

ORDINANCE NO. 36

AN ORDINANCE creating an issue of \$100,000 Waterworks Revenue Bonds, of the Village of Gifford, Champaign County, Illinois, and providing for the payment, sale and delivery thereof.

WHEREAS, the Village of Gifford (hereinafter sometimes referred to as the "municipality") desires to construct a new waterworks supply and distribution system to serve the needs of the municipality (which waterworks system including all properties, facilities and equipment now or hereafter owned by the municipality whether lying within or without its boundaries and including all real estate and real and personal property of every kind and nature comprising any part or used or useful or convenient in the operation of the waterworks system of the municipality, is sometimes hereinafter designated the "system"); and

WHEREAS, the governing body of the municipality has heretofore approved, plans, maps, files and specifications and an estimate of cost for the construction of such system in the amount of \$160,000, including engineering, interest during construction, legal and bond discount expenses, and the municipality will have on hand \$60,000 legally available and sufficient to pay a part of the balance of cost and in order to provide the remainder of the funds necessary to pay such cost it will be necessary for the municipality to borrow money and in evidence thereof issue its Waterworks Revenue Bonds; and

WHEREAS, the revenues of the system have not been pledged or hypothecated in whole or in part in any manner or for any purpose; and

WHEREAS, pursuant to the provisions of the Illinois Municipal Code, the municipality is authorized to issue revenue bonds in an amount sufficient to pay the cost of acquiring such properties and constructing such system, as aforesaid, and the income and revenue derived and to be derived from the operation of the system will be fully adequate to provide for the payment of new bonds so proposed to be issued.

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

Section 1. That a new waterworks supply and distribution system to serve the needs of the municipality shall be acquired, constructed and installed in accordance with the engineering report heretofore submitted by Caldwell-Rhoads Company, Engineers, Jacksonville, Illinois, and approved by this Board; such

system to include the following:

A well supply with necessary pumping equipment; an iron removal plant; a 50,000 gallon capacity elevated steel water storage tank; and a distribution system consisting of approximately 4,700 feet of 6-inch, 14,850 feet of 4-inch, and 3,400 feet of 2-inch cast iron watermains, complete with fittings, valves, services and 31 hydrants, together with all necessary appurtenances and connections used or useful in connection with the public convenience thereof to meet the requirements of the Sanitary Water Board of the State of Illinois, all as more fully set forth in itemized detail in the plans, files, maps, and specifications heretofore approved by this Village and now on file for public inspection in the office of the Village Clerk; and this Board does hereby determine the period of usefulness of the system, to be 40 years from the date of the bonds herein authorized to be issued.

Section 2. That for the purpose of accomplishing the construction of said system as hereinabove described, there be issued and sold the bonds of the Village of Gifford to be designated "Waterworks Revenue Bonds" in the principal sum of \$100,000, to bear date of September 1, 1961, be of \$1,000 denomination, numbered 1 through 100, and to mature serially on May 1 in each of the years and in amounts as follows:

\$1,000 - 1964 through 1972
2,000 - 1973 through 1982
3,000 - 1983 through 1989
4,000 - 1990 through 1994
5,000 - 1995 through 2000

provided that the Village of Gifford reserves the right to call for redemption prior to maturity on May 1, 1976 or on any interest payment date thereafter at par and unpaid accrued interest to the date of redemption, the bonds maturing on May 1, 1995 through 2000 in the inverse numerical order of said bonds, in accordance with the terms and conditions as set forth in Section 3 of this ordinance.

The bonds shall bear interest at the coupon rate of 5% per annum, which interest shall be payable on November 1, 1961, and semi-annually thereafter on May 1 and November 1 in each year until paid, and both the principal and interest on the bonds shall be payable in lawful money of the United States of America at the American National Bank and Trust Company of Chicago, Chicago, Illinois.

The bonds shall be signed by the President, sealed with the corporate seal of the municipality, and attested by the Village Clerk, and the interest

coupons attached to the bonds shall be executed by the facsimile signatures of the President and the Village Clerk, and said officials, by the execution of said bonds, shall adopt as and for their own proper signatures their respective facsimile signatures appearing on said coupons.

Said bonds, together with interest thereon, shall be payable solely from the revenues derived from the operation of the system, and such bonds shall not in any event constitute an indebtedness of the municipality within the meaning of any constitutional provision or any constitutional or statutory limitation.

Any of the bonds may be registered at the option of the holder as to principal only, at any time prior to maturity, in the name of the holder, on the books of the municipality in the office of the Village Treasurer, such registration to be noted on the reverse side of the bonds by the Village Treasurer, and thereafter the principal of such registered bonds shall be payable only to the registered holder, his legal representatives or assigns. Such registered bonds may be transferable to another registered holder or back to bearer only upon presentation to the Village Treasurer, with a legal assignment duly acknowledged or approved. Registration of any of such bonds shall not affect the negotiability of the coupons thereto attached, but such coupons shall be transferable by delivery merely.

Section 3. That the bonds and coupons attached thereto shall be in substantially the following form:

(Form of Bond)

UNITED STATES OF AMERICA

STATE OF ILLINOIS COUNTY OF CHAMPAIGN

VILLAGE OF GIFFORD

WATERWORKS REVENUE BOND

Number _____

\$1,000

KNOW ALL MEN BY THESE PRESENTS, that the Village of Gifford, Champaign County, Illinois, for value received, hereby promises to pay to bearer, or if this bond be registered as hereinafter provided, then to the registered holder hereof, solely from the Waterworks Fund of the Village of Gifford, as hereinafter mentioned and not otherwise, the sum of One Thousand Dollars (\$1,000) on May 1, 19___, and to pay interest on such principal sum from the date hereof until paid, at the rate of Five Per Cent (5%) per annum, payable November 1, 1961, and semi-annually thereafter on May 1 and November 1 in each year, upon presentation and surrender of the interest coupons hereto attached as they severally mature.

Both principal of and interest on this bond are hereby made payable in lawful money of the United States of America at the American National Bank and Trust Company of Chicago, Chicago, Illinois.

This bond together with such additional parity obligations (and any obligations junior and subordinate in their claim on the revenues herein pledged) as may be hereafter issued under the provisions of the ordinance authorizing said bonds, is payable solely from net revenues derived from waterworks system of the Village and not otherwise, and is one of an authorized issue aggregating the principal sum of \$100,000 issued under authority of the Illinois Municipal Code, and all laws amendatory thereof and supplementary thereto, and an ordinance adopted on _____, 1961 and published as required by law, for the purpose of paying part of the cost of constructing a waterworks system in and for said Village and this bond does not constitute an indebtedness of said Village within the meaning of any constitutional provision or statutory limitation.

Under said Code and the ordinance adopted pursuant thereto, the entire revenue derived and to be derived from the operation of the waterworks system of the Village shall be deposited in a separate fund designated as the "Waterworks Fund of the Village of Gifford" which shall be used only for the purpose of paying the cost of operating and maintaining the system, providing an adequate depreciation fund, and paying the principal of and interest on the bonds of the Village that are issued under authority of said Code and ordinance, and are payable by their terms only from the revenue of such system, and creating and maintaining the several accounts established by the ordinance authorizing the issue of bonds of which this bond is one. For a more complete statement of the source of payment of such bonds, the circumstances under which additional obligations may be issued, and a statement of the rights, duties and obligations of the Village and the rights of the holders of the bonds, reference is made to the aforesaid ordinance, to all the provisions of which ordinance the holder hereof by the acceptance of this bond assents.

The Village of Gifford reserves the right to redeem prior to maturity on May 1, 1976 or on any interest payment date thereafter, at par and unpaid accrued interest to the date of redemption, the bonds maturing on May 1 in each of the years 1995 through 2000, in the inverse numerical order of said bonds.

Notice of such redemption shall be given by registered mail to the registered holder, if known, at the address shown on the books of the Registrar, and as to unknown holders, such notice shall be published once a week for at least two consecutive weeks in a newspaper published in the City of Chicago, Illinois, and devoted in part to the publication of financial news, and shall be filed at the place of payment of said bonds. The mailing, the filing and the date of the first publication of said notice shall be at least thirty days prior to the date specified for redemption, and said redemption notice shall describe the bonds to be redeemed, the date of redemption, and the place of redemption, which shall be the paying agent as stated in said bonds. After notice of redemption has been given in accordance herewith and funds are on deposit with the paying agent to pay said bonds so to be redeemed, interest thereon shall cease from and after the date of redemption.

It is hereby certified and recited that all acts, conditions, and things required by the Constitution and statutes of the State of Illinois, to be done precedent to and in the issuance of this bond and in raising funds promptly to assure payment thereof, 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 said Waterworks Fund the entire revenues received from the operation of the waterworks system, to be applied in the manner as hereinabove set forth, and it is hereby covenanted and agreed that rates will be charged for the use and service of such waterworks system sufficient at all times to pay the cost of the operation and maintenance of such system, and to pay the principal of and interest upon all bonds issued by the Village which are payable solely from the revenues of such waterworks system.

This bond may be registered as to principal in the name of the holder, on the books of the Village in the office of the Village Treasurer, such registration to be evidenced by notation of said Treasurer on the back hereof, after which no transfer thereof shall be valid unless made on said books and similarly noted hereon, but it may be discharged from such registration by being transferred to bearer, after which it shall be transferable by delivery merely, but it may be again registered as before. Registration of this bond shall not restrict the negotiability of the coupons by delivery merely.

IN WITNESS WHEREOF, the Village of Gifford, Champaign County, Illinois, by its President and Board of Trustees, has caused this bond to be signed by its President, its corporate seal to be hereto affixed and attested by the Village

Clerk, and the coupons hereto attached to be signed by the facsimile signatures of said President and said Village Clerk, which officials, by the execution of this bond, do adopt as and for their own proper signatures their respective facsimile signatures appearing on said coupons, and this bond to be dated as of the first day of September, 1961.

President

Attest:

Village Clerk

(Form of Coupon)

Number _____ \$ _____

On the first day of _____, 19____, the Village of Gifford, Champaign County, Illinois (unless the bond to which this coupon is attached has been called for redemption as herein provided and payment made or provided for) will pay to bearer out of the Waterworks Fund of said Village _____ Dollars (\$ _____) in lawful money of the United States of America, at the American National Bank and Trust Company of Chicago, Chicago, Illinois, being interest then due on its Waterworks Revenue Bond, dated September 1, 1961, numbered _____.

(facsimile signature)
President

(facsimile signature)
Village Clerk

(Form of Registration Certificate)

<u>Date of Registration</u>	<u>In Whose Name Registered</u>	<u>Signature of Village Treasurer or Registrar</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

Section 4. That upon the issuance of any of the bonds herein provided for, the system, for the purpose of this ordinance, shall be operated on a fiscal year basis, commencing with the first day of May and ending the last day of April of each succeeding year, and during each year ending April 30, so long as

any of the bonds herein authorized to be issued are outstanding, the entire revenues derived from the operation of the system shall be collected and shall be set aside as collected and be deposited in a separate fund, which is hereby created, to be designated as the "Waterworks Fund of the Village of Gifford," which shall be kept apart and segregated from all other moneys of the municipality and shall be used only to create and ^{to} maintain the several accounts hereinafter specified for the purpose of paying the cost of the operation and maintenance of said system, providing an adequate depreciation reserve, and paying the principal of and interest upon all the bonds herein authorized and such additional parity bonds as may be issued and outstanding under the conditions of Section 9 hereof, and such Waterworks Fund shall be used only for such purposes and is hereby pledged therefor.

Section 5. That for the accounting of all moneys and assets of said Waterworks Fund at any time and from time to time while any bonds herein authorized are outstanding and unpaid, there are hereby created and established separate accounts to be designated (a) the Operation and Maintenance Account, (b) the Depreciation Account, (c) the Bond Account, (d) the Bond Reserve Account, and (e) the Surplus Account. All deposits made to and all funds held in each of said accounts, respectively, shall be continuously secured as provided by the laws of the State of Illinois governing public bodies. There shall be paid on the first business day of each month all moneys held in said Waterworks Fund in accordance with the following provisions and in the priority of said accounts so created and established as follows:

(a) Operation and Maintenance Account: There first shall be set apart and paid out of said Waterworks Fund into the Operation and Maintenance Account, an amount considered necessary and sufficient to pay the reasonable current expenses of operating, repairing and maintaining said system for the current month, including without limiting the generality of the foregoing, salaries, wages, costs of materials, supplies, insurance, power and administration.

(b) Depreciation Account: There next shall be deposited in the Depreciation Account the sum of \$50 each month until a maximum of \$7,500 is on deposit in said Account which is hereby found and determined to be a reasonable amount necessary to accomplish the purpose for which said Depreciation Account is established. The moneys in said Account shall be used to pay the cost of necessary replacements to the system, and shall not be used for extensions to said system

and all expenditures for such necessary replacements shall be approved by an independent consulting engineer or engineers favorably known for skill in such matters, before any such expenditures are made. The moneys held in said Depreciation Account to the extent necessary to prevent or remedy a default in the payment of the interest on or principal of the bonds herein authorized and such additional parity bonds as may be issued and outstanding under the conditions of Section 9 hereof, shall be used and held for use for that purpose, and shall be transferred to the Bond Account, and whenever such a transfer is made, the amount so transferred shall be added to the next deposit to be made, and thereafter until full reimbursement to said Depreciation Account has been made.

The moneys in said Depreciation Account may be invested and reinvested in bonds or other direct obligations of the United States of America with fixed redemption value maturing within five (5) years from date of purchase as may be authorized from time to time by resolution of the governing body of the municipality.

(c) Bond Account: There next shall be deposited in the Bond Account for the purpose of paying the maturing principal of and the interest accruing on the bonds issued under the terms of this ordinance and on such additional parity bonds as may be issued and outstanding under the conditions of Section 9 hereof such amount of said income and revenue as will be sufficient and adequate at any time to pay the principal of and interest on said bonds as the same respectively mature, which amount is hereby irrevocably pledged for such purpose. It is hereby covenanted and agreed that commencing September 1, 1962, there shall be set aside monthly in said Bond Account an amount at least equal to 1/6th of the interest becoming due on all said outstanding bonds on the next succeeding interest payment date and an amount at least equal to 1/12th of the principal becoming due on the next succeeding principal payment date.

It is the express intent and determination of the governing body of this municipality that the amount of said income and revenue so to be set aside and deposited into said Bond Account shall be in any event always sufficient to pay the interest upon said bonds as the same becomes due and the principal thereof as the same matures and there shall be deposited out of such income and revenue received from the operation of said system from month to month during each such fiscal year, without further authorization from the governing body of this

municipality, sufficient moneys in said Bond Account to pay promptly such principal and interest.

No further payments need be made into said Bond Account when and so long as such amount of bonds shall have been retired that the amount then held in said Account, together with the amount then on deposit in the Bond Reserve Account hereinafter described, is equal to the entire amount of all interest and principal that will be payable at the time of redemption or maturity on all of said bonds then remaining outstanding.

If in any month in any fiscal year the municipality shall for any reason fail to pay into the Bond Account the full amount above specified, then an amount equivalent to such deficiency shall be set apart and paid into said Account from the first available revenue of the next following month of such fiscal year or years and shall be in addition to the amount otherwise herein provided to be so set apart and deposited during each succeeding month in such fiscal year or years.

If there are not sufficient funds in the Bond Account available to pay maturing principal of and interest on the bonds payable therefrom, such deficiency shall be made up (1) by the transfer of funds from the Bond Reserve Account hereinabove created, (2) by the transfer of funds from the Depreciation Account, and (3) by the transfer of funds from the Surplus Account.

The Bond Account shall be carried as a separate deposit at the paying agent, and the moneys in said Account may be invested and reinvested in bonds or other direct obligations of the United States of America having a fixed maturity of not exceeding ninety-one (91) days from date of each investment, or in such securities permitted by the laws of Illinois governing the deposit of public funds, as may be authorized from time to time by resolution of the governing authority of the municipality.

Funds to pay principal and interest, together with the fees and necessary expenses of the paying agent, shall be delivered to the paying agent at least fifteen (15) days prior to the due date of principal or interest.

(d) Bond Reserve Account: There shall next be deposited in the Bond Reserve Account the sum of \$50 each month until a maximum of \$6,000 is on deposit in said Account, and at which figure said Account, notwithstanding any transfer therefrom as herein permitted, shall thereafter be continuously maintained, and all moneys therein shall be only used by the Treasurer hereof as may be needed

from time to time in the payment of the interest on or principal of the bonds payable from the Bond Account whenever there exists a deficiency in the Bond Account hereinabove established, and all withdrawals therefrom for that purpose shall be reimbursed from the next revenues available therefor as provided herein. Whenever the amount on deposit in said Account, together with the amount on deposit in the Bond Account hereinabove described, is equal to or greater than the interest on and principal of all the bonds payable from the Bond Account that are outstanding, then no further deposits need be made in said Bond Reserve Account.

The Bond Reserve Account shall be carried as a separate deposit at the paying agent, and the moneys in said Bond Reserve Account may be invested and reinvested in bonds or other direct obligations of the United States of America maturing within five (5) years from date of purchase, or in such securities permitted by the laws of Illinois governing the deposit of public funds, as may be authorized from time to time by resolution of the governing body of said municipality.

(e) Surplus Account: Any surplus funds in each month then remaining after providing for all of the deposits hereinabove listed in subparagraphs (a) through (d) shall be deposited in the Surplus Account to be used and held for use as follows:

1. For the reimbursement at any time and from time to time of any Account listed in subparagraphs (a) through (d) hereof that is depleted by withdrawals; and
2. For making improvements and extensions to the system or paying obligations junior and subordinate in all respects in their claim on the revenues herein pledged and issued for the purpose of making improvements and extensions to the system, or for the retirement of the bonds herein authorized, and such additional parity obligations as may be issued and outstanding under the conditions of Section 9 hereof, prior to maturity by purchase on the open market at not more than par and accrued interest, and all such bonds so purchased shall be cancelled.

The money in the Surplus Account shall be carried as a separate deposit in The Gifford State Bank, Gifford, Illinois, and the moneys therein may be invested and reinvested in bonds or other direct obligations of the United States of America maturing within ten years from date of purchase, or in such securities provided by the laws of the State of Illinois governing the deposit of public funds, as may be authorized from time to time by resolution of the

governing body of said municipality.

Section 6. That said municipality hereby agrees to carry insurance on said system of the kinds and in the amounts which are usually carried by private parties operating similar properties, including without limiting the generality of the foregoing, fire, windstorm insurance, public liability, and any additional insurance covering such risks as shall be recommended by a competent independent engineer employed for the purpose of making such recommendations, and all moneys received for losses under such insurance policies as insure against physical damage to or loss of the system shall be deposited in the Depreciation Account and shall be used in making good the loss or damage in respect of which they were paid, either by repairing the property damaged or replacing the property destroyed, and provision for making good such loss or damage shall be made within ninety (90) days from date of the loss. The proceeds of any and all policies for public liability shall be paid into the Operation and Maintenance Account and used in paying the claims on account of which they were received.

The payment of premiums for all insurance policies required under the provisions of this section shall be considered an operation and maintenance expense.

Section 7. That while any of the bonds issued pursuant to this ordinance remain outstanding or unpaid, rates charged for water and services shall be sufficient at all times to pay all costs of operation and maintenance of the system, to make the payments and maintain the balance as required in the Depreciation Account, to pay the principal and interest on all bonds authorized hereunder, and to make the payments and maintain the balance as required ^{For} ~~in~~ the Bond Account and ^{For} the Bond Reserve Account. There shall be charged against all users of the system including the municipality, such rates and amounts for water and services as shall be adequate to meet the requirements of this section. Charges for services rendered the municipality shall be made against the municipality and payment for the same from the corporate funds shall be made monthly into the Waterworks Fund created by this ordinance as other revenues derived from the operation of the system and in the same manner as other revenues are so required to be deposited.

In addition to the foregoing, the municipality covenants not to provide any free service of said system and to pay promptly for the use of all facilities connected and to be connected to the system, including water used for fire

protection to be computed by the number of fire hydrants connected, and to be connected, with said system.

It is expressly herein covenanted that to the extent permitted by law the municipality will not grant a franchise for the operation of any competing waterworks system within said municipality, and that the bonds herein authorized to be executed shall constitute legally enforceable liens upon the earnings of the system, including all further extensions, additions, and improvements thereto, whether acquired through purchase, contract, or otherwise.

Section 8. That in the event the municipality defaults in complying with any covenant contained in this ordinance, any holder of any bond issued hereunder, or of any coupon representing interest accrued thereon, may, either in law or in equity, by proper suit, compel the officials of said municipality to perform all duties required by law and by this ordinance, including the making and collecting of sufficient rates for water and services for that purpose and application of income and revenue therefrom.

Section 9. That it is hereby covenanted and agreed with the holders of the bonds herein authorized that said municipality will not issue any other or additional bonds or other evidences of obligations of said municipality payable from or in any way creating a charge upon the income and revenue to be derived from the operation of said system, except as herein provided:

(a) The municipality reserves the right to issue additional bonds for constructing further necessary improvements, extensions, repairs and rehabilitations to the properties comprising said system to share ratably and equally in the revenues of said system only on the following conditions:

1. There shall be filed with the governing body of the municipality a certificate of an independent engineer in responsible charge of constructing such further improvements, extensions, repairs and rehabilitations which shall be approved by and made of public record in the proceedings of the governing body of the municipality before any such additional parity bonds are authorized, giving a reasonably detailed description of such work, an estimate of the cost and an estimate of the time of completion thereof, and showing the feasibility of such additional revenue financing with reference to existing rates

and anticipated earnings based thereon.

2. The net earnings of the system for the last completed fiscal year prior to the date of adoption of proceedings authorizing such additional parity bonds must have been at least equal to one and one-fourth times the maximum amount of interest and principal that will become due in any fiscal year subsequent to the issuance of such additional bonds on the bonds of this issue then outstanding and on the additional bonds then proposed to be issued. The term "net earnings" for the purpose of this subparagraph shall be deemed to be the gross revenues after deducting therefrom all maintenance and operation expenses for such preceding completed fiscal year.

3. The amounts required to be credited to the respective accounts described in Section 5(a) through (d) of this ordinance must have been credited in full to the date of adoption of proceedings authorizing the proposed additional parity bonds.

4. That if any additional parity bonds are so issued the maximum amounts to be deposited and accumulated in the Bond Reserve Account and in the Depreciation Account shall be increased in proportion to the amount of any additional parity bonds so issued.

5. The additional bonds must be payable as to principal on May 1 of each year in which principal falls due and must be payable as to interest on May 1 and November 1.

(b) In addition to the foregoing, if, prior to the payment of any of the bonds hereby authorized, it shall be found desirable to refund all or a part of the bonds hereby authorized, said bonds may be refunded notwithstanding the restrictions as to the issuance of additional bonds set forth in this section (with the consent of the holders thereof unless the bonds to be refunded are subject to redemption and provision for call and redemption thereof is duly made) and any refunding bonds so issued shall share ratably and equally in the revenues of said system and the pledge thereof under this ordinance with the portion of the bonds hereby authorized which are not refunded; provided, however, that if only a portion of said outstanding bonds

are to be refunded at any time, such obligations shall not be refunded by bonds bearing interest at a rate greater than the interest rate provided by this ordinance, or maturing at a date earlier than the final maturity of such bonds not refunded.

(c) The said municipality reserves the right to issue bonds for the construction of further necessary improvements, extensions, repairs and rehabilitations to the properties comprising said system which bonds shall be subordinate and junior in standing in all respects, with respect to the payment of the principal of and interest on and the security of the bonds authorized hereunder and all outstanding bonds of said municipality theretofore issued under the provisions of paragraphs (a) and (b) of this Section, and then outstanding, provided that any such subordinate and junior lien bonds shall be expressed to mature after the final maturity date of any bonds theretofore issued and then outstanding, and shall not be subject to redemption prior to maturity until after the final maturity of any bonds of said municipality theretofore issued and then outstanding.

The need of the issue of any such subordinate and junior lien bonds for constructing further necessary improvements, extensions, repairs and rehabilitations to the properties comprising said system shall be evidenced by a certificate of an independent responsible engineer familiar with the construction of such work, giving a reasonably detailed description thereof, an estimate of the cost and an estimate of the date of completion thereof, and showing the feasibility of such revenue financing with a reference to then existing rates and anticipated earnings based thereon, which certificate shall be approved by and shall be made of public record in the proceedings of the governing body of said municipality before any such additional junior lien bonds are so authorized.

(d) When the conditions specified in paragraphs (a) and (b) of this Section for the issue of additional parity bonds for the construction of further necessary improvements, extensions, repairs and rehabilitations, or for the refunding of the bonds herein authorized, have been met, then upon the issue thereof any such additional parity bonds when issued shall be entitled to the equal and proportionate

benefit and security of the pledge of the revenue and income derived and to be derived from the operation of said system with the bonds herein authorized without preference, priority or distinction as to participation of such pledge of revenue, or in the preference of one bond or coupon of each of said issues over or from any other issue, by reason of priority in execution, issue, delivery or negotiation thereof, or by reason of the date or dates of said bonds, or the date or dates of maturity thereof, or for any other reason whatsoever, the intent hereof being that each and all of said bonds, as aforesaid, and of coupons evidencing interest thereon, shall have the same right and pledge as to payment and security with the same legal effect as if each and all of said bonds and coupons had been executed, issued, delivered and negotiated simultaneously as one proceeding.

Section 10. That the municipality hereby covenants and agrees with the holder or holders of said bonds that it will punctually perform all duties with reference to said system required by the Constitution and laws of the State of Illinois, including the making and collecting of sufficient rates for the use and service of said system required by the Constitution and laws of the State of Illinois, and segregating the revenues of said system and maintaining the Waterworks Fund and the application of the respective accounts created by this ordinance, and it hereby covenants and agrees not to sell, lease, loan, mortgage, or in any manner dispose of or encumber said system (subject, however, to the right reserved in Section 9 to issue additional bonds) including any and all extensions and improvements that may be made thereto, until all of the bonds herein authorized to be issued shall have been paid in full, both principal and interest, or unless and until provision shall have been made for the payment thereof.

The municipality further covenants and agrees with the holders of said bonds to maintain in good condition and continuously to operate said system, and to make, enact and enforce all needful rules and regulations and ordinances for the efficient management and proper maintenance and protection of such system, and for the use and service thereof.

Section 11. That said Waterworks Fund and accounts shall be audited within sixty (60) days after the close of each fiscal year by an independent

firm of certified public accountants, and such audit and accounts shall be open for inspection at all proper times to any holder of bonds issued under the provisions of this ordinance, or any one acting for or on behalf of such bondholder. Such audit report shall include the following items: (a) Balance Sheet, (b) Operating Statement, (c) Comments of the auditor relative to the fulfillment of ordinance provisions and the manner in which the system has been operated; his recommendations for improving the financial operation of the system, (d) Insurance data, (e) Number of metered customers; number of unmetered customers; number of properties connected to the system; number of hydrants, and (f) Gallons of water through master meter and gallons of water billed, and copies of such audit report shall be furnished the original purchasers of the bonds herein authorized, and shall also be furnished to any bondholder upon request.

Section 12. That the provisions of this ordinance shall constitute a contract between the municipality and the holders of the bonds herein authorized to be issued and after the issuance of said bonds no changes, additions or alterations of any kind shall be made hereto, except as hereinbefore provided, until all of said bonds and the interest thereon shall have been paid in full, or unless and until provision shall have been made for the payment thereof.

Section 13. That the bonds herein authorized shall be sold as may be determined by the President and Board of Trustees at an interest cost to said municipality not exceeding 6% annually computed to maturity according to standard tables of bond values, and any bonds not issued shall be cancelled.

The Village Treasurer shall receipt for the payment of said bonds against delivery thereof to the purchasers, and all proceeds derived at the sale and delivery of said bonds shall be accounted for by said Treasurer as follows:

(I) All accrued interest from the date of the bonds to the date of delivery and payment shall be credited to the Bond Account;

(II) From the proceeds received as principal a sum sufficient to pay the interest on said bonds during the period of construction shall be credited to the Bond Account;

(III) The remaining proceeds received as principal, together with the sum of \$60,000 as aforesaid, the Treasurer hereof shall deposit in a separate and special account of said Village to be known

and designated as the "Waterworks System Bond Construction Fund Account" in a depository selected by the President and Board of Trustees for that purpose, to be secured in the manner, form and time as by law required, and all moneys or investments held in said Construction Fund Account shall be used and held for use solely to construct the system as hereinabove described in this ordinance and the beneficial interest to all such moneys and investments held in said Construction Fund Account at the time of the original deposit therein and from time to time thereafter shall be in the holder or holders of the bonds herein authorized, and all disbursements therefrom shall be made by the Treasurer of this Village from time to time but only upon submission to him and said depository of:

(a) a certificate by the engineer in responsible charge of the construction of said system stating the nature of the work completed and the amount due and payable thereon and that sufficient funds remain to complete the construction thereof, bearing the endorsement and approval of the President of said Village and accompanied by:

(b) an order for payment upon said Treasurer signed by the President of said Village and the Village Clerk, which order shall state specifically the purpose for which said order is issued.

Within the sixty (60) days after completion of the construction of the system the Village of Gifford agrees to deliver to said depository an original counterpart of a certificate (herein called the "Certificate of Completion") signed by the President and by the Village Treasurer, and having endorsed thereon the approval of the engineer in charge of such construction, stating that said system has been fully constructed and completed in accordance with the plans, maps, files and specifications therefor that have been approved by the Village and that the same have been fully paid for, or that funds sufficient so to pay for the same remain in said Construction Fund Account, giving the date of final completion and the total cost of construction, and the amount, if any, of such construction cost then remaining unpaid, together with an original counterpart of the opinion of counsel for said Village to the effect that all property, real, personal, and mixed, connected with or forming a part

of, or necessary to the operation of said system as completed, is owned by said Village and covered by the lien of this ordinance, and upon receipt of such Certificate of Completion and opinion of counsel as mentioned, said depository, after retaining in said Construction Fund Account a sum sufficient to pay the balance of the construction cost remaining unpaid as shown by said Certificate of Completion, including any items then in controversy, shall deposit all moneys then remaining with the paying agent for said bonds, in the Bond Account herein created.

Section 14. That the President of said Village, the Village Clerk, Village Attorney and the Village Treasurer are each hereby authorized and directed to execute and deliver such certificates, proceedings and agreements as may be necessary or convenient to establish the Accounts created in Section 5 hereof and the Construction Fund Account created in Section 13 hereof, to properly secure all proceeds thereof, and to evidence compliance herewith in the making of any withdrawals therefrom.

Section 15. That 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 16. That 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 17. That this ordinance, after its passage, and approval by the President shall be published once in a newspaper published and having a general circulation in the Village of Gifford, and shall be in full force and effect after such publication in the manner, form and time as provided by the laws of the State of Illinois thereunto enabling.

Passed September 2, 1961.

Ayes: Ehme Ackerman Carl Saathoff
 Paul Mitsdarffer John Sjoken
Nays: Wilbur Heimbürger
 None

Approved September 2, 1961.

Roy S Barnes
President

Attest:

William J. [Signature]
Village Clerk

Published September 7, 1961.