* For an optional redemption, the District shall, at least 45 days prior to a redemption date (unless a shorter time period shall be satisfactory to the Bond Registrar), notify the Bond Registrar of such redemption date and of the series of Bonds and the maturities of such series (and, if applicable, the scheduled mandatory redemptions affected) and principal amounts of Bonds to be redeemed.

C. *Selection of Bonds within a Maturity.* (1) For purposes of any redemption of less than all of the Bonds of a single series and maturity, the particular Bonds or portions of Bonds to be redeemed shall be selected by lot by the Bond Registrar for the Bonds of such maturity by such method of lottery as the Bond Registrar shall deem fair and appropriate; *provided*, that such lottery shall provide for the selection for redemption of Bonds or portions thereof so that any \$5,000 Bond or \$5,000 portion of a Bond shall be as likely to be called for redemption as any other such \$5,000 Bond or \$5,000 portion. The Bond Registrar shall make such selection upon the earlier of advice from the District that certain Bonds to be redeemed are Defeased Bonds or the time of the giving of official notice of redemption.

(2) Alternatively, if so provided in the relevant Bond Order, for purposes of any redemption of less than all of the Bonds of a single maturity, the particular Bonds or portions of Bonds to be redeemed shall be selected by the Bond Registrar pro-rata based upon the aggregate principal amount thereof then Outstanding; *provided, however*, that the portion of any Bond of a denomination of more than the minimum Authorized Denomination to be redeemed shall be in the principal amount of an Authorized Denomination and that, in selecting portions of such Bonds for redemption, the Bond Registrar shall treat each such Bond as representing that number of Bonds of said minimum Authorized Denomination which is obtained by dividing the principal amount

of such Bond to be redeemed in part by said minimum Authorized Denomination. If the Bonds are held in Book Entry Form at the time of such redemption, the District shall direct the Bond Registrar to instruct the Depository to select the specific Bonds within such maturity for redemption pro-rata among such Bonds. The District and the Bond Registrar shall have no responsibility or obligation to insure that the Depository properly selects such Bonds for redemption.

D. *Official Notice of Redemption.* The Bond Registrar shall promptly notify the District in writing of the Bonds or portions of Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed. Unless waived by the registered owner of Bonds to be redeemed, official notice of any such redemption shall be given by the Bond Registrar on behalf of the District by mailing the redemption notice by first class U.S. mail not less than 30 days and not more than 60 days prior to the date fixed for redemption to each registered owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such registered owner to the Bond Registrar. All official notices of redemption shall include the name of the Bonds and at least the information as follows:

- (1) the redemption date;
- (2) the redemption price, or in the case of a make-whole or extraordinary optional redemption, a description of the formula by which the redemption price shall be determined;
- (3) if less than all of the outstanding Bonds of a particular maturity are to be redeemed, the identification (and, in the case of partial redemption of Bonds

within such maturity, 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 and after said 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 office designated for the purpose by the Bond Registrar.

E. *Conditional Redemption.* Unless moneys sufficient to pay the redemption price of the Bonds to be redeemed shall have been received by the Bond Registrar prior to the giving of such notice of redemption, such notice may, at the option of the District, state that said redemption shall be conditional upon the receipt of such moneys by the Bond Registrar on or prior to the date fixed for redemption. If such moneys are not received, such notice shall be of no force and effect, the District shall not redeem such Bonds, and the Bond Registrar shall give notice, in the same manner in which the notice of redemption was given, that such moneys were not so received and that such Bonds will not be redeemed.

F. *Bonds Shall Become Due.* Official notice of redemption having been given as described, the Bonds or portions of Bonds so to be redeemed shall, subject to the stated condition in paragraph (E) immediately preceding, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the District shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for

redemption in accordance with said notice, such Bonds shall be paid by the Bond Registrar at the redemption price. The procedure for the payment of interest due as part of the redemption price shall be as herein provided for payment of interest otherwise due.

G. *Insufficiency in Notice Not Affecting Other Bonds; Failure to Receive Notice; Waiver.* 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 redemption action described in the notice. Such notice may be waived in writing by a registered owner of a Bond entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by registered owners shall be filed 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. In lieu of the foregoing official notice, so long as the Bonds are held in Book Entry Form, notice may be given as provided in the Representations Letter, and the giving of such notice shall constitute a waiver by the Depository and the Book Entry Owner, as registered owner, of the foregoing notice.

H. *New Bond in Amount Not Redeemed.* Upon surrender for any partial redemption of any Bond, there shall be prepared for the registered owner a new Bond or Bonds of like series and tenor, of authorized denominations, of the same maturity, and bearing the same rate of interest in the amount of the unpaid principal.

I. *Effect of Nonpayment upon Redemption.* If any Bond or portion of Bond called for redemption shall not be so paid upon surrender thereof for redemption, the

principal shall, until paid or duly provided for, bear interest from the redemption date at the rate borne by the Bond or portion of Bond so called for redemption.

J. *Bonds to be Cancelled; Payment to Identify Bonds.* All Bonds which have been redeemed shall be cancelled and destroyed by the Bond Registrar and shall not be reissued. Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

K. *Additional Notice.* The District agrees to provide such additional notice of redemption as it may deem advisable at such time as it determines to redeem Bonds, taking into account any requirements or guidance of the Securities and Exchange Commission, the Municipal Securities Rule Making Board, the Government Accounting Standards Board, or any other federal or state agency having jurisdiction or authority in such matters; *provided, however*, that such additional notice shall be (1) advisory in nature, (2) solely in the discretion of the District, (3) not be a condition precedent of a valid redemption or a part of the Bond contract, and (4) any failure or defect in such notice shall not delay or invalidate the redemption of Bonds for which proper official notice shall have been given. Reference is also made to the provisions of the Continuing Disclosure Undertaking of the District with respect to the Bonds, which may contain other provisions relating to notice of redemption of Bonds.

L. *Bond Registrar to Advise District.* As part of its duties hereunder, the Bond Registrar shall prepare and forward to the District a statement as to notices given with respect to each redemption together with copies of the notices as mailed.

Section 9. Registration of Bonds; Persons Treated as Owners. The District shall cause books (the “*Bond Register*”) for the registration and for the transfer of the Bonds as provided in this Ordinance to be kept at the office designated for such purpose of the Bond Registrar, which is hereby constituted and appointed the registrar of the District for the Bonds. The District is authorized to prepare, and the Bond Registrar or such other agent as the District may designate shall keep custody of, multiple Bond blanks executed by the District for use in the transfer and exchange of Bonds. Subject to the provisions of this Ordinance relating to the Bonds in Book Entry Form, any Bond may be transferred or exchanged, but only in the manner, subject to the limitations, and upon payment of the charges as set forth in this Ordinance. Upon surrender for transfer or exchange of any Bond at the office designated for such purpose of the Bond Registrar, duly endorsed by or accompanied by a written instrument or instruments of transfer or exchange in form satisfactory to the Bond Registrar and duly executed by the registered owner or an attorney for such owner duly authorized in writing, the District shall execute and the Bond Registrar shall authenticate, date and deliver in the name of the transferee or transferees or, in the case of an exchange, the registered owner, a new fully registered Bond or Bonds of like series and tenor, of the same maturity, bearing the same interest rate, of authorized denominations, for a like aggregate principal amount. The Bond Registrar shall not be required to transfer or exchange any Bond during the period of 15 days preceding the giving of notice of redemption of Bonds or to transfer or exchange any Bond all or a portion of which has been called for redemption. The execution by the District of any fully registered Bond shall constitute full and due authorization of such Bond, and the Bond Registrar shall thereby be authorized to authenticate, date and deliver such Bond; *provided, however*, the principal amount of Bonds of each series and maturity authenticated by the Bond Registrar shall not at any one time exceed the authorized principal amount of Bonds for such series and maturity less the amount of such Bonds

which have been paid. The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal of or interest on any Bond shall be made only to or upon the order of the registered owner thereof or his (her) 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 to any registered owner of Bonds for any transfer or exchange of Bonds, but the District or the Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds.

Section 10. Form of Bond. The Bonds shall be in substantially the form hereinafter set forth; *provided, however,* that if the text of the Bond is to be printed in its entirety on the front side of the Bond, then the second paragraph of the front side of the Bond and the legend “See Reverse Side for Additional Provisions” shall be omitted and paragraphs on the reverse side of the Bond shall be inserted immediately after the first paragraph on the front side.

[Form of Bond - Front Side]

REGISTERED
NO. _____

REGISTERED
\$ _____

**UNITED STATES OF AMERICA
STATE OF ILLINOIS
THE COUNTY OF COOK
METROPOLITAN WATER RECLAMATION DISTRICT OF GREATER CHICAGO
TAXABLE GENERAL OBLIGATION REFUNDING BOND
UNLIMITED [LIMITED] TAX SERIES OF [MONTH DESIGNATION], 2009
BUILD AMERICA BOND – INVESTOR CREDIT**

See Reverse Side for
Additional Provisions.

Interest Maturity Dated
Rate: _____% Date: December 1, 20____ Date: _____, 2009 CUSIP: _____

Registered Owner: CEDE & CO.

Principal Amount: _____ DOLLARS

KNOW ALL PERSONS BY THESE PRESENTS that the Metropolitan Water Reclamation District of Greater Chicago, Cook County, Illinois (the “*District*”), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns as hereinafter provided, on the Maturity Date identified above, the Principal Amount identified above and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on such Principal Amount from the Dated Date identified above or from the most recent interest payment date to which interest has been paid or duly provided for, at the Interest Rate per annum identified above, on June 1 and December 1 of each year, commencing on December 1, 2009, and until said Principal Amount is paid or duly provided for, except as the hereinafter stated provisions for redemption prior to maturity may be and become applicable hereto. The principal of this Bond is payable in lawful money of the United States of America upon presentation hereof at the office designated for such purpose of Amalgamated Bank of Chicago, with offices in Chicago, Illinois, or successor, as paying agent and bond registrar (the “*Bond Registrar*”). Payment of interest shall be made to the Registered Owner hereof as shown

on the registration books of the District maintained by the Bond Registrar at the close of business on the Record Date for each interest payment date and shall be paid by check or draft of the Bond Registrar, payable upon presentation at the Bond Registrar in lawful money of the United States of America, mailed to the address of such Registered Owner as it appears on such registration books, or as otherwise agreed to by the District and the Depository if holding this Bond in Book Entry Only Form, as provided for same. “*Record Date*” means the fifteenth day of the month preceding any regular or other interest payment date occurring on the first day of any month and the fifteenth day preceding any interest payment date occasioned by the redemption of Bonds on other than the first day of a month.

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

This bond and each bond of the series of which it forms a part (together, the “*Bonds*”), are issued pursuant to the Metropolitan Water Reclamation District Act, as amended, as supplemented by the Sanitary District Refunding Bond Act, as amended, and the Local Government Debt Reform Act of the State of Illinois, as amended, and the other Omnibus Bond Acts, as amended. The Bonds are being issued for the purpose of paying the costs of refunding certain previously issued and outstanding general obligation bonds of the District, all as more fully described in proceedings adopted by the Board of Commissioners of the District (the “*Board*”) and in an ordinance authorizing the issuance of the Bonds adopted by the Board on the 9th day of July 2009 (the “*Bond Ordinance*”), to all the provisions of which the holder by the acceptance of this Bond assents. For the prompt payment of this Bond, both principal and interest, as aforesaid, at maturity, certain Pledged Taxes are hereby irrevocably pledged.

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

The full faith and credit of the District are hereby irrevocably pledged to the punctual payment of the principal of and interest on the Bonds. The Bonds shall be direct and general obligations of the District, and the District shall be obligated to levy ad valorem taxes upon all the taxable property in the District for the payment of the Bonds and the interest thereon, without limitation as to rate or amount.

[Limited Bonds Alternate] [The full faith and credit of the District are hereby irrevocably pledged to the punctual payment of the principal of and interest on the Bonds. The Bonds shall be direct and general obligations of the District. ALTHOUGH THIS BOND CONSTITUTES A GENERAL OBLIGATION OF THE DISTRICT, AND NO LIMIT EXISTS ON THE *RATE* OF THE DIRECT ANNUAL TAX LEVIED FOR ITS PAYMENT, THE *AMOUNT* OF THE TAX IS LIMITED BY THE PROVISIONS OF THE PROPERTY TAX EXTENSION LIMITATION LAW OF THE STATE OF ILLINOIS, AS AMENDED (THE "*LIMITATION LAW*"). The Limitation Law provides that the annual amount of the taxes to be extended to pay this Bond and all other Limited Bonds (as defined in the Local Government Debt Reform Act of the State of Illinois, as amended) both previously issued or to be issued by the District in the future shall not exceed the debt service extension base (as defined in the Limitation Law) of the District (the "*Debt Service Extension Base*"), less the amount extended to pay certain Nonreferendum Base Bonds, as more fully defined in the Bond Ordinance. The District is authorized to issue from time to time additional Limited Bonds payable from the Debt Service Extension Base.]

It is hereby certified and recited that all conditions, acts, and things required by law to exist or to be done precedent to and in the issuance of this Bond did exist, have happened, been

done and performed in regular and due form and time as required by law; that the indebtedness of the District, including the issue of Bonds of which this is one, does not exceed any limitation imposed by law; and that provision has been made for the collection of a direct annual tax to pay the interest hereon as it falls due and also to pay and discharge the principal hereof at maturity.

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

IN WITNESS WHEREOF the Metropolitan Water Reclamation District of Greater Chicago, Cook County, Illinois, by its Board of Commissioners, has caused this Bond to be signed by the manual or duly authorized facsimile signatures of the President and Clerk of the District, and to be registered, numbered, and countersigned by the manual or duly authorized facsimile signature of the Treasurer who receives the taxes of the District, all as appearing hereon and as of the Dated Date as identified above.

President, Board of Commissioners
Metropolitan Water Reclamation
District of Greater Chicago
County of Cook, State of Illinois

Clerk, Metropolitan Water Reclamation
District of Greater Chicago
County of Cook, State of Illinois

[SEAL]

Registered, Numbered and Countersigned:

Treasurer
Metropolitan Water Reclamation
District of Greater Chicago
County of Cook, State of Illinois

Date of Authentication: _____, _____

CERTIFICATE
OF
AUTHENTICATION

This Bond is one of the Bonds described in the within mentioned ordinance and is one of the Taxable General Obligation Refunding Bonds, Unlimited [Limited] Tax Series of [Month Designation], 2009 Build America Bond-Investor Credit, of the Metropolitan Water Reclamation District of Greater Chicago, Cook County, Illinois.

AMALGAMATED BANK OF CHICAGO,
as Bond Registrar

Bond Registrar and Paying Agent:

Amalgamated Bank of Chicago,
with payment and registration offices
located in Chicago, Illinois

By _____
Authorized Officer

[Form of Bond - Reverse Side]

**METROPOLITAN WATER RECLAMATION DISTRICT OF GREATER CHICAGO
COOK COUNTY, ILLINOIS
TAXABLE GENERAL OBLIGATION REFUNDING BONDS,
UNLIMITED [LIMITED] TAX SERIES OF [MONTH DESIGNATION], 2009
BUILD AMERICA BOND – INVESTOR CREDIT**

This Bond is one of a series of Bonds issued by the District to pay for a certain refunding of bonds previously issued, all as authorized pursuant to the provisions of in all respects as provided by law. The Bonds are issued in fully registered form in the denomination of \$5,000 or authorized integral multiples thereof. Subject to the provisions relating to this Bond remaining in Book Entry Only Form, this Bond may be transferred or exchanged, but only in the manner, subject to the limitations, and upon payment of the charges as set forth in the Bond Ordinance.

This Bond is subject to redemption upon the terms, notice, redemption prices, and other applicable provisions of the Bond Ordinance.

The District and the Bond Registrar may deem and treat the person in whose name any Bond shall be registered in the Bond Register as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of or on account of the principal of or interest thereon and for all other purposes whatsoever; all such payments so made to any such Registered Owner or upon such Owner's order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid; and neither the District nor the Bond Registrar shall be affected by any notice to the contrary.

[Taxable legend to appear here]

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns and transfers unto

Here insert identification number, such as
Employer ID, SSN.

(Name and Address of Assignee)

the within Bond and does hereby irrevocably constitute and appoint _____

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

Dated: _____

Signature guaranteed: _____

NOTICE: The signature to this 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 11. Security for the Bonds and Certain Covenants and Reservations.

A. The full faith and credit of the District are hereby irrevocably pledged to the punctual payment of the principal of and interest on the Bonds. The Bonds shall be direct and

general obligations of the District, and the District shall be obligated to levy ad valorem taxes upon all the taxable property of the District for the payment of the Bonds and the interest thereon, without limitation as to rate, but for Bonds issued as Limited Bonds, limited as to amount by the provisions of the Limitation Law.

B. Limited Bonds shall be payable out of the Current Collection of the taxes; and, in the event the Current Collection shall be insufficient to pay the interest on and the principal of the Limited Bonds when due, such Bonds are payable as a general obligation of the District from the General Funds. In the event General Funds are used, the General Funds shall be reimbursed from the amounts eventually received and attributable to the Loss in Current Collection related to such insufficiency, if any.

C. The District covenants that the sum of

- (1) the Pledged Limited Taxes;
- (2) the levies for all Prior Limited Bonds;
- (3) the levies for all Future Limited Bonds; and
- (4) the levies for all Nonreferendum Base Bonds previously issued or to be

issued

shall not exceed the Debt Service Extension Base for any year.

D. With respect to Limited Bonds, the Extension of the Pledged Limited Taxes in any year may be limited to 100% of the taxes (*i.e.*, the levy) for such year with the result that there may be a deficiency in the amount of the Current Collection from the taxes (equal to the Loss in Current Collection), which deficiency shall be satisfied from General Funds.

E. Future Limited Bonds may have aggregate debt service requirements (*i.e.*, interest and principal payment requirements) which will not be met by the levy of taxes under the Available Base and, consequently, must be met from General Funds; and the District reserves the

right to issue such bonds, but the issuance shall not cause the reduction of the Extension for the Pledged Limited Taxes to an amount less than 100% of the levy constituting the Pledged Limited Taxes.

Section 12. Tax Levy; Application of Taxes Collected. In order to provide for the collection of direct annual taxes to pay and discharge the principal of and interest on the Bonds as the same become due, there be and there is hereby levied upon all the taxable property within the District a direct annual tax for each of the years and in amounts required for that purpose (the “*Taxes*”) but in no event shall the Taxes as levied for all series of the Limited Bonds, collectively, exceed the sum of \$141,463,900 in any given year; the Taxes for each series of the Bonds shall be as stated in the Bond Order as prepared for such series. The Clerk is hereby expressly authorized and directed to file each Bond Order with the County Clerk upon the sale of any Bonds, and the Bond Order shall reflect the final Taxes to be levied for such series of the Bonds in such specific amounts and for such years as shall be necessary. The Taxes and other moneys (collectively, the “*Bond Moneys*”) in the Bond Fund shall be applied to pay principal of and interest on the Bonds as follows:

A. Bond Moneys shall be applied to the payment of interest when due and principal or Redemption Price when due at maturity or as redeemed pursuant to mandatory redemption from the Bond Fund; or

B. On or before 65 days preceding a mandatory redemption date, and provided notice is given to the Bond Registrar on or before said 65th day preceding a mandatory redemption date, Bond Moneys up to the amount of the redemption requirement on such mandatory redemption date plus interest due on Term Bonds on such date may be applied (1) to the purchase of Term Bonds of the maturity for which such mandatory redemption requirement was established at prices (including commissions and charges, if any) not

exceeding par and accrued interest to such mandatory redemption date or (2) to the redemption of such Bonds, without premium, pursuant to optional redemption provisions applicable thereto. Upon the purchase or redemption of Term Bonds of any maturity pursuant to this paragraph (B), an amount equal to the principal amount of such Bonds or applicable portion thereof so purchased or redeemed shall be deducted from the mandatory redemption requirement as provided for Term Bonds of such maturity, first, in the current year of such requirement, until the requirement for the current year has been fully met, and then in any order of payment on the Term Bonds as due at maturity or subject to mandatory redemption in any year as the District shall at such time determine.

Principal of or interest on any Bond coming due at any time when there are not sufficient funds on hand from the foregoing tax levy to pay the same shall be paid from the General Funds of the District, and the fund or funds from which such payment was made shall be reimbursed out of the Taxes when the same shall be collected. The District covenants and agrees with the Purchasers and the registered owners from time to time of the Bonds that so long as any of the Bonds remain outstanding, the District will take no action or fail to take any action which in any way would adversely affect the ability of the District to levy and collect the Taxes; and the District and its officers will comply with all present and future applicable laws in order to assure that the Taxes will be levied, extended, and collected as provided herein and deposited into the Bond Fund.

Section 13. Sale of Bonds. Any two of the Designated Officers, acting in concert, are hereby authorized to proceed, without any further official authorization or direction whatsoever from the Board, to sell and deliver the Bonds as herein provided. The Bonds shall be sold in one or more series and as Build America Bonds as shall be set forth in the Bond Order(s) relating to

same. The Designated Officers shall be and are hereby authorized and directed to sell the Bonds to the Purchasers at not less than the Purchase Price, *provided, however*, as follows:

(a) The aggregate compensation to the Purchasers, not including other costs or expenses incurred and approved by the District and paid directly upon delivery of the Bonds, shall not exceed 1% of the aggregate initial reoffering price of the Bonds to the public.

(b) The Purchasers provide information (in the form of a written certificate) that the terms of the Bonds are reasonable in light of current conditions in the market for taxable governmental obligations such as the Bonds.

(c) The average life of Bonds of any given Series shall not be shorter than the average life of the Prior Bonds so refunded, subject only to the requirements of the Code.

(d) It shall be demonstrated by the Purchasers and confirmed by the financial advisors to the District in connection with the sale of the Bonds that the issuance of Bonds of each series has resulted in a net present value savings, calculated as is customary in municipal bond market transactions (including previous District transactions), of not less than 3% of the principal amount of the Prior Bonds so refunded.

Nothing in this Section shall require the Designated Officers to sell Bonds if in their judgment the conditions in the bond markets shall have markedly deteriorated from the time of adoption hereof, but the Designated Officers shall have the authority to sell Bonds in any event so long as the limitations set forth in this Ordinance shall have been met. It is hereby found that no person holding any office of the District either by election or appointment, is in any manner financially interested, either directly, in his or her own name, or indirectly, in the name of any other person, association, trust or corporation, in the sale of the Bonds to the Purchasers. Upon the sale of a given series of the Bonds, the Designated Officers and any other officers of the District as shall

be appropriate shall be and are hereby authorized and directed to approve or execute, or both, such documents of sale of the Bonds of such series as may be necessary, including, without limitation, the Bond Order, Bond Purchase Agreement, Preliminary Official Statement and Official Statement, tender offer documents, and closing documents including such certification and documentation as may be required by counsel approving the Bonds, including, specifically, the qualification of the Bonds as Build America Bonds pursuant to the Code. The preparation by the Designated Officers, other staff of the District, and the Purchasers, and distribution of a Preliminary Official Statement relating to the Bonds of any series is hereby in all respects authorized and approved; and the proposed use by the Purchasers of an Official Statement (in substantially the form of the Preliminary Official Statement but with appropriate variations to reflect the final terms of such Bonds) is also hereby authorized and approved. A bond purchase agreement for the sale of the Bonds of any series to the Purchasers (the "*Bond Purchase Agreement*"), substantially in the form as approved for execution in connection with the sale of a prior bond issue of the District within the past three (3) years, is hereby in all respects authorized and approved. The officer(s) designated to sign the Bond Purchase Agreement are hereby authorized to execute same, and their execution shall constitute full and complete approval of all necessary or appropriate completions and revisions as shall appear therein. Upon the sale of a series of the Bonds, the Designated Officers so acting shall prepare the Bond Order for same, to be substantially in the form as approved for execution in connection with the sale of a prior bond issue of the District within the past three (3) years, which shall include the pertinent details of sale as provided herein, and such shall be entered into the records of the District and made available to the Board at the next public meeting thereof. The authority to sell the Bonds pursuant to the Bond Order as herein provided shall expire on December 31, 2009.

Section 14. Filing with the County Clerk. Upon the passage of this Ordinance and execution and delivery of the first Bond Order, the Clerk is hereby directed to file a certified copy of this Ordinance (along with such Bond Order, as previously provided) with the County Clerk, and it shall be the duty of the County Clerk annually in and for each of the years 2009 to 2035, inclusive, and as may be applicable, to ascertain the rate necessary to produce the Taxes, and extend the same for collection on the tax books against all of the taxable property within the District in connection with other taxes levied in each of said years for District purposes, in order to raise the respective amounts of the Taxes; and in each year such annual tax shall be computed, extended, and collected in the same manner as now or hereafter provided by law for the computation, extension and collection of taxes for general District purposes. When collected, the Taxes shall be placed to the credit of the Bond Fund. A like Bond Order shall be filed with the County Clerk for each subsequent series of the Bonds, with like effect, but it shall not be necessary to file this Ordinance with the County Clerk more than once.

Section 15. Creation of Funds and Appropriations; Provision for Refunding.

A. There are authorized created one or more accounts each to be known as “*General Obligation Refunding Bond and Interest Sinking Fund Account for [Unlimited] [Limited] Tax Series of 2009, Build America Bonds–Investor Credit*” (each a “*Bond Account*”), which shall be the accounts for the payment of principal of and interest on the Bonds. Accrued interest, capitalized interest and premium, if any, received upon delivery of a series of the Bonds shall be used and is hereby appropriated for the related refunding purpose or be applied to pay first interest coming due on such series. Pledged Taxes are hereby appropriated for and shall either be deposited into the related Bond Accounts and used solely and only for paying the principal of and interest on the Bonds or be used to reimburse a fund or account from which advances to the Bond Accounts may have been made to pay principal of or interest on the Bonds prior to receipt

of Pledged Taxes. Interest income or investment profit earned in the Bond Accounts shall be retained for payment of the principal of and interest on Bonds on the interest payment date next after such interest or profit is received or, to the extent lawful and as determined by the Board, transferred to such other funds as may be determined.

B. The amount necessary from the proceeds of the Bonds of each series shall be used to pay costs of issuance of the Bonds and shall to the fullest extent possible be totally paid by the Purchasers from Bond proceeds at closing or (if and only if necessary) deposited into an appropriate District account for the purpose. Such payments by the Purchasers or any disbursements from such District account shall be made from time to time as necessary. Any excess of money for said purposes shall be deposited into the related Bond Account within three (3) months from the date of issuance of a Series of the Bonds.

C. For each Prior Fixed Rate Bond Refunding, whether accomplished with one or more series, the amount of Bonds proceeds necessary to accomplish the refunding of the Prior Bonds allocable to such series, together with such funds on hand in the debt service funds for such Prior Bonds and lawfully available for the purpose, as may be advisable, shall be deposited with the financial institution which is the paying agent for the Prior Bonds refunded, in a separate capacity as escrow agent, pursuant to one or more Refunding Escrow Agreements, in form and substance substantially as has been utilized by the District for its previous refundings.

D. The Treasurer shall cause to be established, at such time and in such manner as he or she may deem necessary or appropriate hereunder, one or more funds or accounts for the payment of rebate (each a "*Rebate Fund*") for the various series of the Bonds, and such officer shall further, not less frequently than annually, cause to be ascertained and allocated to the Rebate Funds the amount determined to be the accrued liability, if any, under Section 148(f) of the Code, relating to rebate of excess arbitrage profits. Said officer shall cause to be paid to the

United States Treasury, without further order or direction from the Board of Commissioners, from time to time as required, amounts sufficient to meet the Rebate Requirement.

E. The Prior Fixed Rate Refundings may be accomplished by either redemption of or by tender offer for Prior Bonds. The Designated Officers are authorized to accomplish any such tender offer with the aid of the Purchasers.

Section 16. General Build America Bond Covenants. Any of the Designated Officers may perform such acts and make such declarations, tax returns, covenants and certifications as may be necessary or advisable to assure that the investors receive the credit for Build America Bonds as allowed under Section 6431 of the Code.

Section 17. Reimbursement. None of the proceeds of the Bonds will be used to pay, directly or indirectly, in whole or in part, for an expenditure that has been paid by the District prior to the date hereof. This Ordinance is in itself a declaration of official intent under Treasury Regulations Section 1.103-18 as to all costs of the Projects paid after the date hereof and prior to issuance of the Bonds.

Section 18. Pertaining to the Bond Registrar. If requested by the Bond Registrar, any of the Designated Officers is authorized to execute a standard form of agreement between the District and the Bond Registrar with respect to the obligations and duties hereunder. Subject to modification by such agreement, the Bond Registrar accepts the duties listed as follows:

- (a) as applicable, to act as bond registrar, authenticating agent, paying agent, and transfer agent as provided herein;
- (b) to maintain a list of registered owners as set forth herein and to furnish such list to the District upon request, but otherwise to keep such list confidential except as otherwise may be required by law;
- (c) to cancel and/or destroy Bonds which have been paid at maturity, upon redemption or submitted for exchange or transfer;

(d) to furnish the District at least annually a certificate with respect to Bonds cancelled and/or destroyed; and

(e) to furnish the District at least annually an audit confirmation of Bonds paid, Bonds outstanding, and payments made with respect to interest on the Bonds.

The District covenants that it shall at all times retain a Bond Registrar with respect to the Bonds, that it will maintain at the designated office(s) of such Bond Registrar a place or places where Bonds may be presented for payment or registration of transfer or exchange, and that it shall require that the Bond Registrar properly maintain the Bond Register and perform the other duties and obligations imposed upon it by this Ordinance in a manner consistent with the standards, customs and practices of the municipal securities industry.

The Bond Registrar shall signify its acceptance of the duties and obligations imposed upon it by this Ordinance by executing the certificate of authentication on any Bond, and by such execution the Bond Registrar shall be deemed to have certified to the District 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 the Bonds. The Bond Registrar is the agent of the District and shall not be liable in connection with the performance of its duties except for its own negligence, willful wrongdoing, acts, or omissions. The Bond Registrar shall, however, be responsible for any representation in its certificate of authentication on the Bonds. The District may remove the Bond Registrar at any time. In case at any time the Bond Registrar shall resign, shall be removed, 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 of the property thereof shall be appointed, or if any public officer shall take charge or control of the Bond Registrar or of the property or affairs thereof, the District covenants and agrees that it will thereupon appoint a successor Bond Registrar. The District shall mail notice of any such appointment made by it to each registered owner of any Bond within twenty days after such appointment. Any successor

Bond Registrar appointed under the provisions of this Section shall be a bank, trust company, or national banking association maintaining an office for registration, transfer, and payment of bonds in the City of Chicago, Illinois, or in the City of New York, Borough of Manhattan, New York, having capital, surplus, and undivided profit in excess of \$100,000,000.

Section 19. Insurance. Any two of the Designated Officers are hereby expressly authorized to sell the Bonds of any series subject to the provisions of a municipal bond or financial guaranty insurance policy issued by an Insurer (the “*Policy*”). In such event, so long as such Policy shall be in full force and effect, the District and the Bond Registrar agree to comply with such usual and reasonable provisions regarding presentment and payment of the Bonds of such series, subrogation of the rights of the Bondholders to the Insurer when holding such Bonds, amendment hereof, or other terms, as approved by any one or more of the Designated Officers, his, her or their approval to constitute full and complete acceptance by the District of such terms and provisions under authority of this section.

Section 20. Continuing Disclosure Undertaking. Any of the Designated Officers is hereby authorized to execute and deliver the Continuing Disclosure Undertaking, in substantially the form as approved for execution in connection with the sale of a prior bond issue of the District within the past three (3) years, taking into account EMMA as the sole designated NRMSIR, to effect compliance with the Rule. When such Continuing Disclosure Undertaking is executed and delivered on behalf of the District, it will be binding on the District and the officers, agents, and employees of the District, and the same are hereby authorized and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of such Continuing Disclosure Undertaking as executed and delivered. Notwithstanding any other provisions hereof, the sole remedies for failure to comply with such Continuing Disclosure Undertaking shall be the ability of the beneficial owner of any

Bond to seek mandamus or specific performance by court order, to cause the District to comply with its obligations thereunder.

Section 21. Defeasance. Any Bond or Bonds (a) which are paid and cancelled, (b) which have matured and for which sufficient sums been deposited with a bank or trust company authorized to keep trust accounts to pay all principal and interest due thereon, or (c) for which sufficient United States funds and Defeasance Obligations have been deposited with a bank or trust company authorized to keep trust accounts, taking into account investment earnings on such obligations, all principal of and interest on such Bond or Bonds when due at maturity or as called for redemption, pursuant to an irrevocable escrow or trust agreement, (such Bonds as described in this clause (c) being “*Defeased Bonds*”) shall cease to have any lien on or right to receive or be paid from the taxes levied hereunder and shall no longer have the benefits of any covenant for the registered owners of outstanding Bonds as set forth herein as such relates to lien and security of the outstanding Bonds. All covenants relative to the Tax-exempt or Build America Bonds status of such Bond or Bonds and payment, registration, transfer, and exchange are expressly continued for all Bonds whether outstanding Bonds or not. For purposes of this section, “*Defeasance Obligations*” means (a) direct and general full faith and credit obligations of the United States Treasury (“*Directs*”), (b) certificates of participation or trust receipts in trusts comprised wholly of Directs or (c) other obligations unconditionally guaranteed as to timely payment by the United States Treasury.

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

Section 23. Superseder. All ordinances, procedural rules, or parts thereof in conflict herewith be and the same are hereby superseded and waived for purposes of this Ordinance; and this Ordinance shall be in full force and effect forthwith upon its adoption.

Adopted the 9th day of July 2009.

SIGNED: July 9, 2009.

President, Board of Commissioners
Metropolitan Water Reclamation
District of Greater Chicago
County of Cook, State of Illinois

ATTEST:

Clerk, Metropolitan Water Reclamation
District of Greater Chicago
County of Cook, State of Illinois

APPROVED AS TO FORM AND LEGALITY:

Head Assistant Attorney,
Metropolitan Water Reclamation
District of Greater Chicago
County of Cook, State of Illinois

General Counsel,
Metropolitan Water Reclamation
District of Greater Chicago
County of Cook, State of Illinois

MINUTES of a regular public meeting of the Board of Commissioners of the Metropolitan Water Reclamation District of Greater Chicago, Cook County, Illinois, held in the Board Room on the First Floor of the District Administrative Offices, 100 East Erie Street, Chicago, Illinois, in said District at 10:00 a.m., on the 9th day of July 2009.

* * *

The meeting was called to order by the President, and upon the roll being called, Terrence J. O'Brien, the President, and the following Commissioners, all being physically present in chambers, answered present: _____

The following Commissioners were absent: _____

* * *

The President announced that the next item for consideration on the agenda was the issuance of the District's general obligation refunding bonds and that the Board of Commissioners would consider the adoption of an ordinance authorizing the sale of the bonds, the execution of bond orders in connection with the bonds, and the levy of a direct annual tax to pay the principal of and interest on the bonds.

Whereupon Commissioner Gloria Alitto Majewski, presented and the District's underwriters explained an ordinance which was before the Board of Commissioners in words and figures as set forth above and entitled:

AN ORDINANCE authorizing the issuance of not to exceed \$300,000,000 Taxable General Obligation Refunding Bonds, Series of 2009, of the Metropolitan Water Reclamation District of Greater Chicago, County of Cook, State of Illinois, in one or more series, limited tax or unlimited tax, or both, the execution of bond orders in connection therewith, providing details and manner of the refunding of bonds, and providing for the security for and payment of bonds from taxes.

Commissioner _____ moved and Commissioner _____ seconded the motion that said ordinance as presented and read by the Clerk be adopted.

After a full discussion thereof, in the presence of a quorum at all times, including a public recital of the nature of the matter being considered and such other information as would advise the public of the business being conducted, the President directed that the roll be called for a vote upon the motion to adopt said ordinance as read.

Upon the roll being called, the following Commissioners voted

AYE: _____

NAY: _____

Whereupon the President declared the motion carried and said ordinance adopted and directed the Clerk to record the same in the records of the Board of Commissioners of Metropolitan Water Reclamation District of Greater Chicago, Cook County, Illinois, which was done.

* * *

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

Clerk, Metropolitan Water Reclamation
District of Greater Chicago
County of Cook, State of Illinois

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

CERTIFICATION OF ORDINANCE, AGENDA, POSTING AND MINUTES

I, Jacqueline Torres, do hereby certify that I am the duly qualified and acting Clerk of the Metropolitan Water Reclamation District of Greater Chicago (the “*District*”) and as such official I am the keeper of the seal, journal of proceedings, books, records, minutes and files of the District and of the Board of Commissioners (the “*Board*”) thereof.

I do further certify that attached hereto is a full, true and complete transcript of the minutes of the legally convened meeting (the “*Meeting*”) of the Board held on the 9th day of July 2009 and of an ordinance, numbered O09-009, entitled:

AN ORDINANCE authorizing the issuance of not to exceed \$300,000,000 Taxable General Obligation Refunding Bonds, Series of 2009, of the Metropolitan Water Reclamation District of Greater Chicago, County of Cook, State of Illinois, in one or more series, limited tax or unlimited tax, or both, the execution of bond orders in connection therewith, providing details and manner of the refunding of bonds, and providing for the security for and payment of bonds from taxes.

(the “*Ordinance*”) as adopted at the Meeting.

I do further certify that the deliberations of the Board on the adoption of the Ordinance were conducted openly; that the vote on the adoption of the Ordinance was taken openly; that the Meeting was called and held at a specified time and place convenient to the public; that notice of the Meeting was duly given to all of the news media requesting such notice; that an agenda (the “*Agenda*”) for the Meeting, which agenda included a separate specific item concerning the adoption of the Ordinance, was posted at least 96 hours in advance of holding the Meeting at the location where the meeting was held and at the principal office of the Board and which Agenda remained continuously so posted until the Meeting was adjourned; *that a true and complete copy of such Agenda is attached hereto*; that the Meeting was called and held in strict compliance with the provisions of the Open Meetings Act of the State of Illinois, as amended, and the Metropolitan Water Reclamation District Act, as amended; and that the Board has complied with all of the provisions of law and with all of the procedural rules of the Board in the conduct of the Meeting and the adoption of the Ordinance.

IN WITNESS WHEREOF I hereunto affix my official signature and the seal of the District
this ____ day of _____ 2009.

Clerk, Metropolitan Water Reclamation
District of Greater Chicago
County of Cook, State of Illinois

[SEAL]

[Attachments: Agenda, Ordinance, Minutes]

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

FILING CERTIFICATE

I, the undersigned, do hereby certify that I am the duly qualified and acting County Clerk of The County of Cook, Illinois, and as such official I do further certify that on the ____ day of _____ 2009, there was filed in my office a duly certified copy of an ordinance, bearing Ordinance Number O09-009, entitled:

AN ORDINANCE authorizing the issuance of not to exceed \$300,000,000 Taxable General Obligation Refunding Bonds, Series of 2009, of the Metropolitan Water Reclamation District of Greater Chicago, County of Cook, State of Illinois, in one or more series, limited tax or unlimited tax, or both, the execution of bond orders in connection therewith, providing details and manner of the refunding of bonds, and providing for the security for and payment of bonds from taxes.

duly adopted by the Board of Commissioners of Metropolitan Water Reclamation District of Greater Chicago, Cook County, Illinois, on the 9th day of July 2009, and that the same has been deposited in (and all as appearing from) the official files and records of my office.

IN WITNESS WHEREOF, I hereunto affix my official signature and the seal of the County this ____ day of _____ 2009.

County Clerk of
The County of Cook, Illinois

[SEAL]