
THE VILLAGE OF CHATHAM

SANGAMON COUNTY, ILLINOIS

ORDINANCE
NUMBER 18-19

**AN ORDINANCE AUTHORIZING THE VILLAGE TO BORROW MONEY TO FINANCE
THE PAINTING OF THE VILLAGE'S GROUND STORAGE TANK
AND WATER TOWER**

DAVE KIMSEY, Village President
AMY DAHLKAMP, Village Clerk

TERRY FOUNTAIN
BRETT GERGER
NINA LINDHORST
RYAN MANN
MATT MAU
PAUL SCHERSCHEL
Village Trustees

Published in pamphlet form by authority of the President and Board of Trustees of the Village of Chatham
on March 27th, 2018

Sorling Northrup – 1 North Old State Capitol Plaza, Springfield, IL 62701

ORDINANCE NO. 18-19

AN ORDINANCE AUTHORIZING THE VILLAGE TO BORROW MONEY TO FINANCE THE PAINTING OF THE VILLAGE'S GROUND STORAGE TANK AND WATER TOWER

WHEREAS, the Village of Chatham, Sangamon County, State of Illinois, is a duly organized and existing Village created under the provisions of the laws of the State of Illinois, and is now operating under the provisions of the Illinois Municipal Code; and

WHEREAS, the Illinois Municipal Code, Section 8-1-3.1, authorizes the Village to borrow money from any bank or other financial institution provided such money shall be repaid within 10 years from the time the money is borrowed; and

WHEREAS, the corporate authorities of the Village desire to borrow money for the purpose of financing the painting of the Village's ground water storage tank and water tower; and

WHEREAS, the Village advertised for and requested proposals for the financing and 8 companies submitted proposals; and

WHEREAS, Warren Boynton State Bank offered the best financial terms and Village staff recommends the funds be borrowed from Warren Boynton State Bank.

NOW THEREFORE, BE IT ORDAINED by the President and Board of Trustees of the Village of Chatham, Sangamon County, Illinois, as follows:

Section 1. Recitals. The foregoing recitals shall be and are hereby incorporated into and made a part of this Ordinance as if fully set forth in this Section 1.

Section 2. Authority to Borrow Money. The Village President is authorized to execute a promissory note, lease purchase agreement, or similar debt instrument, but not a bond, for the purposes of borrowing money in an amount not to exceed

\$1,112,800 for the purpose of financing the painting of the Village's ground water storage tank and water tower from Warren Boynton State Bank, a lending institution subject to the Illinois Banking Act or Illinois Savings and Loan Act of 1985 or other "financial institution" authorized by Section 8-1-3.1 of the Municipal Code, at an interest rate of 2.98% for 7 years or a rate of 3.05% for 8 years and a rate of 3% during the construction period. The term of the loan shall not exceed ten (10) years. The Village President, or his designees, is also authorized to sign other related documentation to effectuate the loan from Warren Boynton State Bank.

Section 3. Repeal and Savings Clause. All Ordinances or parts of Ordinances in conflict herewith are hereby repealed; provided, however, that nothing herein contained shall affect any rights, action, or causes of action which shall have accrued to the Village of Chatham prior to the effective date of this Ordinance.

Section 4. Severability. In the event that any section, clause, provision, or part of this Ordinance shall be found and determined to be invalid by a court of competent jurisdiction, all valid parts that are severable from the invalid parts shall remain in full force and effect.

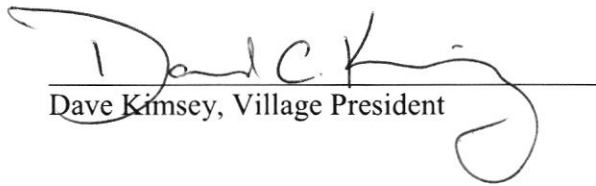
Section 5. Effective Date. This Ordinance shall be in full force and effect immediately after its passage, approval and publication in pamphlet form as provided by law.

PASSED this 27 day of March, 2018.

	YES	NO	ABSENT	PRESENT
TERRY FOUNTAIN	X			
BRETT GERGER	X			
NINA LINDHORST	X			

RYAN MANN	X			
MATT MAU	X			
PAUL SCHERSCHEL	X			
DAVE KIMSEY				
TOTAL	6	0	0	

APPROVED by the President of the Village of Chatham, Illinois this 27 day of March, 2018.


 Dave Kimsey, Village President

Attest:


 Amy Dahlkamp, Village Clerk

Village of Chatham
Financing for Water Tower and Ground Storage Tank Painting Project
RFP Results

Construction Period	7-Year	8-Year	9-Year	10-Year	Other	7-Year			8-Year				
						Estimated Construction Interest Cost	Loan Interest	Additional Fees	Total Financing Cost	Estimated Construction Interest Cost	Loan Interest	Additional Fees	Total Financing Cost
INB	3.51%	3.51%	N/A	N/A	N/A	\$ 6,168.01	\$132,452.67	\$ -	\$ 138,620.68	\$ 6,168.01	\$159,759.20	\$ -	\$ 165,927.21
Town & Country Bank	Same as Loan Period	3.99%	4.04%	4.09%	4.14%								
Bank & Trust	1.99%	3.24%	3.40%	3.51%	3.68%								
Marine Bank		3.58% First Five Years	3.58% First Five Years	3.58% First Five Years	3.58% First Five Years								
US Bank	3.11%	3.11%	3.11%	3.11%	3.11%	\$ 9,639.45	\$134,115.78	\$ 2,000.00	\$ 145,755.23	\$ 9,639.45	\$152,752.46	\$ -	\$ 162,391.91
Bank of Springfield	3.99%	4.24%	4.49%	4.84%	5.14%								
UCB	3.15%	3.44%	3.57%	3.76%	3.89%								
Warren Boyton State Bank	3.00%	2.98%	3.05%	3.14%	3.19%	\$ 9,298.50	\$ 121,473.48	\$ -	\$ 130,771.98	\$ 9,298.50	\$142,683.70	\$ -	\$ 151,982.20

Optional Adjusted rate proposal as follows 3.075 for 5 Years remainder 50 basis points over US Treasury Yield 95% + 5-Year US Treasury Constant Maturity Rate (March 23 2018) 3.58% Alter 5 Years 1.45% + 5 Year US Treasury Constant Maturity Rate

Additional costs \$500 out of pocket up to \$1500 Bank Counsel plus Bond Counsel Costs (Semi-Annual Payment Proposal) \$250 loan fee

Proposal stated that monthly principal & interest payments will commence at the end of the construction period monthly construction interest calculation based on estimated payment schedule from CMT

Payment Dates	Bank & Trust		US Bank		Warren Boyton	
	Trust	Bank	Bank	Bank	Bank	Bank
5/15/2018	\$ 200,000.00	\$ 2,155.83	\$ 3,369.17	\$ 3,250.00		
6/12/2018	\$ 200,000.00	\$ 1,824.17	\$ 2,850.83	\$ 2,750.00		
9/25/2018	\$ 321,000.00	\$ 1,330.81	\$ 2,079.81	\$ 2,006.25		
10/23/2018	\$ 321,000.00	\$ 798.49	\$ 1,247.89	\$ 1,203.75		
11/27/2018	\$ 70,800.00	\$ 58.71	\$ 91.75	\$ 88.50		
	\$ 1,112,800.00	\$ 6,168.01	\$ 9,639.45	\$ 9,298.50		

OFFICIAL PROPOSAL FORM

Village of Chatham, Sangamon County, Illinois

Subject to all of the provisions of your Request for Proposals which is expressly made a part of this proposal, we offer the following rates and terms to finance the Village of Chatham's Water Tower and Ground Storage Tank Painting Project. The proposed interest rates are set forth below:

Construction Period Interest Rate	7 Year Interest Rate	8 Year Interest Rate	9 Year Interest Rate	10 Year Interest Rate
<u>3.51</u> %	<u>3.51</u> %	<u> </u> %	<u> </u> %	<u> </u> %

Submitted by:

Illinois National Bank

Name of Institution

By: John McFiehl
Its: Senior Vice President

Date: 3/20/18

Sherry Dierking
Chief Fiscal Officer
Village of Chatham
116 East Mulberry Street
Chatham, IL 62629

March 16, 2018

Re: RFP for \$1,112,800

Dear Ms. Dierking:

Thank you for allowing Town and Country Bank to bid on this RFP. Given that you are requesting a fixed rate on your construction loan and then a fixed permanent rate, we view this as 1 loan with an initial 8-month interest-only period. As such, we are proposing the following rates:

- 3.99% on the 7-year, 8-month option,
- 4.04% on the 8-year, 8-month option
- 4.09% on the 9-year, 8-month option
- 4.14% on the 10-year, 8-month option

These rates assume a prepayment premium as follows:

- 3.0% of the outstanding principal if prepaid during the first year of principal amortization (the post construction period)
- 2.0% of the outstanding principal if prepaid during the second year of principal amortization
- 1.0% of the outstanding principal if prepaid during the third year of principal amortization
- No prepayment premium will be assessed following the third year of principal amortization.

We appreciate this opportunity to serve you. If you have any questions, please do not hesitate to contact me at (217) 321-3426.

Sincerely,



Joel Oschwald
Vice President, Commercial Banking

OFFICIAL PROPOSAL FORM


Village of Chatham, Sangamon County, Illinois

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Construction Period	7 Year	8 Year	9 Year	10 Year
<u>Interest Rate</u>	<u>Interest Rate</u>	<u>Interest Rate</u>	<u>Interest Rate</u>	<u>Interest Rate</u>
Same as Rate for chosen amortization	<u> 3.99 </u> %	<u> 4.04 </u> %	<u> 4.09 </u> %	<u> 4.14 </u> %

Submitted by:

 Town and Country Bank
Name of Institution

By: 
Its: Vice President

Date: March 16, 2018



OFFICIAL PROPOSAL FORM

Village of Chatham, Sangamon County, Illinois

Subject to all of the provisions of your Request for Proposals which is expressly made a part of this proposal, we offer the following rates and terms to finance the Village of Chatham's Water Tower and Ground Storage Tank Painting Project. The proposed interest rates are set forth below:

<u>Construction Period</u> <u>Interest Rate</u>	<u>7 Year</u> <u>Interest Rate</u>	<u>8 Year</u> <u>Interest Rate</u>	<u>9 Year</u> <u>Interest Rate</u>	<u>10 Year</u> <u>Interest Rate</u>
1.99%*	3.24%	3.40%	3.51%	3.68%

The bank would also offer the following permanent financing terms: 5 year ARM – 3.075% initial rate fixed for first five years, then adjusting to and locked at the US Treasury Constant Maturity Yield plus 50 basis points for like kind remaining term at adjustment date.

*Construction financing is subject to Bank & Trust also providing the term financing.

All terms of this proposal are subject to the loan interest being tax exempt to the Bank and subject to the loan being a general obligation of the village of Chatham, IL

Submitted by: Bank & Trust Company

By: Rich Carr

Its: Business Development Officer

Date: 3/22/18



Thank you for the opportunity to be a part of the Village of Chatham's (the "Village") financial planning activities. We are pleased to present the following proposed terms for the \$1,112,800 tax-exempt note to finance the cost to paint the Village's ground storage water tank and water tower. We crafted our proposal to provide low costs, and a simplified structure. This proposal is representative of Marine Bank's strong desire to business with the Village, but is not a commitment to lend.

- Lender:** Marine Bank
- Obligor:** The Village of Chatham, Sangamon County, Illinois
- Issue:** \$1,112,800.00 bank-qualified, tax-exempt term loan
- Purpose:** Finance the cost to paint the Village's ground storage water tank and water tower
- Maturity:** Up to ten years from the date of the Issuance
- Payments:** Monthly payments of principal and interest
- Interest Rate:** Fixed at the 5-Year U. S. Treasury Constant Maturity Rate as of the day of closing plus 0.95% for the first five (5) years (3.58% as of March 23, 2018). Then, the loan shall re-price to the 5-year U. S. Treasury Constant Maturity Rate plus 1.45% for the remaining terms of the loan

Prior to closing, Lender shall receive and satisfactorily review an Opinion of Counsel acceptable to Lender that the loan is a Bank Qualified Tax Exempt obligation of the Village.

Costs:

Obligor shall pay for all customary out-of-pocket expenses, including but not limited to filing and recording fees, and taxes, reasonable attorneys' fees and costs and the like incurred in connection with the negotiation, preparation, administration and enforcement of the loan documents.



In summary, this letter is an overview of the major points of our financing proposal that will serve as the basis for the structure of our loan package. Our final loan approval would be provided upon completion of our financial review, underwriting, and due diligence customary to financing transactions of this type, and I would be happy to elaborate on this process and answer any questions that arise.

Best Regards,

A handwritten signature in cursive script that reads "Eric J. Flick". The signature is written in black ink and is positioned above the printed name.

Eric J. Flick
Vice President, Commercial Lending Officer



March 22, 2018

Village of Chatham
Chatham, IL
Attn: Sherry Dierking, Fiscal Officer

VIA ELECTRONIC MAIL

U.S. Bank National Association (the "Bank") is pleased to offer the following terms for financing the Village of Chatham obligation within the Bank's loan portfolio:

- Borrower:** Village of Chatham, IL
- Amount:** Not to exceed \$1,112,800.00
- Facility:** Single disbursement bonds, promissory note, or other permitted instrument of indebtedness (the "Note").
- Maturity:** On or about April 1, 2025
- Closing Date:** On or about April 15, 2018, or other such date as may be mutually agreeable to the Bank and the Borrower.
- Interest Rate:** 3.11%
- Principal Payments:** Annually, commencing on April 1, 2019
- Interest Payments:** Semi-annual
- Prepayments:** No prepayment is permitted
- Debt Service Reserve Fund:** Not required
- Security:** The Facility shall be secured by a first and parity lien on the Net Revenues of the Borrower's water/sewer enterprise (the "System").
- Bond Counsel:** All documentation associated with the financing, with the exception of the Financing Agreement (defined below), shall be provided at the Borrower's expense and prepared by qualified bond counsel, as determined by the Bank in its sole discretion.
- Documentation for the obligation shall include, but is not limited to, an appropriate authorizing resolution or ordinance, 8038 filing, duly executed instrument, and Bond Counsel opinion that the obligation is a legal, valid, binding, enforceable and properly authorized obligation of the Borrower (collectively referred to as the "Financing Documents"). The Borrower shall designate the Loan as a "tax-exempt, bank qualified obligation" under section 265(b) of the Internal Revenue Code of 1986, as amended, for investment by financial institutions.
- Financing Agreement:** In addition to the Financing Documents, the Bank shall require a separate Financing Agreement. The Financing Agreement shall define the terms and conditions of the Facility, the Bank's requirements for funding, and may contain additional provisions, covenants, events of default, and remedies upon default such that the Bank may account for the obligation as a loan rather than a security (see: Covenants/Provisions below). The Financing Documents shall refer to the Bank as "the Bank" or "the Lender".

Costs: The Borrower shall reimburse the Bank for out of pocket expenses, if any, subject to a limit of \$500. Additionally, the Borrower shall be responsible for the fees of Bank counsel, whose fees shall not exceed \$1,500.

Covenants/Provisions: The Financing Agreement will include standard covenants regarding maintenance of business operations, adequate insurance coverage, and to collect fees, taxes and/or other revenues in an amount sufficient to meet all Borrower obligations, including debt service on the Facility. The Financing Agreement shall also include the following covenants/provisions:

1. The Borrower shall covenant to maintain adequate rates and charges such that the revenues of the System after payment of all operating expenses of the System (the "Net Revenues"), exceed 125% of the maximum annual debt service of the System (the "DSCR").
2. The Borrower shall covenant to limit additional debt issued during the effective term of the Facility such that the Net Revenues of the System shall be in an amount at least equal to 125% of the maximum annual debt service of both current and future annual debt service, a certification of which shall be required for closing.
3. The Borrower shall covenant to provide the Bank, or provide notification of such repository where the Bank may reasonably obtain, its annual, audited financial statements within 30 days of publication.
4. The Borrower shall covenant to provide the Bank with a copy of the final budget of the System and the Borrower upon request, which request shall in no case be prior to 45 days after the end of the prior fiscal year.
5. The Borrower shall covenant to provide the Bank financial or other information as may be reasonably requested from time to time.
6. The Borrower shall covenant to promptly notify the Bank of any material adverse events related to this financing.
7. The Borrower shall indemnify the Bank from any liability associated with the obligation, except in the case of gross negligence by the Bank, and to the extent allowed by state law.
8. The Borrower will agree to take all actions necessary to preserve tax-exempt status of the obligation. Should the tax designation change, the interest rate will change accordingly and to be effective the same date as the tax designation.
9. Upon an event of default, and upon notice of such provided by the Bank to the Borrower, and subject to a 30-day cure period following delivery of said notice, interest shall accrue at the Default Rate, defined as the sum of i) the Interest Rate, and i) 200 basis points.
10. The Borrower (or Borrower's designee) shall be invoiced directly by the Bank, and shall not employ the services of a third party Paying Agent.
11. The Borrower shall rely upon the Bank's determination of payment calculations, absent manifest error, as set forth in the Facility Agreement.
12. The obligation shall be registered in the name of the Bank, and shall not be registered with the Depository Trust Company or any other securities depository.
13. The obligation shall not be:
 - (i) assigned a separate rating by any rating agency;
 - (ii) issued pursuant to any type of offering document or official statement; and,
 - (iii) assigned a CUSIP number by Standard & Poor's CUSIP service.

Expiration: Unless otherwise accepted by the Borrower, this proposal shall expire on May 1, 2018 with no further notice required.

Reliance: This offer for financing is subject to: credit approval pending review of the final documentation; acceptance of all terms and conditions contained herein by the Borrower. This offer for financing should not be construed as an unconditional commitment to lend.

Please feel free to contact me at 513.449.7186, or Michael Hulligan at 217.753.7589, if you have any questions regarding this or any other banking matter. Thank you for the opportunity to provide financing for your borrowing needs.

Regards,

A handwritten signature in black ink, appearing to read 'C.M.P.', with a stylized flourish at the end.

Cameron M. Parker
Vice President

Cc: Dan Clements, US Bank
Mike Hulligan, US Bank
Andrew Smith, US Bank



877.698.3278
bankwithbos.com

BOS Proposal for Village of Chatham
Request for Painting Village's Ground Storage Tank and Water Tower

March 21, 2018

Lessee: Village of Chatham

Credit Type: Tax Exempt

Amount: \$1,112,800

Purpose: Painting Village's Ground Storage Tank and Water Tower

Term: Construction Period plus -7, 8, 9, & 10 year options

Pricing: 3.99% Fixed during construction period – Tax exempt
4.24% Fixed for 7 years – Tax exempt
4.49% Fixed for 8 years – Tax exempt
4.84% Fixed for 9 years – Tax exempt
5.14% Fixed for 10 years – Tax exempt

Loan Fee: \$250

Repayment: Monthly principal and interest payments, except interest only during the 8-month construction period.

Special Conditions: Bank requires an opinion letter from Village's attorney showing the loan is tax exempt.

Thank you for the opportunity to provide a bid on your financing request. We look forward to a great business relationship both now and in the future.

Sincerely,
Ryan Murphy
Vice President/Commercial Lender



Get More BANK for Your Buck!

OFFICIAL PROPOSAL FORM

Village of Chatham, Sangamon County, Illinois

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Construction Period	7 Year	8 Year	9 Year	10 Year
<u>Interest Rate</u>	<u>Interest Rate</u>	<u>Interest Rate</u>	<u>Interest Rate</u>	<u>Interest Rate</u>
<u>3.99</u> %	<u>4.24</u> %	<u>4.49</u> %	<u>4.84</u> %	<u>5.14</u> %

Submitted by:

Bank of Springfield
Name of Institution

By: [Signature]

Its: VP

Date: 3/21/18

OFFICIAL PROPOSAL FORM

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<u>3.15</u> %	<u>3.44</u> %	<u>3.57</u> %	<u>3.76</u> %	<u>3.89</u> %

Submitted by:

UNITED COMMUNITY BANK
Name of Institution

By: J. Lawrence

Its: VICE PRESIDENT

Date: 3/23/2018



WarrenBoynton
State Bank Established in 1877

March 21, 2018

Sherry Dierking
Chief Fiscal Officer
Village of Chatham
116 East Mulberry Street
Chatham, Illinois 62629

Dear Ms. Dierking:

Enclosed with this letter is the Warren-Boynton State Bank's response to the Village of Chatham's Request For Proposal.

Please contact me with any questions you may have at 217-488-6091 ext. 2236 or jimweast@wbsb.com.

Sincerely,

James A. Weast
President/CEO

OFFICIAL PROPOSAL FORM

Village of Chatham, Sangamon County, Illinois

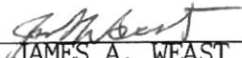
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<u>3.00</u> %	<u>2.98</u> %	<u>3.05</u> %	<u>3.14</u> %	<u>3.19</u> %

Submitted by:

WARREN-BOYNTON STATE BANK

Name of Institution

By: 
JAMES A. WEAST

Its: PRESIDENT/CEO

Date: MARHC 20, 2018