

1977 Bond Ordinance

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AN ORDINANCE authorizing and providing for the issue of \$250,000 Water Revenue Bonds, Series 1977, of the Village of Chatham, Sangamon County, Illinois, for the purpose of defraying the cost of making improvements to the waterworks system of said Village, prescribing all the details of said bonds, and providing for the collection, segregation and distribution of the revenue of the waterworks system of said Village for the purpose of paying the cost of the operation and maintenance thereof, providing an adequate depreciation fund therefor and paying the principal and interest of said Water Revenue Bonds.

* * *

WHEREAS, it is deemed advisable, necessary and in the best interest of the Village of Chatham, Sangamon County, Illinois, in order to protect, promote and safeguard the public health of the inhabitants of said Village that the existing waterworks system of said Village be improved by constructing a 750,000 gallon elevated water storage tank in and for said Village, together with the necessary equipment and appurtenances required to make said improvements an integral part of the existing waterworks system of said Village, all in accordance with the plans, specifications and estimate of cost therefor heretofore approved by the President and Board of Trustees, and now on file in the office of the Village Clerk for public inspection; and

WHEREAS, said Village has herebefore issued \$495,000 Water Revenue Bonds, Series 1970, dated May 1, 1970, of which \$245,000 are presently outstanding and an examination of the audit of said waterworks system indicates that the revenues of said system were sufficient to permit the issuance of additional Water Revenue Bonds on a parity with and sharing ratably and equally in the revenues of said system with the bonds now outstanding; and

WHEREAS, the estimate of the cost of making such improvements to the waterworks system of said Village as above referred to as prepared by Benton and Associates, Inc., consulting engineers, employed by the Village for that purpose, including engineering, legal, fiscal and administrative expenses, bond discount and contingencies, is the sum of \$475,000; and

WHEREAS, the Village does not have sufficient funds available for the purpose of paying the cost of making such improvements to the waterworks system of said Village and, in order to raise the funds required for such purpose, it will be necessary that the Village borrow the sum of \$250,000 and in evidence thereof issue its Water Revenue Bonds in the principal amount of \$250,000, said Water Revenue Bonds to be payable solely and only out of the earnings to be derived from the operation of the waterworks system of said Village; and

WHEREAS, pursuant to the provisions of Division 129 of Article 11 of the Illinois Municipal Code, approved May 29, 1961, as amended, this Village is authorized to issue Water Revenue Bonds in an amount sufficient to pay the cost of making such improvements to the waterworks system of said Village:

NOW, THEREFORE, Be It Ordained by the President and Board of Trustees of the Village of Chatham, Sangamon County, Illinois, as follows:

Section 1. That the President and Board of Trustees of the Village of Chatham, in the County of Sangamon and State of Illinois, has caused to be made an estimate of the cost of making improvements to the waterworks system of said Village, such improvements being described hereinabove in the preamble of this ordinance, and all in accordance with the plans and specifications therefor

heretofore approved by the President and Board of Trustees, and now on file in the office of the Village Clerk for public inspection, and has heretofore estimated and does hereby estimate that the cost of making such improvements to the waterworks system of said Village is the sum of \$475,000.

Section 2. That the President and Board of Trustees do hereby determine the period of usefulness of said waterworks system and the improvements to be made thereto to be forty (40) years from the date of the bonds herein authorized.

Section 3. That the Village does not have sufficient funds available for the purpose of paying the cost of making improvements to the waterworks system of said Village and, for the purpose of paying the cost thereof, it will require the issuance by said Village of \$250,000 Water Revenue Bonds of said Village, bearing interest at the rate of not to exceed seven per cent (7%) per annum, such interest to be payable on November 1, 1977 and semiannually thereafter.

Section 4. That for the purpose of defraying the cost of making improvements to the waterworks system of the Village of Chatham, as referred to and described hereinabove in the preamble of this ordinance, there be issued and sold Water Revenue Bonds of said Village in the principal amount of \$250,000, which bonds shall each be designated "Water Revenue Bond, Series 1977", be dated April 1, 1977, be numbered consecutively from 1 to 50, inclusive, be of the denomination of \$5,000 each, bear interest at the rate of not to exceed seven per cent (7%) per annum, payable on November 1, 1977 and semiannually thereafter on the first days of May and November in each year, and mature serially \$20,000 on May 1 of each of the years 1978 to 1981, inclusive, \$25,000 on May 1 of each of the

years 1982 to 1984, inclusive, \$30,000 on May 1 of each of the years 1985 to 1986, inclusive, \$35,000 on May 1, 1987; provided, however, that all of said bonds shall be subject to redemption and payment prior to their maturity, as a whole or in part, at the option of the Village, at par and accrued interest to the date of redemption, on May 1, 1978, or on any interest payment date thereafter, in the inverse order in which they are numbered; that is to say, bond numbered 50 shall first be called and redeemed before bond numbered 49 is called and redeemed, and so on, continuing such priority of redemption as to all of said bonds subject to redemption prior to maturity.

Written notice of its option to redeem and pay prior to their maturity any or all of said bonds which by their terms shall have become subject to redemption and payment shall be given by the Village to the holder of each such bond called for redemption, if known, by registered mail at least thirty (30) days prior to the date of redemption, or if the holders of any such bonds are unknown, then notice of such redemption shall be given by publication of such notice at least once in a newspaper printed in the English language and of general circulation in the City of Chicago, Illinois, and the date of the publication of such notice shall be not less than thirty (30) days prior to such redemption date, and any such notice shall designate the date and place of redemption of said bonds, which shall be at the bank to be hereafter designated as the paying agent for the payment of the principal of and interest on the bonds authorized by the terms of this ordinance, and such notice shall

designate the serial number and the aggregate principal amount of the bonds to be redeemed, and shall indicate that on the designated date of redemption said bonds will be redeemed by payment of the principal thereof and accrued interest thereon up to and including the date of redemption, and that from and after the designated redemption date interest in respect of said bonds so called for redemption shall cease if redemption moneys are available for the payment of all the bonds called for redemption.

Section 5. That both principal and interest of said Water Revenue Bonds shall be payable in lawful money of the United States of America at such bank or trust company as shall be hereafter mutually agreed upon between the Village and the purchaser of the bonds herein authorized and to be hereafter designated in a resolution to be adopted for such purpose by the President and Board of Trustees of said Village. That said bonds shall be signed by the President, sealed with the corporate seal of said Village and attested by the Village Clerk, and the interest coupons attached to said bonds shall be signed by the facsimile signatures of said President and said Village Clerk, and said officials, by the execution of said bonds, shall adopt as and for their own proper signatures their respective facsimile signatures appearing on said coupons.

Said bonds, together with the interest thereon, shall be payable solely from the revenues derived from the waterworks system of said Village and said bonds shall not, in any event, constitute an indebtedness of the Village of Chatham, within the meaning of any constitutional or statutory limitation.

Any of said bonds may be registered as to principal at any time prior to maturity, in the name of the holder on the books

of said Village, in the office of the Village Treasurer, such registration to be noted on the reverse side of the bonds by the Village Treasurer, and thereafter the principal of such registered bonds shall be payable only to the registered holder, his legal representatives or assigns. Such registered bonds shall be transferable to another registered holder or back to bearer only upon presentation to the Village Treasurer, with a legal assignment, duly acknowledged or approved. Registration of any of such bonds shall not affect the negotiability of the coupons thereto attached, but such coupons shall be negotiable by delivery merely.

Section 6. That said bonds and coupons shall be in substantially the following form:

(Form of Bond)

UNITED STATES OF AMERICA

STATE OF ILLINOIS COUNTY OF SANGAMON

VILLAGE OF CHATHAM

WATER REVENUE BOND, SERIES 1977

Number _____ \$5,000

KNOW ALL MEN BY THESE PRESENTS, that the Village of Chatham, Sangamon County, Illinois, ⁶²⁴²⁹ for value received hereby ← promises to pay to bearer, or, if this bond be registered, as hereinafter provided, then to the registered holder hereof, solely from the Water Fund of the Village of Chatham, as hereinafter mentioned and not otherwise, the sum of FIVE THOUSAND DOLLARS (\$5,000) on May 1, 19__, together with interest on said sum from date hereof until paid, at the rate of _____ per cent (____%) per annum, payable on November 1, 1977 and semiannually thereafter on the first days of May and November in each year, upon presentation and surrender of the annexed interest coupons as they severally

become due.

Both principal of and interest on this bond are hereby made payable in lawful money of the United States of America at the

This bond and the series of which it forms a part is payable solely from revenues derived from the operation of the waterworks system of said Village and not otherwise, and is issued under authority of the provisions of Division 129 of Article 11 of the Illinois Municipal Code, approved May 29, 1961, and all laws amendatory thereof and supplemental thereto, and an ordinance duly adopted pursuant thereto by the President and Board of Trustees of said Village on the _____ day of _____, 1977, for the purpose of paying the cost of making improvements to the waterworks system of said Village of Chatham, and this bond does not constitute an indebtedness of said Village within any constitutional or statutory limitation.

This bond is one of an authorized issue of Two Hundred Fifty Thousand Dollars (\$250,000), all of like date, tenor and effect except as to maturity and rate of interest and all of said bonds are subject to redemption and payment prior to their maturity as a whole or in part, at the option of the Village, at par and accrued interest to the date of redemption, on May 1, 1978 or on any interest payment date thereafter, in the inverse order in which they are numbered. That is to say, bond numbered 50 shall first be called for redemption and payment made or provided for before bond numbered 49 is called for redemption, and

so on, continuing such priority of redemption as to all said bonds so subject to redemption and payment prior to their maturity. Notice of the redemption of any or all of said bonds shall be given by the Village to the holder thereof, if known, by registered mail at least thirty (30) days prior to the date of redemption, or if the holder thereof be unknown, such notice shall be published at least once in a newspaper printed in the English language and of general circulation in the City of Chicago, Illinois, the date of the publication of such notice to be not less than thirty (30) days prior to the date of redemption, and any such notice shall designate the time and place of redemption of said bonds, shall designate the serial number and the aggregate principal amount of the bonds to be redeemed, and shall indicate that on the designated date of redemption said bonds shall be redeemed by payment of the principal amount thereof and accrued interest thereon to date of redemption, and that from and after the designated redemption date interest in respect of said bonds so called for redemption shall cease if redemption moneys are available for the payment of the bonds so called for redemption.

Under said Code and the ordinance adopted pursuant thereto authorizing the issuance of this bond and the series of which it forms a part, the revenues from the operation of the waterworks system of said Village shall be deposited in a separate fund designated as the "Water Fund" of said Village, which shall be used only for paying the cost of operation and maintenance of said system, providing an adequate depreciation fund and paying the principal of and interest on the bonds of said Village that are payable by their terms only from the revenues of said waterworks system, and in making all payments required to maintain the several special accounts

established and created under the terms of the ordinance heretofore adopted and pursuant to which this bond is issued.

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 and have happened and have been performed in regular and due form of law and that provision has been made for depositing in said Water Fund of said Village the entire revenues received from the operation of said waterworks system to be applied in the manner as hereinabove set forth, and said Village 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 promptly pay principal of and interest on all bonds issued by said Village which by their terms are payable solely from the 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 heretofore adopted and pursuant to which this bond and the series of which it forms a part were issued.

This bond may be registered as to principal only in the name of the holder on the books of said Village in the office of the Village Treasurer, such registration to be evidenced by notation of said Treasurer on the back hereof, after which no transfer hereof shall be valid unless made on said books and similarly noted hereon, but it may be discharged from such registration by being transferred to bearer, after which it shall be transferable by delivery, but it may be again registered as before. The registration of this bond shall not restrict the negotiability of the coupons by delivery

merely.

IN WITNESS WHEREOF, the said Village of Chatham, Sangamon County, Illinois, by its President and Board of Trustees, has caused this bond to be signed by its President, its corporate seal to be hereto affixed and attested by the Village Clerk, and the coupons hereto attached to be signed by the facsimile signatures of said President and said Village Clerk, which officials, by the execution of this bond, do adopt as and for their own proper signatures their respective facsimile signatures appearing on said coupons, and this bond to be dated as of the first day of April, 1977.

President, Village of Chatham,
Sangamon County, Illinois.

Attest:

Village Clerk, Village of Chatham,
Sangamon County, Illinois.

(Form of Coupon)

Number _____ \$ _____

On the first day of _____, 19__ (unless the bond to which this coupon is attached has been called for payment prior to said date as therein provided and payment made or provided for), the Village of Chatham, Sangamon County, Illinois, will pay to bearer out of the Water Fund of said Village _____ Dollars (\$ _____) in lawful money of the United States of America at the _____,

being interest then due on its Water Revenue Bond, Series 1977,

dated April 1, 1977, Number _____.

President, Village of Chatham,
Sangamon County, Illinois.

Village Clerk, Village of Chatham,
Sangamon County, Illinois.

(Form for Registration)

<u>Date of Registration</u>	<u>In Whose Name Registered</u>	<u>Signature of Village Treasurer</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

Section 7. That upon the issuance of any of the Water Revenue Bonds herein provided for, the entire municipal waterworks system of said Village of Chatham, for the purpose of this ordinance, shall be operated on a fiscal year basis commencing the first day of May and ending the last day of April of each succeeding year. From and after the delivery of any bonds issued under the provisions of this ordinance and so long as any of the Revenue Bonds authorized to be issued under the terms of this ordinance remain outstanding and unpaid, the revenues from any source whatsoever derived from the operation of the waterworks system of said Village of Chatham, including all future improvements and extensions thereof, shall be

set aside as collected and be kept separate and apart from all other Village funds and deposited as a separate fund in a State or National Bank in the State of Illinois, which fund shall be designated as the "Water Fund" of the Village of Chatham, and which fund shall be used and held for use only in paying the cost of operation and maintenance of said waterworks system, providing an adequate depreciation fund, paying the principal of and interest upon all revenue bonds of said Village of Chatham which by their terms are payable solely from the revenues derived from the waterworks system of said Village, and for the creation, establishment and maintenance of and the expenditure from the respective accounts hereinafter provided for in Section 8 of this ordinance.

Section 8. That there be and there are hereby created and established separate accounts of said "Water Fund" to be designated severally "Operation and Maintenance Account", "Bond and Interest Account", "Depreciation Account", "Bond and Interest Reserve Account", and "Surplus Account", into which said separate accounts there shall be paid on the first business day of each month, without any further action or direction and in the order in which said accounts are hereinafter mentioned, all moneys held in the "Water Fund" of said Village, in accordance with the following provisions:

(a) There shall be paid into the Operation and Maintenance Account on the first business day of each month an amount sufficient to pay the reasonable expense of operation, maintenance and repair of said waterworks system for the next succeeding month, including, without limiting the generality of the foregoing, salaries, wages, taxes, costs of materials and supplies, insurance, power, and fuel,

one-twelfth ($1/12$) of all costs which are paid on an annual basis, and all other necessary incidental expenses which under recognized accounting principles are properly chargeable to the waterworks system.

(b) There shall be paid into the Bond and Interest Account on the first business day of each month, after the required payments have been made into the account above described, an amount at least equal to one-sixth ($1/6$) of the interest becoming due on the next succeeding interest payment date on all outstanding bonds authorized to be issued under the terms of this ordinance, and including the interest to become due on all bonds herebefore or hereafter issued on a parity with and to share ratably and equally in the earnings of the waterworks system with the bonds herein authorized and under the conditions hereinafter set out, there shall be paid into the Bond and Interest Account on the first business day of each month an amount at least equal to one-twelfth ($1/12$) of the principal becoming due on the next succeeding principal maturity date of all of said bonds authorized to be issued under the terms of this ordinance, and including the principal to become due on all bonds herebefore or hereafter issued and on a parity with the bonds herein authorized, until there shall have been accumulated in the Bond and Interest Account on or before the day preceding such current maturity date of interest or principal, or both, an amount sufficient to pay such principal or interest, or both, of all bonds issued hereunder and including the maturing principal or interest, or both, of all bonds herebefore or hereafter issued and on a parity with the bonds herein authorized and maturing by their terms on such current maturity date.

Payments into the Bond and Interest Account may be

suspended in any fiscal year at such time as there shall have been paid into said account sufficient moneys to pay the total principal and interest for such then current fiscal year, but such payments shall again be resumed at the beginning of the new fiscal year. All moneys in said account shall be used only for the purpose of paying interest and principal on the bonds hereby authorized as the same shall become due, and including principal and interest on all bonds herebefore or hereafter issued and on a parity with the bonds herein authorized.

Any and all sums received as accrued interest to date of delivery from the purchaser of the bonds authorized by this ordinance shall be placed in said Bond and Interest Account.

(c) There shall be paid into the Depreciation Account on the first business day of each month, after the required payments have been made into the accounts above referred to, the sum of \$350 each month until such account aggregates the sum of \$36,500, and thereafter no additional payments shall be made into said account except that when any money is paid out of such account payments into such account shall be resumed and continued until such account has been restored to the aggregate amount of \$36,500.

The moneys in said account shall be used to pay the cost of such replacements and repairs to the system as may be necessary from time to time for the continued effective and efficient operation of the system, except that the funds held in said account to the extent necessary to prevent or remedy a default in the payment of the interest on or principal of all bonds of said Village issued under the terms of this ordinance, and including the payment of principal of or interest on all bonds of said Village herebefore or hereafter issued and on a parity with the bonds herein authorized, shall be used for that purpose and shall be transferred to

the Bond and Interest Account, and whenever such an amount is withdrawn from said account and so transferred to said Bond and Interest Account the amount so transferred shall be added to the amount to be next and thereafter paid into said Depreciation Account until full reimbursement to said account has been made.

(d) There shall be paid into the Bond and Interest Reserve Account on the first business day of each month, after the required payments have been made into the accounts above mentioned, the sum of \$575 each month until such account aggregates the sum of \$65,000, and thereafter no additional payments shall be made into such account except that whenever any money is paid out of said account payments into said account shall be resumed and continued until such account has been restored to the aggregate amount of \$65,000; and the Village covenants and agrees to maintain said Bond and Interest Reserve Account throughout the life of the bonds authorized to be issued under the terms of this ordinance, and including the life of all bonds herebefore or hereafter issued and on a parity with the bonds herein authorized, and until such time as the moneys deposited in said account are equal to the aggregate amount of all interest and principal requirements to maturity of the then said outstanding bonds, and thereafter no further payments shall be made into said account. The moneys in said account shall be used for the payment of the principal and interest of the then balance of the outstanding bonds as the principal and interest of said bonds mature.

Moneys in said Bond and Interest Reserve Account shall be retained and used only for the payment of principal of or interest on all bonds of said Village issued under the terms of this ordinance, and including the payment of principal of or interest on all bonds of said Village herebefore or hereafter issued and on a parity

with the bonds herein authorized, all of such bonds being payable from the revenues of the waterworks system of said Village, and the principal thereof and the interest thereon becoming due at any time when there are insufficient funds available in the Bond and Interest Account to pay such principal of or interest on such bonds as the same become due.

(e) All moneys remaining in the Water Fund of said Village, as established by this ordinance, after all payments into the respective accounts hereinabove described in subparagraphs (a) to (d), inclusive, of this section, required to have been made, shall have been made, including any deficiencies as hereinabove provided, shall be paid into the Surplus Account.

The funds paid into the Surplus Account shall be held and used for the following purposes:

- (1) For making up any deficiencies necessary to pay into the accounts (a) to (d), inclusive, the required amounts therefor for each fiscal year, as hereinabove provided.
- (2) For the improvement, enlargement and extension of the waterworks facilities of said Village, or for the making of any unusual repairs, replacements or improvements thereto, or for the purpose of acquisition of any equipment necessary therefor.
- (3) For the calling and redemption of bonds which by their terms are payable from the revenues derived from the operation of the waterworks system of said Village as said bonds become redeemable according to their terms.

(f) The moneys in any of the accounts created by subparagraphs (c), (d) and (e), as hereinabove created and set forth in this section, may, by resolution adopted by the President and Board of Trustees of said Village, be invested from time to time by the Treasurer of said Village in interest bearing bonds or other direct and general obligations of the United States Government and maturing in not more than five (5) years after the purchase date thereof, and such securities shall be sold from time to time by said Treasurer pursuant to a resolution of the President and Board of Trustees of said Village as funds may be needed for the purpose for which said accounts have been created. All accrued interest on any funds so invested shall be considered and treated as income and revenue of the waterworks system and be deposited as received in the "Water Fund" of the Village, and thereafter paid into the respective account for which the investment was made.

That moneys in each of the several accounts above described shall be kept separate and apart from all other funds and moneys of the Village, and moneys in the "Operation and Maintenance Account", the "Depreciation Account" and in the "Surplus Account", all as above described, shall be deposited with such bank or banks located and doing business in the State of Illinois as may from time to time be determined by the President and Board of Trustees of the Village of Chatham, Illinois, and moneys in the "Bond and Interest Account" and in the "Bond and Interest Reserve Account", all as above established and described, shall be deposited in separate accounts with the bank to be designated as the paying agent for the payment of the bonds herein authorized, or its successor as the paying agent on the bonds authorized to be issued hereunder.

Section 9. That it is hereby covenanted and agreed that the revenues of the waterworks system are to be paid into the various special accounts hereinabove established and created in the order in which said accounts have been listed, and if within any period of time the revenues are insufficient to place the required amounts in any of said accounts, the deficiencies shall be made up during the following period or periods after payments into all the accounts enjoying a prior claim of revenues have been made in full.

Section 10. While the bonds authorized hereunder or any of them remain outstanding or unpaid, rates charged for the use and service of the waterworks system shall be sufficient at all times to pay the cost of operation and maintenance, to provide, establish and maintain the accounts referred to and described in Section 8 of this ordinance, to pay the interest on and principal of all bonds which by their terms are payable from the revenues of said waterworks system and authorized to be issued under the terms of this ordinance, and including the principal of and interest on all bonds heretofore or hereafter issued and on a parity with the bonds herein authorized, and to carry out the covenants of this ordinance. And there shall be charged against all users of said waterworks system including the Village of Chatham, such rates and amounts for water service as shall be adequate to meet the requirements of this section. Compensation for services rendered the Village of Chatham shall be charged against the said Village and payment for the same from the corporate funds shall be made monthly into the "Water Fund" created by this ordinance, in the same manner as other revenues are required to be deposited. No free service of the system shall be supplied the Village or to any other person, firm, organization or corporation, public or private, and to the extent

What about the flaws!?

permitted by law, said Village further covenants and agrees not to grant any competing franchise for the operation of a waterworks system in said Village.

Section 11. That the Village of Chatham hereby covenants and agrees with the holders of said bonds and coupons hereby authorized that, so long as such bonds or any of them remain outstanding and unpaid, either as to principal or interest, any holder of a bond or bonds issued hereunder, or of any of the coupons representing interest accrued thereon, may, either in law or in equity, by suit, action, mandamus or other proceedings, enforce or compel performance by the officials of said Village of all duties required by law and by this ordinance, including the making and collecting of sufficient rates for water services and segregating the revenues of said waterworks system and the application thereof to the respective accounts created by this ordinance and in the time and manner as herein provided.

Section 12. That it is hereby covenanted and agreed that, while any of the bonds herein authorized to be issued are outstanding, additional Water Revenue Bonds or obligations of any kind or nature and payable from the revenues to be derived from the operation of the waterworks system of said Village and to share ratably and equally in the revenues of said waterworks system with the bonds authorized to be issued under the terms of this ordinance may be issued whenever all deposits required under the provisions of subparagraphs (c) and (d) of Section 8 of this ordinance required to be made in the "Depreciation Account" and "Bond and Interest Reserve Account" have been made in full up to the first day of the month in which an ordinance may be adopted authorizing such additional bonds, and provided that the gross revenues derived from the operation of

the waterworks system for the completed fiscal year then next preceding were sufficient to pay all costs of operation and maintenance, and leave a balance equal to at least one hundred twenty-five per cent (125%) of the combined maximum amount which shall thereafter become due in any one succeeding year as principal of and as interest on all bonds then outstanding and the additional bonds proposed to be issued; provided, however, that notwithstanding the foregoing restrictions upon the issuance of additional bonds, said Village of Chatham reserves the right to issue additional bonds in an amount not to exceed \$50,000 within one year after the date of the bonds herein authorized, to share ratably and equally in the revenues derived from the operation of the waterworks system with the bonds issued under the provisions of this ordinance, said additional bonds to be issued for the purpose of completing the necessary improvements and extensions to the waterworks system of said Village as provided in this ordinance.

If prior to the payment of any of the bonds hereby authorized it shall be found desirable to refund all or a part of the bonds hereby authorized, said bonds may be refunded notwithstanding the restrictions as to the issuance of additional bonds set forth in this section (with the consent of the holders thereof unless the bonds to be refunded are subject to redemption and provision for call and redemption thereof is duly made), and any refunding bonds so issued shall share ratably and equally in the revenues of said waterworks system and the pledge thereof under this ordinance with the portion of the bonds hereby authorized which are not refunded; provided, however, that if only a portion of said outstanding bonds are to be refunded at any time, such obligations shall not be refunded by bonds bearing interest at a

rate greater than the interest rate provided by this ordinance, or maturing at a date earlier than the final maturity of such bonds not refunded.

In all other cases, any additional bonds or obligations issued payable from the revenues of the waterworks system shall be in all respects junior and subordinate to the bonds authorized by this ordinance, and shall not become due or be redeemable before the bonds hereby authorized.

Section 13. That the Village of Chatham covenants and agrees with the holders of said bonds and coupons hereby authorized

that, so long as the bonds or any of them remain outstanding and unpaid, either as to principal or interest:

(a) The Village will maintain said waterworks system and all improvements and extensions thereto in continuous, effective and efficient operation, will operate the same efficiently and faithfully, and will punctually perform all duties with respect thereto required by the Constitution and laws of the State of Illinois.

(b) The Village will establish and maintain at all times reasonable charges and rates for the use and service of said waterworks system, and will provide for the collection thereof and the segregation and application of the revenues of said system in the manner provided by this ordinance and sufficient at all times to pay the costs of operation and maintenance, to provide an adequate depreciation fund, and to pay the interest of and principal on all revenue bonds of said Village which by their terms are payable from the revenues of said waterworks system, and to provide for the continuation and maintenance of the respective accounts as described in Section 8 of this ordinance, and from time to time make all needful and proper replacements thereto so that it may at all times be operated properly, advantageously, continuously, effectively and efficiently, and when any equipment or facilities shall have been worn out, destroyed or otherwise insufficient for proper use, it shall be promptly replaced or repaired so that the value and efficiency of said system will be at all times fully maintained.

(c) The Village will establish such rules and regulations for the control and operation of said waterworks system necessary for the efficient, economical and continuous operation thereof, and rates and charges shall be fixed and revised from time to time as

may be necessary to produce funds sufficient for all purposes herein provided until all of the bonds authorized by this ordinance have been paid in full, both as to principal and interest.

(d) The Village will maintain and keep proper books of records and accounts (separate from all other records and accounts of said Village), in which complete entries shall be made of all transactions relating to the said waterworks system, and said Village hereby covenants that it will cause the books and accounts of said waterworks system to be audited by certified public accountants and, within not more than sixty (60) days after the close of each annual fiscal period, will file with the original purchasers of said bonds now proposed to be issued, complete operating income statements of said waterworks system in reasonable detail covering such annual period, and will furnish upon written request not more than sixty (60) days after the close of each annual fiscal period copies of such operation and income statements to any holder of any of said bonds herein authorized, and will permit any holder or holders or any purchaser of said bonds then outstanding to inspect at all reasonable times said waterworks system and all records and accounts and data relating thereto, and to furnish to any holder or holders or any purchaser of said bonds then outstanding all data and information relating to said waterworks system which may be reasonably requested. Each audit, in addition to whatever matters may be thought proper by the accountant to be included therein, shall, without limiting the generality of the foregoing, include the following:

- (1) A statement in detail of the income and revenue and expenditures of the waterworks system for such fiscal year.
- (2) The accountant's comment regarding the method

in which the Village has carried out the requirements of this ordinance, and the accountant's recommendations for any changes or improvements in the operation of the waterworks system.

(3) A list of all the insurance policies in force at the end of the fiscal year, setting out as to each policy the amount of the policy, the risks covered, the name of the insurer and the expiration date of the policy.

(4) Information concerning the number of customers served by the waterworks system at the end of the fiscal year, the number of metered customers at the end of such year, the number of unmetered customers at the end of such year, and the quantity of water pumped or supplied.

* All expenses incurred in the making of such audit shall be regarded and paid as a maintenance and operation expense.

(e) So long as any of the bonds authorized hereunder are outstanding, the Village will not sell, lease, loan, mortgage or in any manner dispose of or encumber said waterworks system or any improvements and extensions thereto, except for the issuance of additional bonds as provided for in Section 12 of this ordinance, until all of said bonds hereby authorized shall be paid in full, both principal and interest, or unless and until provision shall have been made for the payment thereof, and said Village will take no action in relation to said waterworks system which would unfavorably affect the security of the bonds herein authorized or the prompt payment of the principal and interest thereon.

(f) The Village will carry and maintain all-risk insurance, including public liability insurance, upon all of the properties forming a part of the waterworks system of the Village which may be of an insurable nature, such insurance to be of the type and kind and for such amount or amounts which are usually carried by other municipalities, private companies or operators of similar properties rendering services of a similar character in similar communities.

All moneys received for loss under such insurance policies shall be deposited in the Operation and Maintenance Account and used only in making good the loss or damage in respect of which they were paid, either by repairing the property damaged or replacements to the property destroyed, and provision for making good such loss or damage shall be made within ninety (90) days from date of the loss, or for the payment of the principal of and interest on the bonds authorized to be issued under the terms of this ordinance, and including the principal and interest on bonds hereafter issued and on a parity with the bonds herein authorized. The payment of premiums for all insurance policies required under the provisions of this covenant shall be considered a maintenance and operation expense.

The proceeds derived from any and all policies for public liability shall be paid into the Operation and Maintenance Account and used in paying the claims on account of which they were received.

Section 14. That the provisions of this ordinance shall constitute a contract between the Village of Chatham and the holders of the bonds herein authorized to be issued, and after the issuance of said bonds no changes, additions or alterations of any kind shall be made herein, except as hereinbefore provided, until such time as

all of said bonds issued hereunder and the interest thereon shall be paid in full, or unless and until provision shall have been made for the payment of all such bonds and interest thereon in full.

Section 15. That as soon after this ordinance becomes effective as may be, the bonds herein authorized shall be sold by the President and Board of Trustees in such manner as they may hereafter determine and, if the acceptable bidder offers to purchase said bonds bearing interest at a lesser rate than the maximum interest rate hereinabove prescribed in this ordinance, then the President and Board of Trustees, upon making the award of sale of said bonds to such bidder, shall adopt a resolution reducing the interest rates on such bonds in accordance with the terms of the acceptable bid, and such rate or rates being less than the rate hereinabove prescribed in this ordinance, and such bonds shall thereafter be prepared bearing interest at such reduced interest rates in accordance with the resolution confirming sale thereof and, after the execution of said bonds in the manner as herein provided, the same shall then be delivered to the Treasurer of the Village and be by him delivered to the purchaser thereof upon receipt of the purchase price therefor, the same being such that the interest cost to the Village of the proceeds of the bonds does not exceed eight per cent (8%) per annum computed to maturity according to the standard table of bond values. The resolution to be adopted awarding the contract for the sale of said bonds to the purchaser thereof shall also designate the bank or trust company mutually agreeable to the Village and the bond purchaser at which place the bonds and interest coupons will be payable.

Section 16. That the proceeds derived from the sale of the bonds hereby authorized shall be placed by the Village Treasurer

other provisions of this ordinance.

Section 18. That within ten (10) days after the passage of this ordinance by the President and Board of Trustees, and its approval by the President, this ordinance shall be published once in the Chatham Clarion, the same being a newspaper published in and having a general circulation in said Village, and if no petition is filed with the Clerk of said Village within twenty-one (21) days after the date of the publication of this ordinance, signed by electors numbering twenty per cent (20%) of the number of electors voting for President of said Village at the last preceding general municipal election, requesting the submission to the electors of said Village of the question of making improvements to the waterworks system of said Village and issuing the bonds herein provided for, then this ordinance shall be in full force and effect.

PASSED by the President and Board of Trustees of the Village of Chatham, Sangamon County, Illinois, on the _____ day of _____, 1977.

APPROVED this _____ day of _____, 1977.

RECORDED, DEPOSITED AND FILED in the office of the Village Clerk of said Village, this _____ day of _____, 1977.

Attest:

President

Village Clerk

PUBLISHED on the _____ day of _____, 1977.

Within sixty (60) days after completing the purchase of the facilities and completion of the work in accordance with the plans and specifications therefor, hereinabove referred to in this ordinance, and after all costs have been paid in connection with the purchase and construction thereof, the engineers shall certify to the President and Board of Trustees of the Village the fact that the improvements to the waterworks system have been made according to the plans and specifications therefor; and upon approval of the completion of the work, based upon such engineer's certificate, by the President and Board of Trustees, and after all costs have been paid, the President, Clerk and Engineer of the Village shall execute a certificate and file it with the Depository certifying that the improvements have been completed in accordance with the plans and specifications, and that all costs have been paid; and if at that time any funds remain in said "Acquisition and Construction Fund Account of the Village of Chatham" the same shall be transmitted by said Depository to the Treasurer of said Village and be by said Treasurer deposited in the "Bond and Interest Reserve Account".

The cost of engineering, legal and financial services, the cost of surveys, designs, soundings, borings, rights of way, inspection charges, and all other necessary and incidental expenses, shall be deemed items of cost of making improvements to the waterworks system in accordance with the plans and specifications therefor heretofore approved by the President and Board of Trustees of the Village and on file in the office of the Village Clerk and referred to in the preambles hereof.

Section 17. 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

in a special account to be designated as the "Acquisition and Construction Fund Account of the Village of Chatham" which is hereby created, which funds shall be kept separate and apart from all other funds of the Village and deposited in the CHATHAM
Community Bank Bank,
in the Village of Chatham, Illinois,
which said bank be and is hereby designated as the Depository for the funds of said Account. The accrued interest on said bonds shall be deposited in the Bond and Interest Account herein established and the remaining proceeds of sale shall be held and used solely to construct the proposed improvements and extensions to the waterworks system as provided for by this ordinance. The funds in said Account shall be held for the benefit of the holder or holders of the bonds hereby authorized as their interest may appear, and said funds shall be withdrawn from said Depository from time to time by the Village Treasurer only upon submission by him to said Depository of the following:

(a) A duplicate of the order signed by the President and Clerk of said Village, 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 President and Board of Trustees of said Village; and

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