

WORKS AND SEWERAGE SYSTEM OF SAID CITY,
PRESCRIBING ALL THE DETAILS OF SAID BONDS, AND
PROVIDING FOR THE COLLECTION, SEGREGATION AND
DISTRIBUTION OF THE REVENUES OF SAID SYSTEM
FOR THE PURPOSE OF PAYING THE COST OF THE
OPERATION AND MAINTENANCE THEREOF, PROVIDING
AN ADEQUATE DEPRECIATION FUND THEREFOR AND
PAYING THE PRINCIPAL AND INTEREST OF SAID BONDS.

WHEREAS, the City of Nokomis, Montgomery County, Illinois, has heretofore, by ordinance, provided for the combination of its existing municipally owned waterworks and sewerage systems into a combined waterworks and sewerage system and is now operating the same as a single utility, all in accordance with the provisions of Division 139 of Article 11 of the Illinois Municipal Code, effective July 1, 1961, as amended; and

WHEREAS, it is deemed advisable, necessary and in the interests of public health of the City that its combined waterworks and sewerage system be improved and extended by the construction and installation of two new wells, reconditioning two existing wells, approximately 3,000 feet of transmission line, water filter backwash facilities, and reconditioning of existing water treatment plant and existing 200,000 gallon elevated storage tank, all in accordance with the preliminary plans and specifications therefor heretofore approved by the Council and now on file in the office of the City Clerk for public inspection; and

WHEREAS, the total estimated cost of such improvements and extensions, including all engineering, legal fees, bond expense and contingencies, as prepared by the engineers employed for that purpose, is the sum of \$155,000; and

WHEREAS, the City does not have on hand sufficient funds to pay the cost thereof, and it will be necessary for the City to borrow the sum of \$155,000 and in evidence thereof to issue its waterworks and sewerage revenue bonds for the purpose of paying the cost of the construction and installation of said improvements and extensions to the waterworks and sewerage system; and

WHEREAS, at the time of issuance of the bonds authorized hereby there will be no other bonds outstanding which by their terms are payable solely from the revenues of the combined waterworks and sewerage system of the City;

County, Illinois, deems it to be in the best interests of the City that improvements and extensions to the combined waterworks and sewerage system of the City be constructed, all as described in the preamble of this ordinance, and all in accordance with the preliminary plans and specifications therefor heretofore approved by the Council and now on file in the office of the City Clerk for public inspection.

SECTION 2. That this Council has heretofore estimated and does hereby estimate that the cost of constructing said improvements and extensions to the combined waterworks and sewerage system of the City, as set out in the preamble of this ordinance, is the sum of \$155,000.

SECTION 3. That the City does not have sufficient funds on hand available to pay the cost of such improvements and extensions and that it will require the issuance of waterworks and sewerage revenue bonds by said City in the principal amount of \$155,000 to pay the cost thereof.

SECTION 4. That the Council does hereby determine the period of usefulness of such combined waterworks and sewerage system and the improvements and extensions to be made thereto to be forty (40) years from the date of the bonds herein authorized.

SECTION 5. That for the purpose of defraying the cost of constructing said improvements and extensions referred to above, there be issued revenue bonds of said City of Nokomis to be designated "Waterworks and Sewerage Revenue Bonds" in the principal amount of One Hundred Fifty Five Thousand Dollars (\$155,000), said bonds to be dated June 1, 1977, be of the denomination of \$5,000 each, be numbered consecutively from 1 to 31, inclusive, bear interest at the rate of not to exceed seven per cent (7%) per annum, payable November 1, 1977, and semiannually thereafter on the first days of May and November in each year until paid, and said bonds to mature serially \$5,000 on May 1 of each of the years 1979 to 1993, inclusive, and \$10,000 in each of the years 1994 to 2001, inclusive; provided, however, that bonds numbered 16 to 31, inclusive, maturing on May 1 of the years 1994 to 2001, inclusive, shall be subject to redemption and payment prior to maturity at the option of the City, as a whole or in part, in inverse numerical order, at par plus interest accrued thereon to the date of redemption, on May 1, 1993, or on any interest payment date thereafter.

of general circulation in the City, ...
of such notice to be not less than thirty (30) days prior to such redemption date,
and when any of said bonds have been called for redemption and payment made
or provided for, interest thereon shall cease from and after the date so specified.

SECTION 6. That both principal of and interest on said bonds shall
be payable in lawful money of the United States of America at the American
National Bank and Trust Company of Chicago, in the City of Chicago, Illinois.
Said bonds shall be signed by the Mayor, sealed with the corporate seal of the City,
and attested by the City Clerk, and the interest coupons attached to said bonds shall
be executed by the facsimile signatures of said Mayor and said City 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 combined waterworks and sewerage system
of the City, including all improvements and extensions thereto, and said bonds
shall not in any event constitute an indebtedness of the City within the meaning
of any constitutional provision or any constitutional or statutory limitation.

Any of said 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 City in the office of the City Treasurer, such registration to be
noted on the reverse side of the bonds by the City 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 City
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 7. That said bonds and the coupons attached thereto shall
be in substantially the following form:

\$5,000

Number _____

KNOW ALL MEN BY THESE PRESENTS, that the City of Nokomis, Montgomery County, Illinois, for value received, hereby promises to pay to bearer, or if this bond be registered as to principal, as hereinafter provided, then to the registered holder hereof, solely from the Waterworks and Sewerage Fund of the City of Nokomis, as hereinafter mentioned and not otherwise, the sum of Five Thousand Dollars (\$5,000) on May 1, 19____, together with interest on such principal sum from the date hereof until paid at the rate of _____ per cent per annum, payable November 1, 1977, and semiannually thereafter on May 1 and November 1 in each year upon presentation and surrender of the interest coupons hereto attached as they severally become due.

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, in the City of Chicago, Illinois.

This bond and the series of which it forms a part is payable solely from revenues derived from the combined waterworks and sewerage system of said City and not otherwise, and is issued under authority of Division 139 of Article 11 of the Illinois Municipal Code, effective July 1, 1961, and all laws amendatory thereof and supplementary thereto, for the purpose of paying the cost of constructing necessary improvements and extensions to the combined waterworks and sewerage system of said City, and this bond does not constitute an indebtedness of said City within any constitutional or statutory limitation.

This bond is one of an authorized issue of \$155,000 numbered from 1 to 31, inclusive, of the denomination of \$5,000 each, of like date and tenor except as to maturity and privilege of redemption, and of said bonds, bonds numbered from 16 to 31, inclusive, maturing on May 1 of the years 1994 to 2001, inclusive, shall be subject to redemption and payment prior to maturity at the option of the City, as a whole or in part, in inverse numerical order, at par plus interest accrued thereon to the date of redemption, on May 1, 1993, or on any interest payment date thereafter.

of general circulation in the City of Chicago, Illinois, the date of the publication of such notice to be not less than thirty (30) days prior to such redemption date, and when any of said bonds have been called for redemption and payment made or provided for, interest thereon shall cease from and after the date so specified.

Under said Code and the ordinance adopted pursuant thereto, authorizing the issuance of this bond and the series of which it forms a part, the entire revenues derived from the operation of the combined waterworks and sewerage system of said City shall be deposited in a separate fund designated as the "Waterworks and Sewerage Fund" of the City of Nokomis, which shall be used only for the purpose of paying the cost of operating and maintaining said system, providing an adequate depreciation fund, and paying the principal of and interest on the bonds of said City which are issued under authority of said Code, and are payable by their terms solely from the revenues of said combined waterworks and sewerage system, and making all payments required to maintain the accounts provided for by the terms of the ordinance pursuant to which this bond is issued.

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 to promptly 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 and Sewerage Fund the entire revenues received from the operation of said combined waterworks and sewerage 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 and sewerage system sufficient at all times to pay the cost of the operation and maintenance of such system, to provide an adequate depreciation fund, and to pay the principal of and interest on all bonds issued by said City which are payable solely from the revenues of such combined waterworks and sewerage system, and to comply with all covenants of and to maintain the accounts provided for by the ordinance pursuant to which this bond and the series of which it forms a part were issued.

similarly noted hereon, but it may be transferred to bearer, after which it shall be transferable by delivery merely, but it may be again registered as before. Registration hereof shall not affect the negotiability of the coupons hereto attached, which shall continue negotiable by delivery merely, notwithstanding registration hereof.

IN WITNESS WHEREOF, said City of Nokomis, Montgomery County, Illinois, by its Council, has caused this bond to be signed by its Mayor, its corporate seal to be hereto affixed, and attested by the City Clerk, and the coupons hereto attached to be signed by the facsimile signatures of said Mayor and said City 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 June 1977.

Ed Rubin
Mayor

Attest:

Mary Jean Scheller
City Clerk

(SEAL)

(Form of Coupon)

Number _____ \$ _____

On the first day of _____, 19____, (unless the bond to which this coupon is attached has heretofore been called for payment prior to said date as therein provided and payment made or provided for), the City of Nokomis, Montgomery County, Illinois, will pay to bearer out of the Waterworks and Sewerage Fund of said City _____ Dollars (\$ _____) in lawful money of the United States of America at the American National Bank and Trust Company of Chicago, in the City of Chicago, Illinois, being interest then due on its Waterworks and Sewerage Revenue Bond dated June 1, 1977, Number _____.

SECTION 8. That the bonds authorized hereby, and the interest thereon, shall be payable equally and ratably, solely from the revenues derived from the operation of the waterworks and sewerage system, including any improvements and extensions thereto, and shall not constitute an indebtedness of the City within the meaning of any constitutional or statutory limitation.

SECTION 9. That, from and after the delivery of any bonds issued under the provisions of this ordinance, the waterworks and sewerage system shall be operated on the basis of a fiscal year beginning on the first day of May of each year and ending on the last day of April of the ensuing year. All revenues derived from the operation of the waterworks and sewerage system, including all improvements and extensions thereto, shall be deposited daily in a separate fund to be designated as the "WATERWORKS AND SEWERAGE FUND", and a sufficient amount thereof shall be used only for and is pledged to the payment of (1) the cost of maintenance and operation of the system, (2) the payment of the principal of and the interest on all revenue bonds which are payable from the revenues of the system, and (3) the creation of an adequate depreciation fund, and such funds shall be sufficient at all times for the above purposes. All sums in the Waterworks and Sewerage Fund shall be held at all times in bank accounts separate and distinct from the bank accounts in which other City funds are held.

SECTION 10. That the sums in the Waterworks and Sewerage Fund shall be set aside for, allocated to, and deposited in the following separate accounts, which are hereby created in said Fund, by the financial officer of the City, without further direction of or action by the Mayor or Council of said City. Such allocations and deposits shall be made on the first business day of each and every month as long as any of the bonds authorized hereby, or the coupons attached thereto, remain outstanding and unpaid.

deposits to the following accounts shall be made from this account;

(b) Into an account designated the "WATERWORKS AND SEWERAGE BOND AND INTEREST ACCOUNT" there shall be deposited in each month sums at least equal to one-sixth of the amount of interest that will come due on all bonds then outstanding on the next interest payment date occurring after the date of said deposit, plus one-twelfth of the amount of principal that will come due on said bonds on the next maturity date occurring after the date of said deposit. Sums in this account shall be used only for the payment of bonds which are payable solely from the revenues of said system or the interest thereon.

(c) Into an account designated the "WATERWORKS AND SEWERAGE BOND RESERVE ACCOUNT" there shall be deposited each month the sum of at least One Hundred Fifty Dollars (\$150) until the amount on deposit in this account shall equal at least Fifteen Thousand Dollars (\$15,000). If this account should be depleted for any cause, such monthly deposits shall be resumed until said amount is restored in this account. Sums in this account shall be used only for the payment of bonds which are payable solely from the revenues of said system or the interest thereon, and then only when and to the extent that other funds are not available for such purpose. Sums in this account shall not be used to pay bonds called for payment prior to maturity unless all bonds then outstanding are then retired.

(d) Into an account designated the "WATERWORKS AND SEWERAGE DEPRECIATION ACCOUNT" there shall be deposited each month the sum of at least One Hundred Fifty Dollars (\$150) as long as any of the bonds authorized hereby remain outstanding. Sums in this account shall be used only for unusual and extraordinary repairs and replacements of the system, provided that sums in this account shall be used to pay bonds or the interest thereon if necessary to prevent or cure a default.

Any surplus remaining in the Waterworks and Sewerage Fund after making all deposits into the above accounts (a), (b), (c) and (d) required by this ordinance shall be used only for the purpose of extending or improving the waterworks and sewerage system or for the redemption of bonds prior to maturity.

revenues of said system received during any succeeding month or months. Whenever and as long as sums actually on deposit in the Waterworks and Sewerage Bond and Interest Account and in the Waterworks and Sewerage Bond Reserve Account together shall equal the principal amount of all outstanding bonds plus the amount of all interest due thereon until the respective maturity dates of all such bonds, then no further deposits need be made into said accounts.

SECTION 12. That the City covenants and agrees with the holders of the bonds herein authorized to be issued that it will perform all duties with respect to the operation and maintenance of said waterworks and sewerage system, including all improvements and extensions thereto, and with respect to the fixing, maintaining and collecting of the rates, fees and charges for the services and facilities thereof, and the establishment of the accounts herein authorized and created, and all other matters and things required by law and by this ordinance, and that it will do or cause to be done, in apt time and season, each and every official act necessary for the payment of the principal of and the interest on the bonds herein authorized to be issued, as the same shall mature and accrue. Said City further covenants with the holders of said bonds as follows, as long as any of the bonds authorized by this ordinance or the interest coupons pertaining thereto remain outstanding and unpaid:

(a) That it will construct the improvements to the waterworks and sewerage system contemplated by this ordinance, and that it will operate and maintain said system in an efficient manner and at reasonable cost and preserve said system in good repair and condition, and for that purpose it will maintain its corporate existence;

(b) The City will establish and maintain at all times reasonable fees, charges and rates for the service of said system, and will provide for the collection thereof and the segregation and application of the revenues of said system in the manner provided by this ordinance and sufficient at all times to pay the reasonable costs of operation and maintenance, to pay the interest and principal of all revenue bonds of said City which by their terms are payable from the revenues of said system, to provide a reasonable depreciation fund, and to provide for the creation of the respective accounts as provided in Section 10 of this ordinance, and from time to time make all needful and proper repairs, replacements, additions and betterments thereto, so that the system may at all times be operated properly and advantageously, and when any equipment or facility shall have been worn out, destroyed, or is otherwise insufficient for proper use, it shall be promptly replaced or repaired so that the value and efficiency of said system shall be at all times fully maintained.

including public liability insurance, upon forming a part of said waterworks and sewerage system which may be of an insurable nature; such insurance to be of the type and kind and for such amount or amounts as carried and maintained by other municipalities or private companies rendering services of a similar character in similar communities. The proceeds of all such insurance, except public liability insurance, shall be used only for the maintenance and restoration of said waterworks and sewerage system or for the payment of the principal of and interest on the bonds authorized by this ordinance;

(e) That the City shall set up and maintain a proper system of accounts and records separate from all other accounts and records, showing the amount of revenue received from its waterworks and sewerage system and the application of such revenue and all financial transactions in connection therewith. Such accounts, at least once a year shall be audited properly by an independent certified public accountant employed for the purpose. A report of such audit shall be furnished each year, without further request, to Midwest Securities Co., Chicago, and to the purchasers of the bonds authorized hereby, within sixty (60) days after the close of the fiscal year, and, upon request, to any bondholder. The annual audit of the waterworks and sewerage system shall include:

(1) A statement of the gross revenues received, of the operating expenditures, of the net operating revenues, of the amount of any capital expenditures in connection with the waterworks and sewerage system for the fiscal year;

(2) A statement of the amount on hand at the end of the fiscal year in each of the accounts created by Section 10 of this ordinance;

(3) A statement of the number of customers served by the waterworks and sewerage system at the beginning and the ending of the fiscal year;

(4) A statement of the amount and character of insurance carried by the City on the property of the waterworks and sewerage system, and of the names of the insurers and the expiration dates of the several policies;

(5) A statement as to whether or not, in the opinion of the auditor, the terms of this ordinance have been fulfilled, and such comments regarding the City's methods of operation and accounting practices as the auditor may deem desirable;

(f) That any holder or any purchaser of not less than twenty-five per centum (25%) in principal amount of said bonds then outstanding shall be permitted, at all reasonable times, to inspect said waterworks and sewerage system and all records and data relating thereto and shall be furnished all information relating to said system which may be reasonably requested;

(g) That the City shall not sell, lease, loan, mortgage, pledge or otherwise encumber, permit any lien to attach to, or in any manner dispose of said waterworks and sewerage system, or any part thereof, unless adequate provision shall have been made which shall assure the full payment of said bonds and the interest thereon to maturity in full, according to their terms;

(i) That the City Council shall require that accounts be rendered to it monthly as of the end of each month, showing the revenues, disbursements and other transactions in connection with said system, and the number of customers served by the system.

SECTION 13. That it is hereby covenanted and agreed that while any of the bonds issued hereunder are outstanding and unpaid, no additional waterworks and sewerage revenue bonds shall be issued to share ratably and equally in the revenues to be derived from the operation of the waterworks and sewerage system of said City unless all of the amounts required to be credited to the respective accounts described in Section 10 of this ordinance have been credited in full to the first day of the month in which an ordinance is adopted authorizing such additional bonds, and unless and until it is evidenced by a certificate of an independent certified public accountant that the revenues derived from the operation of the system for the fiscal year then next preceding, or the adjusted revenues if such revenues are adjusted as hereinafter provided, were sufficient to pay all costs of operation and maintenance and leave a balance equal to one hundred twenty five percent (125) of the maximum principal and interest requirements in any succeeding fiscal year on all bonds then outstanding and such additional bonds then proposed to be issued.

In the event there shall have been a change in the rates of the system from the rates in effect for the preceding fiscal year, which change is in effect at the time of the issuance of any such additional bonds, then the revenues as provided above shall be adjusted to reflect the revenues of the system for the immediately preceding fiscal year as they would have been had said then existing rates been in effect during all of said fiscal year. Any such adjustment shall be evidenced by the certificate of an independent consulting engineer employed for that purpose, which certificate shall be filed with the City Clerk for public inspection upon its approval by the Council prior to the adoption of an ordinance authorizing such additional bonds.

Further, notwithstanding the restrictions hereinabove set forth in this Section 13, additional bonds may be issued by the said City to share ratably and equally in the revenues of the waterworks and sewerage system of said City

only upon submission to the Council of a certificate prepared by the consulting engineer employed by the City stating that in his opinion the revenues of the system as projected for the next complete fiscal year following the completion of the construction of such proposed improvements and extensions to the system (such projection to be based on the number of users, including the additional users to be served by the said proposed improvements and extensions, and the rates for water and sewer service in effect at the time of adoption of the ordinance authorizing the issuance of the additional bonds) will be not less than one hundred twenty five percent (125%) of the maximum combined principal and interest requirements for any succeeding fiscal year on all bonds then outstanding and on the additional bonds then proposed to be issued. Said certificate of the consulting engineer shall be approved by the Council and filed with the City Clerk for public inspection prior to the adoption of an ordinance authorizing such additional bonds.

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 provisions for call and redemption thereof is duly made), and any refunding bonds so issued shall share ratably and equally in the revenues of said waterworks and sewerage system with the portion of the bonds hereby authorized which are not refunded; provided, however, that if any such bonds are refunded in such manner that the interest rate is increased or the refunding bonds mature at a date earlier than the maturity of the bonds not refunded, then such refunding bonds shall not share ratably and equally in the revenues of said system with the portion of the bonds remaining outstanding authorized under this ordinance.

SECTION 14. That any holder of any bonds or any of the coupons of any bonds issued hereunder, may proceed by civil action to enforce or compel performance of all duties required by this ordinance, including the making and collecting of sufficient rates for water and sewer service and the application of income and revenue therefrom.

under and the interest thereon shall be paid in full, or unless and until such provisions shall have been made as will assure the full payment of all such bonds and interest thereon to maturity.

SECTION 16. That all bonds issued hereunder shall be payable equally and ratably, without regard to the date when said bonds shall actually be delivered, and shall enjoy parity of lien, one with the other, upon the revenues of said combined system.

SECTION 17. That the customary charges, if any, of the paying agent for its services and responsibility in paying the principal of and the interest on the bonds authorized hereby shall be paid promptly to said paying agent from the Waterworks and Sewerage Fund.

SECTION 18. That as soon as may be after this ordinance becomes effective, said bonds shall be lodged with the City Treasurer, who shall deliver said bonds to Midwest Securities Co., the purchasers thereof, upon payment of the purchase price in accordance with the terms of the agreement heretofore entered into. The proceeds received from the sale of said bonds shall be used only for the purpose of constructing the improvements and extensions to the waterworks and sewerage system contemplated by this ordinance.

SECTION 19. 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 other provision of this ordinance.

SECTION 20. That all ordinances or resolutions in conflict herewith shall be and are hereby repealed to the extent of such conflict.

SECTION 21. That this ordinance, after its passage, shall be published once in a newspaper published in Nokomis, Illinois, and having a general circulation in said City, and said ordinance 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 this 13th day of June, 1977.

Approved this 13th day of June, 1977.

Attest: Mary Jean Schell
City Clerk

Fred Durbin
Mayor

I, the undersigned, do hereby certify that I am the duly qualified and acting City Clerk of the City of Nokomis, Montgomery County, Illinois.

I do further certify that the ordinance hereto attached is a full, true and exact copy of an ordinance adopted by the Council of said City on the 13th day of June, 1977, said ordinance being entitled:

AN ORDINANCE AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF \$155,000 WATERWORKS AND SEWERAGE REVENUE BONDS OF THE CITY OF NOKOMIS, MONTGOMERY COUNTY, ILLINOIS, FOR THE PURPOSE OF DEFRAYING THE COST OF CONSTRUCTING IMPROVEMENTS AND EXTENSIONS TO THE COMBINED WATERWORKS AND SEWERAGE SYSTEM OF SAID CITY, PRESCRIBING ALL THE DETAILS OF SAID BONDS, AND PROVIDING FOR THE COLLECTION, SEGREGATION AND DISTRIBUTION OF THE REVENUES OF SAID SYSTEM FOR THE PURPOSE OF PAYING THE COST OF THE OPERATION AND MAINTENANCE THEREOF, PROVIDING AN ADEQUATE DEPRECIATION FUND THEREFOR AND PAYING THE PRINCIPAL AND INTEREST OF SAID BONDS.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of said City of Nokomis this 16th day of June, 1977.

Mary Jean Scheller
City Clerk

(SEAL)

SECTION 8. That the bonds authorized hereby, and the interest thereon, shall be payable equally and ratably, solely from the revenues derived from the operation of the waterworks and sewerage system, including any improvements and extensions thereto, and shall not constitute an indebtedness of the City within the meaning of any constitutional or statutory limitation.

SECTION 9. That, from and after the delivery of any bonds issued under the provisions of this ordinance, the waterworks and sewerage system shall be operated on the basis of a fiscal year beginning on the first day of May of each year and ending on the last day of April of the ensuing year. All revenues derived from the operation of the waterworks and sewerage system, including all improvements and extensions thereto, shall be deposited daily in a separate fund to be designated as the "WATERWORKS AND SEWERAGE FUND", and a sufficient amount thereof shall be used only for and is pledged to the payment of (1) the cost of maintenance and operation of the system, (2) the payment of the principal of and the interest on all revenue bonds which are payable from the revenues of the system, and (3) the creation of an adequate depreciation fund, and such funds shall be sufficient at all times for the above purposes. All sums in the Waterworks and Sewerage Fund shall be held at all times in bank accounts separate and distinct from the bank accounts in which other City funds are held.

SECTION 10. That the sums in the Waterworks and Sewerage Fund shall be set aside for, allocated to, and deposited in the following separate accounts, which are hereby created in said Fund, by the financial officer of the City, without further direction of or action by the Mayor or Council of said City. Such allocations and deposits shall be made on the first business day of each and every month as long as any of the bonds authorized hereby, or the coupons attached thereto, remain outstanding and unpaid.

deposits to the following accounts shall be made from this account;

(b) Into an account designated the "WATERWORKS AND SEWERAGE BOND AND INTEREST ACCOUNT" there shall be deposited in each month sums at least equal to one-sixth of the amount of interest that will come due on all bonds then outstanding on the next interest payment date occurring after the date of said deposit, plus one-twelfth of the amount of principal that will come due on said bonds on the next maturity date occurring after the date of said deposit. Sums in this account shall be used only for the payment of bonds which are payable solely from the revenues of said system or the interest thereon.

(c) Into an account designated the "WATERWORKS AND SEWERAGE BOND RESERVE ACCOUNT" there shall be deposited each month the sum of at least One Hundred Fifty Dollars (\$150) until the amount on deposit in this account shall equal at least Fifteen Thousand Dollars (\$15,000). If this account should be depleted for any cause, such monthly deposits shall be resumed until said amount is restored in this account. Sums in this account shall be used only for the payment of bonds which are payable solely from the revenues of said system or the interest thereon, and then only when and to the extent that other funds are not available for such purpose. Sums in this account shall not be used to pay bonds called for payment prior to maturity unless all bonds then outstanding are then retired.

(d) Into an account designated the "WATERWORKS AND SEWERAGE DEPRECIATION ACCOUNT" there shall be deposited each month the sum of at least One Hundred Fifty Dollars (\$150) as long as any of the bonds authorized hereby remain outstanding. Sums in this account shall be used only for unusual and extraordinary repairs and replacements of the system, provided that sums in this account shall be used to pay bonds or the interest thereon if necessary to prevent or cure a default.

Any surplus remaining in the Waterworks and Sewerage Fund after making all deposits into the above accounts (a), (b), (c) and (d) required by this ordinance shall be used only for the purpose of extending or improving the waterworks and sewerage system or for the redemption of bonds prior to maturity.

revenues of said system received during any succeeding month or months. Whenever and as long as sums actually on deposit in the Waterworks and Sewerage Bond and Interest Account and in the Waterworks and Sewerage Bond Reserve Account together shall equal the principal amount of all outstanding bonds plus the amount of all interest due thereon until the respective maturity dates of all such bonds, then no further deposits need be made into said accounts.

SECTION 12. That the City covenants and agrees with the holders of the bonds herein authorized to be issued that it will perform all duties with respect to the operation and maintenance of said waterworks and sewerage system, including all improvements and extensions thereto, and with respect to the fixing, maintaining and collecting of the rates, fees and charges for the services and facilities thereof, and the establishment of the accounts herein authorized and created, and all other matters and things required by law and by this ordinance, and that it will do or cause to be done, in apt time and season, each and every official act necessary for the payment of the principal of and the interest on the bonds herein authorized to be issued, as the same shall mature and accrue. Said City further covenants with the holders of said bonds as follows, as long as any of the bonds authorized by this ordinance or the interest coupons pertaining thereto remain outstanding and unpaid:

(a) That it will construct the improvements to the waterworks and sewerage system contemplated by this ordinance, and that it will operate and maintain said system in an efficient manner and at reasonable cost and preserve said system in good repair and condition, and for that purpose it will maintain its corporate existence;

(b) The City will establish and maintain at all times reasonable fees, charges and rates for the service of said system, and will provide for the collection thereof and the segregation and application of the revenues of said system in the manner provided by this ordinance and sufficient at all times to pay the reasonable costs of operation and maintenance, to pay the interest and principal of all revenue bonds of said City which by their terms are payable from the revenues of said system, to provide a reasonable depreciation fund, and to provide for the creation of the respective accounts as provided in Section 10 of this ordinance, and from time to time make all needful and proper repairs, replacements, additions and betterments thereto, so that the system may at all times be operated properly and advantageously, and when any equipment or facility shall have been worn out, destroyed, or is otherwise insufficient for proper use, it shall be promptly replaced or repaired so that the value and efficiency of said system shall be at all times fully maintained.

including public liability insurance, upon forming a part of said waterworks and sewerage system which may be of an insurable nature; such insurance to be of the type and kind and for such amount or amounts as carried and maintained by other municipalities or private companies rendering services of a similar character in similar communities. The proceeds of all such insurance, except public liability insurance, shall be used only for the maintenance and restoration of said waterworks and sewerage system or for the payment of the principal of and interest on the bonds authorized by this ordinance;

(e) That the City shall set up and maintain a proper system of accounts and records separate from all other accounts and records, showing the amount of revenue received from its waterworks and sewerage system and the application of such revenue and all financial transactions in connection therewith. Such accounts, at least once a year shall be audited properly by an independent certified public accountant employed for the purpose. A report of such audit shall be furnished each year, without further request, to Midwest Securities Co., Chicago, and to the purchasers of the bonds authorized hereby, within sixty (60) days after the close of the fiscal year, and, upon request, to any bondholder. The annual audit of the waterworks and sewerage system shall include:

(1) A statement of the gross revenues received, of the operating expenditures, of the net operating revenues, of the amount of any capital expenditures in connection with the waterworks and sewerage system for the fiscal year;

(2) A statement of the amount on hand at the end of the fiscal year in each of the accounts created by Section 10 of this ordinance;

(3) A statement of the number of customers served by the waterworks and sewerage system at the beginning and the ending of the fiscal year;

(4) A statement of the amount and character of insurance carried by the City on the property of the waterworks and sewerage system, and of the names of the insurers and the expiration dates of the several policies;

(5) A statement as to whether or not, in the opinion of the auditor, the terms of this ordinance have been fulfilled, and such comments regarding the City's methods of operation and accounting practices as the auditor may deem desirable;

(f) That any holder or any purchaser of not less than twenty-five per centum (25%) in principal amount of said bonds then outstanding shall be permitted, at all reasonable times, to inspect said waterworks and sewerage system and all records and data relating thereto and shall be furnished all information relating to said system which may be reasonably requested;

(g) That the City shall not sell, lease, loan, mortgage, pledge or otherwise encumber, permit any lien to attach to, or in any manner dispose of said waterworks and sewerage system, or any part thereof, unless adequate provision shall have been made which shall assure the full payment of said bonds and the interest thereon to maturity in full, according to their terms;

(1) That the City Council shall require that accounts be rendered to it monthly as of the end of each month, showing the revenues, disbursements and other transactions in connection with said system, and the number of customers served by the system.

SECTION 13. That it is hereby covenanted and agreed that while any of the bonds issued hereunder are outstanding and unpaid, no additional waterworks and sewerage revenue bonds shall be issued to share ratably and equally in the revenues to be derived from the operation of the waterworks and sewerage system of said City unless all of the amounts required to be credited to the respective accounts described in Section 10 of this ordinance have been credited in full to the first day of the month in which an ordinance is adopted authorizing such additional bonds, and unless and until it is evidenced by a certificate of an independent certified public accountant that the revenues derived from the operation of the system for the fiscal year then next preceding, or the adjusted revenues if such revenues are adjusted as hereinafter provided, were sufficient to pay all costs of operation and maintenance and leave a balance equal to one hundred twenty five percent (125) of the maximum principal and interest requirements in any succeeding fiscal year on all bonds then outstanding and such additional bonds then proposed to be issued.

In the event there shall have been a change in the rates of the system from the rates in effect for the preceding fiscal year, which change is in effect at the time of the issuance of any such additional bonds, then the revenues as provided above shall be adjusted to reflect the revenues of the system for the immediately preceding fiscal year as they would have been had said then existing rates been in effect during all of said fiscal year. Any such adjustment shall be evidenced by the certificate of an independent consulting engineer employed for that purpose, which certificate shall be filed with the City Clerk for public inspection upon its approval by the Council prior to the adoption of an ordinance authorizing such additional bonds.

Further, notwithstanding the restrictions hereinabove set forth in this Section 13, additional bonds may be issued by the said City to share ratably and equally in the revenues of the waterworks and sewerage system of said City

only upon submission to the Council of a certificate prepared by the consulting engineer employed by the City stating that in his opinion the revenues of the system as projected for the next complete fiscal year following the completion of the construction of such proposed improvements and extensions to the system (such projection to be based on the number of users, including the additional users to be served by the said proposed improvements and extensions, and the rates for water and sewer service in effect at the time of adoption of the ordinance authorizing the issuance of the additional bonds) will be not less than one hundred twenty five percent (125%) of the maximum combined principal and interest requirements for any succeeding fiscal year on all bonds then outstanding and on the additional bonds then proposed to be issued. Said certificate of the consulting engineer shall be approved by the Council and filed with the City Clerk for public inspection prior to the adoption of an ordinance authorizing such additional bonds.

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 provisions for call and redemption thereof is duly made), and any refunding bonds so issued shall share ratably and equally in the revenues of said waterworks and sewerage system with the portion of the bonds hereby authorized which are not refunded; provided, however, that if any such bonds are refunded in such manner that the interest rate is increased or the refunding bonds mature at a date earlier than the maturity of the bonds not refunded, then such refunding bonds shall not share ratably and equally in the revenues of said system with the portion of the bonds remaining outstanding authorized under this ordinance.

SECTION 14. That any holder of any bonds or any of the coupons of any bonds issued hereunder, may proceed by civil action to enforce or compel performance of all duties required by this ordinance, including the making and collecting of sufficient rates for water and sewer service and the application of income and revenue therefrom.

provisions of this ordinance, or until such time as the principal and interest thereon shall be paid in full, or unless and until such provisions shall have been made as will assure the full payment of all such bonds and interest thereon to maturity.

SECTION 16. That all bonds issued hereunder shall be payable equally and ratably, without regard to the date when said bonds shall actually be delivered, and shall enjoy parity of lien, one with the other, upon the revenues of said combined system.

SECTION 17. That the customary charges, if any, of the paying agent for its services and responsibility in paying the principal of and the interest on the bonds authorized hereby shall be paid promptly to said paying agent from the Waterworks and Sewerage Fund.

SECTION 18. That as soon as may be after this ordinance becomes effective, said bonds shall be lodged with the City Treasurer, who shall deliver said bonds to Midwest Securities Co., the purchasers thereof, upon payment of the purchase price in accordance with the terms of the agreement heretofore entered into. The proceeds received from the sale of said bonds shall be used only for the purpose of constructing the improvements and extensions to the waterworks and sewerage system contemplated by this ordinance.

SECTION 19. 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 other provision of this ordinance.

SECTION 20. That all ordinances or resolutions in conflict herewith shall be and are hereby repealed to the extent of such conflict.

SECTION 21. That this ordinance, after its passage, shall be published once in a newspaper published in Nokomis, Illinois, and having a general circulation in said City, and said ordinance 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 this 13th day of June, 1977.

Approved this 13th day of June, 1977.

Attest: Mary Jean Schell
City Clerk

Ed Rubin
Mayor