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ORDINANCE NO. 88-4

AN ORDINANCE authorizing and providing for the issue of \$280,000 Sewerage Refunding Revenue Bonds, Series 1988, of the Village of Chapin, Morgan County, Illinois, for the purpose of refunding outstanding sewer revenue bonds of said Village, prescribing all the details of said bonds, and providing for the collection, segregation and distribution of the revenues of the sewerage system of said Village.

\* \* \*

PREAMBLES

WHEREAS, the Village of Chapin, Morgan County, Illinois (the "Village"), has provided by ordinance for a sanitary system and for the operation thereof as a separate utility (the "System"), in accordance with the provisions of Division 141 of Article 11 of the Illinois Municipal Code, as supplemented and amended; and

WHEREAS, the Village has heretofore issued \$530,000 original issue Sewerage System Revenue Bonds, dated the dates of their issuance to the purchasers thereof, authorized by Ordinance Number S-3 of the Village and adopted on July 16, 1973, of which \$450,000 are currently outstanding, of the denomination of \$5,000 each, due serially on January 1, 1989 to 2013, inclusive (the "Prior Bonds"), which are payable from the revenues of the System; and

WHEREAS, the President and Board of Trustees of the Village (the "Corporate Authorities") have and it is hereby determined to be advisable and in the best interests of the

Village that all of the Prior Bonds be refunded in advance of maturity in order to allow the Village to purchase the Prior Bonds from the United States of America, acting through the Farmers Home Administration, at a discount; and

WHEREAS, the estimated cost of refunding the Prior Bonds, including necessary expenses, is \$280,000.00; and

WHEREAS, the Village does not have sufficient funds on hand and lawfully available for the purpose of refunding the Prior Bonds and, therefore, must borrow money and issue bonds in evidence thereof in the total amount of \$280,000 for such purpose; and

WHEREAS, pursuant to and in accordance with the provisions of Division 141 of Article 11 and of Division 4 of Article 8 of the Illinois Municipal Code, as supplemented and amended, the Village is authorized to issue sewerage revenue bonds in the aggregate principal amount of \$280,000 for the purpose of providing funds to pay the cost of refunding the Prior Bonds:

NOW, THEREFORE, Be It Ordained by the President and Board of Trustees of the Village of Chapin, Morgan County, Illinois, as follows:

Section 1. Definitions. The following words and terms used in this ordinance shall have the following meanings unless the context or use clearly indicates another or different meaning is intended:

"Act" means the Illinois Municipal Code, as supplemented and amended (Ill. Rev. Stat. ch. 24, ¶1-1-1 et seq.) and in particular, Division 4 of Article 8 and Division 141 of Article 11 thereof.

"Bond" or "Bonds" means one or more, as applicable, of the \$280,000 Sewerage Refunding Revenue Bonds, Series 1988, authorized to be issued by this ordinance.

"Bond Register" means the books of the Village kept by the Bond Registrar to evidence the registration and transfer of the Bonds.

"Bond Registrar" means Chapin State Bank, Chapin, Illinois, or any successor thereto.

"Code" means the Internal Revenue Code of 1986.

"Corporate Authorities" means the President and Board of Trustees of the Village.

"Fiscal Year" means a twelve-month period beginning May 1 of the calendar year and ending on the next succeeding April 30.

"Gross Revenues" means all income from whatever source derived from the System, including (i) investment income; (ii) connection, permit and inspection fees and the like; (iii) penalties and delinquency charges; (iv) capital development, reimbursement, or recovery charges and the like; and (v) annexation or pre-annexation charges insofar as designated by the Corporate Authorities as paid for System connection or service; but exclud-

ing expressly (a) non-recurring income from the sale of property of the System; (b) governmental or other grants; and (c) advances or grants made from the Village; and as otherwise determined in accordance with generally accepted accounting principles for municipal enterprise funds.

"Maximum Annual Debt Service" means an amount of money equal to the highest future principal and interest requirement of all Outstanding Bonds required to be deposited into the Bond and Interest Account created by this ordinance in any Fiscal Year, including and subsequent to the Fiscal Year in which the computation is made. Any Outstanding Bonds required to be redeemed pursuant to mandatory redemption from said Bond and Interest Account shall be treated as falling due on the date required to be redeemed (except in the case of failure to make any such mandatory redemption) and not on the stated maturity date of such Outstanding Bonds.

"Net Revenues" means Gross Revenues minus Operation and Maintenance Expenses.

"Operation and Maintenance Expenses" means all expenses of operating, maintaining and routine repair of the System, including wages, salaries, costs of materials and supplies, power, fuel, insurance, purchase of sewage treatment services (including all payments by the Village pursuant to long term contracts for such services) and all reasonable administrative fees and expenses; but excluding debt service, depreciation, or any

reserve requirements and any costs of extending or enlarging the System; and otherwise determined in accordance with generally accepted accounting principles for municipal enterprise funds.

"Outstanding Bonds" means Bonds and Parity Bonds which are outstanding and unpaid; provided, however, such term shall not include 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 Village 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 interest and applicable premium on such Bonds or Parity Bonds.

"Parity Bonds" means bonds or any other obligations to be issued subsequent in time to the Bonds and which will share ratably and equally in the Net Revenues with the Bonds.

"Prior Bonds" means the outstanding bonds of the Village payable from the revenues of the System as more particularly described and defined in the preambles to this ordinance.

"Sewerage Fund" means the Sewerage Fund of the Village created and established by this ordinance.

"System" refers to all property, real, personal or otherwise owned or to be owned by the Village or under the

control of the Village, and used for sewerage purposes, including any and all further extensions, improvements and additions to the System.

"Village" means the Village of Chapin, Morgan County, Illinois.

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

Section 3. Determination To Issue Bonds. It is necessary and in the best interests of the Village to refund the Prior Bonds to allow the Village to purchase the Prior Bonds from the United States of America, acting through the Farmers Home Administration, at a discount, which financing is for the public health, safety and welfare, and that the System continue to be operated as a single utility in accordance with the provisions of the Act.

Section 4. Determination of Useful Life. The Corporate Authorities do hereby determine the period of usefulness of the System to be forty (40) years from the date of the Bonds.

Section 5. Bond Details. For the purpose of refunding the Prior Bonds, there shall be issued and sold the Bonds in the principal amount of \$280,000. The Bonds shall each be designated "Sewerage Refunding Revenue Bond, Series 1988", shall be dated July 1, 1988, and shall also bear the date of authentication,

shall be in fully registered form, shall be in denominations of \$5,000 each and authorized integral multiples thereof (but no single Bond shall represent installments of principal maturing on more than one date), shall be numbered 1 and upward, and shall become due and payable serially (subject to the rights of prior redemption hereinafter stated) on May 1 of each of the years and in the amounts and bearing interest at the rates per annum as follows:

<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Rate of Interest</u>
1989	\$15,000	7.00%
1990	10,000	7.00%
1991	10,000	7.00%
1992	15,000	7.00%
1993	15,000	7.00%
1994	15,000	7.00%
1995	15,000	7.00%
1996	20,000	7.00%
1997	20,000	7.00%
1998	20,000	7.00%
1999	20,000	7.00%
2000	25,000	7.00%
2001	25,000	7.00%
2002	25,000	7.00%
2003	30,000	7.00%

The Bonds shall bear interest from their date or from the most recent interest payment date to which interest has been paid or duly provided for, until the principal amount of the Bonds is paid, such interest (computed upon the basis of a 360-day year of twelve 30-day months) being payable on the first days of May and November of each year, commencing on May 1, 1989. Interest on each Bond shall be paid by check or draft of the Bond Registrar, payable upon presentation in lawful money of the



United States of America, to the person in whose name such Bond is registered at the close of business on the fifteenth (15th) day of the month next preceding the interest payment date. The principal of and premium, if any, on the Bonds shall be payable in lawful money of the United States of America at the principal office of the Bond Registrar.

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

All Bonds shall have thereon a certificate of authentication substantially in the form hereinafter set forth duly executed by the Bond Registrar as authenticating agent of the Village for this issue and showing the date of authentication. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this ordinance unless and until such certificate of authentication shall have been duly executed by the Bond Registrar by manual signature, and such certificate of authentication upon any such Bond shall be conclusive evidence that such Bond has been authenticated and

delivered under this ordinance. The certificate of authentication on any Bond shall be deemed to have been executed by the Bond Registrar if signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds issued hereunder.

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

Upon surrender for transfer of any Bond at the principal office of the Bond Registrar, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Bond Registrar and duly executed by the registered owner or his attorney duly authorized in writing, the Village shall execute and the Bond Registrar shall authenticate, date and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of the same maturity of authorized denominations, for a like aggregate principal amount. Any fully registered Bond or Bonds may be exchanged at said office of

the Bond Registrar for a like aggregate principal amount of Bond or Bonds of the same maturity of other authorized denominations. The execution by the Village of any fully registered Bond shall constitute full and due authorization of such Bond and the Bond Registrar shall thereby be authorized to authenticate, date and deliver such Bond, provided, however, the principal amount of outstanding Bonds of each maturity authenticated by the Bond Registrar shall not exceed the authorized principal amount of Bonds for such maturity less previous retirements.

The Bond Registrar shall not be required to transfer or exchange any Bond during the period beginning at the close of business on the fifteenth (15th) day of the month next preceding any interest payment date on such Bond and ending at the opening of business on such interest payment date nor to transfer or exchange any Bond after notice calling such Bond for redemption has been mailed, nor during a period of fifteen (15) days next preceding mailing of a notice of redemption of any Bonds.

The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal of, premium, if any, or interest on any Bond shall be made only to or upon the order of the registered owner thereof or his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

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

Section 7. Redemption. The Bonds shall be subject to redemption at any time prior to maturity at the option of the Village as a whole or in part in integral multiples of \$5,000 in the inverse order of their maturities and by lot within a maturity to be selected by the Bond Registrar as hereinafter provided at a redemption price of 100% of the principal amount thereof plus accrued interest to such redemption date.

The Bonds shall be redeemed only in the principal amount of \$5,000 each and integral multiples thereof. The Village shall, at least 45 days prior to the redemption date (unless a shorter time period shall be satisfactory to the Bond Registrar), notify the Bond Registrar of such redemption date and of the principal amount of Bonds to be redeemed. For purposes of any redemption of less than all of the Bonds of a single maturity, the particular Bonds or portions of Bonds to be redeemed shall be selected by lot not more than 60 days prior to the redemption date by the Bond Registrar for the Bonds of such maturity by such method of lottery as the Bond Registrar shall deem

fair and appropriate; provided that such lottery shall provide for the selection for redemption of Bonds or portions thereof in principal amounts of \$5,000 or integral multiples thereof so that any \$5,000 Bond or \$5,000 portion of a Bond shall be as likely to be called for redemption as any other such \$5,000 Bond or \$5,000 portion.

The Bond Registrar shall promptly notify the Village in writing of the Bonds or portions of Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed.

Section 8. Redemption Procedure. Unless waived by the owner of Bonds to be redeemed, notice of any such redemption shall be given by the Bond Registrar on behalf of the Village by mailing the redemption notice by registered or certified mail not less than thirty days and not more than sixty days prior to the date fixed for redemption to each registered owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such registered owners to the Bond Registrar.

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 particular series are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of 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 and after said 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.

Prior to any redemption date, the Village shall deposit with the Bond Registrar an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on that date.

Notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the Village shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Bond Registrar at the redemption price. Interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the registered owner a new Bond or Bonds of the same maturity in the amount of the unpaid principal.

If any Bond or portion of Bond called for redemption shall not be so paid upon surrender thereof for redemption, the principal, and premium, if any, shall, until paid, bear interest

from the redemption date at the rate borne by the Bond or portion of Bond so called for redemption. All Bonds which have been redeemed shall be cancelled and destroyed by the Bond Registrar and shall not be reissued.

Section 9. Amendment. The rights and obligations of the Village and of the owners of Outstanding Bonds may from time to time be modified or amended by a supplemental ordinance adopted by the Corporate Authorities with the written consent of the owners of not less than two-thirds (2/3rds) of the principal amount of all Outstanding Bonds (excluding any of said Bonds owned by or under the control of the Village); provided, however, that no such modification or amendment shall extend or change the maturity of or date of redemption prior to maturity, or reduce the interest rate on, or permit the creation of a preference or priority of any Outstanding Bond or Outstanding Bonds over any other Outstanding Bond or Outstanding Bonds, or otherwise alter or impair the obligation of the Village to pay the principal and interest on any of the Outstanding Bonds at the time, place, rate, and in the currency provided therein, without the express consent of the owners of all the Outstanding Bonds affected; nor shall any such modification or amendment reduce the percentage of the owners of Outstanding Bonds required for the written consent of such modification or amendment without the consent of the owners of all of the Outstanding Bonds.

Section 10. Form of Bond. 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 following form; provided, however, that if the text of any Bond is to be printed in its entirety on the front side of any Bond, then paragraph [2] and the legend, "See Reverse Side for Additional Provisions", shall be omitted and paragraphs [6] through [12] shall be inserted immediately after paragraph [1]:

(Form of Bond - Front Side)

REGISTERED  
NO. \_\_\_\_\_

REGISTERED  
\$ \_\_\_\_\_

UNITED STATES OF AMERICA

STATE OF ILLINOIS

COUNTY OF MORGAN

VILLAGE OF CHAPIN

SEWERAGE REFUNDING REVENUE BOND,

SERIES 1988

See Reverse Side for Additional Provisions
--

Interest                      Maturity                      Dated  
Rate: 7.00%      Date: May 1, \_\_\_\_\_      Date: July 1, 1988 [CUSIP: \_\_\_\_\_]

Registered Owner:

Principal Amount:

[1] KNOW ALL PERSONS BY THESE PRESENTS, that the Village of Chapin, Morgan County, Illinois (the "Village"),



hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns as hereinafter provided, solely from the Sewerage Fund of the Village (the "Sewerage Fund"), as hereinafter mentioned and not otherwise, on the Maturity Date identified above, the Principal Amount identified above and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on such Principal Amount from the date of this Bond or from the most recent interest payment date to which interest has been paid at the Interest Rate per annum set forth above on May 1 and November 1 of each year, commencing May 1, 1989, until said Principal Amount is paid. The principal of and premium, if any, on this Bond are payable in lawful money of the United States of America at the principal office of Chapin State Bank, Chapin, Illinois, or its successor, as bond registrar and paying agent (the "Bond Registrar"). Payment of the installments of interest shall be made to the Registered Owner hereof as shown on the registration books of the Village maintained by the Bond Registrar at the close of business on the fifteenth (15th) day of the month next preceding each interest payment date and shall be paid by check or draft of the Bond Registrar, payable upon presentation in lawful money of the United States of America, mailed to the address of such Registered Owner as it appears on such registration books or at such other address furnished in writing by such Registered Owner to the Bond Registrar.

[2] Reference is hereby made to the further provisions of this Bond set forth on the reverse hereof and such further provisions shall for all purposes have the same effect as if set forth at this place.

[3] It is hereby certified and recited that all acts, conditions and things required to be done precedent to and in the issuance of this Bond have been done and have happened and have been performed in regular and due form of law and that provision has been made for depositing in the Sewerage Fund the entire revenues received from the operation of the System to be applied in the manner as hereinabove set forth; and the Village hereby covenants and agrees that it will fix and maintain rates for the use and service of the System and collect and account for the revenues derived therefrom sufficient at all times to pay Operation and Maintenance Expenses, to provide an adequate depreciation fund, to promptly pay the principal of and interest on all bonds issued by the Village which are payable solely from the revenues of the System, and to comply with all the covenants of and to maintain the accounts created by the Bond Ordinance.

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

[5] IN WITNESS WHEREOF, said Village of Chapin, Morgan County, Illinois, by its President and Board of Trustees, has caused this Bond to be signed by the manual or duly authorized

facsimile signature of the President of the Village and attested by the manual or duly authorized facsimile signature of the Village Clerk, and its corporate seal to be affixed hereto or printed hereon, all as of the Dated Date identified above.

(Facsimile Signature)  
President

(SEAL)

Attest:

(Facsimile Signature)  
Village Clerk

Date of Authentication: \_\_\_\_\_, \_\_\_\_\_

**CERTIFICATE  
OF  
AUTHENTICATION**

Bond Registrar  
and Paying Agent: Chapin State Bank  
Chapin, Illinois

This Bond is one of the Bonds described in the within mentioned ordinance and is one of the Sewerage Refunding Revenue Bonds, Series 1988, of the Village of Chapin, Morgan County, Illinois.

**CHAPIN STATE BANK**  
as Bond Registrar

By (Manual Signature)  
Authorized Officer

[Form of Bond - Reverse Side]

Village of Chapin

Morgan County, Illinois

Sewerage Refunding Revenue Bond,

Series 1988

[6] This bond and the bonds of the series of which it forms a part ("Bond" and "Bonds" respectively) are part of an authorized issue of Two Hundred Eighty Thousand Dollars (\$280,000) of like date and tenor, except as to maturity. The Bonds are payable solely from the Net Revenues derived from the operation of the sewerage system of the Village (the "System"), and not otherwise, and are issued under authority of the provisions of Division 141 of Article 11 and of Division 4 of Article 8 of the Illinois Municipal Code, as supplemented and amended (the "Act"), for the purpose of paying the costs of refunding and redeeming all of the outstanding and unpaid bonds of the Village payable from the revenues of the System. The Bonds are issued pursuant to Ordinance No. 88-4, passed by the Corporate Authorities on the 1st day of June, 1988 (the "Bond Ordinance"), to which reference is hereby expressly made for further definitions and terms and to all the provisions of which the owner by the acceptance of this Bond assents. This Bond does not constitute an indebtedness of the Village within the meaning of any constitutional or statutory provision or limitation. THE VILLAGE HAS DESIGNATED THE BONDS AS "QUALIFIED TAX-EXEMPT

OBLIGATIONS" PURSUANT TO SECTION 265(b)(3) OF THE INTERNAL REVENUE CODE OF 1986.

[7] Under the Act and the Bond Ordinance, the revenues from the operation of the System shall be deposited in the Sewerage Fund, which shall be used only and is hereby pledged for paying Operation and Maintenance Expenses, providing an adequate depreciation fund, paying the principal of and interest on all bonds of the Village that are payable by their terms only from the revenues of the System, and in making all payments required to maintain the accounts established under the terms of the Bond Ordinance. Parity Bonds may be issued pursuant to the terms of the Bond Ordinance.

[8] Outstanding Bonds issued and authenticated pursuant to the Bond Ordinance are co-equal as to the lien on the revenues of the System for their payment and share ratably, without any preference, priority, or distinction, the one over the other, as to the source or method of payment and security of the Outstanding Bonds.

[9] The rights and obligations of the Village and of the owners of the Outstanding Bonds may from time to time be modified or amended by a supplemental ordinance adopted by the Corporate Authorities with the written consent of the owners of not less than two-thirds (2/3rds) of the principal amount of all Outstanding Bonds (excluding any of said Bonds owned by or under the control of the Village); provided, however, that no such

modification or amendment shall extend or change the maturity of or date of redemption prior to maturity, or reduce the interest rate on, or permit the creation of a preference or priority of any Outstanding Bond or Outstanding Bonds over any other Outstanding Bond or Outstanding Bonds, or otherwise alter or impair the obligation of the Village to pay the principal of and interest on any of the Outstanding Bonds at the time, place, rate and in the currency provided therein, without the express consent of the owners of all the Outstanding Bonds affected; nor shall any such modification or amendment reduce the percentage of the owners of Outstanding Bonds required for the written consent to such modification or amendment without the consent of the owners of all of the Outstanding Bonds.

[10] The Bonds are subject to redemption at any time prior to maturity at the option of the Village as a whole or in part in integral multiples of \$5,000 in the inverse order of their maturities and by lot within a maturity at a redemption price of 100% of the principal amount thereof plus accrued interest to the date of redemption.

[11] Notice of any such redemption shall be sent by registered or certified mail not less than thirty days nor more than sixty days prior to the date fixed for redemption to each registered owner of the Bonds to be redeemed at the address shown on the registration books of the Village maintained by the Bond Registrar or at such other address as is furnished in writing by

such registered owners to the Bond Registrar. When so called for redemption, this Bond or appropriate portion hereof will cease to bear interest on the specified redemption date, provided funds for redemption are on deposit at the place of payment at that time, and shall not be deemed to be Outstanding within the meaning of the Ordinance.

[12] This Bond is transferable by the Registered Owner hereof in person or by his attorney duly authorized in writing at the principal office of the Bond Registrar in Chapin, Illinois, but only in the manner, subject to the limitations and upon payment of the charges provided in the Bond Ordinance, and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds of authorized denominations of the same maturity and for the same aggregate principal amount will be issued to the transferee in exchange therefor.

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

[14] The Village and the Bond Registrar may deem and treat the Registered Owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof, premium, if any, and interest due hereon and for all

other purposes and neither the Village nor the Bond Registrar shall be affected by any notice to the contrary.

(ASSIGNMENT)

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto \_\_\_\_\_

\_\_\_\_\_  
(Name and Address of Assignee)

the within Bond and does hereby irrevocably constitute and appoint \_\_\_\_\_

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

Dated: \_\_\_\_\_

Signature guaranteed: \_\_\_\_\_

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

Section 11. Bonds Limited Obligations. The Bonds shall be payable solely from the Net Revenues as derived from the operation of the System, and shall not constitute an indebtedness of the Village within the meaning of any constitutional or statutory provision or limitation.

Section 12. Creation of Sewerage Fund and Accounts Thereof. Upon the issuance of any of the Bonds, the System shall be operated on a Fiscal Year basis. All of the Gross Revenues shall be set aside as collected and be deposited in a separate



fund and in an account in a bank to be designated by the Corporate Authorities, which fund is hereby created and is designated as the "Sewerage Fund" (the "Sewerage Fund") of the Village, which shall constitute a trust fund for the sole purpose of carrying out the covenants, terms, and conditions of this ordinance, and shall be used only in paying Operation and Maintenance Expenses, providing an adequate depreciation fund, paying the principal of and interest on all bonds of the Village which by their terms are payable solely from the revenues derived from the System, and providing for the establishment of and expenditure from the respective accounts as hereinafter described.

Section 13. Flow of Funds. There shall be and there are hereby created separate accounts in the Sewerage Fund to be known as the "Operation and Maintenance Account," the "Bond and Interest Account," the "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 Village, without any further official action or direction, in the order in which said accounts are hereinafter mentioned, all moneys held in the Sewerage 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 to the credit of 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) Bond and Interest Account:

After making any payments required for the benefit of the Prior Bonds, there next shall be credited to the 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 Bonds and also a fractional amount of the principal becoming due or subject to mandatory redemption on the next succeeding principal maturity or mandatory redemption date of all of the Outstanding Bonds until there shall have been accumulated and is held, in cash and investments, in the Bond and Interest Account on or before the last 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 set aside each month in the 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 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 Bonds until there is sufficient money in said Account to pay such principal or interest, or both.

Credits to the 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.

(c) Bond Reserve Account:

Beginning the month after delivery of any of the Bonds, there shall be credited to the Bond Reserve Account and held, in cash and investments, the sum of \$ 2,760 each month. If the amount on deposit to the credit of said Account exceeds Maximum Annual Debt Service, the Village shall credit such excess to the Depreciation, Improvement and Extension Account or the Surplus Account, as they may determine. In the event of a withdrawal from the Bond Reserve Account, the Village covenants to replenish the Bond Reserve Account at the rate of 1/12 the amount withdrawn per month, or \$ 2,760 per month, whichever is greater.

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

At the time of the delivery of any of the Bonds, the sum of \$ 15,000 shall be credited to said Account from funds on hand and lawfully available for such purpose.

(d) Depreciation, Improvement and Extension Account:

Beginning the month after the delivery of any of the Bonds, there shall be credited to the Depreciation, Improvement and Extension Account and held, in cash and investments, the sum of \$ 250.00 each month or such greater amount as the Corporate Authorities shall determine. If the amount on deposit to the credit of said Account exceeds the sum of \$ 30,000, the Village may credit such excess to the Surplus Account.

Amounts to the credit of said Depreciation, Improvement and Extension Account shall be used for (i) the payment of the cost of extraordinary maintenance, necessary repairs and replacements, or contingencies, the payment for which no other funds are available, in order that the System may at all times be able to render efficient service;

(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 Bond and Interest Account for such purpose.

Whenever an amount is withdrawn from such Account for the purpose stated in clause (ii) of the preceding paragraph, the amount so transferred shall be added to the amount to be next and thereafter credited to said Depreciation, Improvement and Extension Account until full reimbursement to said Account has been made.

At the time of delivery of the Bonds, or any of them, the sum of \$30,000 shall be credited to said Account from funds on hand and lawfully available for such purpose.

(e) Surplus Account:

All moneys remaining in the Sewerage 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 (d), inclusive, shall be credited at the end of the Fiscal Year 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 purposes, without any priority among them, as follows:

- (1) For the purpose of constructing or acquiring repairs, replacements, renewals, improvements or extensions to the System; or
- (2) For the purpose of calling and redeeming Outstanding Bonds which are callable at the time; or
- (3) For the purpose of purchasing Outstanding Bonds at the time at a price of not to exceed par and accrued interest to the date of purchase and the then applicable redemption premium thereon; or

- (4) For the purpose of paying principal of and interest on any subordinate bonds or obligations issued for the purpose of acquiring or constructing repairs, replacements, renewals, improvements and extensions to the System; or
  - (5) For any other lawful corporate purpose.
- (f) Moneys to the credit of the Operations and Maintenance Account, the Bond and Interest Account, Bond Reserve Account, Depreciation, Improvement and Extension Account and Surplus Account may be invested from time to time by the Treasurer of the Village 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) 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 (f)(i) and (f)(ii) above in the full principal amount of such excess, or (iv) the Public Treasurers' Investment Pool of the State of Illinois. Such investments may be sold from time to time by the Treasurer of the Village as funds may be 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, and, in any event, within the times as follows:

<u>Account</u>	<u>Time</u>
Operation and Maintenance	45 days
Bond and Interest	1 year
Bond Reserve	3 years
Depreciation	5 years
Surplus	5 years

All interest on any funds so invested shall be credited to the Sewerage Fund and is hereby deemed and allocated as expended with the next expenditure(s) of money from the Sewerage 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 Village or any officer thereof as part of the transcript of proceedings for the issuance of the Bonds, and to appropriate opinions of counsel.

- (g) 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 Sewerage Fund as they may in their sole discretion designate.
- (h) Upon the refunding of the Prior Bonds, all the moneys remaining in the special accounts established and maintained by the ordinance authorizing the Prior Bonds (the "Prior Accounts") shall be transferred as follows:
  - (i) From the Sewer System Operation and Maintenance Account established and maintained by the ordinance authorizing the Prior Bonds, all amounts on deposit to the Operation and Maintenance Account hereunder.
  - (ii) From the remaining Prior Accounts:
    - (A) So much of the remainder as may be necessary to the United States of America, acting through the United States Department of Agriculture, for the purpose of refunding and redeeming the Prior Bonds;

(B) The sums necessary to make the required beginning credits to the accounts hereinabove created; and

(C) The balance to the Depreciation, Improvement and Extension Account.

Section 14. General Covenants. The Village covenants and agrees with the owners of the Outstanding Bonds, so long as there are any Outstanding Bonds, as follows:

- (a) The Village 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 Village will establish and maintain at all times reasonable fees, charges and rates for the use and service of the System, and will provide for the collection thereof and the segregation and application of the revenues of the System in the manner provided by this ordinance, sufficient at all times to pay Operation and Maintenance Expenses, to provide an adequate depreciation fund, to pay the principal of and interest on all bonds of the Village which by their terms are payable solely from the revenues of the System, and to provide for the creation and maintenance of the respective accounts as provided in Section 12 of this ordinance.

As long as there are Outstanding Bonds, the Village covenants and agrees that it will establish and maintain a schedule of rates and charges sufficient at all times to pay the Operation and Maintenance costs and to provide Net Revenues in each Fiscal Year in not less than 125% of the amount of the principal of and interest on all Outstanding Bonds payable from Net Revenues and to be provided in such Fiscal Year; further, to the extent necessary after the application of the Net Revenues received pursuant to such 125% coverage covenant, to provide such additional Net Revenues to provide an adequate depreciation fund, to pay and provide an adequate reserve for the payment of the interest on and principal of all bonds which by their terms are payable from the revenues of the System, and to make all of the deposits required by and to comply with all of the covenants of this ordinance.

There shall be charged against all users of the System, including the Village, such rates and amounts for sewer services as shall be adequate to meet the requirements of this subsection. Charges for services rendered the Village shall be made against the Village, and payment for the same shall be made monthly from the corporate funds into the Sewerage Fund as revenues derived from the operation of the System.

Whenever money in the Bond Reserve Account is used to pay principal of or interest on Outstanding Bonds, the Village 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 Village has taken responsive to such study.

- (c) The Village 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 Village 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 Village will make and keep proper books and accounts (separate and apart from all other records and accounts of said Village), in which complete entries shall be made of all transactions relating to the System, and hereby covenants that within ninety (90) 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 audits will be available for inspection by the owners of any of the Bonds. Each such audit, in addition to whatever matters may be thought proper by the accountants to be included therein, shall, without limiting the generality of the foregoing, include the following:



- (i) A statement in detail of income and expenditures of the System for such Fiscal Year.
- (ii) A balance sheet as of the end of such Fiscal Year, including a statement of the amount held in each of the accounts of the Sewerage Fund.
- (iii) A list of all insurance policies in force at the end of the Fiscal Year, setting out as to each policy the amount of the policy, the risks covered, the name of the insurer, and the expiration date of the policy.
- (iv) The number of sewer customers served by the System at the end of the Fiscal Year and the quantity of sewage treated.
- (v) Changes in the cost, if any, of purchased sewer services during such Fiscal Year.
- (vi) 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.
- (vii) The amount and details of all Outstanding Bonds.
- (viii) The accountant's comment regarding the manner in which the Village has carried out the accounting requirements of this ordinance, and the accountant's recommendations for any changes or improvements in the operation of the System.

All expenses of the audit required by this section shall be regarded and paid as an Operation and Maintenance Expense.

It is further covenanted and agreed that a copy of each such audit shall be furnished upon completion to the original purchaser of the Bonds, and a summary thereof shall be furnished to any owner of a Bond upon request.

- (f) The Village 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 Bond and Interest Account, the Bond Reserve Account and the Depreciation, Improvement and Extension Account shall be in cash and said funds shall be held separate and apart in cash and investments. For the purpose of

determining whether sufficient cash and investments are on deposit in such accounts under the terms and requirements of this ordinance, investments shall be valued at the market price on the valuation date.

- (g) The Village will not sell, lease, loan, mortgage or in any manner dispose of or encumber the System (subject to the right of the Village 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 Village will take no action in relation to the System which would unfavorably affect the security of the Outstanding Bonds or the prompt payment of the principal and interest thereon. Any amounts received from the sale of property of the System shall be deposited to the credit of the Depreciation, Improvement and Extension Account.
- (h) Any owner of a Bond may proceed by civil action to compel performance of all duties required by law and this ordinance, including the making and collecting of sufficient charges and rates for the services supplied by the System and the application of the income and revenue therefrom.
- (i) The Village will carry insurance on the System of the kinds and in the amounts which are usually carried by private parties operating similar properties, covering such risks as shall be recommended by a competent consulting engineer or insurance consultant employed by the Village for the purpose of making such recommendations. All moneys received for loss under such insurance policies shall be deposited in 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, or for other necessary capital improvements 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 Expense.

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

- (j) The Village covenants not to provide any free service of the System, and, to the extent permitted by law, the Village will not grant a franchise for the operation of any competing sewerage system or combined waterworks and sewerage system within the Village.
- (k) The Village will adopt a budget for the Sewerage Fund prior to the beginning of each Fiscal Year, subject to all 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 Village appropriated for the purpose. If during the Fiscal Year there are extraordinary receipts or payments of unusual cost, the Village will adopt an amended budget for the remainder of the Fiscal Year, providing for receipts or payments pursuant to this ordinance.

Section 15. Issuance of Parity Bonds. As long as there are any Outstanding Bonds, no obligations or bonds shall be issued having a prior lien on the revenues of the System and no obligations or bonds of any kind shall be issued which are payable from the revenues of the System except upon compliance with one of the options (a) through (e) set out below:

- (a) Parity Bonds may be issued for the purpose of paying the cost of repairs, replacements, renewals, improvements and extensions to the System or for refunding Outstanding Bonds upon compliance with the following conditions:
  - (i) The amounts required to be credited monthly to the respective accounts described in subsections (a) to (d), inclusive, of Section 12 of this ordinance must have been credited in full up to the date of the delivery of such Parity Bonds.
  - (ii) The Net Revenues of the System for the last completed Fiscal Year prior to the issuance of the Parity Bonds (as shown by the audit of an independent certified public accountant), OR the adjusted Net Revenues of the System for such year (adjusted as provided in clause (iii) below) must equal at

least 125% of Maximum Annual Debt Service computed immediately after the issuance of the proposed Parity Bonds, but only for those Fiscal Years in which the Outstanding Bonds immediately prior to such issuance will continue to be Outstanding Bonds as provided herein.

- (iii) Net Revenues of the System are to be adjusted as follows:
  - (A) In the event there shall have been an increase in the rates of the System from the rates in effect for the preceding Fiscal Year, which increase is in effect at the time of the issuance of any such Parity Bonds, the Net Revenues as described hereinabove may be adjusted to reflect the Net Revenues of the System for the immediately preceding Fiscal Year as they would have been had said then existing rates been in effect during all of said Fiscal Year. Such adjustment shall not be based in any respect whatsoever on any projected increase in customers or usage.
  - (B) Net Revenues of the System must be adjusted in the event there shall have been a decrease in the rates of the System in or after the last preceding Fiscal Year, which decrease is in effect at the time of the issuance of any such Parity Bonds, by the reduction thereof to that amount which would have been received had said decreased rates been in effect during all of said Fiscal Year.
  - (C) Any such adjustment shall be evidenced by the certificate of an independent consulting engineer having a reputation for skill and experience in the construction and operation of public utilities or an independent certified public accountant employed for that purpose, which certificate shall be filed with the Corporate Authorities prior to the issuance of the proposed Parity Bonds.
- (b) Without compliance with the conditions set forth in (a) above, the Village reserves the right to issue Parity Bonds, if the System is either destroyed or damaged to the extent that it cannot be operated and if funds received from insurance or other sources are inadequate to restore the System to a condition such that it can

be operated. The Village may not issue Parity Bonds under this option, unless the owners of at least 75% of the principal amount of the Outstanding Bonds consent in writing to the issuance of the proposed Parity Bonds prior to the adoption of the bond ordinance authorizing their issuance. In such consents, such owners must consent to the total cost of restoration, the engineering firm selected by the Village in connection with such restoration, and the amount of the proposed Parity Bonds to be issued for the purpose of paying the cost of such restoration.

- (c) Parity Bonds may be issued to refund Outstanding Bonds if the Parity Bonds so issued (i) do not exceed the principal amount of the Outstanding Bonds to be refunded, (ii) do not bear interest at a rate in excess of the Outstanding Bonds to be refunded, and (iii) do not mature earlier than any Outstanding Bonds not to be refunded.
- (d) Parity Bonds may be issued to refund Outstanding Bonds in order to avoid a default in the payment of principal of or interest on Outstanding Bonds; provided, they are issued to avoid such default within one year of the date thereof; and, provided, that any Parity Bonds so issued shall not mature earlier than any then Outstanding Bonds the principal of which is not so refunded.
- (e) Bonds or other obligations may be issued payable from the revenues of the System subordinate to the Outstanding Bonds. Such subordinate bonds shall be payable from the Surplus Account created in Section 12 of this ordinance.

All bonds issued under this Section shall mature as to principal on May 1 and as to interest on May 1 and/or November 1.

Contracts or agreements, including long-term and take or pay contracts or agreements, for the treatment of sewage which by their terms require payment by the Village as an Operation and Maintenance Expense or from the Operation and Maintenance Account are expressly excluded from the provisions of this ordinance pertaining to Parity Bonds. Such contracts or agreements may be made by the Village notwithstanding any of the provisions herein.

Section 16. Sale of Bonds. The Bonds hereby authorized shall be executed as in this ordinance provided as soon after the passage hereof as may be, and thereupon be deposited with the Village Treasurer of the Village, and be by said Treasurer delivered to Chapin State Bank, Chapin, Illinois, the purchaser thereof, upon receipt of the purchase price therefor, the same being the par value of the Bonds, plus accrued interest to the date of delivery. The contract for the sale of the Bonds heretofore entered into is in all respects ratified, approved and confirmed, it being hereby found and determined that said contract is in the best interests of the Village and that no person holding any office of the Village either by election or appointment, is in any manner interested, either directly or indirectly, in his own name or in the name of any other person, association, trust or corporation, in said contract for the purchase of the Bonds.

Section 17. Use of Proceeds, Expense Fund. The proceeds derived from the sale of the Bonds shall be used as follows:

- (a) Accrued interest shall be credited to the Bond and Interest Account.
- (b) \$12,000 of the proceeds of the Bonds shall be deposited into a separate fund, hereby created, designated the "Expense Fund" to be used to pay expenses of issuance. Disbursements from such fund shall be made from time to time upon the direction of the Corporate Authorities.
- (c) The sum necessary shall be used to provide for the refunding and payment in full of all the Prior Bonds,

and for the payment of such expenses as may be designated. Payment shall be made to the United States of America, acting through the United States Department of Agriculture, Farmers Home Administration. All of the Prior Bonds shall be cancelled and destroyed by the Treasurer of the Village.

Section 18. Provisions a Contract. The provisions of this ordinance shall constitute a contract between the Village and the owners of the Outstanding Bonds and no changes, additions, or alterations of any kind shall be made hereto, except as herein provided, so long as there are any Outstanding Bonds.

Section 19. Not Private Activity Bonds. None of the Bonds is a "private activity bond" as defined in Section 141(a) of the Internal Revenue Code of 1986 (the "Code"). In support of such conclusion, the Village certifies, represents and covenants 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 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.

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.

D. No user of the System or the Project other than the Village will use the same on any basis other than the same basis as the general public; and no person will be a user of the System

or the Project as a result of (i) ownership or (ii) actual or beneficial use pursuant to a lease, a management or incentive payment contract, or (iii) any other arrangement.

Section 20. Arbitrage. The principal proceeds of the sale of the Bonds shall be devoted to and used with due diligence for the refunding of the Prior Bonds. The Corporate Authorities certify and covenant with the purchasers and owners of the Bonds from time to time outstanding that so long as any of the Bonds remain outstanding, moneys on deposit in any fund or account in connection with the Bonds, whether or not such moneys were derived from the proceeds of 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 Section 148 of the Code, and any lawful regulations thereunder, including Treas. Reg. §1.103-13, 1.103-14 and 1.103-15 (1979) as the same presently exist, or may from time to time hereafter be amended, supplemented or revised. The Corporate Authorities reserve the right, however, to make any investment of moneys on deposit in any fund or account in connection with the Bonds permitted by state law, if, when and to the extent that said Section 148 or the regulations thereunder shall be repealed or relaxed or shall be held void by final decision of a court of competent jurisdiction, but only if any investment made by virtue of such repeal, relaxation or decision would not, in the opinion of an attorney at law or a firm of attorneys of nationally recognized standing in matters



pertaining to tax-exempt bonds, adversely affect the tax-exempt status of the interest on the Bonds.

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

The Village agrees to comply with all provisions of the Code which, if not complied with by the Village, would cause the interest on the Bonds not to be tax exempt in the hands of a holder who is a natural person. The Village further agrees: (a) through its officers, to make such further specific covenants, representations as shall be truthful, and assurances as may be necessary or advisable; (b) to consult with counsel approving the Bonds and to comply with such advice as may be given; (c) to file such forms, statements, and supporting documents as may be required and in a timely manner; and (d) if deemed necessary or advisable by its officers, to employ and pay fiscal agents, financial advisors, attorneys, and other persons to assist the Village in such compliance.

**Section 21. Arbitrage Rebate Exemption.** The Village recognizes that the provisions of Section 148 of the Code require a rebate to the United States in certain circumstances. An exemption to rebate requirements appears at Section 148(f)(4)(C)

of the Code and applies to this issue. No rebate is required or planned by the Village. In support of this conclusion, the Village covenants, represents and certifies as follows:

A. The Village 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 Village described in this ordinance (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Village).

D. The aggregate face amount of all tax-exempt bonds (other than "private activity bonds" as defined in the Code) issued by the Village (and all subordinate entities thereof) during 1988 is not reasonably expected to exceed \$5,000,000.

Section 22. Designation of Issue. For purposes of Section 265(b)(3) of the Code, the Corporate Authorities hereby designate each of the Bonds as a "qualified tax-exempt obligation" as provided therein. In support of such designation, the Corporate Authorities state that:

(1) None of the Bonds is a "private activity bond" as defined in Section 141 of the Code; and

(2) The Village (including any entities subordinate thereof) will not issue in excess of \$10,000,000 in tax-exempt obligations (other than private activity bonds as provided in Section 265(b)(3) of the Code), including the Bonds, during the calendar year of the issuance of the Bonds.

Section 23. Registered Form. The Village recognizes that Section 149(a) of the Code requires the Bonds to be issued and to remain in fully registered form in order that interest thereon is exempt from federal income taxation under laws in force at the time the Bonds are delivered. In this connection, the Village agrees that it will not take any action to permit the Bonds to be issued in, or converted into, bearer or coupon form.

Section 24. List of Bondholders. The Bond Registrar shall maintain a list of the names and addresses of the owners of all Bonds and upon any transfer shall add the name and address of the new owner and eliminate the name and address of the transferor.

Section 25. Duties of Bond Registrar. If requested by the Bond Registrar, the President and Village Clerk of the Village are authorized to execute the Bond Registrar's standard form of agreement between the Village and the Bond Registrar with respect to the obligations and duties of the Bond Registrar hereunder which may 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 the owners of the Bonds as set forth herein and to furnish such list to the Village upon request, but otherwise to keep such list confidential;

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

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

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

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

The Village Clerk of the Village is hereby directed to file a certified copy of this ordinance and of the sale proceedings as referred to in Section 17 hereof with the Bond Registrar.

**Section 26. Discharge and Satisfaction of Bonds.** The covenants, liens and pledges entered into, created or imposed pursuant to this Ordinance may be fully discharged and satisfied with respect to the Bonds, or any of them, in any one or more of the following ways:

(a) By paying the Bonds 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 or redemption, money in the necessary amount to pay or redeem 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 or redemption, direction 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 or redeem the Bonds, in accordance with their terms.

Upon such payment or deposit in the amount and manner provided by this Section, and where appropriate providing the paying agent or the escrow agent for such Bonds with written instructions regarding the mailing of the applicable notice of

redemption, such Bonds shall no longer be deemed outstanding for all purposes of this ordinance and all liability of the Village with respect to such Bonds shall cease and be completely discharged, and the holders thereof shall be entitled only to payment out of the money or securities so deposited.

Section 27. 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 28. Repealer. All ordinances, resolutions or orders, or parts thereof, in conflict with the provisions of this ordinance are to the extent of such conflict hereby repealed.

Section 29. Effective Date. This ordinance shall be in effect upon its passage by the Corporate Authorities, signing and approval by the President of the Village and publication in accordance with law.

Section 30. Publication. This ordinance shall be published at least once within ten (10) days of passage hereof by the Corporate Authorities in the Meredosia Budget/Triopia Tribune being a newspaper published in The County of Morgan, Illinois and with a general circulation within the Village, there being no newspaper published within the Village.

Section 31. Additional Authority. Bonds which are issued hereto are issued in part pursuant to the Municipal Bond Reform Act.

Passed by the Corporate Authorities on June 1, 1988.

Approved June 1, 1988.

  
\_\_\_\_\_  
President, Village of Chapin,  
Morgan County, Illinois Jack Baldwin

AYES: Martin, Stonehouse, Hill, Kinsell, Floyd

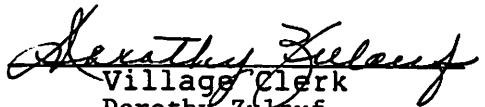
NAYS: None

ABSENT: Huyser

PUBLISHED in the Meredosia Budget/Triopia Tribune on June 8, 1988,  
1988.

RECORDED in the Village Records on June 1, 1988.

Attest:

  
\_\_\_\_\_  
Village Clerk  
Dorothy Zulauf

Trustee Kinsell moved and Trustee Hill seconded the motion that said ordinance as presented and read by the Village Clerk be adopted.

After a full and complete discussion thereof, the President directed that the roll be called for a vote upon the motion to adopt the ordinance as read.

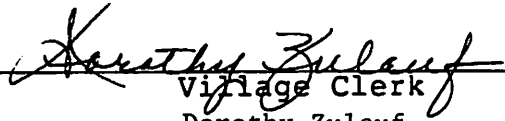
Upon the roll being called, the following Trustees voted AYE: Martin, Stonehouse, Hill, Kinsell, Floyd

NAY: None

Whereupon the President declared the motion carried and the ordinance adopted, and henceforth did approve and sign the same in open meeting and did direct the Village Clerk to record the same in full in the records of the President and Board of Trustees of the Village of Chapin, Morgan County, Illinois.

Other business not pertinent to the adoption of said ordinance was duly transacted at said meeting.

Upon motion duly made and seconded, the meeting was adjourned.

  
Village Clerk  
Dorothy Zulauf

STATE OF ILLINOIS            )  
                                  ) SS  
COUNTY OF MORGAN            )

**CERTIFICATION OF ORDINANCE AND MINUTES**

I, the undersigned, do hereby certify that I am the duly qualified and acting Village Clerk of the Village of Chapin, Morgan County, Illinois (the "Village"), and as such officer I am the keeper of the books, records, files, and journal of proceedings of the Village and of the President and Board of Trustees thereof (the "Board").

I do further certify that the foregoing constitutes a full, true and complete transcript of the minutes of the legally convened meeting of the Board held on the 1st day of June, 1988, insofar as same relates to the adoption of Ordinance No. 88-4 entitled:

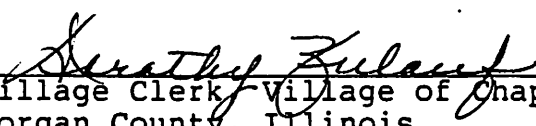
**AN ORDINANCE** authorizing and providing for the issue of \$280,000 Sewerage Refunding Revenue Bonds, Series 1988, of the Village of Chapin, Morgan County, Illinois, for the purpose of refunding outstanding sewer revenue bonds of said Village, prescribing all the details of said bonds, and providing for the collection, segregation and distribution of the revenues of the sewerage system of said Village.

a true, correct and complete copy of which said ordinance as adopted at said meeting appears in the foregoing transcript of the minutes of said meeting.

I do further certify that the deliberations of the Board on the adoption of said ordinance were taken openly, that the vote on the adoption of said ordinance was taken openly, that said meeting was held at a specified time and place convenient to the public, that notice of said meeting was duly given to all of the news media requesting such notice, that said meeting was called and held in strict accordance with the provisions of the Illinois Municipal Code, as amended, and the Open Meetings Act of the State of Illinois, as amended, and that the Board has complied with all of the applicable provisions of said Code and said Act and its procedural rules in the adoption of said ordinance.



IN WITNESS WHEREOF, I have hereunto affixed my official signature and the seal of the Village, this 1st day of June, 1988.

  
\_\_\_\_\_  
Village Clerk, Village of Chapin,  
Morgan County, Illinois  
Dorothy Zulauf

(SEAL)