

Approved 2/22/94

ORDINANCE #94-12

AN ORDINANCE authorizing and providing for the issuance of \$500,000 Electric Revenue Bonds, Series 1994, of the Village of Chatham, Sangamon County, Illinois, for the purposes of defraying the cost of extending and improving the municipal electric system of said Village, authorizing the publication of this Ordinance, prescribing all the details of said bonds, and providing for the collection, segregation and distribution of the revenues of the municipal electric system of said Village.

PREAMBLES

WHEREAS, the Village of Chatham, in Sangamon County, Illinois (the "Issuer"), is duly established and operates under and in accordance with the provisions of the Illinois Municipal Code, 65 ILCS 5/1-1-1 *et seq.*, as supplemented and amended (the "Act"); and

WHEREAS, the Issuer owns and operates an existing municipal electric system serving the needs of the Issuer, as hereinafter more completely defined (the "System"), in accordance with the provisions of Division 119 of Article 11 of the Act; and

WHEREAS, the President and the Board of Trustees of the Issuer (the "Corporate Authorities") have determined that it is advisable, necessary and in the best interests of the Issuer's public health, safety and welfare to construct improvements and extensions to the System consisting of the following:

Purchase of new transformers to upgrade the utility substation for increased capacity and extended life

including all necessary connections, appurtenances and equipment incident thereto, and to meet the present and projected needs of the area served by the System, including all mechanical, electrical and other services necessary, useful or advisable to such projects, and, incidental to such improvements and expansion, to pay bond discount, bond interest, bond reserve account funding, legal, financing, and administrative expense (all of which said construction, services, and incidental expenses may be referred to as the "Project"), all in accordance with the preliminary plans and estimate of costs, which have been prepared for the Issuer by David Hilt (the "Project Engineer") and have been approved by the Corporate Authorities and are now on file in the office of the Village Clerk for public inspection; and

WHEREAS, the estimated cost of acquiring, constructing, and installing the Project, including necessary interest during such acquisition, construction and installation, engineering, legal, financial, bond discount, printing and publication costs, and other expenses preliminary to and in connection with the Project is anticipated not to exceed the initial estimate therefor, \$510,000; and

WHEREAS, the Issuer has insufficient funds on hand and lawfully available to pay costs of the Project, and accordingly such costs must be met from up to \$500,000 proceeds of bonds payable from the sale of the hereinafter described revenue bonds as authorized and issued pursuant to the Act, the Local Government Debt Reform Act, the Municipal Bond Reform Act and other applicable law (collectively, "Applicable Acts"); and

WHEREAS, the Issuer has previously issued its Electric System Refunding Revenues Bonds, Series 1992 in the aggregate principal amount of \$590,000 (the "Series 1992 Bonds") pursuant to the Issuer's Ordinance No. 92-05 adopted by the Corporate Authorities on March 31, 1992 (the "Series 1992 Ordinance"); and

WHEREAS, pursuant to the Applicable Acts, the Issuer desires to issue as revenue bonds its Electric Revenue Bonds, Series 1994 (the "Bonds") as described herein on parity with the Series 1992 Bonds and the Issuer must determine that it has met the conditions required under the Series 1992 Bond Ordinance for issuance of the Bonds on parity with the Series 1992 Bonds; and

WHEREAS, Section 14 of the Series 1992 Bond Ordinance provides that Parity Bonds may be issued if

- (i) The amount required to be credited monthly to the respective accounts described in Section 12 of the Series 1992 Bond Ordinance has 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) 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.

WHEREAS, the audit prepared by Estes, Bridgewater & Ogden, certified public accountants, Springfield, Illinois, for the Issuer's last completed Fiscal Year has been previously submitted to, and accepted by, the Corporate Authorities (the "Audit"); and

WHEREAS, the Audit demonstrates that the Net Revenues of the System for such Fiscal Year equals at least 125% of the Maximum Annual Debt Service computed immediately after the issuance of the Bonds for those Fiscal Years in which the Outstanding Bonds immediately prior to issuance of the Bonds will continue to be Outstanding Bonds; and

WHEREAS, the Corporate Authorities do hereby expressly find and determine that the conditions of Section 14 of the Series 1992 Bond Ordinance have been met and that the Bonds may be validly issued on parity with the Series 1992 Bonds; 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:

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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 the Series 1992 Bond Ordinance and 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, collectively, the Illinois Municipal Code, as supplemented and amended, 65 ILCS 5/1-1-1 *et seq.*, including, without limitation, Division 119 of Article 11; the Local Government Debt Reform Act, as supplemented and amended, 30 ILCS 350/1 *et seq.*; and the Omnibus Bond Act, 5 ILCS 70/8.
- (2) "Bond" or "Bonds" means the Issuer's Electric Revenue Bonds, Series 1994, authorized to be issued by this Ordinance, including bonds issued in exchange for or upon transfer or replacement of bonds previously issued under this Ordinance.
- (3) "Bond Register" means the books of the Issuer kept by the Bond Registrar to evidence the registration and transfer of the Bonds.
- (4) "Bond Registrar" means Municipal Services Corporation, Wheaton, Illinois, or a successor thereto or designated as Bond Registrar hereunder.
- (5) "Code" means the Internal Revenue Code of 1986, as amended, and includes related and applicable regulations promulgated by the Treasury Department.
- (6) "Construction Fund" means the fund by said name created and established in Section 16 of this Ordinance.
- (7) "Corporate Authorities" means the President and Board of Trustees of the Issuer.
- (8) "Fiscal Year" means the twelve-month period constituting the Issuer's fiscal year, not inconsistent with applicable law.
- (9) "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.
- (10) "Issuer" means the Village of Chatham, in Sangamon County, Illinois.
- (11) "Ordinance" means this Ordinance #94-12 passed by the Issuer on the 22nd day of February, 1994.

- (12) "Paying Agent" means First National Bank of Illinois, Lansing, Illinois, or any successor thereto or designated as Paying Agent hereunder.
- (13) "Purchase Agreement" means the Bond Purchase Agreement to be entered into by and between the Issuer and the Purchaser in connection with the Bonds.
- (14) "Purchaser" means the M.B. Vick & Company, with its principal office in Chicago, Illinois, the purchaser in connection with the Bonds.
- (15) "Revenues" or "Net Revenues" means Gross Revenues less Operation and Maintenance expenses.
- (16) "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 municipal electric system purposes as defined in the Series 1992 Bond Ordinance, and including the Project as herein described.
- (17) "System Fund" means the Electric Light Fund Account created and established, or continued in respect of the Series 1992 Bond Ordinance, as the case may be, by this Ordinance.
- (18) "Tax Exempt" means, with respect to the Bonds, the status of interest paid and received thereon as not includible in the gross income of the owners thereof under the Code for federal income tax purposes.

Section 2. Authority and Purpose

This Ordinance is adopted pursuant to the Constitution and applicable laws of the State of Illinois, including the Act, for the purpose of financing all or a part of the acquisition, construction and installation of the Project to be made or undertaken by the Issuer. The Corporate Authorities hereby find that the recitals contained in the preambles to this Ordinance are full, true, and correct and does hereby incorporate them into this Ordinance by this reference.

Section 3. Determination To Issue Bonds

It is necessary and in the best interests of the Issuer to provide for the Project for the public health, safety, and welfare and to issue the Bonds for the purpose of paying the costs of the Project. The Corporate Authorities find that all conditions precedent to the issuance of revenue bonds under the Applicable Acts payable from revenues of the System in parity with the Series 1992 Bonds have been met or have occurred and that the Bonds may be validly issued.

Section 4. Determination of Useful Life

The Corporate Authorities do hereby determine the period of usefulness of the Project and the System to be forty (40) years from the date of the Bonds.

Section 5. Authorization and Terms of Bonds

To meet part of the estimated cost of paying the costs of the Project, there is hereby appropriated the sum of \$500,000, to be derived from the proceeds of the Bonds. For the purpose of financing such appropriation, Bonds of the Issuer shall be issued and sold in an aggregate principal amount of \$500,000, and shall each be designated "Electric Revenue Bonds, Series 1994".

The Bonds shall be dated March 1, 1994, and shall also bear the date of authentication thereof. The Bonds shall be in fully registered form, shall be in denominations of \$5,000 and authorized integral multiples thereof, and shall be numbered consecutively in such reasonable fashion as may be established by the Bond Registrar, and shall bear interest payable November 15, 1994 and semiannually thereafter on May 15 and November 15 of each year. The Bonds shall mature serially on May 15 of each of the following years bearing interest at the rates per annum and in the amounts as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2003	\$90,000	5.00%
2004	95,000	5.10%
2005	100,000	5.20%
2006	105,000	5.30%
2007	110,000	5.40%

The Bonds shall be payable from the Revenues on a parity with the Series 1992 Bonds.

Each Bond shall bear interest from its date, or from the most recent interest payment date to which interest has been paid or duly provided for, computed on the basis of a 360-day year consisting of twelve 30-day months, and payable in lawful money of the United States of America. The principal of and premium, if any, on the Bonds shall be payable in lawful money of the United States of America upon presentation and surrender thereof at the principal corporate trust office of the Paying Agent for the Bonds (including any successors, the "Paying Agent"). Interest on the Bonds shall be payable on each interest payment date to the registered owners of record appearing on the registration books maintained by the Bond Registrar on behalf of the Issuer for such purpose (including any successors, the "Bond Registrar"), at the principal corporate trust office of the Bond Registrar as of the close of business on the first day of the month of the applicable interest payment date. Interest on the Bonds shall be paid by check or draft mailed to such registered owners at their addresses appearing on the registration books. The Bond Registrar shall not be required to transfer or exchange any Bond during a period

commencing the first day of the month of each interest payment date and ending on such interest date or during a period of fifteen (15) days next preceding the mailing of a notice of redemption of any Bond which could designate all or a part of such Bond for redemption.

Section 6. Redemption.

The Bonds shall be subject to redemption prior to maturity on or after May 15, 2004, on any interest payment date, as a whole or in part, in the inverse order of maturity, on the applicable redemption date at par, plus accrued interest to the date fixed for redemption:

In the event of the redemption of less than all the Bonds of like maturity, the aggregate principal amount thereof to be redeemed shall be \$5,000 or an integral multiple thereof and the Bond Registrar shall assign to each Bond of such maturity a distinctive number for each \$5,000 principal amount of such Bond and shall select by lot from the numbers so assigned as many numbers as, at \$5,000 for each number, shall equal the principal amount of such Bonds to be redeemed. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected; provided that only so much of the principal amount of each Bond shall be redeemed as shall equal \$5,000 for each number assigned to it and so selected.

Notice of the redemption of Bonds shall be mailed not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for such redemption to the registered owners of Bonds to be redeemed at their last addresses appearing on such registration books. Funds in an amount sufficient to redeem Bonds must be on deposit with the Paying Agent prior to giving notice of a redemption of such Bonds. The Bonds or portions thereof specified in such notice shall become due and payable at the applicable redemption price on the redemption date therein designated, and if, on the redemption date, moneys for payment of the redemption price of all the Bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be on deposit with the Paying Agent for such payment on such date (such amount to be on deposit prior to giving the notice of redemption), and if notice of redemption shall have been mailed as aforesaid (and notwithstanding any defect therein or the lack of actual receipt thereof by any registered owner) then from and after the redemption date interest on such Bonds or portions thereof shall cease to accrue and become payable. If there shall be drawn for redemption less than all of a Bond, the Issuer shall execute and the Bond Registrar shall authenticate and deliver, upon the surrender of such Bond, without charge to the registered owner thereof, for the unredeemed balance of the Bond so surrendered, Bonds of like maturity and of the denomination of \$5,000 or any authorized integral multiple thereof.

All notices of redemption shall include at least the information as follows:

- (1) the redemption date;
- (2) the redemption price;

- (3) if less than all of the Bonds of a given maturity are to be redeemed, the identification and, in the case of partial redemption of the Bonds, the respective principal amounts to the Bonds to be redeemed;
- (4) a statement that on the redemption date the redemption price will become due and payable upon such Bond or portion thereof called for redemption and that interest thereon shall cease to accrue from such date; and
- (5) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal corporate trust office of the Bond Registrar.

The Bond Registrar shall not be required to transfer or exchange any Bond after notice of the redemption of all or a portion thereof has been mailed. The Bond Registrar shall not be required to transfer or exchange any Bond during a period of fifteen (15) days next preceding the mailing of a notice of redemption which would designate for redemption all or a portion of such Bond.

Section 7. Purchase Agreement

The Purchase Agreement by and between the Issuer and the Purchaser, in substantially the form thereof presented before this meeting of the Corporate Authorities shall be and is hereby approved. Sale of the Bonds to the Purchaser for the price of \$492,500.00 shall be and is hereby approved as set forth in the Purchase Agreement. In connection with the sale of the Bonds, the President is authorized and directed to execute and deliver a Purchase Agreement in substantially the form of the Purchase Agreement presented at this meeting, together with such changes and completions as may be approved by the President, subject to the limitations of this Ordinance. The execution of the Purchase Agreement shall constitute conclusive evidence of the approval of such changes and completions. All things done by the Issuer's President, Village Clerk, Treasurer and Village Attorney in connection with the issuance and sale of the Bonds shall be and are hereby ratified, confirmed and approved. The President, Village Clerk, Treasurer, Village Attorney and other officials of the Issuer are hereby authorized and directed to do and perform, or cause to be done or performed for or on behalf of the Issuer, each and every thing necessary for the issuance of the Bonds, including the proper execution, delivery and performance of the Purchase Agreement and related instruments and certificates by the Issuer and the purchase by and delivery of the Bonds to or at the direction of the Purchaser.

Section 8. Execution and Authentication

Each Bond shall be executed in the name of the Issuer by the manual or authorized facsimile signature of its President and the corporate seal of the Issuer, or a facsimile thereof, shall be thereunto affixed, impressed or otherwise reproduced or placed thereon and attested by the manual or authorized facsimile signature of its Village Clerk.

In case any officer whose signature, or a facsimile of whose signature, shall appear on any Bond shall cease to hold such office before the issuance of such Bond, such Bond

commencing the first day of the month of each interest payment date and ending on such interest date or during a period of fifteen (15) days next preceding the mailing of a notice of redemption of any Bond which could designate all or a part of such Bond for redemption.

Section 6. Redemption.

The Bonds shall be subject to redemption prior to maturity on or after May 15, 2004, on any interest payment date, as a whole or in part, in the inverse order of maturity, on the applicable redemption date at par, plus accrued interest to the date fixed for redemption:

In the event of the redemption of less than all the Bonds of like maturity, the aggregate principal amount thereof to be redeemed shall be \$5,000 or an integral multiple thereof and the Bond Registrar shall assign to each Bond of such maturity a distinctive number for each \$5,000 principal amount of such Bond and shall select by lot from the numbers so assigned as many numbers as, at \$5,000 for each number, shall equal the principal amount of such Bonds to be redeemed. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected; provided that only so much of the principal amount of each Bond shall be redeemed as shall equal \$5,000 for each number assigned to it and so selected.

Notice of the redemption of Bonds shall be mailed not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for such redemption to the registered owners of Bonds to be redeemed at their last addresses appearing on such registration books. Funds in an amount sufficient to redeem Bonds must be on deposit with the Paying Agent prior to giving notice of a redemption of such Bonds. The Bonds or portions thereof specified in such notice shall become due and payable at the applicable redemption price on the redemption date therein designated, and if, on the redemption date, moneys for payment of the redemption price of all the Bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be on deposit with the Paying Agent for such payment on such date (such amount to be on deposit prior to giving the notice of redemption), and if notice of redemption shall have been mailed as aforesaid (and notwithstanding any defect therein or the lack of actual receipt thereof by any registered owner) then from and after the redemption date interest on such Bonds or portions thereof shall cease to accrue and become payable. If there shall be drawn for redemption less than all of a Bond, the Issuer shall execute and the Bond Registrar shall authenticate and deliver, upon the surrender of such Bond, without charge to the registered owner thereof, for the unredeemed balance of the Bond so surrendered, Bonds of like maturity and of the denomination of \$5,000 or any authorized integral multiple thereof.

All notices of redemption shall include at least the information as follows:

- (1) the redemption date;
- (2) the redemption price;

- (3) if less than all of the Bonds of a given maturity are to be redeemed, the identification and, in the case of partial redemption of the Bonds, the respective principal amounts to the Bonds to be redeemed;
- (4) a statement that on the redemption date the redemption price will become due and payable upon such Bond or portion thereof called for redemption and that interest thereon shall cease to accrue from such date; and
- (5) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal corporate trust office of the Bond Registrar.

The Bond Registrar shall not be required to transfer or exchange any Bond after notice of the redemption of all or a portion thereof has been mailed. The Bond Registrar shall not be required to transfer or exchange any Bond during a period of fifteen (15) days next preceding the mailing of a notice of redemption which would designate for redemption all or a portion of such Bond.

Section 7. Purchase Agreement

The Purchase Agreement by and between the Issuer and the Purchaser, in substantially the form thereof presented before this meeting of the Corporate Authorities shall be and is hereby approved. Sale of the Bonds to the Purchaser for the price of \$492,500.00 shall be and is hereby approved as set forth in the Purchase Agreement. In connection with the sale of the Bonds, the President is authorized and directed to execute and deliver a Purchase Agreement in substantially the form of the Purchase Agreement presented at this meeting, together with such changes and completions as may be approved by the President, subject to the limitations of this Ordinance. The execution of the Purchase Agreement shall constitute conclusive evidence of the approval of such changes and completions. All things done by the Issuer's President, Village Clerk, Treasurer and Village Attorney in connection with the issuance and sale of the Bonds shall be and are hereby ratified, confirmed and approved. The President, Village Clerk, Treasurer, Village Attorney and other officials of the Issuer are hereby authorized and directed to do and perform, or cause to be done or performed for or on behalf of the Issuer, each and every thing necessary for the issuance of the Bonds, including the proper execution, delivery and performance of the Purchase Agreement and related instruments and certificates by the Issuer and the purchase by and delivery of the Bonds to or at the direction of the Purchaser.

Section 8. Execution and Authentication

Each Bond shall be executed in the name of the Issuer by the manual or authorized facsimile signature of its President and the corporate seal of the Issuer, or a facsimile thereof, shall be thereunto affixed, impressed or otherwise reproduced or placed thereon and attested by the manual or authorized facsimile signature of its Village Clerk.

In case any officer whose signature, or a facsimile of whose signature, shall appear on any Bond shall cease to hold such office before the issuance of such Bond, such Bond

shall nevertheless be valid and sufficient for all purposes, the same as if the person whose signature, or a facsimile thereof, appears on such Bond had not ceased to hold such office. Any Bond may be signed, sealed or attested on behalf of the Issuer by any person who, on the date of such act, shall hold the proper office, notwithstanding that at the date of such Bond such person may not hold such office. No recourse shall be had for the payment of any Bonds against the President or any member of the Board of Trustees or any officer or employee of the Issuer (past, present or future) who executes the Bonds, or on any other basis.

Each Bond shall bear thereon a certificate of authentication executed manually by the Bond Registrar. No Bond shall be entitled to any right or benefit under this Ordinance or shall be valid or obligatory for any purpose 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 9 Transfer, Exchange and Registration

The Bonds shall be negotiable, subject to the provisions for registration of transfer contained herein. Each Bond shall be transferable only upon the registration books maintained by the Bond Registrar on behalf of the Issuer for that purpose at the principal office of the Bond Registrar by the registered owner thereof in person or by such registered owner's attorney duly authorized in writing upon surrender thereof together with a written instrument of transfer satisfactory to the Bond Registrar and duly executed by the registered owner or such registered owner's duly authorized attorney. Upon the surrender for transfer of any such Bond, the Issuer shall execute and the Bond Registrar shall authenticate and deliver a new Bond or Bonds registered in the name of the transferee of the same aggregate principal amount, maturity and interest rate as the surrendered Bond. Bonds, upon surrender thereof at the principal office of the Bond Registrar, duly executed by the registered owner or such registered owner's attorney duly authorized in writing, may be exchanged for an equal aggregate principal amount of Bonds of the same maturity and interest rate and of the denomination of \$5,000 or any authorized integral multiple thereof, less previous retirements.

For every such exchange or registration of transfer of Bonds, the Issuer or the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. No other charge shall be made for the privilege of making such transfer or exchange. The provisions of the Illinois Bond Replacement Act shall govern the replacement of lost, destroyed or defaced Bonds.

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

Section 10. Bond Registrar and Paying Agent

The Bond Registrar and Paying Agent with respect to this Ordinance and the Bonds shall be Municipal Services Corporation, Wheaton, Illinois, or a successor thereto or designated as Bond Registrar hereunder. The Issuer covenants that it shall at all times retain a Bond Registrar and Paying Agent with respect to the Bonds and shall cause to be maintained at the office of such Bond Registrar a place where Bonds may be presented for registration of transfer or exchange, that it will maintain at the designated office of the Paying Agent a place where Bonds may be presented for payment, that it shall require that the Bond Registrar maintain proper registration books and that it shall require the Bond Registrar and Paying Agent to perform the other duties and obligations imposed upon each of them by this Ordinance in a manner consistent with the standards, customs and practices concerning municipal securities. The Issuer may enter into appropriate agreements with the Bond Registrar and Paying Agent in connection with the foregoing, including as follows:

- (a) to act as Bond Registrar, authenticating agent, Paying Agent and transfer agent as provided herein;
- (b) to maintain a list of the registered owners of the Bonds as set forth herein and to furnish such list to the Issuer upon request, but otherwise to keep such list confidential;
- (c) to cancel and/or destroy Bonds which have been paid at maturity or submitted for exchange or transfer;
- (d) to furnish the Issuer at least annually a certificate with respect to Bonds canceled and/or destroyed; and
- (e) 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.

The Bond Registrar and Paying Agent shall signify their acceptances of the duties and obligations imposed upon them by this Ordinance. The Bond Registrar by executing the certificate of authentication on any Bond shall be deemed to have certified to the Issuer that it has all requisite power to accept, and has accepted, such duties and obligations not only with respect to the Bond so authenticated but with respect to all of the Bonds. The Bond Registrar and Paying Agent are the agents of the Issuer for such purposes and shall not be liable in connection with the performance of their respective duties except for their

own negligence or default. The Bond Registrar shall, however, be responsible for any representation in its certificate of authentication on the Bonds.

The Issuer may remove the Bond Registrar or Paying Agent at any time. In case at any time the Bond Registrar or Paying Agent shall resign (such resignation to not be effective until a successor has accepted such role) or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Bond Registrar or Paying Agent, or of its property, shall be appointed, or if any public officer shall take charge or control of the Bond Registrar or Paying Agent or of their respective properties or affairs, the Issuer covenants and agrees that it will thereupon appoint a successor Bond Registrar or Paying Agent, as the case may be. The Issuer shall mail or cause to be mailed notice of any such appointment made by it to each registered owner of Bonds within twenty (20) days after such appointment. Any Bond Registrar or Paying Agent appointed under the provisions of this Section shall be a bank, trust company or other qualified professional with respect to such matters, maintaining its principal office in the State of Illinois.

Section 11. Form of Bonds

The Bonds shall be issued as fully registered Bonds conforming to the industry customs and practices of printing, including part on the front and part on the reverse of the certificates, as appropriate, the blanks to be appropriately completed when the Bonds are printed. The Bonds shall be prepared in compliance with the National Standard Specifications for Fully Registered Municipal Securities prepared by the American National Standards Institute and shall be in substantially the form, as follows:

(form of bond)

UNITED STATES OF AMERICA
 STATE OF ILLINOIS
 COUNTY OF SANGAMON
 VILLAGE OF CHATHAM
 ELECTRIC REVENUE BOND
 SERIES 1994

REGISTERED NO. _____

REGISTERED \$ _____

INTEREST RATE:

MATURITY DATE:

DATED DATE:

CUSIP:

May 15, _____

March 1, 1994

Registered Owner:

Principal Amount:

Dollars.

KNOW ALL PERSONS BY THESE PRESENTS that the Village of Chatham, a unit of local government situated in the County of Sangamon, in the State of Illinois (the "Issuer"), acknowledges itself indebted and for value received hereby promises to pay to the Registered Owner identified above, or

registered assigns, the Principal Amount set forth above on the Maturity Date specified above, and to pay interest on such Principal Amount from the Dated Date hereof, or from the most recent interest payment date to which interest has been paid, at the Interest Rate per annum set forth above, computed on the basis of a 360-day year consisting of twelve 30-day months and payable in lawful money of the United States of America semiannually on the fifteenth day of May and November in each year, commencing November 15, 1994, until the Principal Amount hereof shall have been paid, by check or draft mailed to the Registered Owner of record hereof as of the first day of the month of such interest payment date, at the address of such Registered Owner appearing on the registration books maintained for such purpose by Municipal Services Corporation, Wheaton, Illinois, as Bond Registrar (including its successors, the "Bond Registrar"). This Bond, as to principal and premium, if any, when due, will be payable in lawful money of the United States of America upon presentation and surrender of this Bond at the principal corporate trust office of First National Bank of Illinois, Lansing, Illinois, as Paying Agent (including its successors, the "Paying Agent").

This Bond is one of a series of Bonds issued in aggregate principal amount of \$500,000, which are all of like tenor, except as to maturity, interest rate and right of redemption. The Bonds are authorized and issued under and pursuant to the Constitution and laws of the State of Illinois, including the Illinois Municipal Code, 65 ILCS 5/1-1-1 *et seq.* and Division 119 of Article 11 thereof, the Local Government Debt Reform Act, 30 ILCS 350/1 *et seq.* and the Omnibus Bond Acts, 5 ILCS 70/8 (collectively the "Applicable Acts"), and pursuant to and in accordance with Ordinance #94-12 adopted by the President and Board of Trustees of the Issuer on February 22, 1994 (the "Ordinance"), to which reference is hereby expressly made for all definitions and terms and to all the provisions of which the holder by acceptance of this Bond assents.

The Bonds have been issued for the purpose of paying the costs of a Project, as defined, relating to construction of improvements and extensions to the municipal electric system of the Issuer, as defined (the "System"), payable from Revenues, as defined, derived from the operation of the System. All of the Bonds are payable solely from the Revenues all in accordance with the provisions of the Applicable Acts. This Bond shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation.

The Issuer has previously issued its Electric System Refunding Revenues Bonds, Series 1992 in the aggregate principal amount of \$590,000 (the "Series 1992 Bonds") pursuant to the Issuer's Ordinance No. 92-05 adopted by the Corporate Authorities on March 31, 1992 (the "Series 1992 Ordinance") which are payable from the Revenues and which are on parity with the Bonds. Under the Act and the Ordinance, the Revenues are to be deposited into the System Fund which shall be used for the Bonds and the Series 1992 Bonds and is hereby pledged for paying Operation and Maintenance Expenses, paying the principal of and interest on all bonds of the Issuer that are payable by their terms only from the Revenues, providing an adequate depreciation fund, and in making all payments required to maintain the accounts established under the terms of the Ordinance and the Series 1992 Bond Ordinance. Parity Bonds may be issued pursuant to the terms of the Ordinance and the Series 1992 Bond Ordinance.

Outstanding Bonds issued and authenticated pursuant to the Ordinance are co-equal as to the lien on the Revenues 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 any Outstanding Bonds.

The Bonds are subject to redemption prior to maturity on or after May 15, 2004, on any interest payment date, as a whole or in part, in the inverse order of maturity, on the applicable redemption date at par, plus accrued interest to the date fixed for redemption.

In the event of the redemption of less than all the Bonds of like maturity, the aggregate principal amount thereof to be redeemed shall be \$5,000 or an integral multiple thereof and the Bond Registrar shall assign to each Bond of such maturity a distinctive number for each \$5,000 principal amount of such Bond and shall select by lot from the numbers so assigned as many numbers as, at \$5,000 for each number, shall

equal the principal amount of such Bonds to be redeemed. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected; provided that only so much of the principal amount of each Bond shall be redeemed as shall equal \$5,000 for each number assigned to it and so selected.

Notice of the redemption of Bonds shall be mailed not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for such redemption to the registered owners of Bonds to be redeemed at their last addresses appearing on such registration books. Funds in an amount sufficient to redeem Bonds must be on deposit with the Paying Agent prior to giving notice of a redemption of such Bonds. The Bonds or portions thereof specified in such notice shall become due and payable at the applicable redemption price on the redemption date therein designated, and if, on the redemption date, moneys for payment of the redemption price of all the Bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be available for such payment on such date, and if notice of redemption shall have been mailed as aforesaid) and notwithstanding any defect therein or the lack of actual receipt thereof by any registered owner) then from and after the redemption date interest on such Bonds or portions thereof shall cease to accrue and become payable. If there shall be drawn for redemption less than all of a Bond, the Issuer shall execute and the Bond Registrar shall authenticate and deliver, upon the surrender of such Bond, without charge to the registered owner thereof, for the unredeemed balance of the Bond so surrendered, Bonds of like maturity and of the denomination of \$5,000 or any authorized integral multiple thereof.

All notices of redemption shall include at least the information as follows: (1) the redemption date; (2) the redemption price; (3) if less than all of the Bonds of a given maturity are to be redeemed, the identification and, in the case of partial redemption of the Bonds, the respective principal amounts to the Bonds to be redeemed; (4) a statement that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption and that interest thereon shall cease to accrue from such date; and (5) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal office of the Bond Registrar.

This Bond is transferable only upon the registration books therefor by the Registered Owner hereof in person, or by such Registered Owner's attorney duly authorized in writing, upon surrender hereof at the principal office of the Bond Registrar together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the Registered Owner or by such a Registered Owner's duly authorized attorney, and thereupon a new registered Bond or Bonds, in the authorized denominations of \$5,000 or any authorized integral multiple thereof and of the same aggregate principal amount as this Bond shall be issued to the transferee in exchange therefor. In like manner, this Bond may be exchanged for an equal aggregate principal amount of Bonds of any authorized denomination. The Bond Registrar shall not be required to exchange or transfer any Bond during the period from the first day of the month of any interest payment date to such interest payment date or during a period of fifteen (15) days next preceding the mailing of a notice of redemption which could designate all or a part of such Bond for redemption. The Issuer or the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to the transfer or exchange of this Bond. No other charge shall be made for the privilege of making such transfer or exchange. The Issuer, the Paying Agent and the Bond Registrar may treat and consider the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal, premium, if any, and interest due hereon and for all other purposes whatsoever, and all such payments so made to such Registered Owner or upon such Registered Owner's order shall be valid and effectual to satisfy and discharge the liability upon this Bond to the extent of the sum or sums so paid, and neither the Issuer nor the Paying Agent or the Bond Registrar shall be affected by any notice to the contrary.

No recourse shall be had for the payment of any Bonds against the President, any member of the Board of Trustees or any other officer or employee of the Issuer (past, present or future) who executes any Bonds, or on any other basis. The Issuer may remove the Bond Registrar or Paying Agent at any time and for any reason and appoint a successor.

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

The Issuer has designated the Bonds "qualified tax-exempt obligations" under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

It is hereby certified, recited and declared that all acts, conditions and things required to be done, exist and be performed precedent to and in the issuance of this Bond in order to make it a legal, valid and binding obligation of the Issuer have been done, exist and have been performed in regular and due time, form and manner as required by law; that the series of Bonds of which this Bond is one, together with all other indebtedness of the Issuer is within every debt or other limit prescribed by law; that provision has been made for the pledge and collection of the Revenues, and the segregation of the Revenues to pay the interest hereon as it falls due and also to pay and discharge the principal hereof at maturity; and that the Issuer hereby covenants and agrees that it will fix and maintain rates for the use and service of the System and collect and account for the Revenues sufficient at all times to pay Operation and Maintenance Expenses, to promptly pay principal of and interest on all bonds issued by the Issuer which are payable solely from the Revenues, to provide an adequate depreciation fund, and to comply with all the covenants of and to maintain the accounts created by the Ordinance and the Series 1992 Bond Ordinance.

IN WITNESS WHEREOF, the Village of Chatham, in Sangamon County, Illinois, has caused this Bond to be executed in its name and on its behalf by the manual or facsimile signature of its President, and its corporate seal, or a facsimile thereof, to be affixed or otherwise reproduced hereon and attested by the manual or facsimile signature of its Village Clerk, all as of the Dated Date set forth above.

VILLAGE OF CHATHAM,
Sangamon County, Illinois

(SEAL)

President

Attest:

Village Clerk, Village of Chatham,
Sangamon County, Illinois

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Electric Revenue Bonds, Series 1994, described in the within mentioned Ordinance.

Municipal Services Corporation, Wheaton,
Illinois as Bond Registrar

By: _____

Bond Registrar: Municipal Services Corporation, Wheaton, Illinois
Paying Agent: First National Bank of Illinois, Lansing, Illinois

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 hereby irrevocably constitutes and appoints _____ attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature

Signature Guarantee:

NOTICE: The signature on 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 12. 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 13. 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 shall be pledged for the payment of the Bonds and shall be set aside as collected and be deposited into a separate fund and in an account in such bank designated by the Corporate Authorities, which fund has previously been created pursuant to Section 11 of the Series 1992 Bond Ordinance and which is designated as the "System Fund" of the Issuer. The System Fund constitutes a trust fund pledged for the sole purpose of carrying out the covenants, terms, and conditions of this Ordinance and the Series 1992 Bond Ordinance. Revenues shall be used only in paying Operation and Maintenance Expenses, providing an adequate depreciation fund, paying the principal of and interest on bonds of the Issuer which by their terms are payable solely from the Revenues, and providing for the establishment of and expenditure from the respective accounts as described in the Series 1992 Bond Ordinance and hereinafter described.

Section 14. Flow of Funds

There have been, and there are hereby, created separate accounts in the System Fund to be known as the "Operation and Maintenance Account," the "Debt Service Account", the "Reserve Account", the "Depreciation Account" and the "Surplus Account". The Bonds constitute Parity Bonds under the Series 1992 Bond Ordinance and shall be entitled to all the rights and benefits of the Series 1992 Bond Ordinance as such Parity Bonds under the Series 1992 Bond Ordinance, including but not limited to payment from the Debt Service Account established under Section 12 of the Series 1992 Bond Ordinance.

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 System 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: In addition to any deposits required to be made under the Series 1992 Bond Ordinance, 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 1/12) 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.

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 Debt Service Account shall be used only for the purpose of paying interest and principal and applicable premium on Outstanding Bonds.

(c) Reserve Account: To the extent that \$114,000 is not accumulated in the Reserve Account established pursuant to the Series 1992 Bond Ordinance, there shall be deposited into such Reserve Account on the first day of each month after issuance of the Bonds the sum of \$950 until \$114,000 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 Bands at any time when there are insufficient funds available in the Debt Service Account to pay the same.

(d) Depreciation Account: To the extent that \$114,000 is not accumulated in the Depreciation Account established pursuant to the Series 1992 Bond Ordinance, there shall be deposited into such Depreciation Account on the first day of each month after issuance of the Bonds the sum of \$950 until \$114,000 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 System 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 System 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 Tres. 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.

Section 15. General Covenants

The Issuer covenants and agrees with the holders and 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 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 14 above, such rates and amounts for electrical services and use as shall be adequate to meet the requirements of this section. Any such charges for services rendered the Issuer shall be made monthly from the corporate funds into the System 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 180 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 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.

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 System 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 16. Use of Proceeds, Construction Fund

The proceeds derived from the sale of the Bonds shall be used as follows:

- (a) Accrued interest shall be credited to the Debt Service Account.
- (b) An amount equal to \$8,900 shall be deposited into a separate fund, hereby created, designated the "Expense Fund" to be used to pay expenses of issuance. Disbursements from such fund shall be made from time to time upon the direction of the Issuer. Any excess in said fund shall be paid into the Construction Fund hereinafter created in this Section after six months from the date of issuance of the Bonds.
- (c) The remaining funds shall be set aside in a separate fund hereby created and designated as the "Construction Fund" which shall be deposited in such bank or banks designated by the Corporate Authorities pursuant to a depository agreement. Such Agreement shall provide that money in said fund shall be withdrawn from time to time as needed for the payment of costs of the Project and paying the fees and expenses incidental thereto and that said money shall be withdrawn from the depository from time to time by the Treasurer of the Issuer only upon submission by him to said depository of the following:
 - (i) If such withdrawal of funds by the Treasurer is for payment to a supplier, materialman, or contractor for work done in connection with the Project, a statement executed by the engineer in charge of the construction of the Project stating the amount of materials supplied or the nature of the work completed, that such materials have been properly accepted or such work approved by him, the amount due and

payable thereon, and the amount remaining to be paid in connection with the Project; and

- (ii) A duplicate copy of the order signed by the President and Village Clerk, or such other officer(s) as may from time to time be by law authorized to sign and countersign orders of the Treasurer of the Issuer, 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 Corporate Authorities.

Within sixty (60) days after full depletion of the Construction Fund or payment of all costs of the Project, as herein referred to, and as heretofore approved by the Corporate Authorities, the Treasurer shall certify to the Corporate Authorities the fact of such depletion or the engineer in responsible charge of the Project shall certify to the Corporate Authorities the fact that the work has been completed according to approved plans and specifications, as applicable, and upon approval of such certification by the Corporate Authorities, funds (if any) remaining in the Construction Fund shall be transmitted by said depository to the Treasurer of the Issuer, and said Treasurer shall credit said funds to the Surplus Account; and the Construction Fund shall be closed.

Funds on deposit in the Construction Fund may be invested by the depository at the direction of the Treasurer in the same manner as provided for money in the System Fund.

Section 17. Provisions a Contract

The provisions of this Ordinance shall constitute a contract between the Issuer and the holders and registered owners from time to time 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.

Section 18. Non-Arbitrage

The Corporate Authorities represent and certify as follows with respect to the Bonds:

- (a) That the Issuer has incurred, or within six (6) months after the delivery of the Bonds expects to incur, substantial binding obligations with respect to the Project, said binding obligations comprising contracts for the acquisition and construction of the Project in the amount greater than the lesser of (i) \$100,000 or (ii) 2-1/2% of that portion of the cost of the Project to be financed with the proceeds of the Bonds;
- (b) That the Issuer expects that all of the money derived from the sale of the Bonds and deposited in the Construction Fund, which is the fund from which the cost of the Project is to be paid, and all of the investment earnings on said money, will be expended on or before June 1, 1994, for the purpose of paying the cost of the Project, said date being within three (3) years following the date of issue of the Bonds;
- (c) That work on the Project is expected to proceed with due diligence to completion;

- (d) That the Project has not been and is not expected to be sold or otherwise disposed of in whole or in part prior to the last maturity of the Bonds;
- (e) That all of the proceeds of sale of and investment earnings on the Bonds are needed for paying the costs of the Project, including expenses incidental thereto and to the issuance of the Bonds;
- (f) That the Issuer will receive the agreed upon purchase price plus accrued interest from the sale of the Bonds and that accrued interest received upon the sale of the Bonds will be deposited in the Debt Service Account and applied to the first interest due thereon;
- (g) Except for the Debt Service Account and the Reserve Account, the Issuer has not created or established and will not create or establish any sinking funds, reserve fund or any other similar fund to provide for the payment of the Bonds. The Debt Service Account has been established and will be funded in a manner primarily to achieve proper matching of system revenues and debt service, and will be depleted at least annually to an amount not in excess of 1/12 the particular annual debt service on the Bonds. Money deposited in the Debt Service Account will be spent within a 13 month period beginning on the date of deposit, and investment earnings in the Debt Service Account will be spent or withdrawn from the Debt Service Account within a one year period beginning the date of receipt.
- (h) The foregoing statements of expectation are based upon the following facts and estimates:
 - (i) Amounts shown as received will be received pursuant to contract of sale.
 - (ii) Amounts paid or to be paid into various funds and accounts have been directed to be paid into said funds and accounts by authority hereof or are expected to be so directed to be paid by further proceedings.
 - (iii) The anticipated dates of the obligation of and expenditure of money in the Construction Fund derived from the sale of Bonds and the amounts to be spent on or before such dates is based upon consultation with the architects, engineers and administrative staff of the Issuer charged with responsible supervision of the Project.
- (i) At any time after the third anniversary of the date of issuance of the Bonds, the amount of money then in the Construction Fund shall not be invested at a yield "materially higher" (as defined in the Treasury Regulations hereinafter cited) than the yield on the Bonds.
- (j) In valuing the moneys on deposit in the Construction Fund at any time for the purposes of complying with the foregoing paragraph, investments will be taken into account at purchase price with the following exception: if an investment is purchased at a discount or results in interest payments or any annual period in excess of interest payments for any preceding annual period (reflecting the annual reinvestment of accrued interest as principal), the amount of such discount or excess interest (not discounted to present value) shall be added to the purchase price ratably each year over the term of the

investment. The yield on investments shall be calculated on the basis of the actual payments received from and the price paid for such investments.

- (k) To the best of the knowledge and belief of the Issuer, and of the President and Village Clerk, who are officers charged with the responsibility of issuing the Bonds, there are no facts, estimates or circumstances that would materially change the conclusions and representations set out in this Section, and the expectations set out in this Section are reasonable.
- (l) 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 certify bond issues under Treas. Reg. Sec. 1.103-13 (a)(2)(ii) (1979).

The Issuer also certifies and further covenants with the purchasers and registered owners of the Bonds from time to time outstanding that moneys on deposit in any fund or account in connection with the Bonds, whether or not such moneys were derived from the proceeds of the sale of the Bonds or from any other source, will not be used in a manner which will cause the Bonds to be "arbitrage bonds" within the meaning of Code Section 148 and any lawful regulations promulgated thereunder, including Treas. Reg. Secs. 1.103-13, 1.103-14, 1.103-15 and 1.148-OT *et seq.* as the same presently exist or may from time to time hereafter be amended, supplemented or revised.

The Issuer reserves the right to use or invest moneys in connection with the Bonds in any manner, notwithstanding the covenants herein, provided it shall first have received an opinion from an attorney or a firm of attorneys of nationally recognized standing in matters pertaining to tax-exempt bonds to the effect that use or investment of such moneys as contemplated will not result in loss of the status of interest paid and received on the Bonds as not includible in the gross income of the owners thereof under the Code for federal income tax purposes except to the extent that such interest will be taken into account in computing an adjustment used in determining the alternative minimum tax for certain corporations, in computing the environmental tax imposed on certain corporations and in computing the "branch profits tax" imposed on certain foreign corporations (hereinafter such status of interest on the Bonds being referred to as "tax-exempt").

Section 19. Arbitrage Rebate Exemption

The Issuer recognizes that the provisions of Section 148 of the Code require a rebate to the United States in certain circumstances. An exemption to rebate requirements appears at Section 148(f)(4)(C) of the Code and applies to this issue. No rebate is required or planned by the Issuer. In support of this conclusion, the Issuer covenants, represents and certifies as follows:

- (a) The Issuer is a governmental unit with general taxing powers.
- (b) No Bond in this issue is a "private activity bond" as defined in Section 141(a) of the Code.
- (c) All the net proceeds of the Bonds are to be used for the local government activities of the Issuer described in this Ordinance (or of a

governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer).

- (d) The aggregate face amount of all tax-exempt bonds (other than "private activity bonds" as defined in the Code) issued by the Issuer (and all subordinate entities thereof) during 1994 is not reasonably expected to exceed \$5,000,000.

Section 20. Further Tax Covenants

The Issuer agrees to comply with all provisions of the Code which, if not complied with by the Issuer, would cause the Bonds not to be tax-exempt. In furtherance of the foregoing provisions, but without limiting their generality, the Issuer agrees: (1) through its officers, to make such further specific covenants, representations as shall be truthful, and assurances as may be necessary or advisable; (2) to comply with all representations, covenants and assurances contained in certificates or agreements as may be prepared by counsel approving the Bonds; (3) to consult with such counsel and to comply with such advice as may be given; (4) to pay to the United States, if necessary, such sums of money representing required rebates of excess arbitrage profits relating to the Bonds; (5) to file such forms, statements and supporting documents as may be required and in a timely manner; and (6) if deemed necessary or advisable by its officers, to employ and pay fiscal agents, financial advisors, attorneys and other persons to assist the Issuer in such compliance.

Section 21. Designation as Qualified Tax-Exempt Obligations

The Corporate Authorities recognizes that Section 265(b)(3) of the Code provides that a "qualified tax-exempt obligation" as therein defined may be treated by certain financial institutions as if it were acquired on August 7, 1986, for certain purposes. The Corporate Authorities hereby designates each of the Bonds as may be from time to time outstanding for purposes of Section 265(b)(3) of the Code as a "qualified tax-exempt obligation" as provided therein. In support of such designation, the Corporate Authorities covenants, represents and certifies as follows:

- (a) none of the Bonds are "private activity bonds" as defined in Section 141(a) of the Code;
- (b) including the Bonds, the Issuer (including any entities subordinate thereto) has not issued to date and does not reasonably expect to issue qualified tax-exempt obligations (other than private activity bonds) during the calendar year of issuance of the Bonds in an amount in excess of \$10,000,000; and
- (c) including the Bonds, not more than \$10,000,000 of obligations issued by the Issuer (including any entities subordinate thereto) during the calendar year of issuance of the Bonds have been designated to date or will be designated by the Issuer for purposes of said Section 265(b)(3).

Section 22. Bonds Not Private Activity Bonds

None of the Bonds is a "private activity bond" as defined in Section 141(a) of the Code. In support of such conclusion, the Issuer covenants, represents, and certifies as follows:

- (a) none of the proceeds of the Bonds are to be used, directly or indirectly, in any trade or business carried on by any person other than a state or local governmental unit;
- (b) no direct or indirect payments of the principal or interest are to be made on any Bond with respect to any private business use by any person other than a state or local governmental unit; and
- (c) none of the proceeds of the Bonds are to be used, directly or indirectly, to make or finance loans to persons other than a state or local governmental unit; and
- (d) no user of the Project will use the same on any basis other than the same basis as the general public, and no person (as defined in the Code) will be a user of the Project as a result of (i) ownership; (ii) actual or beneficial use pursuant to a lease or a management or incentive payment; or (iii) any other arrangement.

Section 23. Registered Form

The Issuer recognizes that Section 149 of the Code requires the Bonds to be issued and to remain in fully registered form in order to be and remain Tax Exempt. 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 24. Rights and Duties of Bond Registrar

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 transferor Bondholder. If requested by the Bond Registrar, the President and Village Clerk of the Issuer are authorized to execute the Bond Registrar's standard form of agreement between the Issuer and the Bond Registrar with respect to the obligations and duties of the Bond Registrar hereunder. Subject to modification by the express terms of any such agreement, such duties shall include 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 and addresses as set forth herein and to furnish such list to the Issuer upon request, but otherwise to keep such list confidential to the extent permitted by law;
- (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 canceled 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.

The Village Clerk is hereby directed to file a certified copy of this Ordinance with the Bond Registrar.

Section 25. 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 Outstanding Bonds upon compliance with the following conditions:

(i) The amount required to be credited monthly to the respective accounts described in Section 14 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 14 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 26. Discharge and Satisfaction of Bonds

The covenants, liens and pledges entered into, created or imposed pursuant to this Ordinance may be fully discharged and satisfied with respect to the Bonds, or any of them, in any one or more of the following ways:

- (a) By paying the Bond when the same shall become due and payable;
- (b) By depositing with the Paying Agent designated for the Bonds in the manner provided by this Ordinance and for such purpose, at or before the date of maturity, money in the necessary amount to pay the Bonds; and/or
- (c) By depositing in trust with a bank or trust company located in the State of Illinois for such purpose, at or before the date of maturity, direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States of America, in an amount sufficient, including any income or increment to accrue thereon, but without the necessity of any reinvestment, to pay the Bonds, in accordance with their terms.

Upon such payment or deposit in the amount and manner provided by this Section, such Bonds shall no longer be deemed outstanding for all purposes of this Ordinance and all liability of the Issuer with respect to such Bonds shall cease and be completely discharged,

and the holders thereof shall be entitled only to payment out of the money or securities so deposited.

Section 27. Publication

This Ordinance, together with a notice in the statutory form, shall be published in pamphlet form. This Ordinance shall, in addition, be published in accordance with §11-119-2 of the Act, and shall be effective after the expiration of 10 days from the date of publication.

Section 28. 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. Bonds which are issued pursuant hereto are issued in part pursuant to the Local Debt Reform Act and the Municipal Bond Reform Act.

Section 29. 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.

PASSED by the Corporate Authorities on February 22, 1994.

APPROVED: February 22, 1994.

President

AYES: 5

NAYS: 0

ABSENT: 1

PUBLISHED: February 22, 1994, in the _____.

RECORDED IN the Records of the Issuer on February 23, 1994.

ATTEST:

Renny Moomay
Village Clerk

(SEAL)



SPEER FINANCIAL, INC.

PUBLIC FINANCE CONSULTANTS SINCE 1954

ELWOOD BARCE
CHAIRMAN EMERITUS

RICHARD A. PAVIA
CHAIRMAN & CEO

KEVIN W. McCANNA
PRESIDENT

DAVID F. PHILLIPS
VICE PRESIDENT

SUSAN L. CARLSON
VICE PRESIDENT

LARRY P. BURGER
VICE PRESIDENT

February 22, 1994

The Honorable Linda Koester
Village President
Village of Chatham
116 East Mulberry Street
Chatham, Illinois 62629

Dear: President Koester and Trustees of the Village of Chatham

M.B. Vick & Company, Chicago, Illinois has submitted a bid for the purchase of the \$500,000 Electric Revenue Bonds, Series 1994, Village of Chatham, Sangamon County, Illinois. Speer Financial also obtained quotes from Bank One, Springfield for 6.844163% and United Community Bank for 6.00%. Lifetime interest expense in these latter two scenerios would be \$386,885 and \$339,166 respectively. The M.B. Vick & Company bid results in lifetime interest expense of \$295,505.

Upon examination, it is our opinion that the bid by M.B. Vick & Company is favorable to the Village and should be accepted. We therefore recommend that the bonds be awarded to the bidder at the net interest cost of 5.360280%.

The amounts and rates for each year are as follows:

May 15

<u>Year</u>	<u>Principal</u>	<u>Rates</u>
2003	\$ 90,000	5.00%
2004	95,000	5.10%
2005	100,000	5.20%
2006	105,000	5.30%
2007	110,000	5.40%

Sincerely,

David F. Phillips
Senior Vice President/
Director of Marketing

DFP/dee
Enclosures

SPEER FINANCIAL, INC.

PUBLIC FINANCE CONSULTANTS SINCE 1954

SUITE 3435 • 55 EAST MONROE STREET • CHICAGO, ILLINOIS 60603 • (312) 346-3700 • FAX (312)346-8833

Final Term Sheet

VILLAGE OF CHATHAM Sangamon County, Illinois \$500,000 Electric Revenue Bonds, Series 1994

Sale Date: February 22, 1994.

Dated Date: March 1, 1994.

Method of Sale: Negotiated.

Purchaser: M.B. Vick & Company, Chicago, Illinois.

Purpose: To purchase new transformers to upgrade the utility substation for increased capacity and extended life.

First Interest Payment Date: November 15, 1994 and semiannually through maturity.

Principal Maturity Dates: May 15, 2003 through May 15, 2007.

Preliminary Maturities:

	<u>May 15</u>	<u>Maturity</u>	<u>Interest</u>	<u>Yield or</u>
			<u>Rate</u>	<u>Price</u>
2003	\$	90,000	5.00%	5.00%
2004		95,000	5.10%	5.10%
2005		100,000	5.20%	5.20%
2006		105,000	5.30%	5.30%
2007		110,000	5.40%	5.40%

Legal Opinion: Hart & Southworth, Attorneys, Springfield, Illinois, will provide an opinion as to the legality and tax exemption of the Bonds. Interest on the Bonds is not exempt from present State of Illinois income taxes.

Bank Qualification: The Bonds will be designated as "qualified tax-exempt obligations."

Registrar: Municipal Service Corporation, Wheaton, Illinois.

Paying Agent: First National Bank of Illinois, Lansing, Illinois.

Purchase Price: A price of \$492,500 plus accrued interest.

Security: The Bonds are special obligations of the Village payable solely from revenues of the electric revenue system.

Denomination: \$5,000 and integral multiples thereof.

Financial Disclosure: Most recent audit.

Financial Advisor: Speer Financial, Inc., Chicago, Illinois.

Expenses: The Village will pay for the legal opinion and the financial advisor's fee. At closing, the Village will deliver printed bonds. CUSIP numbers are at the cost of the purchaser.

Optional Redemption: The Bonds are callable on any interest payment date on or after May 15, 2004.

Credit Rating: A credit rating will not be requested for the Series 1994 Bonds.

M. B. VICK & COMPANY

STATE AND MUNICIPAL BONDS

120 SOUTH LA SALLE STREET

CHICAGO, ILL. 60603

(312) 346-3344

(312) 346-3344
(312) 346-3452 FAX
1-800-346-3345

February 22, 1994

MEMBER:
MIDWEST STOCK EXCHANGE
N.A.S.D.

President and Board of Trustees
Village of Chatham
Sangamon County, Illinois

Ladies and Gentlemen:

For your issue of \$500,000 Electric Revenue Bonds, Series 1994, dated March 1, 1994 maturing May 15 and bearing interest as follows:

\$ 90,000 due 2003 @ 5.00%
95,000 due 2004 @ 5.10%
100,000 due 2005 @ 5.20%*
105,000 due 2006 @ 5.30%*
110,000 due 2007 @ 5.40%*

*Bonds are callable 5/15/2004 @ 100%.

We will pay 98.50% of par (\$492,500) and accrued interest from date of the bonds to the date of delivery of the bonds to us.

Gross Interest Cost	\$295,504.72
+Net Discount	7,500.00
Net Interest Cost	\$303,004.72
Effective Interest Rate	5.3602801%

The bond registrar/transfer agent for this issue will be Municipal Services Corporation, Wheaton, Illinois, and the paying agent will be First National Bank of Illinois, Lansing, Illinois.

This offer is made subject to our being furnished with the unqualified approving opinion of Hart and Southworth, Attorneys, Springfield, Illinois, as to the legality of this issue and the exemption of interest thereon from Federal income taxes. This offer is made for your prompt acceptance and delivery of the bonds to us in Chicago not later than 45 days from this date, after which date we have the right to terminate this agreement. We will accept printed bonds.

The Village will pay the cost of the approving legal opinion.
The Village will pay the costs of the bond registrar and paying agent.
The Village will pay the cost of the printed bonds.
We will pay the cost of obtaining CUSIP numbers.

Acceptance of this offer shall constitute a contract between us for the purchase and sale of this issue.

Respectfully submitted

M. B. VICK & COMPANY

By: 

Milton A. Newton

Senior Vice President

The above offer is hereby accepted and the undersigned have been authorized this 22nd day of February, 1994, to sign this acceptance.

President, Village of Chatham, IL

ATTEST:

Village Clerk, Village of Chatham, IL

VILLAGE OF CHATHAM

FINAL \$500,000 ELECTRIC REVENUE BONDS. SERIES 1994
 Electric Improvements--14 years to maturity, Wrapped
 Date of Bonds: 01-Mar-94

Date	Principal	Final Interest Rate	Interest	Principal and Interest	Fiscal Year	Final Series 1994 Debt Service	Final Series 1992 Debt Service	Final Combined Debt Service	Combined 1.25X Coverage
15-Nov-94			\$18,379.72	\$18,379.72	1994	\$18,379.72	77,740	96,120	\$120,150
15-May-95			13,025.00	13,025.00					
15-Nov-95			13,025.00	13,025.00	1995	26,050.00	80,220	106,270	\$132,838
15-May-96			13,025.00	13,025.00					
15-Nov-96			13,025.00	13,025.00	1996	26,050.00	77,470	103,520	\$129,400
15-May-97			13,025.00	13,025.00					
15-Nov-97			13,025.00	13,025.00	1997	26,050.00	84,345	110,395	\$137,994
15-May-98			13,025.00	13,025.00					
15-Nov-98			13,025.00	13,025.00	1998	26,050.00	80,820	106,870	\$133,588
15-May-99			13,025.00	13,025.00					
15-Nov-99			13,025.00	13,025.00	1999	26,050.00	77,070	103,120	\$128,900
15-May-2000			13,025.00	13,025.00					
15-Nov-2000			13,025.00	13,025.00	2000	26,050.00	82,775	108,825	\$136,031
15-May-2001			13,025.00	13,025.00					
15-Nov-2001			13,025.00	13,025.00	2001	26,050.00	78,015	104,065	\$130,081
15-May-2002			13,025.00	13,025.00					
15-Nov-2002			13,025.00	13,025.00	2002	26,050.00	82,800	108,850	\$136,063
15-May-2003	90,000	5.000%	13,025.00	103,025.00					
15-Nov-2003			10,775.00	10,775.00	2003	113,800.00		113,800	\$142,250
15-May-2004	95,000	5.100%	10,775.00	105,775.00					
15-Nov-2004			8,352.50	8,352.50	2004	114,127.50		114,128	\$142,659
15-May-2005	100,000	5.200%	8,352.50	108,352.50					
15-Nov-2005			5,752.50	5,752.50	2005	114,105.00		114,105	\$142,631
15-May-2006	105,000	5.300%	5,752.50	110,752.50					
15-Nov-2006			2,970.00	2,970.00	2006	113,722.50		113,723	\$142,153
15-May-2007	110,000	5.400%	2,970.00	112,970.00					
15-Nov-2007					2007	112,970.00		112,970	\$141,213

Total \$500,000 \$295,504.72 \$795,504.72 \$795,504.72 \$721,255.00 \$1,516,759.72

Net Interest Rate 5.360280%
 Bond Years 5,652.778
 Average Life 11.306

Premium
 Discount \$7,500.00
 run date: 18-Feb-94
 file name: chathan 94rb

FINAL COSTS OF ISSUANCE FOR
 VILLAGE OF CHATHAM, SANGAMON COUNTY, ILLINOIS
 ELECTRIC REVENUE BONDS, SERIES 1994
 ISSUE SIZE:

\$500,000

Series 1994 ||
 Final ||
 Costs ||

Cost Items--- Service Provider

1 Financial Advisor--Speer Financial, Inc.	4,500	
2 Bond Counsel-- Hart & Southworth, Mike Southworth	2,300	
3 Official Statement Printing-	0	
4 Bond Printing--- Northern Bank Note Co.	900	
5 Registrar--Municipal Services Corp., Wheaton, Ill.	350	
6 Paying Agent--First National B & T Co, Lansing, Ill.	500	
7 Printing, Postage and Mailing--Speer	100	
8 Underwriter Discount --M.B. Vick & Co.	7,500	
9 Local Attorney--	0	
10 Misc./Contingency	250	

Total	16,400	
Less: Underwriters Discount	7,500	
Net Cost of Issuance	8,900	

SPEER FINANCIAL, INC.

run date: 22-Feb-94
 file name: chatham 94coi

MUNICIPAL SERVICES CORPORATION REGISTRAR/TRANSFER AGENT AGREEMENT

This Agreement by and between

**Village of Chatham, Sangamon
County, Illinois**

X

(the "Issuer")
and MUNICIPAL SERVICES CORPORATION, a Delaware
corporation ("MSC") made and entered into

March 15th, 1994

NOW, THEREFORE, in consideration for the mutual covenants hereinafter contained the Issuer hereby appoints MSC as Registrar and Transfer Agent and MSC accepts such appointment on the terms and conditions hereinafter set forth.

Section 1. Documents and Information.

(a) The Issuer shall provide MSC with a certified copy of a resolution designating MSC as Registrar and Transfer Agent which shall include a description of the issue and a repayment schedule of same.

(b) The Issuer shall provide for MSC Printer's Certificates or copies of receipts documenting amounts of unissued certificates conveyed to MSC.

(c) The Issuer shall furnish MSC a sufficient supply of certificates and will renew such supply upon request in order for MSC to properly discharge its duties.

(d) The Issuer shall furnish MSC an opinion of bond counsel relating to the bond issue satisfactory to MSC.

(e) The Issuer shall furnish MSC specimen bond certificates for which MSC is appointed, certified by an appropriate official of Issuer to be substantially in the form set forth in the Bond Ordinance adopted by the authorizing Board of the Issuer.

(f) The Issuer shall furnish MSC such other documents and information as may be requested by MSC from time to time to enable MSC to perform its duties hereunder.

Section 2. Original Registration.

MSC will register and countersign original bond certificates in the name of the underwriter, or in case of syndicate participation, in the name of the managing underwriter and in denominations requested by the underwriter or managing underwriter. In the case of syndicate participation, should the syndicate have determined the distribution of the bonds and delivered instructions to MSC no less than four (4) business days prior to the closing, MSC will register and countersign original bond certificates to the syndicate participants as directed.

Section 3. Transfer.

MSC will transfer certificates and register and countersign new certificates upon surrender of an equivalent amount of certificates in form deemed by MSC properly endorsed for transfer and accompanied by such documents as MSC deems necessary or appropriate to evidence the genuineness of authority of the person making the transfer, including signature guarantees acceptable to MSC. MSC reserves the right to refuse to transfer certificates until it is satisfied that the documents supporting the transfer are genuine. MSC shall incur no liability for the refusal in good faith to make transfers for which, in its judgment, there has been submitted insufficient proof of the propriety of such transfer.

In the case of small estates where no administration is contemplated MSC will under a surety company bond of indemnity acceptable to it, transfer certificates registered in the name of a decedent.

Section 4. Turnaround.

MSC shall turnaround within three (3) business days of receipt at least ninety percent (90%) of all routine items received for transfer during the month.

Section 5. Mailing.

When mail is used for delivery of certificates MSC will forward such certificates by first class mail and such mail deliveries will be covered while in transit to the addressees by insurance arranged for by MSC against loss, destruction or theft.

Section 6. Lost Certificates.

MSC may issue and register replacement certificates in place of certificates claimed to have been lost, destroyed, or wrongfully taken upon receiving indemnity satisfactory to the issuer and MSC, which shall be in favor of both MSC and the Issuer, and upon compliance with any other reasonable requirements imposed by MSC, and MSC may issue and register replacement certificates in exchange for and upon surrender of identifiable mutilated certificates.

Section 7. Records.

Section 9. Inquiries.

MSC will respond to written inquiries and requests from the Issuer, bondholders and broker-dealers as set forth in Reg. Sec. 240.17 Ad-5 of the Securities Exchange Act.

Section 10. Resignation and Removal.

MSC may be removed as Registrar and Transfer Agent at any time by receipt in the manner described in Section 14 hereof of a certified resolution of the authorizing Board of the Issuer to that effect. MSC may resign as Registrar and Transfer Agent at any time by giving written notice of such resignation to the Issuer in the manner described in Section 14 hereof. Upon removal or resignation MSC will deliver to its successor such records as may be necessary for the successor to act as Registrar and Transfer Agent.

Section 11. Compensation.

MSC shall be entitled to compensation for all services rendered in performance of its duties which shall be set forth in a separate fee schedule agreed upon by Issuer and MSC. The Issuer agrees to promptly pay such fees upon receipt of a statement. In addition to the agreed fees, MSC will bill to Issuer out-of-pocket expenses as they are incurred.

Section 12. Inability to Perform, Unexpected Costs.

In the event that MSC should be unable to perform its obligations under the terms of this Agreement or should MSC incur additional costs and expenses in its performance hereunder due to any adoption, modification, amendment or change in any statute, law, decree, regulation, ordinance or governmental order not in existence or effect on the date of the execution of this Agreement or any strike, work stoppage, equipment failure or Act of God or other cause beyond the control of MSC, the failure of MSC to fulfill its obligation hereunder shall not constitute a default by MSC and the Issuer shall have no claims or rights of action against MSC as a result thereof other than the right of termination of this Agreement.

Section 13. Indemnification.

The Issuer assumes full responsibility and agrees to indemnify and hold MSC harmless from and against any and all claims, demands, actions, causes of actions, and suits, whether groundless or otherwise, and from and against any and all suits, losses, damages, costs, charges, counsel fees, payments, expenses and liabilities of whatsoever nature arising directly or indirectly out of its relationship to the Issuer, so long as MSC has acted in good faith and with due diligence without gross negligence.

MSC may rely and act upon any list, instrument, order, paper, certificate, signature or guarantee, believed by it in good faith to be genuine and to have been signed, countersigned, or executed by an authorized person; or upon the instructions of any official of the advice concerning any matter related to the agency hereunder. MSC shall not be charged with notice of any change in the authority of an officer, employee or agent of the Issuer until it receives written notification thereof from the Issuer. MSC may execute transfers, issuances or registrations of certificates which it reasonably believes are proper and authorized or may refuse to do so if in its judgment the executions of such transfers, issuances or registrations may subject the Issuer or MSC to liability. MSC shall not be obligated to prosecute or defend any suit or action which in its judgment will subject MSC to liability or expense, unless MSC is provided with adequate indemnity by the Issuer against any liability or expense which MSC may incur.

Section 14. Notices.

Any written notice required or permitted to be given by the parties to this agreement shall be deemed sufficient if sent by registered or certified mail addressed as follows:

if for MSC: Municipal Services Corp.
P.O. Box 419

if for the Issuer: Wheaton, IL. 60189-0419

X

Section 15. Binding Effect.

This Agreement shall be binding upon and shall inure to the benefit of the successors and assigns of the parties and the rights, duties and liabilities of the parties hereunder shall be governed by and construed in accordance with the laws of Illinois.

IN WITNESS WHEREOF, this Agreement has been executed the parties as of the year and date first written above.

MUNICIPAL SERVICES CORPORATION

By