

PAMPHLET PUBLICATION

ORDINANCE NO. 92-05

AN ORDINANCE AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF \$590,000 ELECTRIC SYSTEM REFUNDING REVENUE BONDS, SERIES 1992, OF THE VILLAGE OF CHATHAM, SANGAMON COUNTY, ILLINOIS, FOR THE PURPOSE OF REFUNDING CERTAIN PRIOR BONDS, PRESCRIBING THE DETAILS OF SUCH REFUNDING BONDS AND PROVIDING FOR THE COLLECTION, SEGREGATION AND DISTRIBUTION OF THE REVENUES OF THE ELECTRIC SYSTEM OF THE VILLAGE OF CHATHAM.

PRESENTED: MARCH 24, 1992
PASSED: MARCH 31, 1992
APPROVED: MARCH 31, 1992
RECORDED: MARCH 31, 1992
PUBLISHED: MARCH 31, 1992

Voting "Aye": Hill, Williamson, Miller, Koster, Krueger, Jeswiak

Voting "Nay": None

Other (Absent, Abstain, etc.): Dobins, Village President, absent

The undersigned being the duly qualified and acting Clerk of the Village of Chatham, Illinois, does hereby certify that this document constitutes the publication in pamphlet form, in connection with and pursuant to Section 1-2-4 of the Illinois Municipal Code, of the above-captioned ordinance and that such ordinance was presented, passed, approved, recorded and published as above stated.

Jacqueline S. Fullington
Deputy Clerk

(SEAL)

Dated: March 31, 1992

ORDINANCE NO. 92-05

AN ORDINANCE authorizing and providing for the issuance of \$590,000 Electric System Refunding Revenue Bonds, Series 1992, of the Village of Chatham, Sangamon County, Illinois, for the purpose of refunding certain prior bonds, prescribing the details of such refunding bonds and providing for the collection, segregation and distribution of the revenues of the electric system of the Village of Chatham.

PREAMBLES

WHEREAS, the Village of Chatham, Sangamon County, Illinois (the "Issuer"), operates a municipal electric system (the "System") in accordance with the provisions of applicable law; and

WHEREAS, the President and Board of Trustees of the Issuer (the "Corporate Authorities") pursuant to Ordinance No. 5, AN ORDINANCE AUTHORIZING AND PROVIDING FOR THE ISSUING OF \$1,100,000.00 ELECTRIC SYSTEM REVENUE BONDS FOR THE VILLAGE OF CHATHAM, SANGAMON COUNTY, ILLINOIS FOR THE PURPOSE OF DEFRAYING THE COST OF PURCHASING AN EXISTING ELECTRIC SUBSTATION SITE FROM CENTRAL ILLINOIS LIGHT COMPANY AND FOR THE IMPROVEMENT OF THAT SUBSTATION FACILITY IN THE VILLAGE OF CHATHAM, passed and approved by the Issuer's Corporate Authorities on May 13, 1986 (the "Prior Bond Ordinance"), determined that it was advisable, necessary and in the best interests of the Issuer's public health, safety and welfare to undertake a project providing for the acquisition, construction and installation of an electric substation, and related enhancements, enlargements and improvements, together with all required structures, equipment, appurtenances and fixtures, all electrical, mechanical or other work and the acquisition of land or rights in land necessary, useful or advisable in connection with such work (including as

such work may have progressed in one or more phases and additions, extensions and improvements, the "Project"), all in accordance with the plans and specifications therefor prepared by consulting engineers engaged for such purposes; and

WHEREAS, the costs of acquiring, constructing, and installing the Project, including necessary interest during acquisition, construction and installation, engineering, legal, financial, bond discount, printing and publication costs, and other expenses preliminary to and in connection with the Project, were paid in whole or in part from the hereinafter described Prior Bonds; and

WHEREAS, the Issuer has outstanding obligations which are payable from and to which are pledged the revenues of the System, such obligations being those sewerage revenue bonds which are outstanding and unpaid under and pursuant to the Prior Bond Ordinance (including as a single instrument, the "Prior Bonds"); and

WHEREAS, the Corporate Authorities have determined that it is necessary and in the best interests of the Issuer to achieve cost savings by prepaying and redeeming the Prior Bonds; and

WHEREAS, the Issuer has insufficient funds to prepay the Prior Bonds and, therefore, must borrow money and issue Bonds in evidence thereof up to the aggregate principal amount of \$590,000 under and pursuant to the provisions of Division 119 (Revenue Bonds to Improve Light and Gas Plants) of Article 11 (Corporate Powers and Functions) of the Illinois Municipal Code (Paragraph 11-119-1 et seq. of Chapter 24 of the Illinois Revised Statutes, as supplemented and amended, the "Act"); and

WHEREAS, for convenience of reference only this ordinance is divided into numbered sections with headings, which

shall not define or limit the provisions hereof, as follows:

	<u>Page</u>
Preambles	1
Section 1. Definitions	4
Section 2. Incorporation of Preambles	6
Section 3. Determination to Issue Bonds	6
Section 4. Determination of Useful Life	6
Section 5. Bond Details	6
Section 6. Registration of Bonds; Persons Treated as Owners	8
Section 7. No Redemption	9
Section 8. Amendment.	9
Section 9. Form of Bonds.	9
Section 10. Bonds Limited Obligations.	16
Section 11. Creation and Continuation of System Fund and Accounts Thereof	16
Section 12. Flow of Funds.	16
Section 13. General Covenants.	20
Section 14. Issuance of Parity Bonds	24
Section 15. Sale of Bonds and Redemption of Prior Bonds.	25
Section 16. Use of Proceeds	26
Section 17. Provisions a Contract.	26
Section 18. Non-Arbitrage.	26
Section 19. Registered Form.	29
Section 20. List of Bondholders.	29
Section 21. Duties of Bond Registrar and Paying Agent. .	29
Section 22. Small Issuer Provisions and Designation of Bonds.	29
Section 23. Severability	30
Section 24. Repealer	30
Section 25. Effective Date	30

NOW, THEREFORE, BE IT ORDAINED BY THE PRESIDENT AND BOARD OF TRUSTEES OF THE VILLAGE OF CHATHAM, SANGAMON COUNTY ILLINOIS, as follows:

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

(1) "Act" means Division 119 (Revenue Bonds to Improve Light and Gas Plants) of Article 11 (Corporate Powers and Functions) of the Illinois Municipal Code (Paragraph 119 et seq. of Chapter 24 of the Illinois Revised Statutes), as supplemented and amended, including without limitation by the Registered Bond Act, the Bond Replacement Act, the Bond Authorization Act and the Local Government Debt Reform Act.

(2) "Bond" or "Bonds" means the Issuer's \$590,000 Electric System Refunding Revenue Bonds, Series 1992, authorized to be issued by this ordinance.

(3) "Code" means the Internal Revenue Code of 1986, as amended.

(4) "Corporate Authorities" means the President and Board of Trustees of the Issuer.

(5) "Fiscal Year" means the Issuer's duly designated fiscal year for the System.

(6) "Gross Revenues" means all income from whatever source derived from the System, including fees, rates and charges and (i) investment income; (ii) connection, permit and inspection fees and the like; and (iii) penalties and delinquency charges, but excluding expressly (a) nonrecurring income from the sale of real estate; (b) governmental or other grants; (c) advances or grants made to the Issuer; (d) capital development, reimbursement, or recovery charges and the like; (e) annexation or preannexation charges; and (f) as otherwise determined in accordance with generally accepted accounting principles for local government enterprise funds.

(7) "Issuer" means the Village of Chatham, Sangamon County, Illinois.

(8) "Maximum Annual Debt Service" means an amount of money equal to the highest future principal and interest requirement of all Outstanding Bonds required to be deposited into the Bond and Interest Account created by this ordinance in

any Fiscal Year, including and subsequent to the Fiscal Year in which the computation is made.

(9) **"Net Revenues"** means Gross Revenues minus Operation and Maintenance Expenses.

(10) **"Operation and Maintenance Expenses"** means all expenses of operating, maintaining and routine repair of the System, including wages, salaries, costs of materials and supplies, power, fuel, insurance, purchase of electrical services; but excluding debt service, depreciation, or any reserve requirements, and otherwise as determined in accordance with generally accepted accounting principles for local government enterprise funds.

(11) **"Outstanding Bonds"** means the Bonds and the Parity Bonds which are outstanding and unpaid; provided, however, such term shall not include the Bonds, the Parity Bonds or the Prior Bonds (i) which have matured and for which moneys are on deposit with proper paying agents, or are otherwise properly available, sufficient to pay all principal and interest thereof, or (ii) the provision for payment of which has been made by the Issuer by the deposit in an irrevocable trust or escrow of funds or direct, full faith and credit obligations of the United States of America, the principal and interest of which will be sufficient to pay at maturity or as called for redemption all the principal of and applicable premium on such Bonds, and will not result in the loss of the exclusion from gross income of the interest thereon under Section 103 of the Code. Any Outstanding Bonds required to be redeemed pursuant to mandatory redemption from the Bond and Interest account shall be treated as falling due on the date required to be redeemed (except in the case of failure to make any such mandatory redemption) and not on the stated maturity date of such Outstanding Bonds.

(12) **"Parity Bonds"** means bonds or any other obligations to be issued subsequent in time to the Bonds and which will share ratably and equally in the earnings and revenues of the System with the Bonds.

(13) **"Project"** means the improvements to the System set forth in the preambles to this ordinance, acquired, constructed and installed from proceeds of the Prior Bonds.

(14) **"System"** refers to all property, real, personal or otherwise owned or to be owned by the Issuer or under the control of the Issuer and used for the purchase, generation and transmission of electricity, including the Project and any and

all further extensions, improvements and additions to the System or the Project.

(15) "System Fund" or "Fund" means the "Electric Light Fund Account of the Village of Chatham", created and established, or continued in respect of the Prior Bond Ordinance, as the case may be, by this ordinance.

Section 2. Incorporation of Preambles. The Corporate Authorities hereby find that all of the recitals contained in the preambles to this ordinance are true, complete and correct and hereby incorporate them into this ordinance by this reference thereto.

Section 3. Determination to Issue Bonds. It is necessary and in the best interests of the Issuer to prepay and retire the Prior Bonds and to issue the Bonds to pay for such prepayment. Upon prepayment of the Prior Bonds as herein provided, the moneys in any Reserve Account, up to the amount of \$85,000, in connection with the Prior Bonds shall be transferred to and deposited into or credited to the Bond Reserve Account as provided in Section 12 hereof and are hereby appropriated for the foregoing purposes. It is the intent of the Corporate Authorities to invoke all supplemental power and authority available under and pursuant to the Registered Bond Act, the Bond Replacement Act, the Bond Authorization Act and the Local Government Debt Reform Act. No Bonds shall be issued, sold and delivered under and pursuant to this ordinance unless and until provisions have been made to prepay and retire the Prior Bonds, and funds have been concurrently therewith irrevocably deposited and pledged for such prepayment.

Section 4. Determination of Useful Life. The Corporate Authorities hereby determine the period or usefulness of the the Project's improvements to the System does not expire prior to the last maturity of the Bonds.

Section 5. Bond Details. For the purpose of prepaying and redeeming the Prior Bonds, there shall be issued and sold Bonds in the principal amount of \$590,000. The Bonds shall each be designated "Electric System Refunding Revenue Bond, Series 1992" and be dated as of their date or dates of issuance, shall bear the date of authentication, shall be in fully registered form, shall be in denominations of \$5,000 each and authorized integral multiples thereof, shall be numbered 1 and upward, bear interest, payable November 15, 1992, and semiannually thereafter on May 15 and November 15 in each year and upon prepayment and redemption thereof prior to maturity, and shall become due and payable serially on May 15 of each of the years and in the

principal amount in each year, as follows:

<u>Year</u>	<u>Principal Amount(\$)</u>	<u>Interest Rate (%)</u>
1993	45,000	5.00
1994	45,000	5.20
1995	50,000	5.40
1996	50,000	5.60
1997	60,000	5.75
1998	60,000	6.00
1999	60,000	6.50
2000	70,000	6.70
2001	70,000	6.90
2002	80,000	7.00

The Bonds shall bear interest from their date or from the most recent interest payment date to which interest has been paid or duly provided for, until the principal amount of the Bonds is paid, such interest (computed upon the basis of a 365-day year) shall be paid by check or draft of the Issuer by the Issuer's Treasurer, as the paying agent (together with such officer's successors, the "Paying Agent"), payable in lawful money of the United States of America, to the person in whose name such Bonds are registered at the close of business on the first day of the month of each interest payment date. The principal of the Bonds shall be payable in lawful money of the United States of America upon presentation and surrender thereof at the principal office of the Paying Agent, in Chatham, Illinois.

The Bonds shall be signed by the manual or facsimile signature of the Issuer's President, and shall be attested by the manual or facsimile signature of the Issuer's Clerk, and the corporate seal of the Board shall be affixed thereto or printed thereon, and in case any officer whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery.

All Bonds shall have thereon a certificate of authentication substantially in the form hereinafter set forth duly executed by the Issuer's Treasurer, as Bond registrar (together with such officer's successors, the "Bond Registrar"), as authenticating agent of the Issuer and showing the date of authentication. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this

ordinance unless and until such certificate of authentication shall have been duly executed by the Bond Registrar by manual signature, and such certificate of authentication upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this ordinance. The certificate of authentication on any Bond shall be deemed to have been executed by the Bond Registrar if signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds issued hereunder.

Section 6. Registration of Bonds; Persons Treated as Owners. The Issuer shall cause books (the "Bond Register") for the registration and for the transfer of the Bonds as provided in this ordinance to be kept at the principal office of the Bond Registrar, which is hereby constituted and appointed the registrar of the Issuer. The Issuer is authorized to prepare, and the Bond Registrar shall keep custody of multiple Bond blanks executed by the Issuer for use in the transfer and exchange of Bonds.

Upon surrender for transfer of any Bond at the principal office of the Bond Registrar, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Bond Registrar and duly executed by, the registered owner thereof or such registered owner's attorney duly authorized in writing, the Issuer shall execute and the Bond Registrar shall authenticate, date and deliver in the name of the transferee or transferees a new, fully registered Bond or Bonds of the same maturity of authorized denominations, for a like aggregate principal amount. Any fully registered Bond or Bonds may be exchanged at the office of the Bond Registrar for a like aggregate principal amount of a Bond or Bonds of the same maturity of other authorized denominations. The execution by the Issuer of any fully registered Bond shall constitute full and due authorization of such Bond and the Bond Registrar shall thereby be authorized to authenticate and deliver such Bond, provided, however, the principal amount of outstanding Bonds of each maturity authenticated by the Bond Registrar shall not exceed the authorized principal amount of Bonds for such maturity less previous retirements.

The Bond Registrar shall not be required to transfer or exchange any Bond during the period beginning on the fifteenth (15th) day of the month next preceding any interest payment date on such Bond and ending on such interest payment date.

The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal of or interest on any Bond shall be made only to or upon the order of the registered

owner thereof or such registered owner's legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums to be paid.

No service charge shall be made for any transfer or exchange of Bonds, but the Issuer or the Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds except in the case of the issuance of a Bond or Bonds for the unredeemed portion of a Bond surrendered for redemption.

Section 7. No Redemption. The Bonds shall not be subject to redemption prior to their stated maturities.

Section 8. Amendment. The rights and obligations of the Issuer and of the registered owners of Outstanding Bonds may from time to time be modified or amended by a supplemental ordinance adopted by the Board with the written consent of the registered owners of not less than two-thirds (2/3rds) of the principal amount of the Bonds of this issue and of all other Outstanding Bonds (excluding in each case any of such Outstanding Bonds owned by or under the control of the Issuer); provided, however, that no such modification or amendment shall extend or change the maturity of or date of redemption prior to maturity, or reduce the interest rate on, or permit the creation of a preference or priority of any Outstanding Bond or Outstanding Bonds over any other Outstanding Bond or Outstanding Bonds, or otherwise alter or impair the obligation of the Issuer to pay the principal and interest on any of the Outstanding Bonds at the time, place, rate, and in the currency provided therein, without the express consent of the registered owners of all the Outstanding Bonds affected; nor shall any such modification or amendment reduce the percentage of the registered owners of Outstanding Bonds required for written consent of such modification or amendment without the consent of the registered owners of all of the Outstanding Bonds.

Section 9. Form of Bonds. Unless the purchaser or purchasers of the Bonds shall agree to accept typewritten or other temporary Bonds preliminary to the availability of Bonds in definitive form prepared in compliance with the National Standard Specifications for Fully Registered Municipal Securities prepared by the American National Standards Institute, Bonds shall comply therewith, and in any event shall be in substantially the following form [provided, however, that if the text of the Bond is to be printed in its entirety on the front side of the Bond, then paragraph and the legend, "See Reverse Side for Additional Provisions," shall be omitted and paragraphs [6] through [16] shall be inserted immediately after paragraph [1] and that other

appropriate insertions, deletions and modifications in the form of the Bonds may be made, including the issuance of a single temporary Bond with multiple maturities, as the purchaser or purchasers thereof agree or accept, in an appropriate form prepared by Bond counsel, not inconsistent herewith]:

[The remainder of this page is intentionally left blank.]

(Form of Bond - Front Side)

REGISTERED
NO. _____

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF ILLINOIS
COUNTY OF SANGAMON
VILLAGE OF CHATHAM
ELECTRIC SYSTEM REFUNDING REVENUE BOND, SERIES 1992

:See Reverse Side:
:for Additional
:Provisions _____:

CUSIP [OPTIONAL]

Interest
Rate: _____%

Maturity
Date: _____

Dated
Date: _____

Registered Owner:

Principal Amount:

[1] KNOW ALL BY THESE PRESENTS, that the Village of Chatham, Sangamon County, Illinois (the "Issuer"), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns as hereinafter provided, solely from the Electric Light Fund Account of the Village of Chatham, Sangamon County, Illinois (the "Fund"), as hereinafter described, and not otherwise, on the Maturity Date identified above the Principal Amount identified above, payable upon presentation and surrender hereof to the hereinafter described Paying Agent, in lawful money of the United States of America and to pay interest on such Principal Amount from the date of this Bond or from the most recent interest payment date to which interest has been paid at the Interest Rate per annum set forth above on May 15 and November 15 of each year, commencing November 15, 1992, until such Principal Amount is paid, computed on the basis of a 365 day year. Principal of this Bond is payable in lawful money of the United States of America to the Issuer's Treasurer, as paying agent (together with such officer's successors, the "Paying Agent"). Payment of the semiannual installments of interest hereon shall be made to the Registered Owner hereof as shown on the registration books of the Issuer maintained by the Issuer's Treasurer as Bond Registrar (together with such officer's successors, the "Bond Registrar"), at the close of business on the first day of the month of each interest payment date and shall be paid by check of the Paying Agent in lawful money of the United States of America mailed to the address of such Registered Owner as it appears on such registration books or at such other address furnished in writing by such Registered Owner to the Bond Registrar.

[2] Reference is hereby made to the further provisions of this Bond set forth on the reverse hereof and such further

provisions shall for all purposes have the same effect as if set forth at this place.

[3] 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 the Fund the entire revenues received from the operation of the Issuer's electric system (the "System") to be applied in the manner as hereinabove set forth; and the Issuer hereby covenants and agrees that it will fix and maintain rates for the use and service of the Issuer's electric system and collect and account for the revenues derived therefrom sufficient at all times to pay operation and maintenance expenses, to provide adequate depreciation and reserve funds, to promptly pay the principal of and interest on all obligations issued by the Issuer which are payable solely from the revenues of the System, and to comply with all the covenants of and to maintain the accounts created by the ordinance pursuant to which this Bond and the series of Bonds of which it is a part are issued.

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

[5] IN WITNESS WHEREOF, the Village of Chatham, Sangamon County, Illinois, by its President and Board of Trustees, has caused this Bond to be signed by the manual or facsimile signature of the President of the Board of Trustees and attested by the manual or facsimile signature of the Village Clerk, and its corporate seal to be affixed hereto or printed hereon, all as of the Dated Date identified above.

(SEAL)
ATTEST:

President

Village Clerk

CERTIFICATE OF AUTHENTICATION

Date of Authentication: _____

This Bond is one of the Bonds described in the within mentioned Bond Ordinance and is one of the Electric System Refunding Revenue Bonds, Series 1992, of the Village of Chatham, Sangamon County, Illinois.

Treasurer, Village of Chatham,
Illinois, as Bond Registrar

Bond Registrar and Paying Agent: Treasurer, Village of Chatham,
Chatham, Illinois

[Form of Bond - Reverse Side]

VILLAGE OF CHATHAM

SANGAMON COUNTY, ILLINOIS

ELECTRIC SYSTEM REFUNDING REVENUE BOND, SERIES 1992

[6] This bond and the bonds of the series of which it forms a part ("**Bond**" and "**Bonds**", respectively) are payable solely from the Net Revenues derived from the operation of the electric system of the Issuer (the "**System**"), and not otherwise, and are issued under authority of the provisions of Division 119 (Revenue Bonds to Improve Light and Gas Plants) of Article 11 (Corporate Powers and Functions) of the Illinois Municipal Code (Paragraph 11-119-1 et seq. of Chapter 24 of the Illinois Revised Statutes, as supplemented and amended, including without limitation by the Local Government Debt Reform Act, the "**Act**"), for the purpose of paying a part of the cost of prepaying and retiring certain outstanding revenue bonds of the Issuer (the "**Prior Bonds**") issued under and pursuant to Ordinance No. 86-9, AN ORDINANCE AUTHORIZING AND PROVIDING FOR THE ISSUING OF \$1,100,000.00 ELECTRIC SYSTEM REVENUE BONDS FOR THE VILLAGE OF CHATHAM, SANGAMON COUNTY, ILLINOIS FOR THE PURPOSE OF DEFRAYING THE COST OF PURCHASING AN EXISTING ELECTRIC SUBSTATION SITE FROM CENTRAL ILLINOIS LIGHT COMPANY AND FOR THE IMPROVEMENT OF THAT SUBSTATION FACILITY IN THE VILLAGE OF CHATHAM, passed and approved by the Issuer's Board of Trustees on May 13, 1986 (the "**Prior Bond Ordinance**"). The Bonds are issued pursuant to the Act and Ordinance No. _____, An Ordinance authorizing and providing for the issuance of \$590,000 Electric System Refunding Revenue Bonds, Series 1992, of the Village of Chatham, Sangamon County, Illinois, for the purpose of refunding certain prior bonds, prescribing the details of such refunding bonds and providing for the collection, segregation and distribution of the revenues of the electric system of the Village of Chatham, passed by the Issuer's President and Board of Trustees on the 24th day of March, 1992 (the "**Bond Ordinance**"), to which reference is hereby expressly made for further definitions and terms and to all the provisions of which the Registered Owner by the acceptance of this Bond assents. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation.

[7] This Bond is one of an authorized issue of \$590,000, of like tenor, issued as provided in the Bond Ordinance, except as to interest rate and maturity.

[8] The Bonds shall not be subject to redemption prior to maturity.

[9] Parity Bonds may be issued pursuant to the terms of the Bond Ordinance.

[10] Under the Act and the Bond Ordinance, the revenues from the operation of the System shall be deposited in the Fund, which shall be used only and is hereby pledged for paying Operation and Maintenance Expenses of the System, providing adequate reserve and depreciation funds, paying the principal of and interest on all obligations of the Issuer that are payable by their terms only from the revenues of the System, and in making all payments required to maintain the accounts established under the terms of the Bond Ordinance.

[11] The rights and obligations of the Issuer and of the registered owners of the Bonds may from time to time be modified or amended by a supplemental ordinance adopted by the Board with the written consent of the registered owners of not less than two-thirds (2/3rds) of the principal amount of the Bonds of the series of which this is one and of all Outstanding Bonds, which includes obligations on a parity with the Bonds (excluding in either case any of such obligations owned by or under the control of the Issuer); provided, however, that no such modification or amendment shall extend or change the maturity of, or date of redemption prior to maturity, or reduce the interest rate, or permit the creation of a preference or priority of any Outstanding Bond or Outstanding Bonds over any other Outstanding Bond or Outstanding Bonds, or otherwise alter or impair the obligation of the Issuer to pay the principal of and interest on any of the Outstanding Bonds at the time, place, rate and in the currency provided therein without the express consent of the registered owners of all the Outstanding Bonds affected; nor shall any such modification or amendment reduce the percentage of the registered owners of Outstanding Bonds required for the written consent to such modification or amendment without the consent of the registered owners of all of the Outstanding Bonds.

[12] The Bonds and bonds issued on a parity therewith are co-equal as to the lien on the revenues of the System for their payment and share ratably, without any preference, priority, or distinction, the one over the other, as to the source or method of payment and security of the Outstanding Bonds.

[13] This Bond is transferable by the Registered Owner hereof in person or by such Registered Owner's attorney duly authorized in writing at the principal office of the Bond Registrar in Chatham, Illinois, but only in the manner, subject to the limitations and upon payment of the charges provided in

the Bond Ordinance, and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds of authorized denominations of the same maturity and for the same aggregate principal amount will be issued to the transferee in exchange therefor. The Bond Registrar shall not be required to transfer or exchange any Bond during the period beginning on the fifteenth (15th) day of the month next preceding any interest payment date on such Bond and ending on such interest payment date, or to transfer or exchange any Bond after notice calling such Bond for redemption has been mailed, or during a period of fifteen (15) days next preceding mailing of a notice of redemption of such Bond.

[14] The Bonds are issued in fully registered form in the denomination of \$5,000 each or authorized integral multiples thereof. This Bond may be exchanged at the principal office of the Bond Registrar for a like aggregate principal amount of Bonds of the same maturity of other authorized denominations, upon the terms set forth in the authorizing ordinance.

[15] The Bonds have been designated by the Issuer as "qualified tax-exempt obligations" under Section 265(b) (3) of the Internal Revenue Code of 1986, as amended.

[16] The Issuer, the Paying Agent and the Bond Registrar may deem and treat the Registered Owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes, and neither the Issuer, the Paying Agent nor the Bond Registrar shall be affected by any notice to the contrary.

(ASSIGNMENT)

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto _____

(Name, Address, and Social Security Number or FEIN of Assignee) the within Bond and does hereby irrevocably constitute and appoint _____

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

DATED: _____

Signature

SIGNATURE GUARANTEED: _____

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

Section 10. Bonds Limited Obligations. The Bonds shall be payable solely from the Net Revenues as derived from the operation of the System and shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory limitation.

Section 11. Creation and Continuation of System Fund and Accounts Thereof. Upon the issuance of any of the Bonds, the System shall be operated on a Fiscal Year basis. All of the revenues from any source whatsoever derived from the operation of the System, together with any other available funds therefor, shall be set aside as collected and be deposited in a separate fund and in an account in a bank to be designated or continued, as the case may be, by the Board, which fund is hereby created, designated or continued, as the case may be, as the "Electric Light Fund Account" of the Village of Chatham (the "Fund"), which shall constitute a trust fund for the sole purpose of carrying out the covenants, terms, and conditions of this ordinance, and shall be used only in paying operation and maintenance expenses of the System, providing adequate depreciation and reserve funds as herein provided, paying the principal of and interest on all revenue bonds and obligations of the Issuer which by their terms are payable solely from the revenues derived from the System, and providing for the establishment of and expenditure from the respective accounts as hereinafter described.

Section 12. Flow of Funds. There shall be deposited into the Fund all revenues and income of the System as received, and all disbursements for the Operation and Maintenance Expenses of the System and all allocations to and deposits in the following Accounts shall be made from the Fund. Concurrently with the prepayment and redemption of the Prior Bonds there shall be and there are hereby ordered, created and established, or continued with respect to the Prior Bonds, as the case may be, separate accounts to be known as the "Operation and Maintenance Account," the "Debt Service Account," the "Reserve Account," the "Depreciation Account" and the "Surplus Account," into which there shall be deposited and credited on or before the first day of each month by the Treasurer or other appropriate financial officer of the Issuer, without any further official action or direction, in the order in which such accounts are hereinafter mentioned, all moneys held in the Fund, in accordance with the following provisions:

(a) Operation and Maintenance Account: There shall be deposited and credited to the Operation and Maintenance Account an amount sufficient, when added to the amount then on deposit in such Account, to establish a balance equal to an amount not less than the amount necessary to pay

Operation and Maintenance Expenses for the then current and the next succeeding month.

(b) Debt Service Account: There next shall be deposited and credited to the Debt Service Account and held, in cash and investments, a fractional amount (not less than $1/6$) of the interest becoming due on the next succeeding interest payment date on all Outstanding Bonds and also a fractional amount (not less than $1/6$) of the principal becoming due (or subject to mandatory redemption) on the next succeeding principal maturity date of all of the Outstanding Bonds until there shall have been accumulated and held in cash and investments in the Debt Service Account on or before the month preceding such maturity date of interest or principal, or both, an amount sufficient to pay such principal or interest, or both.

In computing the fractional amount to be set aside each month in the Debt Service Account, the fraction shall be so computed that a sufficient amount will be set aside in such Account and will be available for the prompt payment of such principal of and interest on all Outstanding Bonds and shall be not less than one-sixth ($1/6$) of the interest becoming due on the next succeeding interest payment date and not less than one-sixth ($1/6$) of the principal becoming due (or subject to mandatory redemption) on the next succeeding principal payment date on all Outstanding Bonds until there is sufficient money in such Account to pay such principal or interest, or both.

Credits into the Debt Service Account may be suspended in any Fiscal Year at such time as there shall be a sufficient sum held in cash and investments in such Account to meet principal and interest requirements in such Account for the balance of such Fiscal Year, but such credits shall again be resumed at the beginning of the next Fiscal Year.

All moneys in the Account shall be used only for the purpose of paying interest and principal and applicable premium on Outstanding Bonds.

(c) Reserve Account: At the time of the issuance and delivery of the Bonds, funds shall be deposited into the Reserve Account by transferring up to \$85,000 of the cash and investments in the Reserve Account established and maintained pursuant to the Prior Bond Ordinance (howsoever styled or maintained, the "Prior Reserve Account"). To the extent that \$85,000 is not accumulated in the Reserve Account, there shall be deposited into the Reserve Account on the first day of each month after issuance of the Bonds the sum of \$710 until \$85,000 has accumulated, after which no further deposits need be made, except at the foregoing monthly rate (in addition to the regular monthly deposit, as the case may be) to replace withdrawals.

In addition, there shall be deposited into the Reserve Account the amounts from time to time specified by the Corporate Authorities.

Amounts to the credit of such Reserve Account shall be used to pay principal of or interest and applicable premium on the Outstanding Bonds at any time when there are insufficient funds available in the Debt Service Account to pay the same.

(d) Depreciation Account: At the time of the issuance and delivery of the Bonds, funds shall be deposited into the Depreciation Account by transferring up to \$85,000 of the cash and investments in the Depreciation Account established and maintained pursuant to the Prior Bond Ordinance (howsoever styled or maintained, the "Prior Depreciation Account"). To the extent that \$85,000 is not accumulated in the Depreciation Account, there shall be deposited into the Depreciation Account on the first day of each month after issuance of the Bonds the sum of \$710 until \$85,000 has accumulated, after which no further deposits need be made, except at the foregoing monthly rate (in addition to the regular monthly deposit, as the case may be) to replace withdrawals.

Amounts to the credit of such Depreciation Account shall be used for (i) the payment of the cost of extraordinary maintenance, necessary repairs and replacements, or contingencies, the payment for which no other funds are available, in order that the System may at all times be able to render efficient service and (ii) the payment of principal of or interest and applicable premium on any Outstanding Bonds at any time when there are no other funds available for that purpose in order to prevent a default and shall be transferred to the Debt Service Account for such purpose. The Issuer does not reasonably expect to make any such transfers.

(e) Surplus: All moneys remaining in the Fund, after crediting the required amounts to the respective accounts hereinabove provided for, and after making up any deficiency in the above Accounts described in subsections (a) to (d), inclusive, shall be credited to the Surplus Account and shall first be used to make up any subsequent deficiencies in any of the Accounts hereinabove named and then, at the discretion of the Corporate Authorities, shall be used, if at all, for one or more of the following purposes (and not for any general corporate purposes) without any priority among them:

(1) For the purpose of constructing or acquiring repairs, replacements, renewals, improvements or extensions to the System; or

(2) For the purpose of calling and redeeming Outstanding Bonds which are callable at the time; or

(3) For the purpose of purchasing Outstanding Bonds at the time at a price of not to exceed par plus designated premium and accrued interest to the date of purchase; or

(4) For the purpose of paying principal of and interest on any subordinate bonds or obligations issued for the purpose of acquiring or constructing repairs, replacements, renewals, improvements and extensions to the System; or

(5) For any other lawful System purpose.

(f) Investments: Money to the credit of the Fund prior to the monthly accounting and to the credit of the Operation and Maintenance Account may be invested pursuant to any authorization granted to units of local government by Illinois statute or court decision. Money to the credit of the Operation and Maintenance Account, Debt Service Account, Reserve Account, Depreciation Account and Surplus Account may be invested from time to time by the Treasurer of the Issuer in investments authorized by applicable law, including (i) interest bearing bonds, notes, or other direct full faith and credit obligations of the United States of America, (ii) obligations unconditionally guaranteed as to both principal and interest by the United States of America, or (iii) certificates of deposit or time deposits of any bank or savings and loan association, as defined by the Illinois Banking Act or other applicable law, provided such bank or savings and loan association is insured by the Federal Deposit Insurance Corporation (FDIC) or a successor corporation to FDIC, and provided further that the principal of such deposits is secured by a pledge of obligations as described in clauses (f) (i) and (f) (ii) above in the full principal amount of such deposits, and otherwise collateralized in such amount and in such manner as may be required by law. Such investments may be sold from time to time by the Treasurer of the Issuer as funds may be needed for the purpose for which such Accounts have been created.

All interest on any funds so invested shall be credited to the applicable Account of the Fund for which the investment was made and is hereby deemed and allocated as expended with the next expenditure or expenditures of money from such applicable Account of the Fund; provided, however, the Issuer shall credit such interest in such manner as to not cause the Bonds to be "private activity bonds", "arbitrage bonds" or "hedge bonds" within the meaning of Sections 141, 148 and 149(g) of the Code and applicable regulations, including Treas. Reg. Sections 1.103-13, 1.103-14, 1.103-15 (1979) and 1.148-OT et seq.

Moneys in any of such Accounts shall be invested by the Treasurer, if necessary, in investments restricted as to yield, which investments may be in U.S. Treasury Securities - State and Local Government Series, if available, and to such end the Treasurer shall refer to any investment restrictions covenanted by the Issuer or any officer thereof as part of the transcript of proceedings for the issuance of the Bonds, and to appropriate opinions of counsel.

(g) Transfer: Any amounts to the credit of any of the Accounts described above in excess of the then current requirement therefor after prepayment of the Prior Bonds may be transferred by the Corporate Authorities to such other Account or Accounts of the Fund as in their sole discretion is designated by resolution.

(h) Prior Bond Accounts: Concurrently with the issuance of the Bonds, all the moneys remaining in the special accounts established and maintained pursuant to the Prior Ordinance (collectively, the "Prior Accounts") shall be transferred as follows:

(i) From the Operation and Maintenance Account established and maintained pursuant to the Prior Bond Ordinance, all amounts on deposit to the Operation and Maintenance Account created and established hereunder;

(ii) From the Prior Reserve Account, an amount not less than the amount specified in (c) above to the Bond Reserve Account hereunder; and

(iii) From the Prior Debt Service Account (howsoever designated), unless applied to pay the Prior Bonds, all amounts on deposit to the Debt Service Account; and

(iv) Any excess in any accounts after making the transfers in (i) - (iii) above to the Depreciation Account in (d) above.

Section 13. General Covenants. The Issuer covenants and agrees with the registered owners of the Outstanding Bonds, so long as there are any Outstanding Bonds (as defined herein), as follows:

(a) The Issuer will maintain the System in good repair and working order, will operate the same efficiently and faithfully, will promptly construct and acquire any extensions, improvements, replacements or repairs thereto, and will punctually perform all duties with respect thereto required by the Constitution and laws of the State of Illinois.

(b) The Issuer will establish and maintain at all times reasonable fees, charges, and rates for the use and service of the System and will provide for the collection thereof and the segregation and application of the revenues of the System in the manner provided by this ordinance, sufficient at all times to pay Operation and Maintenance Expenses, to cover 120% of Maximum Annual Debt Service on all revenue bonds of the Issuer which by their terms are payable solely from the revenues of the System, and to provide for the creation and maintenance of the respective accounts as provided in Section 12 of this ordinance.

There shall be charged against all users of the System, excluding the Issuer as long as there is no default in the funding of the Accounts in Section 12 above, such rates and amounts for electrical services and use as shall be adequate to meet the requirements of this subsection. Any such charges for services rendered the Issuer shall be made monthly from the corporate funds into the Fund as revenues derived from the operation of the System.

Whenever money in the Reserve Account or the Depreciation Account is used to pay principal of or interest on Outstanding Bonds the Issuer covenants to promptly have internally prepared a rate study for the System, and further, to send a copy of such study, when completed, to the original purchaser of the Bonds along with a letter indicating what action the Issuer has taken responsive to such study.

(c) The Issuer from time to time will make all needful and proper repairs, replacements, additions, and betterments to the System so that the System may at all times be operated properly and advantageously; and when any necessary equipment or facility shall have been worn out, destroyed, or otherwise is insufficient for proper use, it shall be promptly replaced so that the value and efficiency of the System shall be at all times fully maintained.

(d) The Issuer will establish such rules and regulations for the control and operation of the System necessary for the safe, lawful, efficient and economical operation thereof.

(e) The Issuer will make and keep proper books and accounts (separate and apart from all other records and accounts of the Issuer), in which complete entries shall be made of all transactions relating to the System, and hereby covenants that within 120 days following the close of each Fiscal Year, it will cause the books and accounts of the System to be audited by independent certified public accountants. Such audit will be available for inspection by the registered owners of any of the Bonds. Each such audit, in addition to whatever matters may be thought proper by the

accountants to be included therein, shall, without limiting the generality of the foregoing, include the following:

(i) A statement in detail of income and expenditures of the System for such Fiscal Year.

(ii) A balance sheet as of the end of such Fiscal Year, including a statement of the amount held in each of the accounts of the Fund.

(iii) A list of all 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.

(iv) The number of electrical customers served by the System at the end of the year, the quantity of electrical services provided by the System and a summary of rates, connection and other charges in effect from time to time for services of the System.

(v) The amount and details of all Outstanding Bonds.

(vi) The accountant's comments regarding the manner in which the Issuer has carried out the accounting requirements of this ordinance, and the accountant's recommendations for any changes or improvements in the operation of the System.

All expenses of the audit required by this section shall be regarded and paid as an Operation and Maintenance Expense. It is further covenanted and agreed that a copy of each such audit shall be furnished upon completion to United Community Bank, Chatham, Illinois, the original purchaser of the Bonds, and a summary thereof shall be furnished to the holder of any Bond upon request.

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

(g) The Issuer will not sell, lease, loan, mortgage or in any manner dispose of or encumber the System (subject to

the right of the Issuer to issue the Bonds and Parity Bonds as provided in this ordinance, to issue bonds subordinate to Outstanding Bonds, and to dispose of real or personal property which is no longer useful or necessary to the operation of the System), and the Issuer will take no action in relation to the System which would unfavorably affect the security of the Outstanding Bonds or the prompt payment of the principal and interest thereon.

(h) The registered owner of any Bond may proceed by civil action to compel performance of all duties required by law and this ordinance, including the making and collecting of sufficient charges and rates for the service supplied by the System and the application of the income and revenue therefrom.

(i) The Issuer will carry insurance on the System of the kinds and in the amounts which are usually carried by private parties operating similar properties, covering such risks as shall be recommended by a competent consulting engineer or insurance consultant employed by the Issuer for the purpose of making such recommendations. All moneys received for loss under such insurance policies shall be deposited in the Depreciation Account and used in making good the loss or damage in respect of which they were paid, either by repairing the property damaged or making replacement of the property destroyed, and provision for making good such loss or damage shall be made within ninety (90) days from the date of the loss. The payment of premiums for all insurance policies required under the provisions of this covenant in connection with the System shall be considered an Operation and Maintenance Expense.

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

(j) The Issuer will adopt a budget and approve appropriations for the Fund prior to the end of the first quarter of each Fiscal Year, subject to all applicable state laws, providing for payment of all sums to be due in the Fiscal Year so as to comply with the terms of this ordinance. The budget may include in its estimate of income the use of available surplus moneys or other funds of the Issuer appropriated for the purpose. If during the Fiscal Year there are extraordinary receipts or payments of unusual cost, the Issuer will adopt an amended budget for the remainder of the Fiscal Year, providing for receipts or payments pursuant to this ordinance.

(k) After their issuance, the Bonds shall be incontestable by the Issuer.

Section 14. Issuance of Parity Bonds. As long as there are any Outstanding Bonds, no obligations or bonds of any kind shall be issued which are payable from the revenues of the system except upon compliance with either option (a), (b) or (c) as follows:

(a) Parity Bonds may be issued for the purpose of paying the cost of repairs, replacements, renewals, improvements and extensions to the System or for refunding (not inconsistent with Section 7) Outstanding Bonds upon compliance with the following conditions:

(i) The amounts required to be credited monthly to the respective accounts described in subsections (a) to (d), inclusive, of Section 12 of this ordinance must have been deposited and credited in full up to the date of the delivery of such Parity Bonds.

(ii) The Net Revenues of the System for the last completed Fiscal Year prior to the issuance of the Parity Bonds (as shown by the audit of an independent certified public accountant), or the adjusted Net Revenues of the System for such year (as defined herein) must equal at least 125% of Maximum Annual Debt Service computed immediately after the issuance of the proposed Parity Bonds, but only for those Fiscal Years in which the Outstanding Bonds immediately prior to such issuance will continue to be Outstanding Bonds as provided herein.

(iii) Net Revenues of the System may be adjusted as follows:

(A) In the event there shall have been an increase in the rates of the System from the rates in effect for the preceding Fiscal Year, which increase is in effect at the time of the issuance of any such Parity Bonds, the Net Revenues as described hereinabove may be adjusted to reflect the Net Revenues of the System for the immediately preceding Fiscal Year as they would have been had such then existing rates been in effect during all of such Fiscal Year.

(B) Any such adjustment shall be evidenced by the certificate of an independent consulting engineer or an independent certified public accountant employed for that purpose, which certificate shall be filed with and approved by the Board prior to the sale of the proposed Parity Bonds.

(b) Bonds or other obligations may be issued payable from the revenues of the System subordinate to the Outstanding Bonds.

Such subordinate bonds shall be payable from the surplus funds described in subsection (e) of Section 12 of this ordinance.

All bonds issued under this Section shall mature as to principal on May 15 and as to interest on May 15 and/or November 15.

Contracts or agreements, including long term and take or pay contracts or agreements, for electrical services, which by the terms thereof require payment by the Issuer as an Operation and Maintenance Expense or from the Operation and Maintenance Account are expressly excluded from the provisions of this ordinance pertaining to Parity Bonds. Such contracts or agreements may be made by the Issuer notwithstanding any of the provisions herein, but only in such manner, if at all, such that the interest on the Bonds and Outstanding Bonds shall not lose the exclusion from gross income under Section 103 of the Code by reason thereof.

Section 15. Sale of Bonds and Redemption of Prior Bonds. The Bonds herein authorized shall be executed and delivered to the President, Treasurer or other appropriate officer or agent of the Issuer and be by such officer delivered to United Community Bank, Chatham, Illinois (the "Purchaser"), upon receipt of the purchase price therefor, 100% of par plus accrued interest, if any, and payment pursuant to a bond purchase agreement (the Purchaser's letter summarizing Bond terms constituting the "Bond Purchase Agreement"), by and between the Issuer and the Purchaser, which is hereby in all respects authorized, approved and confirmed.

Unless provisions satisfactory to the Purchaser shall have been made for the concurrent prepayment, retirement and redemption of the Prior Bonds, notwithstanding anything in this ordinance to the contrary, by implication, inference or otherwise, no Bonds shall be issued, sold and delivered under and pursuant to this ordinance, and the obligation of the Issuer to actually issue, sell and deliver the Bonds under and pursuant to the Bond Purchase Agreement shall be conditioned upon and shall not become and be binding upon and effective against the Issuer or the Underwriter, unless and until the Issuer shall have paid or duly arranged for the prepayment of the Prior Bonds.

The Bond Purchase Agreement, in substantially the form thereof which has been presented before the meeting of the Corporate Authorities at which this ordinance is adopted, is hereby ratified, confirmed and approved. The President is hereby authorized and directed to execute the Bond Purchase Agreement for and on behalf of the Issuer, and, as the case may be, the Clerk is hereby authorized to attest the same and to affix thereto the corporate seal of the Issuer, including with such changes therein as the officers of the Issuer executing it shall approve, their approval thereof being conclusive of the Issuer's approval of any such changes therein from the forms thereof now before this meeting.

Section 16. Use of Proceeds. The proceeds derived from the sale of the Bonds shall be used as follows:

(a) Accrued interest, if any, received upon the sale and delivery of the Bonds shall be credited to the Debt Service Account.

(b) The Prior Bonds shall be paid and retired as set forth in the preambles, and any bonds or other obligations which are outstanding at the time any Bonds are issued, and which are on a parity with or superior to the Bonds, if any, either shall be defeased or shall be called, redeemed and retired according to the terms thereof, all in such manner and at such times that the interest earned on the Bonds does not lose its exclusion from gross income under Section 103 of the Code; and, as applicable, notice of such redemption shall be timely given or caused to be given or such defeasance timely effected, as the case may be.

Section 17. Provisions a Contract. The provisions of this ordinance shall constitute a contract between the Issuer and the registered owners of the Outstanding Bonds, and no changes, additions, or alterations of any kind shall be made hereto, except as herein provided, so long as there are any Outstanding Bonds. The registered owner of any Bond may in any civil action, mandamus, injunction or other proceeding, enforce and compel performance of all duties required by this ordinance and the Act, including the maintaining and collecting of sufficient rates for that purpose and the application of income and revenue thereof.

Section 18. Non-Arbitrage. The principal proceeds of the sale of the Bonds shall be devoted to and used with due diligence to prepay and retire the Prior Bonds as herein provided. The Board represents and certifies as follows:

(a) The Issuer has arranged for the prepayment and retirement of the Prior Bonds.

(b) Design, planning and work of the Project has been completed.

(c) No part of the System or the Project has been or is expected to be sold or otherwise disposed of in whole or in material part prior to the last maturity of the Bonds. "Material part" means (i) land, or (ii) any building, or (iii) personal property or fixtures in excess of that which is expected to be sold, traded in or discarded upon wearing out or becoming obsolete.

(d) Except for the Debt Service Account and for the Reserve Account established hereunder, the Issuer has not created or established and does not expect to create or establish any sinking fund or other similar fund for the Bonds.

(e) Amounts deposited in the Debt Service Account will be expended within a 12-month period beginning on the date of deposit; such Account will be depleted to an amount not greater than 1/12 annual principal and interest requirements payable therefrom at least once yearly; and any amounts received from investment of money in the Debt Service Account will be expended within a one year period beginning on the date of receipt.

(f) The Reserve Account has been and is to be established and accumulated from funds other than Bond or Prior Bond proceeds. The total amount of the Bond Reserve Account to be accumulated is an amount not to exceed the Maximum Annual Debt Service and otherwise in compliance with Section 12(c) of this ordinance.

(g) The Depreciation Account, if any, is to be established and accumulated from funds other than Bond or Prior Bond proceeds. Moneys in such Account are to be used to pay the cost of repairs or replacements to the System as may be necessary from time to time for the continued efficient operation of the System. Although amounts in such Account may be required to be used to pay principal and interest on the Bonds to prevent or remedy a default, such amounts are not expected to be used to pay principal and interest on the Bonds to prevent or remedy a default, and there is no assurance (due to the necessity of making reasonable repairs or replacements to the System, from time to time, as discussed above) that such amounts will be available to pay principal and interest on the Bonds even if all other sources of payment are exhausted.

(h) The aggregate face amount of all tax-exempt bonds, other than non-501(c)(3) private activity bonds, to be issued by the Issuer during the calendar year in which the Bonds are issued is not reasonably expected to exceed \$5,000,000, within the meaning of Sections 148(f)(4)(D) and 265(b)(3) of the Code.

(i) The foregoing statements of expectation are based upon the following facts and estimates:

(i) Amounts expected to be received are estimated.

(ii) Amounts paid or to be paid into various funds and accounts have been directed to be paid into such funds and accounts by authority of this ordinance.

(iii) The anticipated dates of the obligation and expenditure of money derived from the sale of Bonds and to be deposited into the various funds and accounts above are based upon consultation with the Purchaser and other finance professionals.

(iv) The amount of tax-exempt bonds reasonably expected to be issued is based upon historical experience and the anticipated revenue needs of the Issuer. The Prior Bonds constitute the Issuer's last and only outstanding debt issue pledging System revenues.

(j) The Issuer has not been notified of any disqualification or proposed disqualification of it by the Commissioner of the Internal Revenue Service as a bond issuer which may not certify bond issues under Treas. Reg. Section 1.103-13(a)(2)(ii) (1979). This Section 18 incorporates by reference the representations and certifications made and contained in Section 22 of this ordinance.

(k) To the best of the knowledge and belief of the Corporate Authorities, there are no facts, estimates or circumstances that would materially change the conclusions and representations set out in this section, and the expectations hereinabove set out are reasonable.

The Corporate Authorities also certify and further covenant with the purchasers and holders of the Bonds from time to time outstanding that so long as any of the Bonds remain outstanding, moneys on deposit in any fund or account in connection with the Bonds or the Prior Bonds, whether or not such moneys were derived from the proceeds of sale of the Bonds or the Prior Bonds or from any other source, will not be used in a manner which will cause the Bonds or the Prior Bonds to be "private activity bonds", "arbitrage bonds" or "hedge bonds" within the meaning of Sections 141, 148 and 149(g) of the Code, and any related lawful regulations, including Treas. Reg. Sections 1.103-13, 1.103-14, 1.103-15 (1979) and 1.148-0T et seq. as the same presently exist, or may from time to time hereafter be amended, supplemented, replaced or revised. The Corporate Authorities reserve the right, however, to make any investment of moneys on deposit in any fund or account in connection with the Bonds permitted or authorized by Illinois law and this ordinance, if, when and to the extent that such Section 148 or the related regulations shall be repealed or relaxed or shall be held void by final decision of a court of competent jurisdiction, but only if any investment made by virtue of such repeal, relaxation or decision would not, in the opinion of an attorney at law or a firm of attorneys of nationally recognized standing in matters pertaining to tax-exempt bonds, result in the inclusion of interest on the Bonds in gross income for federal income tax purposes under Section 103 of the Code.

The appropriate officers of the Issuer are hereby authorized and directed to make such further covenants, estimates, representations, or assurances as may be necessary or advisable to the end that the Bonds not be "private activity bonds", "arbitrage bonds" or "hedge bonds" as aforesaid.

Section 19. Registered Form. The Issuer recognizes that Section 149(a) of the Code requires the Bonds to be issued and to remain in fully registered form in order that interest thereon is exempt from federal income taxation under laws in force at the time the Bonds are delivered. In this connection, the Issuer agrees that it will not take any action to permit the Bonds to be issued in, or converted into, bearer or coupon form.

Section 20. List of Bondholders. The Bond Registrar shall maintain a list of the names and addresses of the holders of all Bonds and upon any transfer shall add the name and address of the new Bondholder and eliminate the name and address of the transferee or Bondholder.

Section 21. Duties of Bond Registrar and Paying Agent. If requested by a Bond Registrar and/or Paying Agent other than an officer of the Issuer, the President and Clerk of the Issuer are authorized to execute the Bond Registrar's and/or Paying Agent's standard form of agreement between the Issuer and the Bond Registrar and/or Paying Agent with respect to the obligations and duties of the Bond Registrar and/or Paying Agent hereunder which may include, as appropriate, the following:

(a) to act as bond registrar, authenticating agent, paying agent and transfer agent as provided herein;

(b) to maintain a list of registered owners of Bonds as set forth herein and to furnish such list to the Issuer upon request, but otherwise to keep such list confidential;

(c) to give notice of redemption of Bonds as provided herein;

(d) to cancel and/or destroy Bonds which have been paid at maturity or upon earlier redemption or submitted for exchange or transfer;

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

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

Section 22. Small Issuer Provisions and Designation of Bonds. In connection with Sections 148(f)(4)(D) and 265(b)(3) of the Internal Revenue Code of 1986, as amended, the Issuer hereby represents, covenants and agrees with all holders of the Bonds that the maximum amount of tax exempt obligations that it has any expectation of issuing in the calendar year 1992 is not expected to exceed \$5,000,000, that each of the obligations constituting the issue of Bonds be and is hereby designated as a "qualified tax-exempt obligation" under such paragraph (3) of such Section

265(b), and that the Issuer will not designate as such more than \$10,000,000 of obligations during the calendar year 1992 for purposes of such paragraph (3) (B) of such Section 265(b).

Section 23. Severability. 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 24. Repealer. All ordinances, resolutions or orders, or parts thereof, in conflict with the provisions of this ordinance are to the extent of such conflict hereby repealed.

Section 25. Effective Date. This ordinance shall be in full force and effect immediately upon its adoption.

Adopted by roll call vote and recorded in the Issuer's records March 24, 1992.

AYES: Hilt, Williamson, Miller, Koester, Krueger, Jesuik

NAYS: None

ABSTAIN, ABSENT, ETC. Oblinger, Village President, absent

Approved March ³¹24, 1992.

[Signature]
President, Village of Chatham,
Sangamon County, Illinois

pro tem

Attest:

Deputy Jacqueline S. Fullington
Clerk, Village of Chatham,
Sangamon County, Illinois

STATE OF ILLINOIS)
)
COUNTY OF SANGAMON) SS.
)
VILLAGE OF CHATHAM)

CERTIFICATION OF ORDINANCE

I, the undersigned, do hereby certify that I am the duly selected, qualified and acting Clerk of the Village of Chatham, Sangamon County, Illinois (the "Issuer"), and as such official I am the keeper of the records and files of the Issuer and of the Issuer's President and Board of Trustees (the "Corporate Authorities").

I do further certify that attached hereto is a true, correct and complete copy of ordinance enacted by the Corporate Authorities, contained in the Issuer's records and files, as follows:

Ordinance No. 92-05

AN ORDINANCE authorizing and providing for the issuance of \$590,000 Electric System Refunding Revenue Bonds, Series 1992, of the Village of Chatham, Sangamon County, Illinois, for the purpose of refunding certain prior bonds, prescribing the details of such refunding bonds and providing for the collection, segregation and distribution of the revenues of the electric system of the Village of Chatham.

Based upon my review of the Issuer's records, I do further certify that the deliberations of the Corporate Authorities on the adoption of such ordinance was taken openly, that the roll call vote on the adoption of such ordinance was taken openly and was preceded by a public recital of the nature of the matter being considered and such other information as would inform the public of the business being conducted, that such meeting at which such ordinance was adopted was held at a specified time and place convenient to the public, that notice of such meeting as duly given to all of the news media requesting such notice, that such meeting was called and held in strict compliance with the provisions of the open meetings laws of the State of Illinois, as amended, and that the Corporate Authorities have complied with all of the applicable provisions of such open meeting laws and their procedural rules in the adoption of such ordinance.

IN WITNESS WHEREOF, I hereunto affix my official signature and the seal of the Village of Chatham, Sangamon County, Illinois, this 31 day of March, 1992.

(SEAL)

Jacqueline S. Fullington
Deputy Clerk