

ORDINANCE No. 06-64

AN ORDINANCE of the Village of Chatham, Sangamon County, Illinois, authorizing the issuance of General Obligation Bonds (Alternate Revenue Source), Series 2006, of the Issuer in an aggregate principal amount not to exceed \$3,410,000 for the purpose of defraying the cost of improving the electric system of said Issuer

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 operates an existing electric system (the "System") in accordance with the provisions of Division 119 of Article 11 of 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:

the new Independence Boulevard electric substation including all necessary connections, appurtenances, material, labor and equipment incident thereto,

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 PCI Management and Consulting Company, Schaumburg, Illinois (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 the Project is anticipated not to exceed the estimate therefor, \$3,410,000; 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 proceeds derived from the sale of the Issuer's General Obligation Bonds (Alternate Revenue Source), Series 2006 (the "Bonds") in an amount not to exceed \$3,410,000 issued as alternate bonds as authorized by Section 15 of the Local Government Debt Reform Act, 30 ILCS 350/1 *et*

seq. (the "Reform Act"), but nevertheless expected to be paid from the hereinafter defined Pledged Revenues and issued pursuant to the hereinafter defined Applicable Acts; and

WHEREAS, to such end the Corporate Authorities adopted Ordinance No. 06-48 on September 12, 2006 (the "Authorizing Ordinance"), authorizing the issuance of the Bonds as provided in the Reform Act in an amount not to exceed \$3,600,000 for the Project; and

WHEREAS, the Authorizing Ordinance, together with notice of intent to issue the Bonds, were published in the *Chatham Clarion*, being a newspaper published in and of general circulation in the Issuer, and an affidavit evidencing the publication of the Authorizing Ordinance and said notice of intent have heretofore been presented to the Corporate Authorities and made a part of the permanent records of the Corporate Authorities; and

WHEREAS, more than 30 days have elapsed since publishing the Authorizing Ordinance and no petitions have been filed requesting the questions of proceeding with the Project and issuance of the Bonds therefor be submitted to the legal voters of the Issuer; and

WHEREAS, a public hearing was duly held and adjourned in accordance with the Bond Issue Notification Act. 30 ILCS 352/1 *et seq.* on October 10, 2006, more than 7 days preceding the adoption of this Ordinance, notice of such hearing having been published at least once in a newspaper of general circulation in the Issuer not less than 7 days nor more than 30 days before the date of such hearing, and posted more than 48 hours before the date of such hearing at the Chatham Municipal Building, being the principal office of the Issuer; and

WHEREAS, the Issuer is now authorized to issue the Bonds for the Project to the amount of \$3,410,000 as alternate bonds in accordance with the provisions of the Applicable Acts, payable from Pledged Revenues, and it is necessary for the Corporate Authorities to determine that the Pledged Revenues are sufficient to provide for or pay in each year to final maturity of the Bonds all of the following: (1) costs of operation and maintenance of the System, but not including depreciation, (2) debt service on all outstanding revenue bonds payable from Pledged Revenues, (3) all amounts required to meet any fund or account requirements with respect to such outstanding revenue bonds payable from Pledged Revenues, (4) other contractual or tort liabilities obligations, if any, payable from Pledged Revenues, and (5) in each year, an amount not less than 1.25 times debt service of all (i) alternate bonds payable from Pledged Revenues previously issued and outstanding and (ii) the Bonds (items (1) through (5) hereinafter being called the "Reform Act Costs"); and

WHEREAS, the Issuer's last audit was prepared by the Issuer's auditors, Sikich LLP, Certified Public Accountants and Advisors, Springfield, Illinois for the fiscal year ending April 30, 2006 (the "Audit"); and

WHEREAS, the Audit shows that Pledged Revenues for the most recent fiscal year are not less than \$5,626,393, consisting of \$5,593,960 of operating income and \$32,343 of investment income; and

WHEREAS, the Audit shows that operation and maintenance expenses of the System not including depreciation are not greater than \$4,943,687, consisting of \$5,225,490 of operating expenses minus depreciation of \$281,803; and

WHEREAS, the Audit shows that debt service all revenue bonds and other contractual obligations payable from Revenues is \$146,175, consisting of \$121,506 for the hereinafter described Prior Bonds and \$24,669 for a capital lease, and that all fund or account requirements payable from Pledged Revenues have been fully funded; and

WHEREAS, (i) the Bonds are the only alternate bonds payable from Pledged Revenues, (ii) the maximum annual debt service on the Bonds is not in excess of \$257,000, and (iii) the amount which is equal to 1.25 times debt service of all alternate bonds payable from Pledged Revenues is \$321,250; and

WHEREAS, the Audit demonstrates that Pledged Revenues are sufficient to pay all Reform Act Costs; and

WHEREAS, the Audit has been presented to the Corporate Authorities and is now on file with the Clerk of the Issuer; and

WHEREAS, the Corporate Authorities accept the Audit and expressly determine that the Pledged Revenues will be sufficient to provide or pay all of the Reform Act Costs in each year to final maturity of the Bonds; and

WHEREAS, the Corporate Authorities find that the conditions of §15 of the Reform Act have been met, that determination of the Corporate Authorities of the sufficiency of the Pledged Revenues is supported by reference to the Audit and that the Bonds may be validly issued; and

WHEREAS, the Issuer now desires to adopt this additional ordinance supplementing Ordinance No. 06-48 to authorize the issue of Bonds in the an amount not in excess of \$3,410,000; 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 this Section 1, unless the context or use clearly indicates another or different meaning is intended. Certain definitions are as follows:

(1) “Applicable Acts” means, collectively, the Local Government Debt Reform Act, as supplemented and amended, 30 ILCS 350/1 *et seq.*, the Illinois Municipal Code, as supplemented and amended, 65 ILCS 5/1-1-1 *et seq.*, including, without limitation, Division 119 of Article 11 and the Municipal Bond Reform Act at Article 8, Division 4.1 of the Act, and the Omnibus Bond Acts, 5 ILCS 70/8.

(2) “Bond” or “Bonds” means the Issuer’s General Obligation Bonds (Alternate Revenue Source), Series 2006, 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 United Community Bank, Chatham, 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 18 of this Ordinance.

(7) "Corporate Authorities" means the President and the 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) "Issuer" means the Village of Chatham, Sangamon County, Illinois.

(10) "Junior Bond" means any Outstanding bonds payable from the Junior Bond and Interest Account established pursuant to Section 13 hereof, and includes expressly the Bonds.

(11) "Net Revenues" means Revenues minus Operation and Maintenance Costs.

(12) "Operation and Maintenance Costs" means all costs of operating, maintaining and routine repair of the System, including, but not limited to, wages, salaries, costs of materials and supplies, power, fuel and insurance (including all payments by the Issuer pursuant to long term contracts for such services, but excluding debt service, depreciation, capital improvements or replacements or engineering expenses in anticipation thereof or in connection therewith, or any reserve requirements; and otherwise determined in accordance with generally accepted accounting principles for municipal enterprise funds.

(13) "Ordinance" means Ordinance No. 06-48 passed by the Issuer on September 12, 2006, as supplemented by this Ordinance and subsequent supplements.

(14) "Outstanding Bonds" means the Bonds and Parity Bonds which are outstanding and unpaid; provided, however, such term shall not include the Bonds or Parity Bonds: (i) which have matured and for which moneys are on deposit with proper paying agents, or are otherwise properly available, sufficient to pay all principal and interest thereof, or (ii) the provision for payment of which has been made by the Issuer by the deposit in an irrevocable trust or escrow of funds or direct, full faith and credit obligations of the United States of America, the principal and interest of which will be sufficient to pay at maturity or as called for redemption all the principal of and applicable premium on such Bonds, and will not result in the loss of the exclusion from gross income of the interest thereon under Section 103 of the Code.

(15) "Parity Bonds" means bonds or any other obligations which share ratably and equally in the Pledged Revenues with either Senior Bonds or Junior Bonds, as set forth and provided for in any such ordinance authorizing the issuance of any such Parity Bonds..

(16) "Paying Agent" means United Community Bank, Chatham, Illinois, or any successor thereto or designated as Paying Agent hereunder.

(17) "Pledged Revenues" means the Revenues.

(18) "Pledged Taxes" means the ad valorem taxes levied against all of the taxable property in the Issuer without limitation as to rate or amount pledged hereunder by the Issuer as security for all the Bonds.

(19) "Prior Bonds" means any outstanding Electric Revenue Bonds, Series 1994 of the Issuer.

(20) "Purchase Agreement" means the Bond Purchase Agreement to be entered into by and between the Issuer and the Purchaser in connection with the Bonds.

(21) "Purchaser" means United Community Bank, Chatham, Illinois, the purchaser in connection with the Bonds.

(22) "Revenues" means all income from whatever source derived from the System, including (i) investment income on all accounts created hereunder; (ii) connection, permit and inspection fees and the like for the use of the System; (iii) penalties and delinquency charges; and (iv) capital development, reimbursement, or recovery charges and the like, but excluding expressly (a) non-recurring income from the sale of property of the System; (b) governmental or other grants; (c) advances or grants made from the Issuer; and as otherwise determined in accordance with generally accepted accounting principles for municipal enterprise funds.

(23) "Senior Bond" means the Prior Bonds and any Outstanding bonds payable from the Senior Bond and Interest Account established pursuant to Section 13 hereof.

(24) "System" refers to all property, real, personal or otherwise owned or to be owned by the Issuer or under the control of the Issuer, wherever located, and used by or useful to the Issuer for electric system purposes, including the production, storage, transmission or distribution of electricity.

(25) "System Fund" means the Electric Light Fund established or continued n Section 13 of this Ordinance.

(26) "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 alternate bonds under the Reform Act payable from Pledged Revenues 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 \$3,410,000, 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 not to exceed \$3,410,000 and shall each be designated "General Obligation Bonds (Alternate Revenue Source), Series 2006".

The Bonds shall be dated the date of their issuance 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 May 1, 2007 and semiannually thereafter on May 1 and November 1 of each year. The Bonds shall mature serially on November 1 of each of the following years bearing interest at the rates per annum and in the amounts as follows:

<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>
2007	\$115,000	3.69%	2017	\$170,000	3.84%
2008	\$120,000	3.69%	2018	\$175,000	3.84%
2009	\$120,000	3.69%	2019	\$185,000	3.84%
2010	\$125,000	3.69%	2020	\$190,000	3.99%
2011	\$130,000	3.69%	2021	\$200,000	3.99%
2012	\$140,000	3.74%	2022	\$210,000	4.09%
2013	\$145,000	3.74%	2023	\$215,000	4.09%
2014	\$150,000	3.74%	2024	\$225,000	4.14%

<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>
2015	\$155,000	3.79%	2025	\$235,000	4.19%
2016	\$160,000	3.79%	2026	\$245,000	4.19%

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 financial institution designated in this ordinance, acting as 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 office of the Bond 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 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 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 Bond which could designate all or a part of such Bond for redemption.

Section 6. Redemption.

The Bonds are subject to redemption as a whole or in part on any date at a redemption price of par plus accrued interest to the redemption date.

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 given at least thirty (30) days prior to the date fixed for redemption to the registered owners of Bonds to be redeemed at their last addresses appearing on such registration books. Moneys sufficient to pay the redemption price of any Bonds called for redemption prior to maturity shall be deposited with the Paying Agent prior to notice of redemption having been given.

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, 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. 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 United Community Bank, Chatham, Illinois. 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
GENERAL OBLIGATION BOND
(ALTERNATE REVENUE SOURCE)
SERIES 2006

REGISTERED NO. _____

REGISTERED \$ _____

INTEREST RATE:

MATURITY DATE:

DATED DATE:

November 1, _____

November 1, 2006

Registered Owner:

Principal Amount:

Dollars

KNOW ALL PERSONS BY THESE PRESENTS that the Village of Chatham, Illinois, a municipality and 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 lawfully money of the United States of America semiannually on the first day of May and November in each year, commencing May 1, 2007, until the Principal Amount hereof shall have been paid, by check or draft mailed to the Registered Owner of record hereof as of the fifteenth (15th) day of the calendar month next preceding such interest payment date, at the address of such Registered Owner appearing on the registration books maintained for such purpose at United Community Bank, Chatham, 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 United Community Bank, Chatham, 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 \$3,410,000, which are all of like tenor, except as to maturity and interest rate. 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 No. 06-48 adopted by the Board of Trustees of the Issuer on September 12, 2006 as supplemented by Ordinance No. _____ adopted by the Board of Trustees of the Issuer on October 24, 2006 (collectively, 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 in the Ordinance, relating to the acquisition, construction and installing of improvements to the electric system of the Issuer as defined in the Ordinance (the "System"), payable from Pledged Revenues as defined in the Ordinance and from ad valorem taxes levied against all of the taxable property in the Issuer without limitation as to

rate or amount (the "Pledged Taxes"), all in accordance with the provisions of the Applicable Acts. The pledge of the Pledged Revenues to the payment of the Bonds is second, junior and subordinate to the pledge to outstanding Electric Revenue Bonds, Series 1994 of the Issuer and any other bonds or other obligations having, or to have, a prior lien thereon.

This Bond shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, unless the Pledged Taxes shall have been extended pursuant to the general obligation, full faith and credit promise supporting the Bonds, in which case the amount of the Bonds, as applicable then Outstanding shall be included in the computation of indebtedness of the Issuer for purposes of all statutory provisions or limitations until such time as an audit of the Issuer shall show that the Bonds shall have been paid from Pledged Revenues for a complete Fiscal Year.

Under the Applicable Acts and the Ordinance, the Pledged Revenues are to be deposited into the System Fund which shall be used only and is hereby pledged for paying Operation and Maintenance Costs, paying the principal of and interest on bonds of the Issuer that are payable by their terms from the Pledged Revenues, providing an adequate depreciation fund, and in making all payments required to maintain the accounts established under the terms of the Ordinance. Senior Bonds and Parity Bonds may be issued pursuant to the terms of the Ordinance.

The Bonds are subject to redemption as a whole or in part on any date at a redemption price of par plus accrued interest to the redemption date.

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 given by certified or registered mail at least thirty (30) 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. 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 interest on such Bonds or portions thereof shall cease to accrue and become payable from and after the redemption date. 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 fifteenth (15th) day of the month next preceding 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 Pledged Revenues and the levy and collection of the Pledged Taxes, and the segregation of the Pledged Revenues and Pledged Taxes 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 properly account for the Pledged Revenues and Pledged Taxes and will comply with all the covenants of and maintain the funds and accounts as provided by the Ordinance. For the prompt payment of this Bond, both principal and interest at maturity, the full faith, credit and resources of the Issuer are hereby irrevocably pledged.

IN WITNESS WHEREOF, the Village of Chatham, 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

CERTIFICATE OF AUTHENTICATION

This Bond is one of the General Obligation Bonds (Alternate Revenue Source), Series 2006, described in the within mentioned Ordinance.

Date: _____

By: _____
Authorized Officer

Bond 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 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. Alternate Bonds; General Obligations

The Bonds are and constitute alternate bonds under the Reform Act, anticipated to be payable from Pledged Revenues. Under and pursuant to Section 15 of the Reform Act, the full faith and credit of the Issuer are hereby irrevocably pledged to the punctual payment of the principal of and interest on the Bonds; the Bonds shall be direct and general obligations of the Issuer; and the Issuer shall be obligated to levy ad valorem taxes upon all the taxable property within the Issuer's corporate limits, for the payment of Bonds and the interest thereon, without limitation as to rate or amount.

The Issuer pledges Pledged Revenues to the payment of the Bonds. The Bonds shall be payable from Pledged Revenues and shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory limitation, unless the Pledged Taxes shall have been extended pursuant to the general obligation, full faith and credit promise supporting the Bonds, as set forth in Section 12 hereof, in which case the amount of the Bonds then outstanding shall be included in the computation of indebtedness of the Issuer for purposes of all statutory provisions or limitations until such time as an audit of the Issuer shall show that the Bonds have been paid from Pledged Revenues for a complete Fiscal Year, in accordance with the Applicable Acts.

Section 13. Creation of System Fund and Accounts

Upon the issuance of any of the Bonds, the System shall be operated on a Fiscal Year basis. Pledged Revenues 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 is hereby continued or created and is designated as the "Electric Light Fund" of the Issuer, which shall constitute a trust fund pledged for the sole purpose of carrying out the covenants, terms, and conditions of this Ordinance. Pledged Revenues as deposited shall be used only in paying Operation and Maintenance Costs, providing an adequate depreciation fund, paying the principal of and interest on bonds of the Issuer which by their terms are payable from the Pledged Revenues, and providing for the establishment of and expenditure from the respective accounts as hereinafter described.

Section 14. Flow of Funds

There shall be and there are hereby created separate accounts in the System Fund to be known as the "Operation and Maintenance Account", the "Senior Bond and Interest Account", the "Senior Bond Reserve Account", the "Junior Bond and Interest Account", the "Junior Bond Reserve Account", the "Depreciation, Improvement and Extension Account" and the "Surplus Account," to which there shall be credited on or before the first day of each month by the financial officer of the Issuer, without any further official action or direction, in the order in which said 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 credited to the Operation and Maintenance Account an amount sufficient, when added to the amount then on deposit in said Account, to establish a balance to an amount not less than the amount necessary to pay Operation and Maintenance Costs for the then current month. Amounts in said Account shall be used to pay Operation and Maintenance Costs.

(b) Senior Bond and Interest Account:

Upon the issuance of any Senior Bonds, there next shall be credited to the Senior Bond and Interest Account and held, in cash and investments, a fractional amount of the interest becoming due on the next succeeding interest payment date on all Outstanding Senior Bonds and also a fractional amount of the principal becoming due or subject to mandatory redemption of the next succeeding principal maturity or mandatory redemption date of all of the Outstanding Senior Bonds until there shall have been accumulated and

held, in cash and investments, in the Senior Bond and Interest Account on or before the first day of the month preceding such maturity date of interest or maturity or mandatory redemption date of principal, an amount sufficient to pay such principal or interest, or both.

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

(c) Senior Bond Reserve Account:

There next shall be deposited in the Senior Bond Reserve Account and held, in cash and investments or as otherwise provided, such amount or amounts at such times as may be required in the applicable ordinance or ordinances by which Outstanding Senior Bonds are authorized and issued. Amounts to the credit of the Senior Bond Reserve Account shall be used to pay principal of or interest on the Outstanding Senior Bonds of the System at any time when there are insufficient funds available in the Senior Bond and Interest Account to pay the same as may be provided in the applicable ordinances and shall be transferred to said account for said purpose.

(d) Junior Bond and Interest Account:

There next shall be credited to the Junior Bond and Interest Account and held, in cash and investments, a fractional amount of the interest becoming due on the next succeeding interest payment date on all Outstanding Junior Bonds and also a fractional amount of the principal becoming due or subject to mandatory redemption of the next succeeding principal maturity or mandatory redemption date of all of the Outstanding Junior Bonds until there shall have been accumulated and held, in cash and investments, in the Junior Bond and Interest Account on or before the first day of the month preceding such maturity date of interest or maturity or mandatory redemption date of principal, an amount sufficient to pay such principal or interest, or both.

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

Credits to the Junior Bond and Interest Account may be suspended in any Fiscal Year at such time as there shall be a sufficient sum, held in cash and investments, in said Account to meet principal and interest requirements in said 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 said Account shall be used only for the purpose of paying interest on and principal of Outstanding Bonds.

Prior to or at the time of the issuance of the Bonds, the Issuer shall irrevocably deposit in the Junior Bond and Interest Account from Pledged Revenues on hand and legally available for that purpose a sum sufficient to pay the interest on the Bonds that shall be due on May 1, 2007

(e) Junior Bond Reserve Account:

There next shall be deposited in the Junior Bond Reserve Account and held, in cash and investments or as otherwise provided, such amount or amounts at such times as may be required in the applicable ordinance or ordinances by which Outstanding Junior Bonds are authorized and issued. Amounts to the credit of the Junior Bond Reserve Account shall be used to pay principal of or interest on the Outstanding Junior Bonds of the System at any time when there are insufficient funds available in the Junior Bond and Interest Account to pay the same as may be provided in the applicable ordinances and shall be transferred to said account for said purpose.

(f) Depreciation, Improvement and Extension Account:

There shall be credited to the Depreciation, Improvement and Extension Account and held, in cash and investments, any sums required for deposit into the Depreciation Account pursuant to the ordinances authorizing issuance of the Prior Bonds. Amounts to the credit of said Depreciation, Improvement and Extension Account shall be used in accordance with such ordinances and 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; (ii) for the purpose of acquiring or constructing repairs, replacements, renewals, improvements and extensions to the System; and (iii) the payment of principal of or interest 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 appropriate Bond and Interest Account for such purpose.

(g) Surplus Account:

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 accounts described in subsections (a) to (f), inclusive, shall be credited each month to the Surplus Account. Funds in the Surplus Account 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 for one or more of the following purposes without any priority among them:

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

(2) For the purpose of purchasing Outstanding Bonds; or

(3) For any other lawful corporate purpose (including but not limited to payments in lieu of taxes and general supervision and administrative charges by the Issuer).

(h) Investment of Moneys in Accounts:

Except as otherwise expressly provided, money to the credit of the System Fund may be invested pursuant to any authorization granted to municipal corporations by Illinois statute or court decision.

Moneys to the credit of the Junior Bond and Interest Account and the Depreciation, Improvement and Extension Account may be invested from time to time by the Treasurer of the Issuer in (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, (iii) the Illinois Funds or other such funds managed by the State of Illinois, Office of the Public Treasurer for investment by public agencies in the State of Illinois or (iv) certificates of deposit or time deposits of any bank, as defined by the Illinois Banking Act, provided such bank is insured by the Federal Deposit Insurance Corporation or a successor corporation to the Federal Deposit Insurance Corporation, and provided further that the principal of such deposits in excess of the insured amount is secured by a pledge of obligations as described in clauses (i) and (ii) above in the full principal amount of such excess. The Treasurer of the Issuer may sell such investments from time to time as funds are needed for the purpose for which said respective accounts have been created. To the extent moneys in said Accounts as described in this paragraph are held uninvested and on deposit in demand accounts, such amounts shall be added to the amount invested pursuant to clause (iii) above and the sum so derived subject to the limitations as set forth therein.

Investments in the Accounts shall mature or be subject to redemption at the option of the holder thereof prior to the time when needed.

All interest on any funds so invested shall be credited to the System Fund and is hereby deemed and allocated as expended with the next expenditure(s) of money from the System Fund.

Moneys in any of said accounts shall be invested by the Treasurer, if necessary, in investments restricted as to yield, which investments may be in United States Treasury Obligations -- 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.

(i) Excess over Requirements:

Any amounts to the credit of the Accounts in excess of the then current requirement therefor may be transferred by the Corporate Authorities to such other Account or Accounts of the System Fund as they may in their sole discretion designate.

Section 15. Levy and Extension of Taxes; Abatement

For the purpose of providing the money required to pay the interest on the Bonds when and as the same falls due and to pay and discharge the principal thereof as the same shall mature, there shall be levied upon all the taxable property within the Issuer's

corporate limits in each year while any of the Bonds shall be outstanding, a direct annual tax sufficient for that purpose, in addition to all other taxes, and in the amounts for each year, as follows:

<u>For Each Year</u>	<u>A Tax Sufficient to Produce the Sum of:</u>
2006	\$248,439
2007	\$249,196
2003	\$244,768
2004	\$245,340
2005	\$245,727
2006	\$250,930
2007	\$250,694
2008	\$250,271
2009	\$249,661
2010	\$248,787
2011	\$252,723
2012	\$251,195
2013	\$254,475
2014	\$252,371
2015	\$254,790
2016	\$256,810
2017	\$253,221
2018	\$254,427
2019	\$255,112
2020	\$255,266
2021	\$248,439
2022	\$249,196

Interest or principal coming due at any time when there shall be insufficient funds on hand to pay the same shall be paid promptly when due from current funds on hand in advance of the collection of the taxes herein levied; and when such taxes shall have been collected, reimbursement shall be made to such fund or funds from which such advance was made in the amounts thus advanced.

As soon as this ordinance becomes effective, a copy hereof certified by the Village Clerk, which certificate shall recite that this ordinance has been duly adopted, shall be filed with the County Clerk of the County of Sangamon, Illinois, who is hereby directed to ascertain the rate percent required to produce the aggregate tax to be levied in the years as hereinabove provided, and to extend the same for collection on the tax books in connection with other taxes levied in each of such years, in and by the Issuer for general corporate purposes of the Issuer, and in each of such years such annual tax shall be levied and collected in like manner as taxes for general corporate purposes for each of such years are levied and collected and, when collected, such taxes shall be used solely for the purpose of paying the principal of and interest on the Bonds herein authorized as the same become due and payable.

The Issuer covenants and agrees with the registered owners of the Bonds that so long as any of the Bonds remain outstanding, unless or to the extent Pledged Revenues or other duly appropriated moneys shall be then irrevocably on deposit in the Junior Bond and Interest Account, the Issuer will take no action or fail to take any action which in any way would adversely affect the ability of the Issuer to levy and collect the Pledged Revenues or Pledged Taxes, and the Issuer and its officers will comply with all present and future applicable laws in order to assure that the foregoing taxes will be levied, extended and collected as provided herein and deposited in the Junior Bond and Interest Account to pay the principal of and interest on the Bonds.

As provided in the Applicable Acts, whenever the Pledged Revenues shall have been determined by the Corporate Authorities to provide an amount not less than an amount equal to the tax levy to be extended to pay debt service on the Bonds in the forthcoming year, the Corporate Authorities or such officers of the Issuer acting with proper authority shall direct the abatement of the Pledged Taxes for the Bonds for the forthcoming year, and proper notification of such abatement shall be filed with the County Clerk of Sangamon County in a timely manner to effect such abatement.

Section 16. 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 promptly and diligently construct the Project and will maintain the System in good repair and working order, will operate the same efficiently and faithfully and will punctually perform all duties with respect thereto required by the Constitution and laws of the State of Illinois.

(b) The 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 Pledged Revenues in the manner provided by this Ordinance, sufficient at all times to pay Operation and Maintenance Costs, to provide an adequate depreciation fund, to pay the principal of and interest on all revenue bonds of the Issuer which by their terms are payable from the Pledged Revenues, and to provide for the creation and maintenance of the respective accounts as provided in Section 13 of this Ordinance. In accordance with Section 15 of the Reform Act, the Issuer covenants to collect and apply Pledged Revenues to the payment of the Bonds. In addition, the Issuer covenants to establish and maintain at all times that any of the Bonds are outstanding, fees, charges, and rates for the use and service of the System together with Pledged Revenues sufficient to generate in each fiscal year Pledged Revenues to provide for all Reform Act Costs, and in any event, to provide not less than an additional .25 times debt service of the Bonds as computed in accordance with Section 15 of the Reform Act. The determination of the sufficiency of the Pledged Revenues shall be supported by reference to the most recent audit of the Issuer, and the reference to and acceptance of such audit by the Corporate Authorities shall be conclusive evidence that the conditions of Section 15 of the Reform Act have been met.

There shall be charged against all users of the System, including the Issuer, such rates and amounts for services provided by the System so that such charges together with Pledged Revenues shall be adequate to meet the requirements of this subsection. Charges for services rendered the Issuer shall be made against the Issuer, and payment for the same shall be made monthly from the corporate funds into the System Fund as revenues derived from the operation of the System; provided however, that the Issuer need not charge itself for such services if in the previous Fiscal Year Pledged Revenues not including any payments made by the Issuer shall have met the requirements of this Ordinance.

Whenever (i) the Issuer's audit reveals that Pledged Revenues fail to provide for all Reform Act Costs including an additional .25 times debt service of the Bonds as computed in accordance with Section 15 of the Reform Act, or (ii) money in the Depreciation Improvement and Extension Account is used to pay principal of or interest on Outstanding Bonds, the Issuer covenants to promptly have prepared a rate study for the System by an independent consultant employed for that purpose, 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 it 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 said Issuer), in which complete entries shall be made of all transactions relating to the System, and hereby covenants that within 120 days following the close of each Fiscal Year, it will cause the books and accounts of the System to be audited by independent certified public accountants. Said audit will be available for inspection by the holders 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 and comparable information from the previous 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 System Fund and comparable information from the previous Fiscal Year.

- (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) A summary of rates in effect at the end of such Fiscal Year for services of the System and any changes in such rates effective during such Fiscal Year.
- (v) The amount and details of all Outstanding Bonds.
- (vi) The accountant's comment regarding the manner in which the Issuer has carried out the 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 Operation and Maintenance Costs.

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 any bondholder upon request.

(f) The officer of the Issuer charged with financial management of the System shall prepare and submit to the Corporate Authorities a report for each quarter of the Fiscal Year. Such report shall contain all of the information for such quarter as set forth in the subparagraphs (i) and (ii) of the preceding paragraph (e).

(g) 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 Junior Bond and Interest Account shall be in cash and said funds shall be held separate and apart in cash and investments. The other accounts created hereunder shall be held in cash and investments separate and apart from the Junior Bond and Interest Account. Such accounts may be commingled only for investment purposes. 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 using the cost method of valuation.

(h) 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 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 thereof and interest thereon. Any amounts received from the sale of property of the System shall be deposited to the credit of the Depreciation, Improvement and Extension Account.

(i) Any holder or registered owner of a Bond or the right to receive interest thereon 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.

(j) To the fullest extent reasonably obtainable, the Issuer will carry insurance on the System of the kinds and in the amounts which are usually carried by other municipal utilities 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 to the credit of the Depreciation, Improvement and Extension 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 shall be considered an Operation and Maintenance Cost. The proceeds derived from any and all policies for workers' compensation or public liability shall be paid into the Operation and Maintenance Account and used in paying the claims on account of which they were received.

(k) Except as hereinabove expressly provided for services to the Issuer, the Issuer covenants not to provide any free service of the System, and, to the extent permitted by law, the Issuer will not grant a franchise for the operation of any competing electric system within the Issuer.

(l) The Issuer will adopt a budget for the System Fund prior to the beginning of each Fiscal Year, subject to applicable state law, 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.

Section 17. Issuance of Parity Bonds

Except in compliance with the Reform Act and as otherwise expressly provided herein, the Issuer reserves the right to issue:

(a) Parity Bonds without limit provided that Pledged Revenues as determined as hereinbelow set out shall be sufficient to provide for or pay all of the following: (i) debt service on all Outstanding bonds payable from Pledged Revenues computed immediately after the issuance of any proposed Parity Bonds, (ii) Operation and Maintenance Expenses, (iii) all amounts required to meet any fund or account requirements with respect to such Outstanding bonds, and (iv) Reform Act Costs computed immediately after the issuance of the proposed Parity Bonds. Such sufficiency shall be calculated for each year to the final maturity of the Bonds which shall remain Outstanding after the issuance of the proposed Parity Bonds. The determination of the sufficiency of Pledged Revenues shall be supported by reference to the most recent audit of the System Fund, which audit shall be

for a Fiscal Year ending not earlier than eighteen (18) months previous to the time of issuance of the proposed Parity Bonds.

If such audit shows the Pledged Revenues to be insufficient, then the determination of sufficiency may be made the following way:

- (i) The determination of sufficiency of the Pledged Revenues may be supported by the report of an independent accountant or feasibility analyst, such feasibility analyst having a national reputation for expertise in such matters, demonstrating the sufficiency of the Pledged Revenues and explaining by what means they will be greater than as shown in the audit.
- (ii) The reference to and acceptance of an audit, an adjusted statement of the Pledged Revenues, or a report, as the case may be, and the determination of the Corporate Authorities of the sufficiency of the Pledged Revenues shall be conclusive evidence that the conditions of this Section have been met and that the Parity Bonds are properly issued hereunder; and no right to challenge such determination is granted to the registered owners of the Bonds.

(b) Bonds or other obligations payable from Pledged Revenues subordinate to the lien of any Senior Bonds or Junior Bonds which remain Outstanding after the issuance of such bonds or other obligations.

(c) All Bonds issued under this Section shall mature as to principal on May 1 and as to interest on May 1 and November 1.

Section 18. Use of Proceeds, Construction Fund

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

(a) Accrued interest, if any, shall be credited to the Junior Bond and Interest Account.

(b) An amount equal to the expenses of issuing the Bonds shall be disbursed at closing to pay such costs or deposited into a separate fund, hereby created, designated the "Expense Fund" and 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.

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 any lawful investment.

Section 19. 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 20. 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, a substantial binding obligation to a third party to expend at least 5 percent of the net sale proceeds of the Bonds on the Project. An obligation is not binding if it is subject to contingencies within the Issuer's or a related party's controls;

(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 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 Junior Bond and Interest Account and applied to the first interest due thereon;

(g) Except for the Junior Bond and Interest 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 Junior Bond and Interest Account has been established and will be funded in a manner primarily to achieve proper matching of revenues and debt service, and will be depleted at least annually to an amount not in excess of the greater of (i) the earnings on the Junior Bond and Interest Account for the immediately preceding note year or (ii) 1/12th of the particular annual debt service on the Bonds for the immediately preceding year. Money deposited in the Junior Bond and Interest Account will be spent within a 13 month period beginning on the date of deposit, and investment earnings in the Junior Bond and Interest Account will be spent or withdrawn from the Junior Bond and Interest 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) No portion of the proceeds of the Bonds will be used to reimburse the Issuer for expenses incurred prior to the issuance date of the Bonds.

(l) 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.

(m) 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. §1.148-2.

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 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 21. 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 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 the calendar year of issuance of the Bonds is not reasonably expected to exceed \$5,000,000.

Section 22. 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 23. 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 November 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 24. 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 25. 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 26. 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 27. 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 28. Publication

This Ordinance, together with a notice in the statutory form, shall be published in pamphlet form and shall be effective immediately.

Section 29. Severability

If any section, paragraph, clause or provision of this Ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this Ordinance.

Section 30. 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 October 24, 2006.

APPROVED: October 24, 2006.

Thomas D Gray
President

AYES: HERR SCHATTEMAN Boyle
6 MCCARTHY MCGRATH KAVANAGH

NAYS: 0

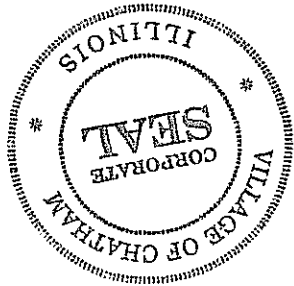
ABSENT: 0

PUBLISHED: October 25, 2006.

RECORDED IN the Records of the Issuer on October 25, 2006.

ATTEST:
Pat Schaal
Village Clerk

(SEAL)



VILLAGE OF CHATHAM
\$3,410,000 ELECTRIC ALT REV BONDS SERIES 2006

Date of Bonds:

Date	Principal	Interest Rate	Interest	Principal and Interest	Levy Year	Estimated Series 2006 Debt Service
5/1/2007		3.69	66,719.50	66,719.50	2006	
11/1/2007	115,000.00	3.69	66,719.50	181,719.50	2006	248,439.00
5/1/2008		3.69	64,597.75	64,597.75	2007	
11/1/2008	120,000.00	3.69	64,597.75	184,597.75	2007	249,195.50
5/1/2009		3.69	62,383.75	62,383.75	2008	
11/1/2009	120,000.00	3.69	62,383.75	182,383.75	2008	244,767.50
5/1/2010		3.69	60,169.75	60,169.75	2009	
11/1/2010	125,000.00	3.69	60,169.75	185,169.75	2009	245,339.50
5/1/2011		3.69	57,863.50	57,863.50	2010	
11/1/2011	130,000.00	3.69	57,863.50	187,863.50	2010	245,727.00
5/1/2012		3.74	55,465.00	55,465.00	2011	
11/1/2012	140,000.00	3.74	55,465.00	195,465.00	2011	250,930.00
5/1/2013		3.74	52,847.00	52,847.00	2012	
11/1/2013	145,000.00	3.74	52,847.00	197,847.00	2012	250,694.00
5/1/2014		3.79	50,135.50	50,135.50	2013	
11/1/2014	150,000.00	3.79	50,135.50	200,135.50	2013	250,271.00
5/1/2015		3.79	47,330.50	47,330.50	2014	
11/1/2015	155,000.00	3.79	47,330.50	202,330.50	2014	249,661.00
5/1/2016		3.84	44,393.25	44,393.25	2015	
11/1/2016	160,000.00	3.84	44,393.25	204,393.25	2015	248,786.50
5/1/2017		3.84	41,361.25	41,361.25	2016	
11/1/2017	170,000.00	3.84	41,361.25	211,361.25	2016	252,722.50
5/1/2018		3.84	38,097.25	38,097.25	2017	
11/1/2018	175,000.00	3.84	38,097.25	213,097.25	2017	251,194.50
5/1/2019		3.84	34,737.25	34,737.25	2018	
11/1/2019	185,000.00	3.84	34,737.25	219,737.25	2018	254,474.50
5/1/2020		3.99	31,185.25	31,185.25	2019	
11/1/2020	190,000.00	3.99	31,185.25	221,185.25	2019	252,370.50
5/1/2021		3.99	27,394.75	27,394.75	2020	
11/1/2021	200,000.00	3.99	27,394.75	227,394.75	2020	254,789.50
5/1/2022		4.09	23,404.75	23,404.75	2021	
11/1/2022	210,000.00	4.09	23,404.75	233,404.75	2021	256,809.50
5/1/2023		4.09	19,110.25	19,110.25	2022	
11/1/2023	215,000.00	4.09	19,110.25	234,110.25	2022	253,220.50
5/1/2024		4.14	14,713.50	14,713.50	2023	
11/1/2024	225,000.00	4.14	14,713.50	239,713.50	2023	254,427.00
5/1/2025		4.19	10,056.00	10,056.00	2024	
11/1/2025	235,000.00	4.19	10,056.00	245,056.00	2024	255,112.00
5/1/2026		4.19	5,132.75	5,132.75	2025	
11/1/2026	245,000.00	4.19	5,132.75	250,132.75	2025	255,265.50
	3,410,000.00		1,614,197.00	5,024,197.00		

CERTIFICATE

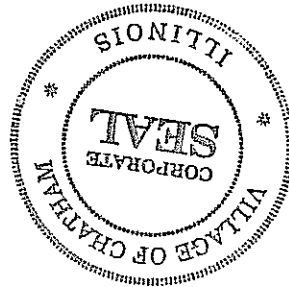
I, Patrick F. Schad, Village Clerk of the Village of Chatham, in Sangamon County, Illinois (the "Issuer"), hereby certify that the foregoing Ordinance No. 06-64, "AN ORDINANCE of the Village of Chatham, Sangamon County, Illinois, authorizing the issuance of General Obligation Bonds (Alternate Revenue Source), Series 2006, of the Issuer in an aggregate principal amount not to exceed \$3,410,000 for the purpose of defraying the cost of improving the electric system of said Issuer" 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 Village of Chatham, Illinois, at a meeting thereof which was duly called and held in compliance with the Open Meetings Act on October 24, 2006, and at which a quorum was present and acting throughout, and that such copy has been compared by me with the original Ordinance signed by the President of the Issuer on October 24, 2006 and recorded in the Ordinance book of the Issuer and that it is a correct transcript thereof and of the whole of such Ordinance, and that such 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 of the Village of Chatham this November 1, 2006.



Village Clerk

(SEAL)



Hart, Southworth & Witsman

Suite 501
One North Old State Capitol Plaza
Springfield, Illinois 62701-1323
Phone: 217-753-0055
Facsimile: 217-753-1056
Email: msouthworth@hswnet.com

MEMORANDUM

Date: October 23, 2006
To: Sherry Dierking
From: Mike Southworth
Re: Bond Proposals

The purpose of this memo is to report on the proposals received from underwriters and local banks for the purchase of the Village's \$3,410,000 General Obligation Bonds (Alternate Revenue Source), Series 2006 that mature over the next 20 years.

It appears that United Community Bank proposed the lowest interest rate and cost for the Bonds.

Requests for Proposals to purchase the Bonds were distributed to the following seventeen banks and underwriters:

- Bank & Trust Company
- Bank of Springfield
- Carrollton Bank
- Hickory Point Bank & Trust, fsb
- Illini Bank
- Illinois National Bank
- Marine Bank
- People's Bank of Pana
- United Community Bank
- JP Morgan Chase Bank, NA
- U.S. Bank
- National City Bank
- First St. Louis Securities
- Bernardi Securities, Inc.
- Speer Financial
- Fifth Third Securities, Inc.
- First Midwest Securities, Inc.

On October 20, 2006, eight proposals were received from the following banks and underwriters:

- Bank of Springfield
- Hickory Point Bank & Trust, fsb
- Illinois National Bank
- United Community Bank
- JP Morgan Chase Bank, NA
- Bernardi Securities, Inc.
- Speer Financial
- Fifth Third Securities, Inc.

The following table summarizes the proposals received:

<u>Proposal</u>	<u>Yield</u>	<u>Total Debt Service</u>
United Community Bank	4.016%	\$5,024,197
Speer Financial	4.066%	\$5,063,401
Bernardi Securities	4.176%	\$5,086,249
Fifth Third	4.127%	\$5,089,522
Chase	4.283%	\$5,126,150
Hickory Point Bank	4.318%	\$5,146,240
INB	4.684%	\$5,287,670
Bank of Springfield	4.907%	\$5,382,702

The proposals received from United Community Bank and Bank of Springfield quoted interest rates fixed for the entire 20 year term of the Bonds.

The proposals received from Chase, Hickory Point Bank and INB quoted interest rates that were subject to adjustment at 5 or 10 years.

The proposals from Speer, Bernardi Securities and Fifth Third estimated fixed interest rates available in the public market and will require completion of the underwriting process.