

Ordinance No. 13-06

AN ORDINANCE APPROVING AN INTERGOVERNMENTAL AGREEMENT WITH THE VILLAGES OF NEW BERLIN AND CHATHAM RELATING TO AN OPERATING LOAN FOR THE COMMISSION

BE IT ORDAINED BY THE SOUTH SANGAMON WATER COMMISSION, AS FOLLOWS:

SECTION 1: That Intergovernmental Agreement between the Village of Chatham, Illinois, the Village of New Berlin, Illinois, and the South Sangamon Water Commission, a copy of which is attached hereto, is hereby approved.

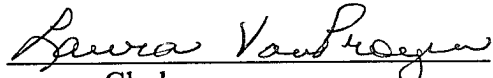
SECTION 2: The Chairman of the Commission is authorized and directed to execute said agreement on behalf of the Commission, and the proper officers of the Commission are authorized and directed to carry out the agreement by its terms. The Chairman of the Commission is also authorized to execute such documents as may be required by the Illinois National Bank pursuant to said Intergovernmental Agreement.

SECTION 3: This Ordinance is effective immediately.

PASSED this 20th day of August, 2013.


CHAIRMAN

ATTEST:


Clerk

AYES: McCord Pfeffer Hall

NAYS: none

PASSED: 8/20/13

APPROVED: 8/20/13

ABSENT: none

INTERGOVERNMENTAL AGREEMENT

This Agreement is by and among the Village of Chatham, Illinois (“Chatham”), an Illinois municipal corporation, the Village of New Berlin, Illinois (“New Berlin”), an Illinois municipal corporation, and the South Sangamon Water Commission (“Commission”), an Illinois municipal corporation, and is dated this 20th day of August, 2013.

WHEREAS, in December, 2010, New Berlin, Chatham and the Commission entered into an intergovernmental agreement pursuant to which New Berlin and Chatham entered into an unsecured operating loan agreement with Illinois National Bank in order for the Villages to advance operating costs from time to time to the Commission pursuant to Section 1 of Division 135 of the Illinois Municipal Code, 65 ILCS 5/11-135-1, such operating costs to be repaid by the Commission as agreed by the parties;

WHEREAS, pursuant to Section 8-11-3.1 of the Illinois Municipal Code, municipalities may borrow funds from financial institutions and execute promissory notes of up to 10 years duration in connection therewith;

WHEREAS, the operating loan agreement expires in December, 2013, and the parties desire to renew it;

WHEREAS, the Illinois National Bank has offered to renew the operating loan for another 3 years pursuant to a proposal attached hereto as Exhibit A;

NOW, THEREFORE, the parties agree as follows:

1. Contingent upon approval by the board of directors of the Illinois National Bank, Chatham and New Berlin shall borrow up to \$200,000 from Illinois National Bank in accordance with terms set forth in the attached proposal from the Illinois National Bank, modified such that the Villages and not the Commission is the borrower. Said proposal Chatham shall be 90%

liable on the note and loan agreement, and New Berlin shall be 10% liable on the note and loan agreement. The note and loan agreement shall be structured as a line of credit to be drawn on by the Commission from time to time and used solely for operating expenses and not for capital expenses.

2. Commission shall repay funds advanced pursuant to this Agreement from water sales, and shall establish water rates sufficient to repay the funds advanced in addition to funds for which the Commission is obligated pursuant to the current bond issue. Commission may in its discretion repay the sums advanced through a revenue bond issue which is subordinate to the existing bonds.

3. Chatham, New Berlin and the Commission agree to execute such promissory notes, loan agreements and related documents as are necessary to effectuate this Agreement and as required by the Illinois National Bank.

4. The mayors of the Chatham and New Berlin may renew such promissory notes, loan agreements and related documents in their discretion and without further action of their respective Village Boards, provided that (a) the interest rate does not exceed 6.5%; (b) the principal amount, including accrued interest, does not exceed \$200,000; and (c) no renewal shall extend beyond January 1, 2023.

5. This Agreement is the entire agreement of the parties with respect to its subject matter. It shall become effective upon its approval by the corporate authority of each party and its execution by the Village Presidents of Chatham and New Berlin, and by the Chairman of the Commission.

Approved pursuant to Ordinance No. _____
dated _____, 2013

VILLAGE OF CHATHAM, ILLINOIS

By: _____
Its President

Date: _____

Attest: _____
Its Clerk

Approved pursuant to Ordinance No. 13-17
dated August 21, 2013

VILLAGE OF NEW BERLIN, ILLINOIS

By: _____
Its President

Date: _____

Attest: _____
Its Clerk

Approved pursuant to Ordinance No. 13-06
dated August 20, 2013

SOUTH SANGAMON WATER COMMISSION

By: Del McErd
Its Chairman

Date: 8/20/2013

Attest: Laura VanProyen
Its Clerk



August 12, 2013

Del M. McCord
Commissioner and Chairman
South Sangamon Water Commission
P.O. Box 83
New Berlin, IL 62670-0083

Re: Proposed Loan by ILLINOIS NATIONAL BANK ("Bank") to South Sangamon Water Commission ("Borrower")

Dear Del:

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:** \$200,000
2. **Interest Rate:** 30 day LIBOR (currently .25%) plus 3.50% with a floor of 3.75%
3. **Term:** 1 year
4. **Payments:** Semi annual interest payments
5. **Security:** Lien subordinate to Series 2010 and 2011 bonds
6. **Purpose:** Renew revolving line of credit to address cash flow timing of monthly operating expenses/revenues
7. **Other:**
 - Board resolution needed from borrower approving this renewal and stating who is authorized to sign loan documents.
 - Copy of 4/30/13 audit when completed
8. **Acceptance of Offer:** This offer must be accepted in writing not later than August 31, 2013, 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 September 30, 2013. 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

Exhibit

A

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.

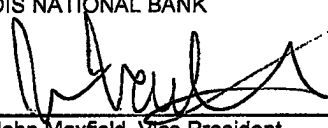
11.5 The terms of this letter may not be modified, waived, discharged or terminated orally, except by an instrument in writing signed by Borrower and the Bank.

Accepted and approved this _____ day of _____, 2013.

BORROWERS:

ILLINOIS NATIONAL BANK

By: _____


John Maxfield, Vice President
217-747-5549

ORDINANCE CERTIFICATE

STATE OF ILLINOIS)
) SS
COUNTY OF SANGAMON)

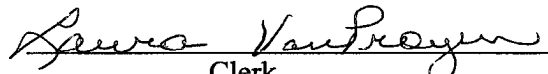
I, the undersigned, do hereby certify that I am the duly qualified and acting Clerk of the South Sangamon Water Commission.

I do further certify that the ordinance attached hereto is a full, true, and exact copy of Ordinance No. 13- 06 , adopted by the Commission on the 30th day of August , 2013, said Ordinance being entitled:

AN ORDINANCE APPROVING AN INTERGOVERNMENTAL AGREEMENT WITH THE VILLAGES OF NEW BERLIN AND CHATHAM RELATING TO AN OPERATING LOAN FOR THE COMMISSION

I do further certify that prior to the making of this certificate, the said Ordinance was spread at length upon the permanent records of said Commission, where it now appears and remains.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of said Commission this 30th day of August , 2013.


Clerk