

## CONTINUING DISCLOSURE UNDERTAKING

This CONTINUING DISCLOSURE UNDERTAKING (the "Agreement") is made as of September 29, 2010, by the County of Union, Illinois, a non-home rule county and body politic of the State of Illinois, duly created, organized and existing under the Counties Code of the State of Illinois, as amended from time to time (the "Counties Code"), and having the powers, objects and purposes provided by said Counties Code (the "Obligor") for the purpose of permitting Bernardi Securities, Inc. (the "Underwriter") to purchase the County's Taxable General Obligation Bonds (Alternate Revenue Source), Series 2010A (Recovery Zone Economic Development Bonds (Direct Payment)) (the "Series 2010A Bonds"), its Taxable General Obligation Bonds (Alternate Revenue Source), Series 2010B (Build America Bonds (Direct Payment)) (the "Series 2010B Bonds") and its Taxable General Obligation Bonds (Alternate Revenue Source), Series 2010C (the "Series 2010C Bonds" together with the Series 2010A Bonds and the Series 2010B Bonds, the "Bonds"), issued pursuant to a Bond Ordinance adopted on September 7, 2010, (the "Ordinance"), in compliance with the Securities and Exchange Commission ("SEC") Rule 15c2-12 (the "SEC Rule") as published in the Federal Register on November 17, 1994.

WHEREAS, the Obligor has issued its Bonds pursuant to the Ordinance; and

WHEREAS, the Obligor is an Obligated Person (as defined in the SEC Rule) because its tax levy is the only source of funds pledged to pay the principal and interest due on the Bonds;

NOW, THEREFORE, the Obligor hereby agrees as follows:

Section 1. Definitions. The words and terms defined in this Agreement shall have the meanings herein specified. Those words and terms not expressly defined herein shall have the meanings assigned to them in the SEC Rule.

(a) "Bondholder" or "holder" or any similar term, when used with reference to a Bond or Bonds, means any person who shall be the registered owner of any outstanding Bond, or the holders of beneficial interests in the Bonds.

(b) "EMMA" is Electronic Municipal Market Access System established by the Municipal Securities Rulemaking Board.

(c) "Final Official Statement" means the Official Statement, dated as of September 21, 2010, relating to the Bonds, including any document included by specific reference to such document filed with the Municipal Securities Rulemaking Board ("MSRB") through EMMA.

(d) "SID" means the Illinois state information depository, if any, in existence from time to time.

Section 2. Term. The term of this Agreement is from the date hereof to the earlier of (i) the date of the last payment of principal of and interest on the Bonds, or (ii) the date the Bonds are defeased under the Ordinance.

Section 3. Provision of Financial Information. (a) The Obligor hereby undertakes to provide the following financial information:

(1) To EMMA, when and if available, the audited financial statements of the Obligor as prepared by the Obligor for each twelve-month period ending June 30, together with the opinion of such accountants and all notes thereto, within sixty (60) days of receipt from the Auditor; and

(2) To EMMA, within 180 days of each December 31, unaudited annual financial information for the Obligor for such calendar year including (i) unaudited financial statements of the Obligor, and (ii) operating data of the type included under the following headings in the Final Official Statement (collectively, the "Annual Information").

"Annual Financial Information: means information of the type contained in the following tables, headings and exhibits of the Final Official Statement:

County Information  
Socio-Economic Information  
Debt Information  
Equalized Assessed Valuation  
Tax Information  
Financial Information

(3) If any Annual Information or audited financial statements relating to the Obligor referred to in paragraph (a) of this Section 3 no longer can be generated because the operations to which they related have been materially changed or discontinued, a statement to that effect, provided by the Obligor to EMMA, along with any other Annual Information or audited financial statements required to be provided under this Agreement, shall satisfy the undertaking to provide such Annual Information or audited financial statements. To the extent available, the Obligor shall cause to be filed along with the other Annual Information or audited financial statements operating data similar to that which can no longer be provided.

(4) The disclosure may be accompanied by a certificate of an authorized representative of the Obligor in the form of Exhibit A attached hereto.

(5) The Obligor agrees to make a good faith effort to obtain Annual Information. However, failure to provide audited financial statements or portions of Annual Information because it is unavailable through circumstances beyond the control of the Obligor shall not be deemed to be a breach of this Agreement. The Obligor further agrees to supplement the Annual Information filing when such data is available.

(6) Annual Information or audited financial statements required to be provided pursuant to this Section 3 may be provided by a specific reference to

such Annual Information or audited financial statements already prepared and previously provided to EMMA, or filed with the SEC; however, if such document is a final official statement, it must also be available from the MSRB.

(7) The SEC has approved the submission of continuing disclosure filings with EMMA. All continuing disclosure filings under the Agreement shall be filed solely by transmitting such filings to EMMA at [www.emma.msrb.org](http://www.emma.msrb.org).

Section 4. Accounting Principles. The financial information will be prepared on a cash basis as described in the auditors' report and notes accompanying the audited financial statements of the Obligor or those mandated by state law from time to time. The audited financial statements of the Obligor, as described in Section 3(a)(1) hereof, will be prepared in accordance with generally accepted accounting standards and Government Auditing Standards issued by the Comptroller General of the United States.

Section 5. Material Events. The Obligor undertakes to disclose in a timely manner the occurrence of only the following events, if material (which determination of materiality shall be made by the Obligor in accordance with the standards established by federal securities laws), to EMMA, and to the SID:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- (g) modifications to the rights of Bondholders;
- (h) Bond calls (other than scheduled mandatory sinking fund redemptions for which notice is given in accordance with the Ordinance);
- (i) defeasances;
- (j) release, substitution or sale of property securing repayment of the Bonds; and
- (k) rating changes.

The disclosure may be accompanied by a certificate of an authorized representative of the Obligor in the form of Exhibit B attached hereto.

Section 6. Use of Agent. The Obligor may, at its sole discretion, utilize an agent (the "Dissemination Agent") in connection with the dissemination of any information required to be provided by the Obligor pursuant to the terms of this Agreement. If a Dissemination Agent is selected for these purposes, the Obligor shall provide prior written notice thereof (as well as notice of replacement or dismissal of such agent) to EMMA, the SID, and the MSRB.

Further, the Obligor may, at its sole discretion, retain counsel or others with expertise in securities matters for the purpose of assisting the Obligor in making judgments with respect to the scope of its obligations hereunder and compliance therewith, all in order to further the purposes of this Agreement.

Section 7. Failure to Disclose. If, for any reason, the Obligor fails to provide the audited financial statements or Annual Information as required by this Agreement, the Obligor shall provide notice of such failure in a timely manner to EMMA or to the MSRB, and to the SID in the form of the notice attached as Exhibit C.

Section 8. Remedies.

(a) The purpose of this Agreement is to enable the Underwriter to purchase the Bonds by providing for an undertaking by the Obligor in satisfaction of the SEC Rule. This Agreement is solely for the benefit of the holders of the Bonds and creates no new contractual or other rights for, nor can it be relied upon by, the SEC, underwriters, brokers, dealers, municipal securities dealers, potential customers, other Obligated Persons or any other third party. The sole remedy against the Obligor for any failure to carry out any provision of this Agreement shall be for specific performance of the Obligor's disclosure obligations hereunder and not for money damages of any kind or in any amount or for any other remedy.

(b) Subject to paragraph (d) of this Section 8, in the event the Obligor fails to provide any information required of it by the terms of this Agreement, any holder of Bonds may pursue the remedy set forth in the preceding paragraph in any court of competent jurisdiction in the county in which the Obligor is located. An affidavit to the effect that such person is an holder of Bonds supported by reasonable documentation of such claim shall be sufficient to evidence standing to pursue this remedy.

(c) Subject to paragraph (d) of this Section 8, any challenge to the adequacy of the information provided by the Obligor by the terms of this Agreement may be pursued only by holders of not less than 25% in principal amount of Bonds then outstanding in any court of competent jurisdiction in the county in which the Obligor is located. An affidavit to the effect that such persons are holders of Bonds supported by reasonable documentation of such claim shall be sufficient to evidence standing to pursue the remedy set forth in the preceding paragraph.

(d) Prior to pursuing any remedy under this Section 8, a holder of Bonds shall give notice to the Obligor, via registered or certified mail, of such breach and its intent to pursue such remedy. Fifteen (15) days after mailing of such notice, and not before, a holder of Bonds may pursue such remedy under this Section 8. The Obligor's failure to honor its covenants hereunder shall not constitute a breach or default of the Bonds, the Ordinance or any other agreement to which the Obligor is a party.

Section 9. Modification of Agreement. The Obligor may, from time to time, amend or modify this Agreement without the consent of or notice to the holders of the Bonds if either (a)(i) such amendment or modification is made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the Obligor, or type of business conducted, (ii) this Agreement, as so amended or modified, would have complied with the requirements of the SEC Rule on the date hereof, after taking into account any amendments or interpretations of the SEC Rule, as well as any change in circumstances, and (iii) such amendment or modification does not materially impair the interests

of the holders of the Bonds, as determined either by (A) nationally recognized bond counsel or (B) an approving vote of the holders of the Bonds at the time of such amendment or modification; or (b) such amendment or modification (including an amendment or modification which rescinds this Agreement) is permitted by the SEC Rule, as then in effect.

Section 10. Previous Undertakings. The Obligor hereby represents that it has not, in the previous five years, failed to comply in all material respects, with any previous Undertakings.

Section 11. Interpretation Under Illinois Law. It is the intention of the parties hereto that this Agreement and the rights and obligations of the parties hereunder shall be governed by and construed and enforced in accordance with, the law of the State of Illinois.

Section 12. Severability Clause. In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 13. Successors and Assigns. All covenants and agreements in this Agreement made by the Obligor shall bind its successors, whether so expressed or not.

IN WITNESS WHEREOF, the Obligor has caused this Agreement to be executed as of the 29th day of September, 2010.

**COUNTY OF UNION, ILLINOIS**

By:   
Its: Chairman, Board of Commissioners

ATTEST

By:   
Its: County Clerk

EXHIBIT A

CERTIFICATE RE: ANNUAL FINANCIAL INFORMATION DISCLOSURE

The undersigned, on behalf of the County of Union, Illinois, as the Obligor under the Continuing Disclosure Undertaking, dated September 29, 2010 (the "Agreement"), hereby certifies that the information enclosed herewith constitutes the Annual Information (as defined in the Agreement) which is required to be provided pursuant to Section 3(a)(2) of the Agreement.

Dated: \_\_\_\_\_.

**COUNTY OF UNION, ILLINOIS**

By: \_\_\_\_\_  
Its: Chairman, Board of Commissioners

ATTEST

By: \_\_\_\_\_  
Its: County Clerk

EXHIBIT B

CERTIFICATE RE: MATERIAL EVENT DISCLOSURE

The undersigned, on behalf of the County of Union, Illinois, as Obligor under the Continuing Disclosure Undertaking, dated September 20, 2010 (the "Agreement"), hereby certifies that the information enclosed herewith constitutes notice of the occurrence of a material event which is required to be provided pursuant to Section 5 of the Agreement.

Dated: \_\_\_\_\_.

**COUNTY OF UNION, ILLINOIS**

By: \_\_\_\_\_  
Its: Chairman, Board of Commissioners

ATTEST

By: \_\_\_\_\_  
Its: County Clerk

EXHIBIT C

NOTICE TO REPOSITORIES OF FAILURE TO FILE INFORMATION

Notice is hereby given that the County of Union, Illinois (the "Obligor"), has not provided the Annual Information as required by Section 3(a)(2) of the Continuing Disclosure Undertaking, dated September 29, 2010.

Dated: \_\_\_\_\_

**COUNTY OF UNION, ILLINOIS**

By: \_\_\_\_\_  
Its: Chairman, Board of Commissioners

ATTEST

By: \_\_\_\_\_  
Its: County Clerk