

ORDINANCE No. 03-38

ORDINANCE authorizing and providing for an Installment Purchase Agreement for the purpose of paying the costs of acquisition, construction and installation of waterworks and sewerage improvements, and authorizing and providing for the issue of \$600,000 Waterworks and Sewerage Debt Certificates, Series 2003

PREAMBLES

WHEREAS, the Village of Chatham, 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 operates an existing combined waterworks and sewerage system in accordance with Section 11-139-1 *et seq.* the Act (the "System"); 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 acquire, construct and install improvements to the System consisting of the following:

a dual pump lift station serving 50 homes near the Lake Springfield I-55 area, including 4,500 feet of 4 inch to 15 inch sanitary sewer and 4,500 lineal feet of 6 inch force main that will pump to Glenwood Lake Estates

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 discount, interest, 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 Greene & Bradford, Inc., Springfield, Illinois (the "Project Engineer") and have been approved by the Corporate Authorities and are now on file in the office of the Clerk for public inspection; and

WHEREAS, the estimated cost of the Project is \$600,000 and the Issuer has insufficient funds on hand and lawfully available to pay costs of the Project, and accordingly such costs must be met from proceeds derived from the sale of the Issuer's Waterworks and Sewerage System Debt Certificates, Series 2003 (the "Certificates") in an amount not to exceed \$600,000 as authorized by the Local Government Debt Reform Act, 30 ILCS 350/1 *et seq.* (the "Debt Reform Act") , and in particular, the provisions of Section 17 of the Debt Reform Act (the "Installment Purchase Provisions of the Debt

Reform Act”), and the Omnibus Bond Acts, 5 ILCS 70/8, as amended (collectively, the “Applicable Law”); and; and

WHEREAS, pursuant to the Installment Purchase Provisions of the Debt Reform Act, as amended by Public Act 91-868 of the 91st General Assembly of the State of Illinois, the Issuer has the powers as follows:

The governing body of each governmental unit may purchase or lease either real or personal property, including investments, investment agreements, or investment services, through agreements that provide that the consideration for the purchase or lease may be paid through installments made at stated intervals for a period of no more than 20 years or another period of time authorized by law, whichever is greater. Each governmental unit may issue certificates evidencing the indebtedness incurred under the lease or agreement. The governing body may provide for the treasurer, comptroller, finance officer, or other officer of the governing body charged with financial administration to act as counter-party to any such lease or agreement, as nominee lessor or seller. When the lease or agreement is executed by the officer of the governmental unit authorized by the governing body to bind the governmental unit thereon by the execution thereof and is filed with and executed by the nominee lessor or seller, the lease or agreement shall be sufficiently executed so as to permit the governmental unit to issue certificates evidencing the indebtedness incurred under the lease or agreement. The certificates shall be valid whether or not an appropriation with respect thereto is included in any annual or supplemental budget adopted by the governmental unit. From time to time, as the governing body executes contracts for the purpose of acquiring and constructing the services or real or personal property that is a part of the subject of the lease or agreement, including financial, legal, architectural, and engineering services related to the lease or agreement, the governing body shall order the contracts filed with its nominee officer, and that officer shall identify the contracts to the lease or agreement; that identification shall permit the payment of the contract from the proceeds of the certificates; and the nominee officer shall duly apply or cause to be applied proceeds of the certificates to the payment of the contracts. The governing body of each governmental unit may sell, lease, convey, and reacquire either real or personal property, or any interest in real or personal property, upon any terms and conditions and in any manner, as the governing body shall determine, if the governmental unit will lease, acquire by purchase agreement, or otherwise reacquire the property, as authorized by this subsection or any other applicable law.

All indebtedness incurred under this subsection, when aggregated with the existing indebtedness of the governmental unit, may not exceed the debt limits provided by applicable law.

WHEREAS, the Corporate Authorities find that it is desirable and in the best interests of the Issuer that the Issuer avail itself of the provisions of the Installment Purchase Provisions of the Debt Reform Act, as quoted, as follows:

1. To authorize an Installment Purchase Agreement (the "Agreement") more particularly as described and provided below in the text of this Ordinance;
2. To name as counter-party to the Agreement the Treasurer of the Board (the "Treasurer"), as nominee-seller;
3. To authorize the President of the Board (the "President") and the Clerk of the Board (the "Clerk") to execute and attest, respectively, the Agreement on behalf of the Issuer and to file same with the Clerk as keeper of the records and files of the Issuer; and
4. To issue certificates evidencing the indebtedness incurred under the Agreement in the amount of \$600,000, in form and having such details as set forth below in the text of this Ordinance.

WHEREAS, the following table of contents is included for convenience:

TABLE OF CONTENTS

Section 1.	Definitions.....	4
Section 2.	Incorporation of Preambles.....	5
Section 3.	Authorization of Agreement and Certificates.....	5
Section 4.	Payment; Annual Budget.....	5
Section 5.	Execution and Filing of the Agreement.....	5
Section 6.	Certificate Details.....	11
Section 7.	Execution; Authentication.....	12
Section 8.	Registration of Certificates; Persons Treated as Owners.....	12
Section 9.	Redemption.....	13
Section 10.	Redemption Procedures.....	13
Section 11.	Form of Certificate.....	15
Section 12.	Sale of Certificates.....	19
Section 13.	Creation of Funds and Appropriations.....	19
Section 14.	Non-Arbitrage.....	20
Section 15.	Arbitrage Rebate Exemption.....	22
Section 16.	Rebate Fund.....	23
Section 17.	Further Tax Covenants.....	23
Section 18.	Designation as Qualified Tax-Exempt Obligations.....	24
Section 19.	Certificates Not Private Activity Bonds.....	24
Section 20.	Pertaining to the Certificate Registrar.....	25
Section 21.	Severability.....	26
Section 22.	Repeal.....	26

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.

A. Certain words and terms used in this Ordinance shall have the meanings given them above in the preambles hereto and the meanings given them in this Section unless the context or use clearly indicates another or different meaning is intended. Words and terms defined in the singular may be used in the plural and vice-versa. Reference to any gender shall be deemed to include the other and also inanimate persons such as corporations, where applicable. Certain definitions are as follows:

“Agreement” means the Installment Purchase Agreement, as referred to in the preambles of this Ordinance, for the purpose of purchasing and financing the Project and Related Expenses.

“Board” means the Board of Trustees of the Issuer.

“Certificates” means the \$600,000 Waterworks and Sewerage Debt Certificates, Series 2003, authorized to be issued by this Ordinance.

“Certificate Fund” means the fund established and defined in Section 13 of this Ordinance.

“Certificate Moneys” means moneys on deposit in the Certificate Fund.

“Certificate Register” means the books of the Issuer kept by the Certificate Registrar to evidence the registration and transfer of the Certificates.

“Certificate Registrar” means United Community Bank, Chatham, Illinois, in its respective capacities as certificate registrar and paying agent hereunder, or a successor thereto or a successor designated as Certificate Registrar hereunder.

“Certificate Year” means each 1-year period that ends on each anniversary of the date on which the Certificates are issued and on the final maturity date of the Certificates.

“Clerk” means the Clerk of the Board.

“Code” means the Internal Revenue Code of 1986, as amended.

“Issue Date” means the date on which the Certificates are issued.

“Ordinance” means this Ordinance passed by the Corporate Authorities.

“President” means the President of the Board.

“Project Fund” means the Project Fund established and defined in Section 13 of this Ordinance.

“Purchase Contract” is defined in Section 12.

“Purchase Price” means the price to be paid by the Purchaser pursuant to the Purchase Contract for the Certificates.

“Purchaser” means the purchaser of the Certificates, namely, United Community Bank, Chatham, Illinois.

“Record Date” means the 15th day of the month preceding any interest payment date on the Certificates.

“Regulations” means United States Treasury Regulations dealing with the tax-exempt bond provisions of the Code.

“Tax-exempt” means, with respect to the Certificates, 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 except to the extent that such interest is taken into account in computing an adjustment used in determining the alternative minimum tax for certain corporations and in computing the “branch profits tax” imposed on certain foreign corporations.

“Treasurer” means the Treasurer of the Issuer.

B. Definitions also appear in specific sections, as appear below. The headings in this Ordinance are for the convenience of the reader and are not a part of this Ordinance.

Section 2. Incorporation of Preambles.

The Board hereby finds that the recitals contained in the preambles to this Ordinance are true, correct, and complete and do incorporate them into this Ordinance by this reference.

Section 3. Authorization of Agreement and Certificates.

It is necessary and advisable for the Issuer to pay the costs of acquisition, installation and construction of the Project, including all Related Expenses and to borrow money and, in evidence thereof and for the purpose of financing same, enter into the Agreement and, further, to provide for the issuance and delivery of the Certificates evidencing the indebtedness incurred under the Agreement.

Section 4. Payment; Annual Budget.

The Corporate Authorities hereby represent, warrant, and agree (i) that the obligation to make the payments due under the Agreement shall be a lawful direct general obligation of the Issuer payable from the general funds of the Issuer, revenues of the System, and such other sources of payment as are otherwise lawfully available, (ii) that the total amount due the Seller under the Agreement, together with all other indebtedness of the Issuer, is within all statutory and constitutional debt limitations, and (iii) to budget and appropriate funds of the Issuer annually and in a timely manner sufficient to provide for the making of all payments when due under the terms of the Agreement.

Section 5. Execution and Filing of the Agreement.

From and after the effective date of this Ordinance, the President and Clerk be and they are hereby authorized and directed to execute and attest, respectively, the Agreement in substantially the form thereof set forth below in the text of this Ordinance, and to do all things necessary and essential to effectuate the provisions of the Agreement, including the

execution of any documents and certificates incidental thereto or necessary to carry out the provisions thereof. Further, as nominee-seller, the Treasurer is hereby authorized and directed to execute the Agreement. Upon full execution, the original of the Agreement shall be filed with the Clerk and retained in the Issuer's records and constitute authority for issuance of the Certificates. Subject to such discretion of the officers signatory to the document as described in the foregoing text, the Installment Purchase Agreement shall be in substantially the form as follows:

INSTALLMENT PURCHASE AGREEMENT for purchase of real or personal property, or both, for the purpose of paying the costs of acquisition, construction and installation of waterworks and sewerage improvements, dated July 22, 2003, in and for the Village of Chatham, Sangamon County, Illinois.

THIS INSTALLMENT PURCHASE AGREEMENT (this "Agreement") made as of the July __, 2003, by and between the Village of Chatham, Sangamon County, Illinois (the "Issuer") and the Treasurer of the Issuer, as Nominee-Seller (the "Seller"), and:

WITNESSETH

A. The President and Board of Trustees of Village of Chatham, Sangamon County, Illinois (the "Corporate Authorities") have determined to acquire real or personal property, or both, for the construction and installation of waterworks and sewerage improvements of the Issuer's waterworks and sewerage system (the "System"), including all necessary connections, appurtenances, material, labor and equipment incident thereto, all mechanical, electrical and other services necessary, useful or advisable to such projects, and, incidental to such improvements, to pay certificate discount and certificate interest as described in the Ordinance hereinafter defined (collectively, the "Project"), all as previously approved by the Corporate Authorities and on file with the Clerk of the Issuer (the "Clerk").

B. Pursuant to the provisions of the Municipal Code of the State of Illinois (the "Municipal Code"); the Local Government Debt Reform Act of the State of Illinois (the "Debt Reform Act"), and, in particular, the provisions of Section 17 of the Debt Reform Act (the "Installment Purchase Provisions of the Debt Reform Act"); and all other Omnibus Bond Acts of the State of Illinois; in each case, as supplemented and amended (collectively "Applicable Law"); the Issuer has the power to purchase real or personal property through agreements that provide that the consideration for the purchase may be paid through installments made at stated intervals for a period of no more than 20 years and has the power to issue certificates evidencing indebtedness incurred under such agreements.

C. On July 22, 2003, the Board, pursuant to Applicable Law and the need to provide for the Project, adopted Ordinance No. 03-38 (the "Ordinance") authorizing the borrowing of money for the Project, the execution and delivery of this Agreement to finance same, and the issuance of certificates evidencing the indebtedness so incurred.

D. The Ordinance is (a) incorporated herein by reference and (b) made a part hereof as if set out at this place in full; and each of the terms as defined in the Ordinance is also incorporated by reference for use in this Agreement.

E. The Seller, as nominee as expressly permitted by the Installment Purchase Provisions of the Debt Reform Act, has agreed to make, construct, and acquire the Project on the terms as hereinafter provided.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter contained and other valuable consideration, it is mutually agreed between the Seller and the Issuer as follows:

1. MAKE AND ACQUIRE PROJECT. The Seller agrees to make, construct, and acquire the Project upon real estate owned or to be owned by or upon which valid easements have been obtained in favor of the Issuer.

2. CONVEYANCE. The Seller agrees to convey each part of the Project to the Issuer and to perform all necessary work and convey all necessary equipment; and the Issuer agrees to purchase the Project from the Seller and pay for the Project the purchase price of not to exceed \$600,000, plus the amount of investment earnings which are earned on the amount deposited with the Treasurer from the sale of the Certificates and in no event shall the total aggregate principal purchase price to be paid pursuant to this Agreement exceed the sum of \$600,000, plus the amount of investment earnings which are earned on the amount deposited with the Treasurer from the sale of the Certificates.

3. PAYMENTS. The payment of the entire sum of \$600,000 of said purchase price shall:

- (a) be payable in installments due on the dates and in the amounts;
- (b) bear interest at the rates percent per annum which interest shall also be payable on the dates and in the amounts;
- (c) be payable at the place or places of payment, in the medium of payment, and upon such other terms, including prepayment (redemption);

all as provided for payment of the Certificates in the Ordinance.

4. ASSIGNMENT. Rights to payment of the Seller as provided in this Agreement are assigned as a matter of law, under the Installment Purchase Provisions of the Debt Reform Act, to the owners of the Certificates. This Agreement and any right, title, or interest herein, shall not be further assignable. The Certificates, evidencing the indebtedness incurred hereby, are assignable (registrable) as provided in the Ordinance.

5. TAX COVENANTS. The covenants relating to the tax-exempt status of the Certificates, as set forth in the Ordinance, insofar as may be applicable, apply to the work to be performed and the payments made under this Agreement.

6. VESTING OF TITLE. Title in and to any part of the Project, upon delivery or as made, during all stages of the making or acquisition thereof, shall and does vest immediately in the Issuer.

7. DAMAGE, DESTRUCTION, AND CONDEMNATION. If, during the term of this Agreement, (i) all or any part of the Project shall be destroyed, in whole or in part, or damaged by fire or other casualty or event; or (ii) title to, or the temporary or permanent use of, all or any part of the Project shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm, or corporation acting under governmental authority; or (iii) a material defect in construction of all or any part of the Project shall become apparent; or (iv) title to or the use of all or any part of the Project shall be lost by reason of a defect in title; then the Issuer shall continue to make payments as promised herein and in the Certificates and to take such action as it shall deem necessary or appropriate to repair and replace the Project.

8. LAWFUL CORPORATE OBLIGATION. The Corporate Authorities hereby represent, warrant, and agree (i) that the obligation to make the payments due hereunder shall be a lawful direct general obligation of the Issuer payable from the general funds of the Issuer, revenues of the System, and such other sources of payment as are otherwise lawfully available, (ii) that the total amount due the Seller hereunder, together with all other indebtedness of the Issuer, is within all statutory and constitutional debt limitations, and (iii) to budget and appropriate funds of the Issuer annually and in a timely manner sufficient to provide for the making of all payments when due under the terms of the Agreement.

9. GENERAL COVENANT AND RECITAL. It is hereby certified and recited by the Seller and the Corporate Authorities, respectively, that as to each, respectively, for itself, all conditions, acts, and things required by law to exist or to be done precedent to and in the execution of this Agreement did exist, have happened, been done and performed in regular and due form and time as required by law.

10. NO SEPARATE TAX. THE SELLER AND THE ISSUER RECOGNIZE THAT THERE IS NO STATUTORY AUTHORITY FOR THE LEVY OF A SEPARATE TAX OR THE LEVY OF A SPECIAL TAX UNLIMITED AS TO RATE OR AMOUNT TO PAY ANY OF THE AMOUNTS DUE HEREUNDER.

11. DEFAULT. In the event of a default in payment hereunder by the Issuer, the Seller or any Certificateholder may pursue any available remedy by suit at law or equity to enforce the payment of all amounts due or to become due under this Agreement, including, without limitation, an action for specific performance.

IN WITNESS WHEREOF, the Seller has caused this Installment Purchase Agreement to be executed and attested, and his or her signature to be attested by the Clerk, and the Corporate Authorities have caused this Installment Purchase Agreement to be executed by its President, and also attested by the Clerk, all as of the day and year first above written.

SELLER:

_____ as Nominee-Seller and Treasurer

SEAL
ATTEST:

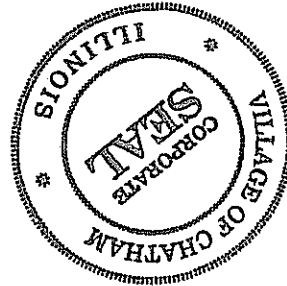
Clerk

THE VILLAGE OF CHATHAM,
SANGAMON COUNTY, ILLINOIS

Thomas S Gray
President

SEAL
ATTEST:

Clerk



STATE OF ILLINOIS)
) SS
COUNTY OF SANGAMON)

CERTIFICATE OF INSTALLMENT PURCHASE AGREEMENT FILING

I, Patrick S. Schad, do hereby certify that I am the duly qualified and acting Clerk of the Village of Chatham, Sangamon County, Illinois (the "Issuer"), and as such officer I do hereby certify that on July 22, 2003, there was filed in my office a properly certified copy of that certain document, executed by the President of the Issuer, attested by me in my capacity as Clerk, and further executed, as Nominee-Seller, by the Treasurer of the Board, also attested by me, dated July 22, 2003, and entitled "INSTALLMENT PURCHASE AGREEMENT for purchase of real or personal property, or both, for the purpose of paying the costs of acquisition, construction and installation of waterworks and sewerage improvements, dated July 22 2003, in and for the Village of Chatham, Sangamon County, Illinois"; and supporting the issuance of certain Waterworks and Sewerage Debt Certificates, Series 2003, of the Issuer; that attached hereto is a true and complete copy of said Agreement as so filed; and that the same has been deposited in the official files and records of my office.

IN WITNESS WHEREOF, I hereunto affix my official signature, this July 22, 2003.


Clerk



Section 6. Certificate Details.

For the purpose of providing for acquisition and construction of the Project and Related Expenses, there is hereby appropriated the sum of \$600,000, to be derived from the proceeds of the Certificates. For the purpose of financing such appropriation, the Certificates shall be issued and sold in an aggregate principal amount of \$600,000. The Certificates shall each be designated "Waterworks and Sewerage Debt Certificate, Series 2003"; be dated their date of issuance (the "Dated Date"); and shall also bear the date of authentication thereof. The Certificates shall be in fully registered form, shall be in denominations of \$1,000 or integral multiples thereof (but no single Certificate shall represent principal maturing on more than one date), and shall be numbered consecutively in such fashion as shall be determined by the Certificate Registrar.

The Certificates shall bear interest payable December 1, 2003 and semiannually thereafter on June 1 and December 1 of each year. The Certificates shall mature serially on June 1 and December 1 bearing interest at the rates per annum and in the amounts as follows:

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
12/1/2003	\$73,000	1.49%
6/1/2004	\$74,000	1.49%
12/1/2004	\$74,000	1.49%
6/1/2005	\$75,000	1.49%
12/1/2005	\$75,000	1.49%
6/1/2006	\$76,000	1.49%
12/1/2006	\$76,000	1.49%
6/1/2007	\$77,000	1.49%

Each Certificate 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 Certificates shall be payable in lawful money of the United States of America upon presentation and surrender thereof at the principal corporate office of the financial institution designated in this ordinance, acting as the Paying Agent for the Certificates (including any successors, the "Paying Agent"). Interest on the Certificates shall be payable on each interest payment date to the registered owners of record appearing on the registration books maintained by the Certificate Registrar on behalf of the Issuer for such purpose (including any successors, the "Certificate Registrar"), at the principal office of the Certificate Registrar as of the close of business on the fifteenth (15th) day of the calendar month next preceding the applicable interest payment date. Interest on the Certificates shall be paid by check or draft mailed to such registered owners at their addresses appearing on the registration books. The Certificate Registrar shall not be required to transfer or exchange any Certificate during a period commencing the fifteenth (15th) day of the month next preceding 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 Certificate which could designate all or a part of such Certificate for redemption.

Section 7. Execution; Authentication.

The Certificates shall be executed on behalf of the Issuer by the manual or facsimile signatures of the President and Clerk. In case any such officer whose signature shall appear on any Certificate shall cease to be such officer before the delivery of such Certificate, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery. All Certificates shall have thereon a certificate of authentication, substantially in the form hereinafter set forth, duly executed by the Certificate Registrar as authenticating agent of the Issuer and showing the date of authentication. No Certificate shall be valid or obligatory for any purpose or be entitled to any security or benefit under this Ordinance unless and until such certificate of authentication shall have been duly executed by the Certificate Registrar by manual signature, and such certificate of authentication upon any such Certificate shall be conclusive evidence that such Certificate has been authenticated and delivered under this Ordinance. The certificate of authentication on any Certificate shall be deemed to have been executed by it if signed by an authorized officer of the Certificate Registrar, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Certificates issued hereunder.

Section 8. Registration of Certificates; Persons Treated as Owners.

The Issuer shall cause books (the "Certificate Register" as herein defined) for the registration and for the transfer of the Certificates as provided in this Ordinance to be kept at the office maintained for such purpose by the Certificate Registrar, which is hereby constituted and appointed the registrar of the Issuer for the Certificates. The Issuer is authorized to prepare, and the Certificate Registrar or such other agent as the Issuer may designate shall keep custody of, multiple Certificate blanks executed by the Issuer for use in the transfer and exchange of Certificates. Any Certificate may be transferred or exchanged, but only in the manner, subject to the limitations, and upon payment of the charges as set forth in this Ordinance. Upon surrender for transfer or exchange of any Certificate at the office of the Certificate Registrar maintained for the purpose, duly endorsed by or accompanied by a written instrument or instruments of transfer or exchange in form satisfactory to the Certificate Registrar and duly executed by the registered owner or an attorney for such owner duly authorized in writing, the Issuer shall execute and the Certificate Registrar shall authenticate, date, and deliver in the name of the transferee or transferees or, in the case of an exchange, the registered owner, a new fully registered Certificate or Certificates of like tenor, of the same maturity, bearing the same interest rate, of authorized denominations, for a like aggregate principal amount. The Certificate Registrar shall not be required to transfer or exchange any Certificate during the period from the close of business on the Record Date for an interest payment to the opening of business on such interest payment date or during the period of 15 days preceding the giving of notice of redemption of Certificates or to transfer or exchange any Certificate all or a portion of which has been called for redemption. The execution by the Issuer of any fully registered Certificate shall constitute full and due authorization of such Certificate; and the Certificate Registrar shall thereby be authorized to authenticate, date, and deliver such Certificate; provided, however, the principal amount of Certificates authenticated by the Certificate Registrar shall not at any one time exceed the authorized principal amount of Certificates. The person in whose name any Certificate shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the

principal of or interest on any Certificate shall be made only to or upon the order of the registered owner thereof or his or her legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Certificate to the extent of the sum or sums so paid. No service charge shall be made to any registered owner of Certificates for any transfer or exchange of Certificates, but the Issuer or the Certificate Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Certificates.

Section 9. Redemption.

The Certificates are subject to redemption prior to maturity at the option of the Issuer, in whole or in part, on any date, and if in part, in integral multiples of \$1,000, selected by lot by the Certificate Registrar at the redemption price of par, plus accrued interest to the redemption date.

Section 10. Redemption Procedures.

The Certificates subject to redemption shall be identified, notice given, and paid and redeemed pursuant to the procedures as follows:

A. Optional Redemption. The Issuer shall, at least 30 days prior to a redemption date (unless a shorter time period shall be satisfactory to the Certificate Registrar), notify the Certificate Registrar of such redemption date of the Certificates to be redeemed.

B. Selection of Certificates within a Maturity. For purposes of any redemption of less than all of the Certificates, the particular Certificates or portions of Certificates to be redeemed shall be selected by lot by the Certificate Registrar for the Certificates by such method of lottery as the Certificate Registrar shall deem fair and appropriate; provided, that such lottery shall provide for the selection for redemption of Certificates or portions thereof so that any \$1,000 Certificate or \$1,000 portion of a Certificate shall be as likely to be called for redemption as any other such \$1,000 Certificate or \$1,000 portion. The Certificate Registrar shall make such selection upon the earlier of the irrevocable receipt of funds sufficient to pay the redemption price of the Certificates to be redeemed or the time of the giving of official notice of redemption.

C. Official Notice of Redemption. The Certificate Registrar shall promptly notify the Issuer in writing of the Certificates or portions of Certificates selected for redemption and, in the case of any Certificate selected for partial redemption, the principal amount thereof to be redeemed. Unless waived by the registered owner of Certificates to be redeemed, official notice of any such redemption shall be given by the Certificate Registrar on behalf of the Issuer by mailing the redemption notice by first class U.S. mail not less than 15 days and not more than 60 days prior to the date fixed for redemption to each registered owner of the Certificate or Certificates to be redeemed at the address shown on the Certificate Register or at such other address as is furnished in writing by such registered owner to the Certificate Registrar. All official notices of redemption shall include the name of the Certificates and at least the information as follows:

- (1) the redemption date;

- (2) the redemption price;
- (3) if less than all of the outstanding Certificates are to be redeemed, the identification (and, in the case of partial redemption of Certificates within such maturity, the respective principal amounts) of the Certificates to be redeemed;
- (4) a statement that on the redemption date the redemption price will become due and payable upon each such Certificate or portion thereof called for redemption and that interest thereon shall cease to accrue from and after said date; and
- (5) the place where such Certificates are to be surrendered for payment of the redemption price, which place of payment shall be the office maintained for the purpose by the Certificate Registrar.

D. Certificates Shall Become Due. Official notice of redemption having been given as described, the Certificates or portions of Certificates so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the Issuer shall not make full payment of the redemption price) such Certificates or portions of Certificates shall cease to bear interest. Upon surrender of such Certificates for redemption in accordance with said notice, such Certificates shall be paid by the Certificate Registrar at the redemption price. The procedure for the payment of interest due as part of the redemption price shall be as herein provided for payment of interest otherwise due.

E. Insufficiency in Notice Not Affecting Other Certificates: Failure to Receive Notice; Waiver. Neither the failure to mail such redemption notice, nor any defect in any notice so mailed, to any particular registered owner of a Certificate, shall affect the sufficiency of such notice with respect to other registered owners. Notice having been properly given, failure of a registered owner of a Certificate to receive such notice shall not be deemed to invalidate, limit or delay the effect of the notice or redemption action described in the notice. Such notice may be waived in writing by a registered owner of a Certificate entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by registered owners shall be filed with the Certificate Registrar, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

F. New Certificate in Amount Not Redeemed. Upon surrender for any partial redemption of any Certificate, there shall be prepared for the registered owner a new Certificate or Certificates of like tenor, of authorized denominations, and bearing the same rate of interest in the amount of the unpaid principal.

G. Effect of Nonpayment upon Redemption. If any Certificate or portion of Certificate called for redemption shall not be so paid upon surrender thereof for redemption, the principal shall, until paid or duly provided for, bear interest from the redemption date at the rate borne by the Certificate or portion of Certificate so called for redemption.

H. Certificates to be Cancelled; Payment to Identify Certificates. All Certificates which have been redeemed shall be cancelled and destroyed by the Certificate Registrar and shall not be reissued. Upon the payment of the redemption price of Certificates being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by issue and maturity, the Certificates being redeemed with the proceeds of such check or other transfer.

I. Additional Notice. The Issuer agrees to provide such additional notice of redemption as it may deem advisable at such time as it determines to redeem Certificates, taking into account any requirements or guidance of the Securities and Exchange Commission, the Municipal Securities Rulemaking Board, the Government Accounting Standards Board, or any other federal or state agency having jurisdiction or authority in such matters; *provided, however,* that such additional notice shall be (1) advisory in nature, (2) solely in the discretion of the Issuer, (3) not be a condition precedent of a valid redemption or a part of the Certificate contract, and (4) any failure or defect in such notice shall not delay or invalidate the redemption of Certificates for which proper official notice shall have been given.

J. Certificate Registrar to Advise Issuer. As part of its duties hereunder, the Certificate Registrar shall prepare and forward to the Issuer a statement as to notices given with respect to each redemption together with copies of the notices as mailed.

Section 11. Form of Certificate

The Certificates shall be issued as fully registered Certificates 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 Certificates are printed. The Certificates 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 certificate]

UNITED STATES OF AMERICA

STATE OF ILLINOIS

**THE VILLAGE OF CHATHAM,
SANGAMON COUNTY**

WATERWORKS AND SEWERAGE DEBT CERTIFICATE

SERIES 2003

REGISTERED NO. R- _____

REGISTERED \$ _____

INTEREST RATE:
1.49%

MATURITY DATE:

DATED DATE:

Registered Owner: UNITED COMMUNITY BANK

Principal Amount: DOLLARS

KNOW ALL PERSONS BY THESE PRESENTS that the Village of Chatham, Sangamon County, Illinois (the "Issuer") hereby acknowledges itself to owe and for value received promises to pay from the source and as hereinafter provided to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, the Principal Amount identified above and to pay interest on such Principal Amount from the later of the Dated Date of this Certificate identified above or from the most recent interest payment date to which interest has been paid or duly provided for, at the Interest Rate determined in accordance with the provisions of the hereinafter described Ordinance authorizing the issuance of this Certificate, such interest to be payable on June 1 and December 1 of each year, commencing December 1, 2003, until said Principal Amount is paid or duly provided for. The principal of this Certificate is payable in lawful money of the United States of America upon presentation hereof at the office maintained for such purpose of United Community Bank, Chatham, Illinois, as paying agent and registrar (the "Certificate Registrar"). Payment of interest shall be made to the Registered Owner hereof as shown on the registration books of the Issuer maintained by the Certificate Registrar at the close of business on the applicable Record Date (the "Record Date"). The Record Date shall be the 15th day of the month preceding any interest payment date. Interest shall be paid by check or draft of the Certificate Registrar, payable upon presentation in lawful money of the United States of America, mailed to the address of such Registered Owner as it appears on such registration books or at such other address furnished in writing by such Registered Owner to the Certificate Registrar, or as otherwise agreed by the Issuer and the Certificate Registrar.

This Certificate is one of a series (the "Certificates") issued by the Issuer for the purpose of providing funds to pay the cost of the Project and Related Expenses for improving the Issuer's waterworks and sewerage system (the "System"), all as described and defined in Ordinance No. 03-38 authorizing the Certificates (the "Ordinance"), pursuant to and in all respects in compliance with the applicable provisions of the Municipal Code of the State of Illinois, as supplemented and amended, and in particular as supplemented by the Local Government Debt Reform Act of the State of Illinois, as amended, and the other Omnibus Bond Acts of the State of Illinois ("Applicable Law"), and with the Ordinance, which has been duly passed by the President and Board of Trustees of the Issuer on July 22, 2003, in all respects as by law required. The Certificates issued by the Issuer in connection with the Project have been issued in evidence of the indebtedness incurred pursuant to a certain Installment Purchase Agreement (the "Agreement"), dated as of the July ____, 2003, entered into by and between the Issuer and the Treasurer, as Seller-Nominee, to which reference is hereby expressly made for further definitions and terms and to all the provisions of which the holder by the acceptance of this certificate assents.

The Certificates are subject to redemption prior to maturity at the option of the Issuer, in whole or in part, on any date, and if in part, in integral multiples of \$1,000, selected by lot by the Certificate Registrar at the redemption price of par, plus accrued interest to the redemption date.

Notice of any such redemption shall be sent by registered or certified mail not less than fifteen (15) days nor more than sixty (60) days prior to the date fixed for redemption to the registered owner of each Certificate to be redeemed at the address shown on the registration books of the Issuer maintained by the Certificate Registrar or at such other address as is furnished in writing by such registered owner to the Certificate Registrar. When so called for redemption, this Certificate will cease to bear interest on the specified redemption date, provided funds for redemption are on deposit at the place of payment at that time, and shall not be deemed to be outstanding.

This Certificate is subject to provisions relating to registration, transfer, and exchange; and such other terms and provisions relating to security and payment as are set forth in the Ordinance; to which reference is hereby expressly made; and to all the terms of which the registered owner hereof is hereby notified and shall be subject.

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

It is hereby certified and recited that all conditions, acts, and things required by the Constitution and Laws of the State of Illinois to exist or to be done precedent to and in the issuance of this Certificate, including Applicable Law as defined herein, have existed and have been properly done, happened, and been performed in regular and due form and time as required by law; that the obligation to make payments due hereon are a lawful direct general obligation of the Issuer payable from the general funds of the Issuer, revenues of the System, and such other sources of payment as are otherwise lawfully available; that the total amount due under the Agreement, represented by the Certificates, together with all other indebtedness of the Issuer, is within all statutory and constitutional debt limitations; and that the Issuer shall budget and appropriate funds annually and in a timely manner so as to provide for the making of all payments hereon when due. THE OWNER OF THIS CERTIFICATE ACKNOWLEDGES THAT THERE IS NO STATUTORY AUTHORITY FOR THE LEVY OF A SEPARATE TAX OR THE LEVY OF A SPECIAL TAX UNLIMITED AS TO RATE OR AMOUNT TO PAY ANY OF THE AMOUNTS DUE HEREUNDER.

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

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

IN WITNESS WHEREOF, Village of Chatham, Sangamon County, Illinois has caused this Certificate to be executed by the manual or duly authorized facsimile signatures of the President and the Clerk of the Issuer, all as of the Dated Date identified above.

THE VILLAGE OF CHATHAM,
SANGAMON COUNTY, ILLINOIS

Thomas S Gray
President

SEAL
ATTEST:

[Signature]
Clerk



CERTIFICATE OF AUTHENTICATION

This Certificate is one of the Certificates described in the within-mentioned Ordinance and is one of the Waterworks and Sewerage Debt Certificates, Series 2003 of the Village of Chatham, Sangamon County, Illinois.

Date: _____

By: _____
Authorized Officer

Certificate Registrar
and Paying Agent:

United Community Bank
Chatham, Illinois

ASSIGNMENT

For value received the undersigned sells, assigns and transfers unto _____

[Name, Address and Social Security Number or FEIN of Assignee]

the within Certificate and hereby irrevocably constitutes and appoints _____
attorney to transfer the within Certificate 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 Certificate in every particular, without alteration or enlargement or any change whatever.

Section 12. Sale of Certificates.

The Certificates shall be executed as in this Ordinance provided as soon after the passage hereof as may be, shall be deposited with the Treasurer, and shall thereupon be delivered to the Purchaser upon payment of the Purchase Price, plus accrued interest to date of delivery. The contract for the sale of the Certificates to the Purchaser (the "Purchase Contract") is hereby in all respects approved and confirmed, and the officer(s) of the Issuer designated in the Purchase Contract are authorized and directed to execute the Purchase Contract on behalf of the Issuer, it being hereby declared that, to the best of the knowledge and belief of the members of the Corporate Authorities, after due inquiry, no person holding any office of the Issuer or the Corporate Authorities, either by election or appointment, is in any manner financially interested, either directly in his or her own name or indirectly in the name of any other person, association, trust or corporation, in the Purchase Contract for the sale of the Certificates to the Purchaser.

Section 13. Creation of Funds and Appropriations.

A. There is hereby created the "Waterworks and Sewerage Debt Certificates, Series 2003 Certificate Fund" (the "Certificate Fund"), which shall be the fund for the payment of the principal of and interest on the Certificates. Accrued interest and premium, if any, received upon delivery of the Certificates shall be deposited into the Certificate Fund and be applied to pay the first interest coming due on the Certificates. Funds lawfully available for the purpose shall be deposited into the Certificate Fund and used solely and only for the purpose of paying the principal of and interest on the Certificates. Interest income or investment profit earned in the Certificate Fund shall be retained in the Certificate Fund for payment of the principal of or interest on the Certificates on the interest payment date next after such interest or profit is received or, to the extent lawful and as determined by the Issuer, transferred to such other fund as may be determined. Moneys in the Certificate Fund shall be applied to pay principal of and interest on the Certificates.

B. The amount necessary from the proceeds of the Certificates shall be used either to pay expenses directly at the time of issuance of the Certificates, and the remaining proceeds of the Certificates shall be deposited into the Project Fund (the "Project Fund"), hereby created. Moneys in the Project Fund shall be used to pay costs of the Project in accordance with the following procedures:

1. Contracts ("Work Contracts") shall be awarded, from time to time, by the Issuer for the work on the Project; and the Issuer represents and covenants that each Work Contract will be let in strict accordance with Applicable Law and the rules and procedures of the Issuer for same.

2. Pursuant to Ordinance to be duly adopted, the Corporate Authorities shall identify all or a designated portion of each Work Contract to the Agreement. This Ordinance and any such further Ordinance shall be filed of record with the

Clerk and the Treasurer. The adoption and filing of any such Ordinance and the Work Contracts with such officers shall constitute authority for the officer or officers of the Issuer to make disbursements from the Project Fund to pay amounts due under such Work Contracts from time to time, upon such further Ordinances, orders, vouchers, warrants, or other proceedings as are required under Applicable Law and the rules and procedures of the Issuer for same.

3. No action need be taken by or with respect to the contractors under the Work Contracts as, pursuant to the Installment Purchase Provisions of the Debt Reform Act, the Treasurer acts as Nominee-Seller of the Project for all purposes, enabling the issuance of the Certificates. Funds on deposit in the Project Fund shall be invested by the appropriate officers of the Issuer in any lawful manner. Investment earnings shall first be reserved and transferred to such other account as and to the extent necessary to pay any "excess arbitrage profits" or "penalty in lieu of rebate" under Code Section 148 to maintain the Tax-exempt status of the Certificates, and the remainder shall be retained in the fund for costs of the Project. Within sixty (60) days after full depletion of the Project Fund, the appropriate officers of the Issuer shall certify to the Board the fact of such depletion; and, upon approval of such certification by the Board, the Project Fund shall be closed.

C. Alternatively to the creation of the funds described above, the appropriate officers may allocate the Certificate Moneys or proceeds of the Certificates to one or more related funds of the Issuer already in existence and in accordance with good accounting practice; provided, however, that this shall not relieve such officers of the duty to account and invest the Certificate Moneys and the proceeds of the Certificates, as herein provided, as if such funds had in fact been created.

Section 14. Non-Arbitrage.

The Corporate Authorities for the Issuer represent and certify as follows with respect to the Certificates:

(a) All of the proceeds of sale of and investment earnings on the Certificates are needed for paying the costs of the Project, including expenses incidental thereto and to the issuance of the Certificates;

(b) The Issuer will receive the agreed upon purchase price plus accrued interest from the sale of the Certificates and that accrued interest received upon the sale of the Certificates will be deposited in the Certificate Fund and applied to the first interest due thereon;

(c) Except for the Certificate Fund, 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 Certificates. The Certificate Fund has been established and will be funded in a manner primarily to achieve proper matching of Certificate Moneys and debt service, and will be depleted at least annually to an amount not in excess of 1/12th of the earnings on the Certificate Fund for the immediately preceding Certificate Year; or 1/12th of the principal and interest payments on the Certificates for the immediately

preceding Certificate Year. Money deposited in the Certificate Fund will be spent within a 13 month period beginning on the date of deposit, and investment earnings in the Certificate Fund will be spent or withdrawn from the Certificate Fund within a one year period beginning the date of receipt.

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

(i) Amounts shown as received will be received pursuant to the Purchase Contract.

(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.

(e) Except for moneys invested for a temporary period in accordance with the Regulations, no amount of the proceeds of the Certificates shall be invested at a yield "materially higher" (as defined in the Regulations hereinafter cited) than the yield on the Certificates.

(f) In valuing the moneys 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.

(g) No portion of the proceeds of the Certificates will be used to reimburse the Issuer for expenses incurred prior to the issuance date of the Certificates other than in compliance with Regulations §1.150-2.

(h) To the best of the knowledge and belief of the Corporate Authorities, and of the President and Clerk, who are officers charged with the responsibility of issuing the Certificates, 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.

(i) 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 Regulations §1.148-2.

(j) The Issuer also certifies and further covenants with the purchasers and registered owners of the Certificates from time to time outstanding that moneys on deposit in any fund or account in connection with the Certificates, whether or not such moneys were derived from the proceeds of the sale of the Certificates or from any other source, will not be used in a manner which will cause the Certificates to be "arbitrage bonds"

within the meaning of Code Section 148 and any lawful regulations promulgated thereunder, including Regulations §1.148-OT *et seq.* as the same presently exist or may from time to time hereafter be amended, supplemented or revised.

(k) The Issuer reserves the right to use or invest moneys in connection with the Certificates 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 Certificates 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.

One purpose of this Section is to set forth various facts regarding the Certificates and to establish the expectations of the Board and the Issuer as to future events regarding the Certificates and the use of Certificate proceeds. The certifications, covenants and representations contained herein and at the time of the Closing are made on behalf of the Issuer for the benefit of the owners from time to time of the Certificates. In addition to providing the certifications, covenants and representations contained herein, the Issuer hereby covenants that it will not take any action, omit to take any action or permit the taking or omission of any action within its control (including, without limitation, making or permitting any use of the proceeds of the Certificates) if taking, permitting or omitting to take such action would cause any of the Certificates to be an arbitrage bond or a private activity bond within the meaning of the Code or would otherwise cause the interest on the Certificates to be included in the gross income of the recipients thereof for federal income tax purposes. The Issuer acknowledges that, in the event of an examination by the Internal Revenue Service of the exemption from federal income taxation for interest paid on the Certificates, under present rules, the Issuer is treated as the "taxpayer" in such examination and agrees that it will respond in a commercially reasonable manner to any inquiries from the Internal Revenue Service in connection with such an examination.

Section 15. 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)(d) 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 Certificate in this issue is a "private activity bond" as defined in Section 141(a) of the Code.
- (c) All the net proceeds of the Certificates 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 obligations (other than "private activity bonds" as defined in the Code) issued by the Issuer (and all subordinate entities thereof) during the calendar year of issuance of the Certificates is not reasonably expected to exceed \$5,000,000.

Section 16. Rebate Fund.

The Issuer hereby establishes a special fund, designated as the "Rebate Fund". In the event that the Issuer shall invest moneys in any investments which generate income that must be rebated or paid to the United States of America pursuant to §148(f) of the Code, such income shall be deposited in the Rebate Fund. Moneys in the Rebate Fund shall be applied to pay such sums as are required to be paid to the United States of America pursuant to §148(f) of the Code and are hereby appropriated and set aside for such purpose.

Section 17. 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 Certificates 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 Certificates; (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 Certificates; (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.

The Issuer also agrees and covenants with the purchasers and holders of the Certificates from time to time outstanding that, to the extent possible under Illinois law, it will comply with whatever federal tax law is adopted in the future which applies to the Certificates and affects the tax-exempt status of the Certificates.

The Board hereby authorizes the officials of the Issuer responsible for issuing the Certificates, the same being the President, Clerk and the Treasurer to make such further covenants and certifications as may be necessary to assure that the use thereof will not cause the Certificates to be arbitrage bonds and to assure that the interest on the Certificates will be exempt from federal income taxation. In connection therewith, the Issuer and the Corporate Authorities further agree: (a) through their officers, to make such further specific covenants, representations as shall be truthful, and assurances as may be necessary or advisable; (b) to consult with counsel approving the Certificates and to comply with such advice as may be given; (c) to pay to the United States, as necessary, such sums of money representing required rebates of excess arbitrage profits relating to the Certificates; (d) to file such forms, statements, and supporting documents as may be required and in a timely manner; and (e) if deemed necessary or advisable by their officers,

to employ and pay fiscal agents, financial advisors, attorneys, and other persons to assist the Issuer in such compliance.

Section 18. Designation as Qualified Tax-Exempt Obligations.

The Corporate Authorities recognize 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 on behalf of the Issuer hereby designate each of the Certificates 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 covenant, represent and certify as follows:

- (a) none of the Certificates are "private activity bonds" as defined in Section 141(a) of the Code;
- (b) including the Certificates, 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 Certificates in an amount in excess of \$10,000,000; and
- (c) including the Certificates, 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 Certificates have been designated to date or will be designated by the Issuer for purposes of said Section 265(b)(3).

Section 19. Certificates Not Private Activity Bonds.

None of the Certificates 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 Certificates 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 Certificate with respect to any private business use by any person other than a state or local governmental unit;
- (c) none of the proceeds of the Certificates 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 such 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 20. Pertaining to the Certificate Registrar.

If requested by the Certificate Registrar, any officer of the Issuer is authorized to execute a standard form of agreement with the Certificate Registrar with respect to the obligations and duties of the Certificate Registrar under this Ordinance. In addition to the terms of such agreement and subject to modification thereby, the Certificate Registrar by acceptance of duties under this Ordinance agrees (a) to act as registrar, paying agent, authenticating agent, and transfer agent as provided herein; (b) to maintain a list of Certificateholders 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 cancel and/or destroy Certificates which have been paid at maturity or upon redemption or submitted for exchange or transfer; (d) to furnish the Issuer at least annually a certificate with respect to Certificates cancelled and/or destroyed; and (e) to furnish the Issuer at least annually an audit confirmation of Certificates paid, Certificates outstanding and payments made with respect to interest on the Certificates. The Issuer, covenants with respect to the Certificate Registrar, and the Certificate Registrar further covenants and agrees as follows:

A. The Issuer shall at all times retain a Certificate Registrar with respect to the Certificates; it will maintain at the designated office(s) of such Certificate Registrar a place or places where Certificates may be presented for payment, registration, transfer, or exchange; and it will require that the Certificate Registrar properly maintain the Certificate Register and perform the other duties and obligations imposed upon it by this Ordinance in a manner consistent with the standards, customs, and practices of the municipal securities industry.

B. The Certificate Registrar shall signify its acceptance of the duties and obligations imposed upon it by this Ordinance by executing the certificate of authentication on any Certificate, and by such execution the Certificate Registrar 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 Certificate so authenticated but with respect to all the Certificates. Any Certificate Registrar shall be the agent of the Issuer and shall not be liable in connection with the performance of its duties except for its own negligence or willful wrongdoing. Any Certificate Registrar shall, however, be responsible for any representation in its certificate of authentication on Certificates.

C. The Issuer may remove the Certificate Registrar at any time. In case at any time the Certificate Registrar shall resign, shall be removed, shall become incapable of acting, or shall be adjudicated a bankrupt or insolvent, or if a receiver, liquidator, or conservator of the Certificate Registrar or of the property thereof shall be appointed, or if any public officer shall take charge or control of the Certificate Registrar or of the property or affairs thereof, the Issuer covenants and agrees that it will thereupon appoint a successor Certificate Registrar. The Issuer shall give notice of any such appointment made by it to each registered owner of any Certificate within twenty days after such appointment in the same manner, or as nearly the same as may be practicable, as for a redemption of Certificates. Any Certificate Registrar appointed under the provisions of this Section shall be a bank, trust company, or national banking association maintaining its principal corporate

trust office in Illinois and having capital and surplus and undivided profits in excess of \$20,000,000. The Clerk is hereby directed to file a certified copy of this Ordinance with the Certificate Registrar and the Certificate Registrar.

Section 21. Severability.

If any section, paragraph, clause or provision of this Ordinance shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance.

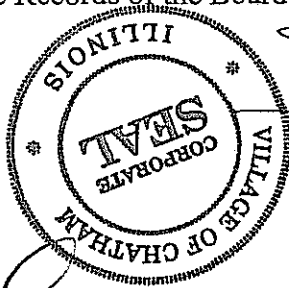
Section 22. Repeal.

All Ordinances or parts thereof in conflict herewith be and the same are hereby repealed and this Ordinance shall be in full force and effect forthwith upon its adoption.

PASSED by the Board of Trustees on July 22, 2003.

APPROVED: July 22, 2003.

RECORDED in the Records of the Board of Trustees on July 22, 2003.



Thomas S. Gray

President

(SEAL)
ATTEST:

[Signature]

Clerk

AYES: 5 M^cADAMS, BOYLE, M^cCARTHY
M^cGRATH, KAUNAGH

NAYS: 0

ABSENT: 1 HERR

STATE OF ILLINOIS)
) SS
COUNTY OF SANGAMON)

CERTIFICATE

I, Patrick S. Schad, Clerk of the Village of Chatham, Sangamon County, Illinois (the "Issuer"), hereby certify that the foregoing Ordinance No. 03-38 entitled:

ORDINANCE authorizing and providing for an Installment Purchase Agreement for the purpose of paying the costs of acquisition, construction and installation of waterworks and sewerage improvements, and authorizing and providing for the issue of \$600,000 Waterworks and Sewerage Debt Certificates, Series 2003

is a true copy of an original Ordinance which was duly adopted by the recorded affirmative votes of a majority of the members of the Board of Trustees of the Issuer at a meeting thereof which was duly called and held on July 22, 2003, and at which a quorum was present and acting throughout, and that said copy has been compared by me with the original Ordinance signed by the President of the Issuer and recorded in the records of the Issuer and that it is a correct transcript thereof and of the whole of said Ordinance, and that said Ordinance has not been altered, amended, repealed or revoked, but is in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal this July 28, 2003.


Clerk

(SEAL)

