

ORDINANCE 05 - 04

ORDINANCE AUTHORIZING THE PRESIDENT TO EXECUTE
AN ADDENDUM TO THE POWER SUPPLY CONTRACT WITH THE IMEA

WHEREAS, the Illinois Municipal Electric Agency ("IMEA" or "Agency") and the Village of Chatham (Chatham) have entered into a Power Sales Contract dated March 11, 2003, pursuant to which Chatham agreed to purchase and the IMEA agreed to provide and sell, subject to certain limitations, all of the electric power and energy required for the operation of Chatham's municipal electric utility for a term commencing May 1, 2003 and extending, through September 30, 2035; and

WHEREAS, the Power Sales Contract between IMEA and Chatham required Chatham to continue to pay rates and charges according to the Wholesale Power Supply Agreement between IMEA and Chatham dated April 26, 2001, until June 1, 2006 at which time Chatham would begin paying rates and charges under Section 3, Rates and Charges, of the Power Sales Contract; and

WHEREAS, IMEA and Chatham have agreed to amend the Power Sales Contract as set forth in an Addendum to Power Sales Contract attached hereto to allow Chatham to begin paying the Rates and Charges under Section 3 of the Power Sales Contract on March 1, 2005; and

WHEREAS, the Public Works Committee of the Village Board has recommended approval of the Addendum to Power Sales Contract with the IMEA.

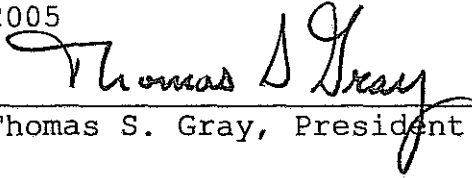
NOW THEREFORE, BE IT ORDAINED BY THE PRESIDENT AND BOARD OF TRUSTEES OF THE VILLAGE OF CHATHAM, SANGAMON COUNTY, ILLINOIS:

Section 1. The President and Board of Trustees of the Village of Chatham hereby accept and approve the Addendum to Power Sales Contract with the IMEA.

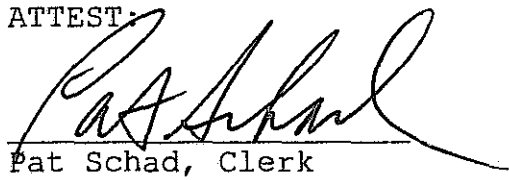
Section 2. The President is hereby authorized and empowered to execute the Addendum to Power Sales Contract with the IMEA, a copy of which is attached hereto and incorporated herein.

Section 3. This Ordinance shall take effect immediately upon its passage and approval as provided by law.

ADOPTED THIS 22ND DAY OF FEBRUARY, 2005


Thomas S. Gray, President

ATTEST:

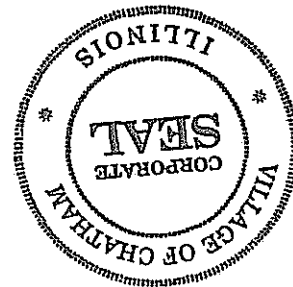

Pat Schad, Clerk

APPROVED this 22nd day of February, 2005

AYES: 6 HERR M'ADAMS BOYLE M'CARTHY M'GRATH KAUNAGH

NAYS: 0

ABSENT: 0



ADDENDUM TO POWER SALES CONTRACT

This Addendum to the Power Sales Contract between the Illinois Municipal Electric Agency and the Village of Chatham is made this 22nd day of February, 2005, by and between the ILLINOIS MUNICIPAL ELECTRIC AGENCY, a municipal corporation and unit of local government of the State of Illinois, and the VILLAGE OF CHATHAM, an Illinois municipal corporation.

WHEREAS, the Illinois Municipal Electric Agency ("IMEA" or "Agency") and the Village of Chatham ("Chatham") have entered into a Power Sales Contract, dated March 11, 2003, pursuant to which Chatham agreed to purchase and the IMEA agreed to provide and sell, subject to certain limitations, all of the electric power and energy required for the operation of Chatham's municipal electric utility for a term commencing on May 1, 2003 and extending through September 30, 2035; and

WHEREAS, the Power Sales Contract between IMEA and Chatham required Chatham to continue to pay rates and charges according to the Wholesale Power Supply Agreement between IMEA and Chatham dated April 26, 2001 until June 1, 2006 at which time Chatham would begin paying rates and charged under Section 3, Rates and Charges, of the Power Sales Contract, and

WHEREAS, IMEA and Chatham have agreed to amend the Power Sales Contract as set forth herein to allow Chatham to begin paying the Rates and Charges under Section 3 of the Power Sales Contract on March 1, 2005.

NOW, THEREFORE, the Illinois Municipal Electric Agency and the Village of Chatham hereby agree as follows:

1. Section 1 of the Power Sales Contract is hereby deleted in its entirety and replaced with the following language:

Section 1. Term

(a) Initial Term and Termination

This Contract shall take effect on May 1, 2003 and shall remain in effect for an initial term through September 30, 2035 and thereafter from year to year until terminated by five (5) years prior written notice. In no event shall this Contract extend beyond September 30, 2040. Section 3, Rates and Charges, shall become effective on March 1, 2005 and shall continue in effect throughout the remainder of the term of this Contract. During the term of the Contract between the effective date of the Contract and March 1, 2005, Member shall continue to pay rates and charges according to the current Wholesale Power Supply Agreement between IMEA and the Member dated April 26, 2001.

(b) Conditions for Effectiveness of Contract

[Blank]

(c) Commencement of Service and Cancellation of Existing Contract

Service to the Member under this Contract shall commence on May 1, 2003. Until the Agency commences the service under this Power Sales Contract, it shall continue to provide electric power and energy and the Member shall continue to take electric power and energy pursuant to the Wholesale Power Supply Agreement between the Agency and the Member dated April 26, 2001. Simultaneously with the commencement of service under this Contract, the present Wholesale Power Supply Agreement between the Member and the Agency shall be terminated and be superseded by this Contract, except that during the period from the effective date of this Contract and March 1, 2005, Member shall continue to be charged rates and charges according to the Wholesale Power Supply Agreement between IMEA and Member dated April 26, 2001.

All other power supply or transmission contracts between the Member and any entity other than the Agency shall be terminated or assigned by the Member to the Agency no later than the date upon which the Agency commences service to the Member as provided in this subparagraph or such other action is taken as mutually agreeable by the Agency and the Member.

If the Member is taking power or transmission service from a supplier other than IMEA on such commencement date, the providing of power by IMEA, shall commence only if that Member's obligations from such supplier have ceased pursuant to an assignment or termination of an existing contract.

2. Section 3 of the Power Sales Contract is hereby deleted in its entirety and replaced with the following language:

Section 3. Rates and Charges

As stated in Section 1 (a), this Section 3 shall become effective on March 1, 2005. During the period from the effective date of this Contract and March 1, 2005, Member shall continue to be charged rates and charges under the Wholesale Power Supply Agreement between IMEA and Member dated April 26, 2001.

The Member shall pay the Agency for all power and energy and other services furnished under this Contract from March 1, 2005 at the rates and on the terms and conditions set forth in the Rate Schedule, as the Rate Schedule may be changed and supplemented by the Agency's Board of Directors from time to time.

The Agency's Board of Directors shall establish and maintain its rates and charges under its Power Sales Contracts with its Participating Members to provide revenues which are sufficient, but only sufficient, together with other available revenues of the

Agency, to cover the estimated Revenue Requirements of the Agency. In determining rates and charges necessary to produce sufficient revenues, the Agency shall take into account any anticipated (or actual) delinquency or default in payments by Participating Members. The Agency's rates and charges shall be set generally on a uniform postage stamp basis so as to recover all production and transmission costs in providing service to all Participating Members; provided, however, that the rates and charges may vary between Participating Members to reflect contracts with Participating Members having varying lengths of terms, the effect on rates for Participating Members selecting the option provided for in Section 1(d) of this Contract, differences in delivery voltage level, delivery facilities costs, different load factors, and variances in service provided to Participating Members which enter into Capacity Purchase Agreements and Participating Members which do not (including a phase-in of postage stamp rates to reflect load factors of certain Participating Members) and may contain ratchets, load factor requirements and other provisions which affect all Participating Members or only Participating Members which obtain a portion of their requirements from any other source. Rates and charges may also vary between Participating Members executing Power Sales Contracts in 2003 and those who executed Power Sales Contracts in 1990 and who will have paid a full proportionate share of debt service for the Agency's 1990 bond financing that was refinanced in 1998. Participating Member shall pay a fixed Debt Service Payment associated with the Agency's 1990 bonds, which were refinanced in 1998. Prior to March 1, 2005, the Agency Board of Directors shall establish a schedule of such payments based on the Agency's then current 30 year debt service demand charge set forth in Schedule B and Participating Member's monthly billing demands for the most recent twelve months. Such calculation shall establish the monthly fixed Debt Service Payment associated with such bonds which shall be paid each month by the Participating Member until such time as the debt service associated with the 1998 Power Supply System Revenue Refunding Bonds are fully paid and retired by the Agency. The methodology for establishing rates and charges used by the Agency may be modified by the Agency from time to time.

The Agency shall place into effect initial rates and charges applicable on commencement of service by the Agency to the Participating Members and thereafter at such intervals as it shall determine appropriate, but in any event not less frequently than once in each calendar year, the Agency shall review and, if necessary, revise its rates and charges under the Power Sales Contracts, to ensure that the rates and charges there under cover the Agency's estimated Revenue Requirements.

The Agency's rates and charges hereunder may include one or more automatic adjustment clauses which may be modified or changed periodically to insure that the Agency is protected against changing cost of fuel, purchased power, taxes, and other costs of service. The automatic adjustment clauses may use estimated costs, with a later true-up to actual costs. The Agency may place an automatic adjustment clause in effect to recover costs from the date they were incurred upon thirty (30) days notice

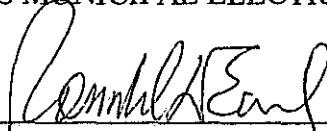
to the Member and shall provide the Member supporting information which need not be the same detailed analysis as for base rate changes.

In connection with any revision of the Rate Schedule, except as to automatic adjustment clause rate changes, the Agency shall cause a notice in writing to be given to all Participating Members which shall set out any proposed revision of the Rate Schedule with the effective date thereof, which shall be not less than sixty (60) days after the date of the mailing of the notice, and which shall be accompanied by an analysis of the estimated Revenue Requirements for which the Rate Schedule is proposed to be revised and the derivation of the proposed rate. The Member agrees to pay for electric power and energy made available by the Agency to it hereunder after the effective date of any revisions in the Rate Schedule in accordance with the Rate Schedule as so revised.

3. It is agreed between the parties that in the event there is a conflict between the provisions of this Addendum and provisions of the Power Sales Contract that the provisions of this Addendum shall prevail and control.

IN WITNESS THEREOF the parties have authorized the execution of this Addendum and have caused their duly authorized representatives to sign as of the day and year first written above.

ILLINOIS MUNICIPAL ELECTRIC AGENCY



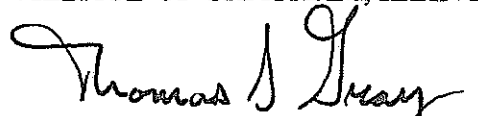
General Manager & CEO

ATTEST:



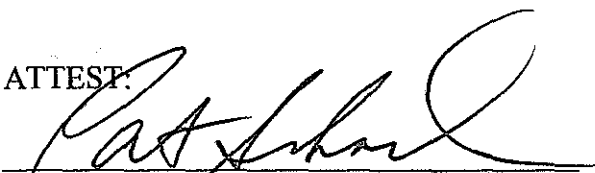
Administrative Manager

VILLAGE OF CHATHAM, ILLINOIS



Thomas S. Gray, President

ATTEST:



Pat Schad, Clerk