

ORDINANCE NO. 191

AN ORDINANCE AUTHORIZING THE ISSUANCE OF JOINT WATER AND SEWER REVENUE BONDS OF THE TOWN OF CREEDE, COLORADO, IN THE PRINCIPAL AMOUNT OF \$30,000, FOR THE PURPOSE OF PROVIDING FUNDS TO EXTEND AND IMPROVE THE MUNICIPAL WATER SYSTEM AND TO ACQUIRE BY CONSTRUCTION AND INSTALLATION A SANITARY SEWER SYSTEM FOR THE TOWN AND ITS INHABITANTS; PRESCRIBING THE FORM OF SAID BONDS AND PROVIDING FOR THE APPLICATION OF THE NET INCOME AND REVENUE OF THE JOINT WATER AND SANITARY SEWER SYSTEM OF THE TOWN FOR THE PAYMENT OF SAID BONDS AND THE INTEREST THEREON; PROVIDING OTHER DETAILS IN CONNECTION THEREWITH, AND DECLARING AN EMERGENCY.

WHEREAS, the Board of Trustees has determined to extend and improve the municipal water system and to acquire by construction and installation a sanitary sewer system for the Town and its inhabitants; and

WHEREAS, the Board of Trustees has previously authorized and issued Joint Water and Sewer Revenue Bonds, Series 1971, (hereafter referred to as the "Series 1971 Bonds") in the total principal amount of \$355,000, for such purpose, and the Board has determined that additional funds are needed to complete the water and sewer project; and

WHEREAS, additional bonds in the amount of \$30,000 for the purpose of completing the water and sewer project shall be issued and sold to the United States Department of Agriculture, Farmers Home Administration; and

WHEREAS, such bonds may be sold to an agency of the United States of America, without having a public sale, in accordance with Section 139-52-4 (2)(c); and

WHEREAS, the principal or and interest on such bonds shall be payable solely from the net income and revenue of the joint water and sanitary sewer system and shall have a lien on such net income and revenue on a parity with the lien of the Series 1971 Bonds;

BE IT ORDAINED BY THE BOARD OF TRUSTEES OF THE TOWN OF CREEDE, MINERAL COUNTY, COLORADO;

Section 1. JOINT WATER AND SANITARY SEWER SYSTEM, The Board of Trustees has previously determined, by Ordinance No. 185, adopted and approved on October 8, 1971, that the municipal sanitary sewer system and the municipal water system shall be combined, operated and maintained as a single public utility and income producing project, (hereafter referred to as the "joint system").

Section 2. AUTHORIZATION. That for the purpose of providing funds to extend and improve the municipal water system and to acquire by construction and installation a sanitary sewer system for the Town and its inhabitants, there are hereby authorized Joint Water and Sewer Revenue Bonds, Series 1974, of the Town of Creede, in the total amount of \$30,000, (hereafter referred to as the "Series 1974 Bonds"), both the principal thereof and the interest thereon to be payable solely and only out of the net revenue and income to be derived by the Town from and through the operation of its joint system. It is hereby determined that the estimated life of the water and sanitary sewer facilities to be acquired by the proceeds of this bond issue is not less than forty years.

Section 3. BOND DETAILS. The bonds shall be dated as of the date of the issuance and delivery of the bonds, will be numbered from 1 to 60, inclusive, and will be in the denomination of \$500.00 each. The net effective interest rate of this issue of bonds is 5%; said bonds shall bear interest at the rate of 5% per annum, payable on January 1, 1975 and annually thereafter on January 1 each year, and mature serially on January 1, as follows:

Amount	Maturity
\$ 500.00	1976 to 1995, incl.
1,000.00	1996 to 2112, incl.
1,500.00	2113 and 2114

Bonds of this issue maturing on or before January 1, 1984 shall not be redeemable prior to their respective maturity dates. Bonds maturing in the years 1985 and thereafter, shall be redeemable at the option of the Town on January 1, 1984, and on any interest payment date thereafter, in inverse numerical order upon payment of par and accrued interest. If, however, all of the bonds are held by the Farmers Home Administration, all or any number of the bonds may be redeemed at the option of the Town at any time in inverse numerical order, upon payment of par and accrued interest to the date of redemption. Notice of prior redemption shall be given by publication at least one time in a newspaper having general circulation in the Town, not less than thirty days prior to the date of redemption. If any of the bonds to be redeemed are registered as to principal and interest, then notice shall also be given by mailing a copy of the notice by registered, first class mail, to the registered owner or owners of such bonds, at least thirty days prior to the date of redemption.

The principal of the interest on said Bonds shall be payable at the office of the Town Treasurer, in Creede, Colorado, or as to any bond or interest coupon owned by the United State Department of Agriculture, Farmers Home Administration, then at the local county office of the Farmers Home Administration, in Mineral County, Colorado.

Section 4. REGISTRATION AS TO PRINCIPAL AND INTEREST. Each of the bonds of this issue may be registered for payment as to both principal and interest (but not as to principal only or to interest only) and any bond so registered may be discharged from registrations hereafter provided in the Ordinance. At the option of the bearer, any bond of this issue may be registered as to both principal and interest upon presenting the same to the Treasurer of the town, (designated as and referred to herein as the Registrar, for purposes of registration) accompanied by all unmatured coupons. The Registrar shall make a rotation of such registration thereon and detach and cancel all unmatured interest coupons. Any bonds so registered may thereafter be transferred only upon a duly executed assignment if the registered owner or his legal representative in such form as shall be satisfactory to the Registrar. Such transfer shall be made on the registration books kept by the Registrar and shall be endorsed on the bond. The principal of the interest on any bond registered as to both principal and interest shall be payable only to or upon the order of, the registered owner or his legal representative.

Section 5. CONVERSION OF REGISTERED BONDS. Any bond registered as to both principal and interest may be reconverted into a coupon bond payable to bearer upon presentation thereof to the Registrar accompanied by an instrument duly executed by the registered owner or his legal representative, in such form as is acceptable to the Registrar. The Registrar shall attach thereto new coupons representing the interest to become due thereafter on the bond to the date of maturity and shall make notation thereon that the bond is payable to bearer. Such new coupons shall bear the facsimile signature of the officer signing the coupons as herein provided at the time of the execution of the bond, i.e., the Treasurer of the Town. Upon reconverting the bonds in accordance with this ordinance, the Registrar shall require the payment of all expenses incurred by it in connection with such reconversion, payment of which, together with any tax or other governmental charge required to be paid, shall be made by the holder requesting such reconversion.

Section 6. FORM AND EXECUTION OF BONDS. Said Bonds shall be signed by the manual signature of the Mayor of the Town, sealed with a facsimile of the seal of the Town, attested with the facsimile signature of the Town Clerk, and the interest coupons attached thereto shall bear the facsimile signature of the Town Treasurer. When issued as aforesaid as part of said bonds, such interest coupons shall be the binding obligations of the Town according to their import. Should any officer whose manual or facsimile signature appears on said bonds, or the interest coupons attached thereto, cease to be such officer before delivery of the bonds to the purchaser, such manual or facsimile signature shall nevertheless

be valid and sufficient for all purposes.

Said bonds, interest coupons and registration grid shall be in substantially the following form;

(Form of Bond)
United States of America
State of Colorado
County of Mineral
TOWN OF CREEDE
Joint Water and Sewer Revenue Bond,
Series 1974

No. \$500.

The Town of Creede, in the County of Mineral and State of Colorado, hereby promises to pay to the bearer hereof, or if this bond be registered, then to the registered owner hereof, out of the special fund hereinafter designated, but not otherwise, the principal sum of

Five Hundred Dollars

on the 1st day of January, 19.....

with interest thereon at the rate of five per centum (5%) per annum, payable on January 1, 1975 and annually thereafter of the 1st day of January each year, as evidenced by interest coupons attached hereto, upon presentation and surrender of the annexed coupons and this Bond as they severally become due, or if this bond be registered, then to the registered owner hereof, both principal and interest being payable in lawful money of the United States of America, at the office of the Town Treasurer in Creede, Colorado, or as to any bond or coupon owned by the United States Department of Agriculture, Farmers Home Administration, then at the local county office of the Farmers Home Administration, in Mineral County, Colorado.

Bonds of this issue maturing on or before January 1, 1984, shall not be redeemable prior to their respective maturity dates. Bonds maturing in the years 1985 and thereafter, are redeemable in inverse numerical order, at the option of the Town, on January 1, 1984, and on interest payment dates thereafter, upon payment of par and accrued interest. If, however, all of the bonds are held by the Farmers Home Administration, then all or any number of the bonds may be redeemed at the option of the Town at any time in inverse numerical order, upon payment of par and accrued interest to the date of redemption.

This Bond is issued by the Board of Trustees of the Town of Creede, Colorado, for the purpose of providing funds to extend and improve the municipal water system and to acquire by construction and installation a sanitary sewer system for the Town and its inhabitants under the authority of and in full conformity with the Constitution and Laws of the State of Colorado, particularly the provisions of Chapter 139, Article 52, Colorado Revised Statutes 1963, as amended, and all other laws thereunto enabling, and pursuant to Ordinance No. _____ of said Town adopted and approved by the Board of Trustees of the Town on _____, 1974. Pursuant to Section 139-52-13 of said Article 52, such recital shall conclusively impart full compliance with all of the provisions of said article, and this bond issued containing such recital is incontestable for any cause whatsoever after its delivery for value.

Both the principal of and the interest on this Bond are payable solely out of a special fund created in full conformity with law and designated as the "Joint Water and Sewer Revenue bond Fund," of the Town, which Fund shall contain the net income and revenue derived by the Town from the joint operation of the municipal sanitary sewer system and the municipal water system, after payment of the necessary and reasonable costs and expenses of the operation and maintenance of the joint system, all as is more particularly set forth in the ordinance authorizing the issuance of this Bond. The bonds of this issue are equitably and rateably secured by alien on the net income and revenue of said joint system, and constitute an irrevocable and first lien (but not necessarily an exclusive first

lien) on said net revenues and Fund, on a parity with the lien of the outstanding Joint Water and Sewer Revenue Bonds, Series 1971, of the Town, dated January 4, 1972.

It is hereby recited, certified and warranted that for the payment of this Bond, the Town of Creede has created and will maintain said Fund and will deposit therein out of the income and revenue of the joint system, the amounts and revenue specified in said ordinance, and out of said Fund, as an irrevocable charge thereon, will pay this Bond and the interest thereon, in the manner provided by said ordinance. For a description of said Fund and the nature and extent of the security afforded thereby for the payment of this Bond, reference is made to that ordinance.

This Bond does not constitute a debt of the Town of Creede within the meaning of any constitutional or statutory limitation, and shall not be considered or held to be a general obligation of the Town.

It is hereby certified and recited that all the requirements of law have been fully complied with by the proper officers of the Town in the issuance of this Bond.

For the payment of this Bond and the interest thereon, the Town or Creede pledges the exercise of all its lawful powers.

This bond may be registered in the name of the holder thereof in conformity with the provisions endorsed hereon and subject to the terms and conditions set forth in the ordinance authorizing its issuance, and unless so register, this bond shall be transferable by delivery. This bond may be registered as to both principal and interest, but not as to principal only or to interest only; and if this bond be registered as to both principal and interest, it may be reconverted into a coupon bond in accordance with the provisions endorsed hereon and subject to the provisions set forth in said ordinance.

IN TESTIMONY WHEREOF, the Board of Trustees of the Town of Creede, Colorado, has cause this Bond to be signed by the manual signature of the Mayor, sealed with a facsimile of the seal of the Town, attested with the facsimile signature of the Town Clerk and the attached coupons to be signed with the facsimile signature of the Town Treasurer, as of the _____ day of _____, 1974.

Town of Creede, Colorado
By____(Manual Signature)____

Mayor
(FACSIMILE SEAL)

ATTEST:
____(Facsimile Signature)____
Town Clerk

(Form of Registration Panel on Back of Bond)

PROVISION FOR REGISTRATION AND RECONVERSION

This bond may be registered as to both principal and interest, but not as to principal alone, on the books of the town of Creede, Colorado, kept by the Treasurer of the Town as Registrar, upon presentation hereof to the Registrar, who shall detach and cancel all unmatured coupons and shall make notation of such registration as to both principal and interest on the registration blank below. After registration this bond may be transferred only upon a duly executed assignment of the registered owner or his legal representative in such form as shall be satisfactory to the Registrar, such transfer to be made on said books and endorsed hereon by the Registrar. The principal of the interest on this bond, if registered, shall be payable only to, or upon the order of the registered owner or his legal representative.

This bond, if converted into a bond registered as to both principal and interest, may be reconverted, at the expense of the registered owner, into a coupon bond, upon presentation hereof to the Registrar, accompanied by an instrument duly executed by the registered owner, or his legal representative, in such form as shall be satisfactory to the Registrar, who shall attach hereto new

coupons representing the interest to become due thereafter on this bond to the date of maturity, and shall make notation in the registration blank below that this bond is payable to bearer. Such coupon bond may again be registered as to both principal and interest as hereinabove provided.

Any registration, transfer, or discharge from registration is subject to such reasonable rules and regulations as the authorizing ordinance, The Board of Trustees or the Registrar may prescribe and upon payment of a charge sufficient to reimburse the Town and the Registrar for any tax or other governmental charge to be paid by them in connection therewith. Except as otherwise provided in the authorizing ordinance, no charge shall be made to the holder hereof for the privilege of registration, transfer or discharge from registration. Every privilege of registration, transfer or discharge from registration, or conversion hereinabove provided shall be exercised only in accordance with the subject to the terms and provisions of that ordinance.

The registration books shall be closed for a period of fifteen (15) days next preceding any interest payment date or after the first publication of any notice of prior redemption on any bond has been made.

Date of Registration	Name of Reg-- istered Owner	Signature of Registrar
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(End of Form of Registration Panel on Back of bond).
(Form of Interest Coupon)

No. _____ \$ _____

On the 1st day of January, 19__, unless the bond to which this coupon is attached, if redeemable, has been called for prior redemption, the Town of Creede, in the County of Mineral and State of Colorado, will pay to bearer the amount shown hereon, in lawful money of the United States of America, at the office of the Town Treasurer, in Creede, Colorado, or as to any bond or coupon owned by the United States Department of Agriculture, Farmers Home Administration, at the local county office of the Farmers Home Administration, in Mineral County, Colorado, out of the Joint Water and Sewer Revenue Bond Fund of said Town, but not otherwise, being interest then due on its Joint Water and Sewer Revenue Bond, Series 1974, bearing No. _____

(Facsimile Signature)

Town Treasurer

Section 7. ISSUANCE OF SINGLE BOND. Notwithstanding the provisions of this ordinance relating to the issuance of serial bonds, the amounts of any loan from the Farmers Home Administration shall be evidenced by a single bond, as authorized by Chapter 139, Article 52, C.R.S. 1963, as amended.

Such single bond shall be numbered R-1 and be in such form that will allow the amount of each advance by the Farmers Home Administration to be entered thereon. The single bond shall mature in installments of principal, substantially as provided in Section 3 hereof. Interest shall accrue on the principal amount of each advance, only from the date of such advance, and will not be evidenced by any interest coupons.

The principal of and interest on said bond shall be payable to the registered holder of said bond at the address shown on the registration books of the Town.

The single bond shall be registered as to principal and interest in the same manner and subject to the same terms and conditions as provided herein for the registration of serial bonds.

The single bond shall be signed by the manual signature of the Mayor, sealed with an impression of the seal of the Town, and attested by the manual signature of the Town Clerk.

At the request of the holder and owner of the single bond, the Town may issue negotiable coupon bonds or serial registered bonds without coupons, in

exchange for and upon surrender of the single bond, in the denomination of \$500. each, in the aggregate principal amount equal to the amount of the unpaid principal of the outstanding single bond, such bonds to be in the form provided by Section 6 of this Ordinance. The cost and expense of such serial bonds shall be paid by the holder and owner of the single bond.

Section 8. FORM OF SINGLE BOND. The form of the single bond, including the form of the advance and payment record shall be as follows:

(Form of Bond)
United States of America
State of Colorado
County of Mineral
TOWN OF CREEDE
Joint Water and Sewer Revenue Bond,
Series 1974
No. R-1 \$30,000

The Town of Creede, in the County of Mineral and State of Colorado, hereby promises to pay to the registered owner hereof, out of the special fund hereinafter designated, but not otherwise, the principal sum of

THIRTY THOUSAND
DOLLARS (\$30,000)

or such lesser sum as shall represent the aggregate advances made to the Town by the United States Department of Agriculture, Farmers Home Administration, as set forth in the schedule on the reverse side hereof, on January 1 in the years and installments as follows:

Years	Principal Installments
1976 to 1995	\$ 500.
1996 to 2012	1,000.
2013 and 2014	1,500.

with interest on the unpaid principal amount advanced to the Town from the date of each such advance, at the rate of five per centum (5%) per annum, payable annually on January 1 each year until said sum is paid, commencing on January 1 next succeeding the date of this bond. Both the principal hereof and interest hereon are payable in lawful money of the United States of America, to the registered holder hereof at the address shown on the registration books of the Town. The final installment of principal and interest due on this bond shall be made only upon presentation and surrender of this bond to the Town.

Installments of principal of this bond becoming due on and before January 1, 1984, are not payable prior to their stated due date, unless the Farmers Home Administration is the registered owner hereof. Installments becoming due on or after January 1, 1985, are subject to prepayment prior to their stated due dates in the amount of \$500. or any multiple thereof, at the option of the Town, in inverse order of due dates, on January 1, 1984 and any January 1 thereafter, by the payment of such principal amount and accrued interest. If the Farmers Home Administration is the registered owner, all installments are subject to prepayment prior to their stated due date, in the amount of \$500. or any multiple thereof, in inverse order of their due date, by the payment of such principal amount and accrued interest to the date of prepayment. Notice of prepayment shall be given as provided by the Ordinance authorizing this bond.

This Bond is issued by the Board of Trustees of the Town of Creede, Colorado, for the purpose of providing funds to extend and improve the municipal water system and to acquire by construction and installation a sanitary sewer system for the Town and its inhabitants under the authority of and in full conformity with the Constitution and Laws of the State of Colorado, particularly the provisions of Chapter 139, Article 52, Colorado Revised Statutes 1963, as

amended, and all other laws thereunto enabling, and pursuant to Ordinance No. _____ of said Town, adopted and approved by the Board of Trustees of the Town on _____, 1974. Pursuant to Section 139-52-13 of said Article 52, such recital shall conclusively impart full compliance with all of the provisions of said article, and this bond issued containing such recital is incontestable for any cause whatsoever after its delivery for value.

Both the principal of and the interest on this Bond are payable solely out of a special fund created in full conformity with law and designated as the "Joint Water and Sewer Revenue Bond Fund", of the Town, which Fund shall contain the net income and revenue derived by the Town from the joint operation of the municipal sanitary sewer system and the municipal water system, after payment of the necessary and reasonable costs and expenses of the operation and maintenance of the joint system all as is more particularly set forth in the ordinance authorizing the issuance of this Bond. This bond is equitable and rateable secured by a lien on the net income and revenue of said joint system, and constitutes an irrevocable and first lien (but not necessarily an exclusive first lien) on said net revenues and fund, on a parity with the lien of the outstanding Joint Water and Sewer Revenue Bonds, Series 1971, of the Town, dated January 4, 1972.

It is hereby recited, certified and warranted that for the payment of this Bond, the Town of Creede has created and will maintain said Fund and will deposit therein out of the income and revenue of the joint system, the amounts and revenue specified in said ordinance, and out of said Fund, as an irrevocable charge thereon, will pay this Bond and the interest thereon, in the manner provided by said Ordinance. For a description of said Fund and the nature and extent of the security afforded thereby for the payment of this Bond, reference is made to the ordinance.

This Bond does not constitute a debt of the Town of Creede within the meaning of any constitutional or statutory limitation, and shall not be considered or held to be a general obligation of the Town.

It is hereby certified and recited that all the requirements of law have been fully complied with by the proper officers of the Town in the issuance of this Bond.

For the payment of this Bond and the interest thereon, the town of Creede pledges the exercise of all its lawful powers.

This bond is transferable only upon the books kept by the Treasurer of the Town as registrar by the registered owner hereof in person or by his duly authorized attorney, and similarly noted hereon, or it may be surrendered in exchange for new bonds of the same aggregate principal amount, in coupon form or in serial registered form, in the determination of \$500. and subject to the conditions provided in said Ordinance.

This bond is issued against payment for the bond purchase price of par, but said purchase price may be paid to the Town in one or more advances in accordance with the schedule stated on the reverse side hereof. The principal amount of this bond shall in no event exceed the actual advances paid to the Town and interest shall accrue on the amount of each advance only from the date each advance is paid. In the event the entire principal amount of this bond is not advanced, the principal installments above set forth shall be reduced in inverse order of due date accordingly.

IN TESTIMONY WHEREOF, The Board of Trustees of the Town of Creede, Colorado, has caused this Bond to be signed by the manual signature of the Mayor, sealed with an impression of the seal of the Town, and attested by the manual signature

of the Town Clerk, as of the _____ day of _____, 1974.

Town of Creede, Colorado

_____(Manual Signature)_____

Mayor

(SEAL)

(ATTEST)

By _____(Manual Signature)_____

Town Clerk

(Form of Record of Advance Payments to Town)

SCHEDULE OF ADVANCES

Date of Advance	Amt. of Advance	Signature of Town Treasurer: Received
_____	_____	_____
_____	_____	_____

This bond is registered in the office of the Treasurer of the Town of Creede, Colorado, as registration the name of the owner listed below, and the principal amount of this bond and interest thereon shall be payable only to such owner, all in accordance with the ordinance authorizing the issuance of this bond. Date of Registration Name of Registered Owner Signature of Registrar _____ United States of _____

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

America, _____
Farmers Home Administration,
Mineral County, Colorado

(Form of Record of Payment)

Town of Creede, Colorado
Water and Sewer
Revenue Bond

Series 1974, No. R-1

PAYMENT RECORD

Due Date	Principal Payment	Principal Balance Due	Interest Payment 5%	Date Paid	Name of Paying Agent, Authorized Official and Title
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

(Form of Prepayment Record)

Town of Creede, Colorado
Joint Water and Sewer Revenue Bond,
Series 1974, No. R-1

Principal Due Date/Amount	Principal Payment	Balance	Date Paid	Name of Paying Agent, Authorized Official & Title
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Section 9. DISPOSITION OF BOND PROCEEDS. Said Bonds shall be sold and delivered to the purchaser, solely to provide the Town with money for the purpose hereinbefore stated, Neither the purchaser of said bonds, nor the subsequent holders of any of them shall be responsible for the application or disposal by the town or any of its officers of the funds derived from the sale thereof.

All or any portion of the bond proceeds may be temporarily invested or reinvested, pending such use, in securities or obligations which are lawful investments for such municipalities in the State of Colorado. It is hereby covenanted and agreed by the Town that the temporary investment or reinvestment of the bond proceeds, or any portion thereof, shall be of such nature and extent, and for such period, that the bonds of the Town shall not be or become "arbitrage bonds" within the meaning of Section 103 (d) of the Internal Revenue Code, and pertinent regulations, and such proceeds if so invested or reinvested, shall be subject to the limitations and restrictions of said Section 103 (d), as the same now exists or may later be amended, and shall further be subject to any applicable regulations of the Internal Revenue Service.

The issue of said bonds by the Town shall constitute a warranty by and on behalf of the Town for the benefit of each and every holder of any of said bonds, that said bonds have been issued for a valuable consideration in full conformity with law.

Each bond shall recite that it is issued under the authority of Chapter 139, Article 52, Colorado Revised Statutes, 1963, as amended, and such recital shall conclusively impart full compliance with all of the provisions of said article, and all bonds issued containing such recital shall be incontestable for any cause whatsoever after their delivery for value.

Section 10. PAYMENT OF INTEREST DURING CONSTRUCTION. If necessary, the interest due on said bonds during the construction of the project shall be advanced from any fund of the Town available therefor, said amount to be later reimbursed from the revenues of the joint system. The principal of and interest on said bonds shall be payable solely out of the net income and revenue to be derived by the Town from the operation of its joint system as specified in this Ordinance. The term "joint system", as herein used, shall include not only the property comprising the sanitary sewer and waterworks system at the present time, but all additions and betterments thereto and improvements and extensions hereafter constructed or acquired by the Town.

Section 11. RATES AND CHARGES FOR SERVICE BY THE JOINT SYSTEM. The Board of Trustees of the Town covenants that it will establish, maintain and enforce rates and charges for services rendered by the joint system to create income and revenue each year sufficient to pay maintenance and operation expenses of the joint system and to cover 1.25 times the annual interest and principal requirements of the bonds authorized herein.

It shall be the duty of the town to establish, maintain and enforce such rates continuously until all of said bonds and the interest thereon have been fully paid and discharged.

Section 12. PAYMENT OF PRINCIPAL AND INTEREST. The Board of Trustees has, by Ordinance No. 185, adopted and approved on October 8, 1971, created a special Fund designated as the "Joint water and Sewer Revenue bond Fund," of the Town, which Fund shall contain the net income and revenue derived by the Town from the joint operation of the municipal sanitary sewer system and the municipal water system, after payment of the necessary and reasonable costs and expenses of the operation and maintenance of the joint system.

Ordinance No. 185 further provides as follows:

Such net revenues and fund are hereby irrevocable pledged for the following purposes and shall be disbursed in the following manner and order: (a) For the prompt payment of the interest on the principal of the bonds authorized herein, when and as the same shall become due and payable respectively, and any additional bonds payable from the income and revenue of the joint system and having a lien thereon on a parity when the lien of the bonds authorized herein.

The Board of Trustees has, by said Ordinance No. 185, authorized the issuance of Joint Water and Sewer Revenue Bonds, Series 1971, dated January 4, 1972, in the principal amount of \$355,000. The principal of the interest on the bonds are payable solely from the Joint Water and Sewer Revenue Bond Fund of the Town, and such issue constitutes an irrevocable and first lien on the net revenues and Fund, (although not necessarily an exclusive first and prior lien).

Ordinance No. 185 allows the issuance of additional bonds having a lien on the net income and revenue and Fund on a parity with the lien of the Series 1971 Bonds, and contains certain limitations with respect to the issuance of such additional parity lien bonds. The board has determined that the limitations and restrictions set forth in Ordinance No. 185 have been complied with, and that such additional parity lien bonds may be issued and sold, as authorized herein.

The Joint Water and Sewer Revenue Bonds, Series 1974, in the principal amount of \$30,000, shall constitute an irrevocable and first lien (but not an exclusive first lien) on said Joint Water and Sewer Revenue Bond Fund, on a parity with the outstanding Series 1971 Bonds. The bonds shall not constitute a lien on the physical properties of the municipal water and sanitary sewer system, or any part thereof, but shall constitute a lien only on the net revenues derived from the operation of the joint system. The Board of Trustees specifically covenants and agrees to maintain the Joint Water and Sewer Revenue Bond Fund, and to deposit therein sums sufficient to pay when due, the principal of and interest on the Series 1971 Bonds and the Series 1974 Bonds authorized by this Ordinance.

Section 13. COVENANTS OF THE TOWN. The Board of Trustees hereby irrevocably covenants and agrees with each and every holder of the Series 1974 Bonds, authorized herein, as long as any of said Bonds remain outstanding, that it will keep and perform those covenants set forth in Ordinance No. 185, passed and adopted on January 4, 1972, and said covenants are incorporated herein by specific reference.

Section 14. ADDITIONAL BONDS. No additional bonds shall be issued payable from the income and revenue of the joint system and having a lien upon such income and revenue which is superior to the lien of the Series 1974 Bonds authorized therein, or the lien of the Series 1971 Bonds.

However, nothing contained in this Ordinance shall be construed in such manner as to prevent the issuance by the Town of additional bonds payable from the income and revenue derived from the operation of the joint system and constituting a lien upon said revenues equal to or on a parity with the lien of the Series 1974 Bonds authorized herein, or the Series 1971 Bonds, PROVIDED the net income of the joint system, (net revenue is defined as the gross revenue of the joint system less the amount necessary for the operation and maintenance of the joint system) for the fiscal year preceding the year in which such parity bonds are to be issued was 120 per cent of the average annual debt service requirements on all the Series 1974 Bonds authorized herein which are then

outstanding, the Series 1971 Bonds, which are outstanding, and the additional bonds to be issued. In addition, the Town shall be in compliance with all of the provisions of said Ordinance No. 185, and this Ordinance, relating to the maintenance of the Reserve Funds. This limitation, however, may be waived or modified by the written consent of bond holders representing 75 per cent of the then outstanding principal indebtedness.

Nothing herein shall prevent the Town from issuing bonds having a junior or subordinate lien on the income and revenue of the joint system.

Section 15. BOND RESERVE ACCOUNT. There is hereby established a separate account to be designated as the "Bond Reserve Account." Such Reserve Account shall be used to prevent defaults in the payment of the bonds authorized herein and the interest thereon, but if used for such purpose it shall be restored to the account as soon as possible.

The Reserve Account shall be accumulated in the total amount of \$22,600 by deposits to said Reserve Account in each of the years 1974 to 1983, inclusive. Payments to the Reserve Account shall be made on or before September 1 each year, in an amount not less than \$2,260.

The Reserve Account shall be maintained until such time as the amount therein will be sufficient to pay all of the outstanding bonds authorized by this ordinance and the interest thereon. Moneys in the Reserve Account may be invested in direct obligations of the United States Government or in obligations or securities of any agency or instrumentality thereof, and the interest from and such investments shall be considered as net revenues of the joint system.

Section 16. PAYMENT OF COSTS OF ISSUING BONDS. All costs and expenses incurred in connection with the issuance and payment of Series 1974 Bonds, shall be paid exclusively from the proceeds of said bonds or from the net income and revenue of the joint system, and in no event shall any of such costs or expenses or the principal of or interest on said bonds be paid out of or charged to the general funds or tax levies of the Town.

Section 17. REPEALER. All ordinances, or parts thereof, in conflict with this Ordinance are hereby repealed.

Section 18. ORDINANCE IRREPEALABLE. After the Series 1974 Bonds have been issued, this Ordinance shall be irrevocable until said bonds and the interest thereon shall be fully paid, satisfied and discharged in the manner herein provided.

Section 19. SEVERABILITY. That if any one or more sections or provisions of this Ordinance be judicially determined invalid or unenforceable, such determination shall not affect, impair or invalidate the remaining provisions hereof, the intention being that the various provisions hereof are severable.

Section 20. EMERGENCY PROVISION. By reason of the fact that the Town is not supplied with adequate water and sanitary sewer facilities, and it is necessary to issue additional revenue bonds to pay the costs and expenses of completing the water and sanitary sewer project, which costs have become due, and will hereafter become due and payable, it is hereby declared that an emergency exists, that this Ordinance is necessary for the preservation of the public peace, health and safety, and that it shall take effect five days after its publication.

Section 21. RECORDING AND AUTHENTICATION. This Ordinance shall be recorded in a book kept for that purpose, shall be authenticated by the signatures of the Mayor and Town Clerk, and shall be published in accordance with law.

ADOPTED AND APPROVED. This fourth day of March, 1974.

James Basham, Mayor

(SEAL)

ATTEST:

Emma H. Swinehart
City Clerk