

AN ORDINANCE APPROVING A LOAN TRANSACTION WITH ILLINOIS NATIONAL BANK

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

SECTION 1: In accordance with Section 8-1-3.1 of the Illinois Municipal Code, the Village shall borrow an additional sum up to \$500,000 from Illinois National Bank at an interest rate of 2.75%, increasing the total debt in connection with anticipated water plant improvements from \$550,000 up to \$1,050,000. The loan shall be paid in full by October 1, 2010.

SECTION 2: The Village President is hereby authorized to execute the loan agreement and associated loan documents subject to the limitations above stated, and thereafter, the proper officers and employees of the Village are authorized and directed to carry out the loan transaction according to its terms.

SECTION 3: This Ordinance is effective upon its passage and approval as required by law.

PASSED this 9th day of February, 2010.

Thomas J Gray
VILLAGE PRESIDENT

ATTEST:
[Signature]
VILLAGE CLERK

AYES: 5 HERR BOYLE REYNOLDS KAVANAGH
SCHATTEMAN

NAYES: 1 MAN

PASSED: 2-9-10

APPROVED: 2-9-10

ABSENT: 0





February 9, 2010

Sherry Dierking
Director of Finance
Village of Chatham
116 East Mulberry St.
Chatham, IL 62629

Re: Proposed Loan by ILLINOIS NATIONAL BANK ("Bank") to Village of Chatham ("Borrower")

Dear Sherry:

Illinois National Bank is pleased to offer to extend a loan to the Borrower, subject to the terms, provisions, limitations, and conditions contained herein:

1. **Loan Amount:** \$1,050,000 Masternte
2. **Interest Rate:** 2.75% tax exempt bank qualified rate
3. **Term:** 10/1/10 maturity
4. **Payments:** Interest monthly. Principal from bond issue.
5. **Security:** Unsecured
6. **Purpose:** Increase existing Mastenote by \$500,000 from \$550,000 to \$1,050,000 for additional startup costs relating to new water plant until bonds are issued.
7. **Other:**
 - Attorney opinion letter that this transaction is tax exempt and bank qualified
 - Executed IRS 8038 G form
 - Ordinance approving this transaction by Village Board
8. **Acceptance of Offer:** This offer must be accepted in writing not later than February 26, 2010 and be deemed accepted only when executed and returned to the Bank's office at 322 E. Capitol, Springfield, IL 62701.
9. **Loan Closing:** This loan shall be closed not later than March 31, 2010. The Bank may extend this closing date at its option.
10. **Covenants:** So long as Borrower is indebted to Bank, the Borrower shall:
 - 10.1 Maintain, preserve, and keep its buildings and properties and every part thereof in good repair, working order, and condition and from time to time make all necessary and proper repairs, renewals, replacements, additions, betterments, and improvements thereof, so that at all times, the efficiency thereof shall be fully preserved and maintained.
 - 10.2 Maintain insurance against fire, theft, and other casualty on its insurable real and personal property at full replacement cost from companies acceptable to the Bank against liability on account of damage to persons or property as required under all workmen's compensation laws. Also, Borrower shall maintain any other insurance as may from time to time be reasonably requested by the Bank and shall deliver certified copies of all such insurance policies to the Bank which insurance with respect to real property shall name the Bank as "mortgagee" under a standard loss-payable clause and with respect to personal property shall include a separate lender's loss-payable clause insuring the Bank's security interest or lien in the Borrower's property regardless of any act or neglect of the Borrower. The Borrower shall deliver certified copies of all such insurance policies to the Bank.
 - 10.3 Duly pay and discharge or cause to be paid and discharged all taxes, assessments, and other governmental charges imposed upon it and its properties or any part thereof, or upon the income or profits therefrom, as well as all claims for labor, materials, or supplies, which if unpaid could become a lien or charge upon its property, except such items as are being in good faith appropriately contested and for which the Borrower has provided adequate reserves.
 - 10.4 Carry on and conduct its business in substantially the same manner and in substantially the same areas as such business is now and has previously been carried on, and maintain its legal existence, and comply with all valid and applicable statutes, rules and regulations.
 - 10.5 Maintain a standard, modern system of accounting; deliver to Bank financial reports in form satisfactory to Bank as Bank may request from time to time, including but not limited to: annual financial statements and copies of annual income tax returns, and permit the duly authorized representative(s) of Bank at all reasonable times to examine and inspect any of the Borrower's property wherever same may be located.
 - 10.6 Borrower shall comply with all applicable federal, state and local laws, ordinances, rules and regulations, including, but not limited to, all environmental laws, ordinances, rules and regulations and shall keep all of its real and personal property or any interest therein (the "Property") free and clear of any liens imposed pursuant to such laws, ordinances, rules

and regulations and deliver to Bank such reports and information in form satisfactory to Bank as Bank may request from time to time to establish compliance with this covenant.

10.7 Borrower shall comply with all applicable federal, state and local laws, ordinances, rules and regulations concerning wage payments, minimum wages, overtime laws, and payment of withholding taxes, and deliver to Bank such reports and information in form satisfactory to Bank as Bank may request from time to time to establish compliance with such laws.

10.8 If real or personal property, or both, or any interest therein is mortgaged, conveyed, or assigned or a security interest granted therein by the Borrower to the Bank as security for payment of the Loan:

(a) Borrower shall comply with all warranties, covenants and representations of such mortgage, security agreement, conveyance or assignment which warranties, covenants and representations are incorporated by reference herein in their entirety.

10.9 The Bank shall not be required to make any advance or loan to the Borrower if in the opinion of the Bank, there exists an uncorrected violation of any Environmental Law (as defined in the General Conditions), or other applicable environmental law or regulation, or any environmental condition which may impair the value of the Property or which may impair the Borrower's financial viability, which requires, or may require, a cleanup, removal or other remedial action by the Borrower or in connection with the Property or its operation under any Environmental Law.

11. **Other Terms and Conditions:**

11.1 Nothing contained in this Agreement or any exhibit attached hereto or any agreement given pursuant hereto shall be deemed or construed as creating any relationship other than that of borrower and lender. There is no partnership or joint venture between the Bank and Borrower, or between the Bank and any other person and the Bank is not responsible in any way for the debts or obligations of the Borrower or any other person. Nothing in this letter or any attachments makes the Bank a fiduciary for the Borrower or any other person.

11.2 This letter is personal to the parties hereto and is for their sole benefit and is not made for the express or implied benefit of any other person or entity.

11.3 Any appraisals of the Borrower's property or evaluation of the potential profitability of the enterprise to be engaged in by the Borrower in connection with the extension of credit or proposed extension of credit from the Bank to the Borrower, are for the sole benefit of the Bank and do not constitute a representation of the likelihood of financial viability of such enterprise by the Bank to the Borrower.

11.4 This letter, if accepted by the Borrower, constitutes the entire agreement between the Bank and Borrower. Any and all prior, contemporaneous, oral or written agreements, understandings, statements, customs or practices between the Bank and the Borrower pertaining to the transaction herein described are merged herein. No parties have made any representations, warranties or inducements, express or implied, to any other party, except as expressly set forth herein.

11.5 The terms of this letter may not be modified, waived, discharged or terminated orally, except by an instrument in writing signed by Borrower and the Bank.

Accepted and approved this _____ day of _____, 2010.

Village of Chatham:

ILLINOIS NATIONAL BANK

By:



John Maxfield, Vice President