

October 14, 2009

The Board of Trustees of the Lakeside Water District, Jackson County, Illinois met on the above date in regular session pursuant to law and the rules of said Board of Trustees.

The meeting was called to order by Lester James, Chairman, and on roll call the following Trustees were Present: James; Bush; Snider; Wilson

Absent: Usher; Dillenger; Herrin

(Other action taken at meeting)

Trustee Bush then introduced and caused to be read the following ordinance providing for the issuance of \$1,100,000 Water Revenue Bonds, Series 2009, and moved its adoption. Trustee Snider seconded the motion to adopt. Upon due consideration by the Board of Trustees, the Chairman put the question and upon roll being called, the vote was:

AYES: 4

NAYS: 0

Whereupon, the Chairman declared the ordinance duly adopted as follows:

ORDINANCE NO. 55

AN ORDINANCE authorizing and providing for the issuance of \$1,100,000 Water Revenue Bonds, Series 2009 of the Lakeside Water District, Jackson County, Illinois, for the purpose of paying a part of the cost of construction of a new pump station and 300,000 gallon elevated storage tank in said District, providing for the payment, sale and delivery of said Bonds, and making certain covenants in providing for the collection, segregation and distribution of the revenue to be derived from the operation thereof.

WHEREAS, it is deemed advisable, necessary and in the best interests of the Lakeside Water District, Jackson County, Illinois (the "District"), in order to protect, promote and safeguard the public health of the District, to construct a new pump station and 300,000 gallon elevated storage tank in and for said District (the "Project") in accordance with plans, specifications and cost estimate therefor heretofore approved by the Board of Trustees of this District (the "Board") and now on file in the office of the District Secretary and available for public inspection; and

WHEREAS, the total estimated cost of construction of the Project prepared by Clarida & Ziegler Engineering Company having offices in Marion, Illinois, the Engineers for the District employed for that purpose, is the sum of \$1,286,000 including legal, engineering cost and interest during construction and contingencies; and

WHEREAS, the District has no outstanding debt; and

WHEREAS, the District will furnish \$186,000 toward the cost of the Project from its own funds, but does not have funds available for the purpose of paying the entire cost of the Project, and in order to raise the funds required for such purpose and to pay for the costs of issuance of the bonds it will be necessary that the District borrow money and in evidence thereof issue its water revenue bonds in the aggregate principal amount of \$1,100,000, said bonds to be equally and ratably payable

solely and only out of the Net Revenues (as hereinafter defined) to be derived from the operation of the waterworks system of said District; and

WHEREAS, pursuant to the provisions of 70 ILCS 3705/1 to 70 ILCS 3705/41, inclusive, and all acts amendatory thereof and supplementary thereto, this District is authorized to issue water revenue bonds in an amount sufficient to pay all or part of the cost of the construction of said Project; and

WHEREAS, the United States of America acting through the Department of Agriculture Rural Development has agreed to purchase said bonds at par without premium at an interest rate of 2.50% per annum, provided that certain conditions are satisfied;

NOW, THEREFORE, BE IT ORDAINED by the Board of Trustees of the Lakeside Water District, Jackson County, Illinois as follows:

Section 1. The Board has caused an estimate to be made of the cost of constructing a new pump station and 300,000 gallon elevated storage tank in and for said District, as described hereinabove in the preamble of this ordinance, all in accordance with the detailed plans and specifications therefor heretofore approved by the Board and now on file in the office of the District Secretary for public inspection and has heretofore estimated and does hereby estimate that the cost of the construction of said pump station and elevated storage tank is the sum of \$1,286,000, including legal, engineering cost, interest during construction and contingencies.

Section 2. The Board does hereby determine the period of usefulness of said Project to be forty (40) years from the date of completion of the construction thereof.

Section 3. The District does not have sufficient funds available for the purpose of paying the cost of the Project, and for the purpose of paying a part of the cost thereof it will require the issuance of \$1,100,000 of water revenue bonds of said District as hereinafter provided for.

Section 4. For the purpose of defraying a part of the cost of said Project in and for said District, there shall be issued and sold water revenue bonds of said District in the aggregate principal amount of \$1,100,000, which bonds shall be designated "Water Revenue Bonds, Series 2009" (the "Bonds") and dated as of the date of delivery of said Bonds to the purchaser thereof. Said Bonds shall be issued as fully registered bonds without interest coupons in accordance with the provisions hereinafter set out.

The Bonds shall be numbered consecutively from R-1 up, be in denominations of \$1,000 or integral multiples thereof, bear interest at the rate of 2.50% per annum, payable on April 1, 2011 and semiannually thereafter on April 1 and October 1 of each year until paid and mature on April 1 in each of the years and in the amounts as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2011	\$16,000	2024	\$24,000	2037	\$32,000
2012	16,000	2025	24,000	2038	32,000
2013	16,000	2026	24,000	2039	36,000
2014	16,000	2027	24,000	2040	36,000
2015	20,000	2028	24,000	2041	36,000
2016	20,000	2029	28,000	2042	36,000
2017	20,000	2030	28,000	2043	36,000
2018	20,000	2031	28,000	2044	40,000
2019	20,000	2032	28,000	2045	40,000
2020	20,000	2033	28,000	2046	40,000
2021	20,000	2034	32,000	2047	44,000
2022	20,000	2035	32,000	2048	44,000
2023	24,000	2036	32,000	2049	44,000

The Bonds shall be equally and ratably secured. Installments of principal on the Bonds shall be subject to prepayment, in whole or in part, at the option of the District, in the inverse order of their payment at any time at a price of par plus accrued interest to the date of prepayment. Written notice of its option to prepay any or all of said Bonds shall be given by the District in the manner and at the time as directed in the bond form prescribed for the Bonds.

Section 5. Both principal of and interest on said Bonds shall be payable to the registered holder thereof in lawful money of the United States of America at the address of the holder as shown on the registration books of the District. So long as the United States of America is the registered holder of the Bonds, payments shall be made electronically on the due date through the "Preauthorized Debit (PAD) process."

The Bonds shall be fully registered in the name of the holder after which they shall be transferable only upon presentation to the Registrar with a written transfer duly acknowledged by the registered holder or his attorney and such transfer shall be noted upon the bond and upon the books of the District kept for that purpose. The District Treasurer is hereby designated as Registrar for bond registration purposes.

The Bonds shall be signed by the Chairman, sealed with the corporate seal of said District and attested by the District Secretary.

The Bonds, together with the interest thereon, shall be payable solely from the Net Revenues (defined as the gross income and revenues derived from the waterworks system remaining after reasonable expenses of operation and maintenance) of the waterworks system and shall not, in any event, constitute an indebtedness of the District within the meaning of any constitutional or statutory limitation.

Section 6. The Bonds shall be in substantially the following form:

UNITED STATES OF AMERICA
STATE OF ILLINOIS
COUNTY OF JACKSON

LAKESIDE WATER DISTRICT
WATER REVENUE BOND, SERIES 2009

Number R-1

\$1,100,000

KNOW ALL MEN BY THESE PRESENTS, that the Lakeside Water District, Jackson County, Illinois, for value received, hereby promises to pay to the United States of America acting through the Department of Agriculture or its registered assigns (the "Registered Holder") as hereinafter provided, solely from the special revenue fund hereinafter referred to of the Lakeside Water District, Jackson County, Illinois, as hereinafter mentioned and not otherwise, the principal sum of:

ONE MILLION ONE HUNDRED THOUSAND DOLLARS (\$1,100,000)

on April 1 in the years and amounts as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2011	\$16,000	2024	\$24,000	2037	\$32,000
2012	16,000	2025	24,000	2038	32,000
2013	16,000	2026	24,000	2039	36,000
2014	16,000	2027	24,000	2040	36,000
2015	20,000	2028	24,000	2041	36,000
2016	20,000	2029	28,000	2042	36,000
2017	20,000	2030	28,000	2043	36,000
2018	20,000	2031	28,000	2044	40,000
2019	20,000	2032	28,000	2045	40,000
2020	20,000	2033	28,000	2046	40,000
2021	20,000	2034	32,000	2047	44,000
2022	20,000	2035	32,000	2048	44,000
2023	24,000	2036	32,000	2049	44,000

(subject to any prepayments of principal as hereinafter provided), together with interest on the unpaid balance thereof from the dates of payment as recorded hereon until paid, at the rate of 2.50% per annum, payable on April 1, 2011 and semiannually thereafter on April 1 and October 1 in each year.

Both principal of and interest on this Bond are hereby made payable in lawful money of the United States of America at the address of the Registered Holder as shown on the registration books of the District.

This Bond and the series of which it forms a part and additional parity obligations as may hereafter be issued under the provisions of the ordinance authorizing said Bonds are equally and ratably payable solely from the Net Revenues (defined as gross income and revenues derived from the operation of the waterworks system remaining after the payment of reasonable expenses of operation and maintenance) of the waterworks system of said District and not otherwise and is issued under authority of the provisions of 70 ILCS 3705/1 to 70 ILCS 3705/41, inclusive, as in effect on the date of delivery of this bond (the "Act"), and an ordinance duly adopted pursuant thereto by the Board of Trustees of said District on the 14th day of October, 2009 (the "Ordinance"), for the purpose of paying a part of the cost of constructing a new pump station and 300,000 gallon elevated storage tank in and for said District, and this Bond does not and shall not in any event constitute an indebtedness of said District within any constitutional or statutory provision or limitation and under no circumstances shall this Bond be or become an indebtedness or an obligation of the District payable from taxes. For a more complete statement of the source of payment of such Bonds, the circumstances under which additional obligations may be issued on a parity therewith and a statement of the rights, duties and obligations of the District and the rights of the holders of the Bonds, reference is made to the aforesaid ordinance, to all the provisions of which ordinance the holder hereof by the acceptance of this Bond assents.

This Bond is one of an authorized issue of \$1,100,000. Installments of principal of this Bond are subject to prepayment, as a whole or in part, at the option of the District, in the inverse order of their payment at any time and at a price of par plus accrued interest to the date of prepayment. Notice of the prepayment of any or all of said installments of principal shall be given by the District to the registered holder thereof by registered mail at least thirty (30) days prior to the date of prepayment, and any such notice shall designate the time and place of prepayment of said Bonds, shall designate sufficient identification and the aggregate principal amount of the installments of principal to be prepaid, and shall indicate that on the designated date of prepayment said installments of principal shall be prepaid by payment of the principal amount thereof and accrued interest thereon to date of prepayment and that from and after the designated prepayment date interest in respect of said Bonds so called for prepayment shall cease if prepayment moneys are available for the prepayment of the principal installments so called for prepayment.

This Bond shall be fully registered as to both principal and interest in the name of the holder in accordance with the Ordinance, after which it shall be transferable only upon presentation to the Registrar with a written transfer duly acknowledged by the registered holder or his attorney, and such transfer shall be noted upon the Bond and upon the books of the District kept for that purpose.

Under the provisions of the ordinance above referred to authorizing the issuance of this Bond and the series of which it forms a part, the Net Revenues derived from the operation of the waterworks system of said District shall be deposited in a separate fund designated as the "Bond and Interest Account" of said District, which shall be used only for the purpose of and is hereby pledged for the purpose of paying the principal of and interest on the Bonds of said District that are payable by their terms only from the Net Revenues of said waterworks system, and which are issued by said District under the provisions of 70 ILCS 3705/1 to 70 ILCS 3705/41, inclusive, hereinabove referred to, and in making all payments required to maintain the several special accounts established and created under the terms of the Ordinance.

It is hereby certified and recited that all acts, conditions and things required to be done precedent to and in the issuance of this Bond, have been done, have happened and have been performed in regular and due form of law and that provision has been made for depositing in said Bond and Interest Account of said District the Net Revenues of said waterworks system to be applied in the manner as hereinabove set forth, and said District hereby covenants and agrees that it will fix and maintain rates for the use and service of said waterworks system and collect and account for revenues from said waterworks system sufficient at all times to pay the cost of maintenance and operation of said system, to provide an adequate depreciation fund, to pay promptly principal of and interest on all Bonds issued by said District which by their terms are payable solely from the Net Revenues of said waterworks system, and to comply with all the covenants of and to maintain the several accounts created and established by the Ordinance and pursuant to which certain Bonds were issued. The rights and obligations of the District and of the holders of the series of Bonds of which this Bond is one may be modified or amended at any time with the consent of the District and of the holders of not less than seventy-five per cent (75%) in principal amount of Bonds of the series of which this Bond is one, and including all Bonds which may hereafter be issued and on a parity with the series of Bonds of which this bond is one, then outstanding (excluding any of said Bonds owned by or under the control of the District), or by the United States Department of Agriculture Rural Development if it shall then be the holder or insurer of all of said Bonds, in the manner, to the extent, and upon the terms provided in the Ordinance authorizing the issue of the series of Bonds of which this is one; provided, that no such modification or amendment shall extend or change the maturity or the date of prepayment prior to maturity, or reduce the interest rate on or otherwise alter or impair the obligation of the District to pay the principal or interest at the time and place and at the rate and in the currency provided therein of any Bond without the express consent of the registered owner of such Bond, nor permit the creation by the District of any preference or priority of any revenue bond or Bonds of such series and including any Bonds which may hereafter be issued and be on a parity with this Bond and the series of which it forms a part, nor reduce the percentage of such outstanding Bonds required for the affirmative vote or written consent to an amendment or modification, all as more fully set forth in said Ordinance authorizing this Bond and the series of which it forms a part.

IN WITNESS WHEREOF, the said Lakeside Water District, Jackson County, Illinois, by its Board of Trustees, has caused this Bond to be signed by its Chairman, its corporate seal to be hereto affixed and attested by the District Secretary, and this bond to be dated _____, 2009.

Chairman, Lakeside Water District,
Jackson County, Illinois

Attest:

Secretary, Lakeside Water District,
Jackson County, Illinois

PROVISIONS FOR REGISTRATION

The Bond shall be registered on the books of the Lakeside Water District, Jackson County, Illinois kept for the purpose by the District Secretary as Bond Registrar. The principal and interest on this Bond shall be payable only to or upon the order of the registered holder or his legal representative.

REGISTRATION

<u>Date Of Registration</u>	<u>Name of Registered Owner</u>	<u>Signature of Registrar</u>
_____	United States Department of Agriculture	_____

RECORD OF PAYMENT FOR BOND

<u>Date of Payment</u>	<u>Amount</u>	<u>Acknowledgement of Receipt by Treasurer</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

(End of Form of Bond)

Section 7. The following accounts are hereby established:

(a) There is hereby created a new account to be known as the Revenue Account into which shall be deposited upon receipt all income and revenues of the District's waterworks system. On the last day of each month, the District shall make the deposits to the Operation and Maintenance Account, Bond and Interest Account, Debt Service Reserve Account, Depreciation Account and General Account required by this ordinance.

(b) There is hereby created a new account to be known as the Operation and Maintenance Account. The District shall deposit into the Operation and Maintenance Account the funds currently being held to pay operating expenses. On the last day of each month, the District shall transfer from the Revenue Account to the Operation and Maintenance Account the amount required to bring the

balance in the Operation and Maintenance Account to an amount equal to the next two months' operating expenses. The Operation and Maintenance Account shall be used by the District to pay the reasonable costs of operating and maintaining the District's waterworks system.

(c) There is hereby created a new account to be known as the Bond and Interest Account which shall be used only for the purpose of and is hereby pledged for the purpose of paying the principal of and interest on the Bonds of said District. Proceeds of the sale of the District's Bonds are hereby authorized to be transferred, as needed, from the Construction Account (as hereinafter defined) into the Bond and Interest Account to pay the interest accruing on said Bonds during the estimated time necessary to complete the construction of the Project. After making the transfer from the Revenue Account to the Operation and Maintenance Account, the District shall transfer from the Revenue Account to the Bond and Interest Account Net Revenues in an amount equal to one-sixth ($1/6$) of the interest due on the Bonds on the next interest payment date and one-twelfth ($1/12$) of the principal due on the Bonds on the next principal payment date until the balance in the Bond and Interest Account equals the amount of principal and interest due on the next principal payment date.

(d) There is hereby created a new account to be known as the Debt Service Reserve Account. After making the transfer from the Revenue Account to the Bond and Interest Account, the District shall transfer from the Revenue Account to the Debt Service Reserve Account the sum of \$393.00 each month until there is accumulated in said account the sum of \$47,100 after which no additional deposits need to be made except to replace withdrawals. Moneys in the Debt Service Reserve Account shall only be used to make up any shortfalls in the deposits required to be made into the Bond and Interest Account and to pay debt service on the Bonds if the amount in the Bond and Interest Account, after taking into consideration any transfers from the General Account as provided in subsection (f), is insufficient on an interest or principal payment date. Any moneys

remaining in the Debt Service Reserve Account when no Bonds are outstanding may be transferred to any account at the direction of the Board.

(e) There is hereby created a new account to be known as the Depreciation Account for short lived assets into which shall be deposited \$240,000 from existing funds of the District. After making the transfer from the Revenue Account to the Debt Service Reserve Account, the District shall transfer from the Revenue Account to the Depreciation Account the sum of \$9,500 each month until there is accumulated in said account the sum of \$380,000 after which no additional deposits need to be made except to replace withdrawals or to increase deposits to have adequate funds for short lived asset replacement. Moneys in the Depreciation Account may be used to replace short lived assets and to transfer to the Bond and Interest Account if the amount in the Bond and Interest Account, after taking into account any transfers from the Debt Service Reserve Account as provided in subsection (d), is insufficient to pay debt service on the Bonds on any interest payment date.

(f) There is hereby created a new account to be known as the General Account into which the District shall transfer from the Revenue Account all Net Revenues remaining after making the transfers to the foregoing accounts. The General Account may be used to call Bonds for early prepayment and to transfer to the Bond and Interest Account if the amount in the Bond and Interest Account is insufficient to pay debt service on the Bonds on any interest payment date. When no Bonds are outstanding, the moneys in the General Account may be used for any lawful purpose of the District.

Section 8. The sale of the Bonds herein authorized to the United States Department of Agriculture Rural Development at par is hereby approved and confirmed, and said Bonds shall be delivered to the purchaser thereof.

The proceeds derived from the sale of the Bonds hereby authorized, in addition to \$186,000 of the District's funds, shall be placed by the District Treasurer in a special account to be designated the "Construction Account" which is hereby created, which funds shall be kept separate and apart from all other funds of the District and deposited in Old National Bank, which bank is hereby designated as the Depository for the funds of said Construction Account. Subject to the Section 7(c) of this ordinance, moneys in the Construction Account shall be held and used solely to construct the proposed Project as provided for by this ordinance, and shall be held for the benefit of the holder or holders of the Bonds hereby authorized as their interest may appear. Said funds shall be withdrawn from said Depository from time to time by the District Treasurer only upon submission to the Depository of the following:

a) A duplicate of the order signed by the Chairman and District Secretary of said District (and countersigned by the District Director of the Department of Agriculture so long as the United States is the holder of any Bonds herein authorized) 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 Board of Trustees of said District; and

b) Each withdrawal of funds by the Treasurer for payment to a contractor or contractors for work done in connection with the said project shall also be accompanied by a certificate executed by the engineer in charge of the work, stating the nature of the work completed, and the amount due and payable thereon.

District funds deposited in the Construction Account shall be applied to Project costs before bond proceeds are applied to Project costs.

Within sixty (60) days after completion of work in accordance with the plans and specifications therefor hereinabove referred to in the ordinance, and after all construction costs have been paid in connection therewith, the engineers shall certify to the Board the fact that the Project has been completed according to the plans and specifications therefor and upon approval of the completion of the work based upon such engineer's certificate by the Board, and after all the costs have been paid, the Chairman, District Secretary and Engineer of the District shall execute a

certificate and file it with the Depository certifying that the work has been completed in accordance with the plans and specifications, that all costs have been paid, and if at any time any funds remain in said Construction Account the same shall be transmitted by said Depository to the Treasurer of said District and be by said Treasurer deposited in the General Account established by Section 7(f) to be used to prepay the principal installments of the Bonds issued under the terms of this ordinance to the nearest One Thousand Dollars (\$1,000) and any excess funds then remaining shall be paid into the Bond and Interest Account.

The cost of engineering, legal and financing services, the cost of surveys, designs, soundings, borings, rights of way, inspection charges, and all other necessary and incidental expenses, including interest accruing on said Bonds during the construction period to the extent such interest is not paid from income and revenue, shall be deemed items of cost of construction of the Project in accordance with the plans and specifications therefor heretofore approved by the Board and on file in the office of the District Secretary and referred to in the preambles hereof.

Section 9. The District may issue additional bonds that are junior and subordinate to the Bonds. The District may also issue additional bonds on a parity with the Bonds if the District receives a report prepared by an independent accounting firm that states that the Net Revenues of the District's waterworks system for the twelve (12) months immediately preceding the issuance of such additional bonds were equal to 125% of the combined projected annual debt service of the Bonds and the proposed additional bonds or that such Net Revenues would have been equal to 125% of the combined projected annual debt service of the Bonds and the proposed additional bonds if an increase in rates and charges that has been approved by the Board in connection with the issuance of the additional bonds had been in effect for the prior twelve (12) month period. So long as any of the

Bonds are outstanding, principal on any additional bonds shall be payable on April 1 and interest shall be payable on April 1 and October 1.

Section 10. If any section, paragraph, clause or provision of this ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this ordinance.

Section 11. This ordinance shall be in full force and effect upon its adoption.

Section 12. To the extent permitted by law, and so long as the United States Department of Agriculture Rural Development, is the holder of any of the Bonds herein authorized, the District and this ordinance shall be subject to the Loan Agreement (Public Bodies) between the District and the United States Department of Agriculture Rural Development, and the phrase "Department of Agriculture" as used from time to time in various portions of this ordinance shall be deemed to refer to the Government of the United States of America, acting through said Department of Agriculture Rural Development, or through any other agency of said government which may be the fully registered holder of any revenue Bonds herein authorized.

Section 13. In order to preserve the exclusion of interest on the Bonds from gross income for federal tax purposes under Section 103 of the Internal Revenue Code of 1986 as existing on the date of issuance of the Bonds (the "Code") and as an inducement to purchasers of the Bonds, the District represents, covenants and agrees that:

(a) No person or entity other than the District or another state or local governmental unit will use proceeds of the Bonds or property financed by the bond proceeds other than as a member of the general public. No person or entity other than the District or another state or local governmental unit will own property financed by bond proceeds or will have any actual or beneficial use of such property pursuant to a lease, management or incentive payment contract, arrangements such as take-

or-pay or output contracts or any other type of arrangement that differentiates that person's or entity's use of such property from use by the general public.

(b) No bond proceeds will be loaned to any person or entity other than another state or local governmental unit. No bond proceeds will be transferred, directly or indirectly, or deemed transferred to a nongovernmental person in any manner that would in substance constitute a loan of the bond proceeds.

(c) No portion of the principal of or interest on the Bonds is (under the terms of the Bonds, this ordinance or any underlying arrangement), directly or indirectly, secured by an interest in property used or to be used for any private business use or payments in respect of such property or to be derived from payments (whether or not to the District) in respect of such property or borrowed money used or to be used for a private business use.

(d) The District will not take any action nor fail to take any action with respect to the Bonds that would result in the loss of the exclusion from gross income for federal tax purposes of interest on the Bonds pursuant to Section 103 of the Code, nor will the District act in any other manner which would adversely affect such exclusion, and it will not make any investment or do any other act or thing during the period that the Bonds are outstanding which would cause the Bonds to be "arbitrage Bonds" within the meaning of Section 148 of the Code.

(e) It shall be not an event of default under this ordinance if the interest on any Bonds is not excludable from gross income for federal tax purposes or otherwise pursuant to any provision of the Code which is not currently in effect and in existence on the date of issuance of the Bonds.

(f) The District represents that it will rebate any arbitrage profits to the United States of America in accordance with the Code.

(g) The District represents that:

(1) The Bonds are not "private activity Bonds" as defined in Section 141 of the Code;

(2) The District hereby designates the Bonds as qualified tax-exempt obligations for purposes of Section 265(b) of the Code; and

(3) The reasonably anticipated amount of qualified tax-exempt obligations (including qualified 501(c)(3) obligations and tax-exempt leases but excluding other private activity Bonds) which will be issued by the District and all entities subordinate to the District during 2009 does not exceed \$30,000,000.

(4) The District has not and will not designate more than \$30,000,000 of qualified tax-exempt obligations during 2009.

Therefore, the Bonds qualify for the exception in the Code from the disallowance of 100% of the deduction by financial institutions of interest expense allocable to newly acquired tax-exempt obligations.

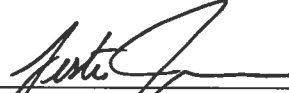
(h) These covenants are based solely on current law in effect and in existence on the date of delivery of the Bonds.

Section 14. If at any time it shall appear to the Department of Agriculture that the District may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, District will, at the Department of Agriculture's request, apply for and accept a loan in sufficient amount to pay the United States Department of Agriculture's loan in full. This requirement may not be altered by the defeasance of the Bonds.

Passed by the Board of Trustees of the Lakeside Water District, Jackson County, Illinois on the 14th day of October, 2009.

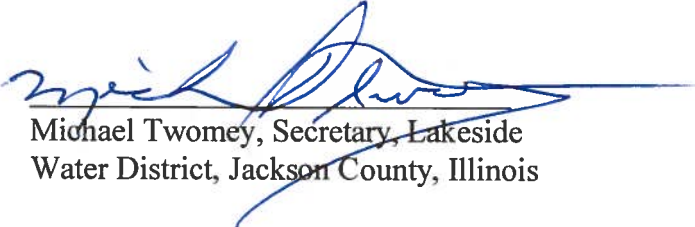
Approved this 14th day of October, 2009.

Recorded, deposited and filed in the office of the District Secretary of said District, this 14th_ day of October, 2009.



Lester James, Chairman, Lakeside Water District,
Jackson County, Illinois

Attest:



Michael Twomey, Secretary, Lakeside
Water District, Jackson County, Illinois


STATE OF ILLINOIS)
)
COUNTY OF JACKSON)

CERTIFICATION

I, Michael Twomey, do hereby certify that I am the District Secretary of the Lakeside Water District, Jackson County, Illinois, and that as such I am the legal custodian of the records and ordinances kept and passed by the Board of Trustees of the Lakeside Water District.

I do hereby certify that the above and foregoing ordinance is a true and correct copy of Ordinance No. 55 entitled "An Ordinance authorizing and providing for the issuance of \$1,100,000 Water Revenue Bonds, Series 2009 of the Lakeside Water District, Jackson County, Illinois, for the purpose of paying a part of the cost of construction of a new pump station and 300,000 gallon elevated storage tank in said District, providing for the payment, sale and delivery of said Bonds, and making certain covenants in providing for the collection, segregation and distribution of the revenue to be derived from the operation thereof," which was duly passed by the Board of Trustees of Lakeside Water District, on the 14th day of October, 2009, and that said ordinance has not been repealed or amended.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Lakeside Water District, this 14th day of October, 2009.



Michael Twomey, Secretary, Lakeside Water
District, Jackson County, Illinois

(SEAL)