

APPENDIX A

BOND ORDINANCE NO. 60

INSURED SEWER LOAN

AN ORDINANCE AMENDING BOND ORDINANCE NO. 59-
INSURED SEWER LOAN; AMENDMENT BY STRIKING
ALL OF SECTION 3 OF SAID ORDINANCE NO. 59,
AND INSERTING IN LIEU THEREOF A NEW SECTION
TO BE KNOWN AS SECTION 3; AMENDMENT BY STRIK-
ING ALL OF SECTION 4 OF SAID ORDINANCE NO.
59, AND INSERTING IN LIEU THEREOF A NEW SEC-
TION TO BE KNOWN AS SECTION 4; WHICH AMEND-
MENTS DO PRESCRIBE THE FORM AND DETAILS OF
AN ISSUE OF \$132,000.00 OF SANITARY SEWER
REVENUE BONDS OF THE TOWN OF SALEM-A MUNICI-
PAL CORPORATION-HENRY COUNTY, IOWA, FOR THE
PURPOSE OF CONSTRUCTING A MUNICIPAL SANITARY
SEWER SYSTEM FOR SAID TOWN OF SALEM, IOWA;
PROVIDING FOR PUBLICATION HEREOF

NOW, THEREFORE, BE IT ORDAINED BY THE MAYOR AND
THE TOWN COUNCIL OF THE TOWN OF SALEM, HENRY COUNTY, IOWA,
AS FOLLOWS:

SECTION 1. Bond Ordinance No. 59, which is
dated June 2, 1967, is hereby amended by striking and re-
pealing all of Section 3 thereof, in its entirety.

SECTION 2. The following Section shall be known as Section 3 of said Bond Ordinance No. 59:

"SECTION 3. The sanitary sewer revenue bonds shall be issued in a fully registered form without interest coupons, shall be dated the date delivered to the registered holder, shall be in the denomination of \$1,000.00 each, and shall be numbered 1 to 132, both inclusive. The bonds shall be negotiable. The bonds shall be registered on the books of the Town Clerk kept for the purpose by the bond registrar upon presentation thereof to said registrar who shall make notation of such registration in the registration book, and each of the bonds may thereafter be transferred only upon an assignment duly executed by the registered holder or his attorney, such transfer to be made on said books and indorsed thereon. The bonds shall bear interest, payable annually, beginning from the date of issuance and delivery, until the principal sum is paid at a rate not exceeding 4% per annum as may be fixed by supplemental resolution as provided in SECTION 12 hereof.

The bonds shall mature annually on January 1, commencing in 1970, according to the following schedule:

Said bonds will mature annually on January 1st in consecutive
(annual payment date)
numerical order as follows:

BOND NUMBERS (All Inclusive)	AMOUNTS MATURING	YEARS MATURING
NO BONDS	INTEREST ONLY	1-1-1968
NO BONDS	INTEREST ONLY	1-1-1969
1	\$ 1,000.00	1-1-1970 ✓
2	1,000.00	1-1-1970 ✓
3	1,000.00	1-1-1971 ✓
4	1,000.00	1-1-1971 ✓
5	1,000.00	1-1-1972 ✓
6	1,000.00	1-1-1972 ✓
7	1,000.00	1-1-1973 ✓
8	1,000.00	1-1-1973 ✓
9	1,000.00	1-1-1974 ✓
10	1,000.00	1-1-1974 ✓
11	1,000.00	1-1-1975 ✓
12	1,000.00	1-1-1975 ✓
13	1,000.00	1-1-1976 ✓
14	1,000.00	1-1-1976 ✓
15	1,000.00	1-1-1977 ✓
16	1,000.00	1-1-1977 ✓
17	1,000.00	1-1-1978 ✓
18	1,000.00	1-1-1978 ✓
19	1,000.00	1-1-1979 ✓
20	1,000.00	1-1-1979 ✓
21	1,000.00	1-1-1980 ✓
22	1,000.00	1-1-1980 ✓
23	1,000.00	1-1-1981 ✓
24	1,000.00	1-1-1981 ✓
25	1,000.00	1-1-1982 ✓
26	1,000.00	1-1-1982 ✓
27	1,000.00	1-1-1983 ✓
28	1,000.00	1-1-1983 ✓
29	1,000.00	1-1-1983 ✓
30	1,000.00	1-1-1984 ✓
31	1,000.00	1-1-1984 ✓
32	1,000.00	1-1-1984 ✓
33	1,000.00	1-1-1985 ✓
34	1,000.00	1-1-1985 ✓
35	1,000.00	1-1-1985 ✓
36	1,000.00	1-1-1986 ✓
37	1,000.00	1-1-1986 ✓
38	1,000.00	1-1-1986 ✓
39	1,000.00	1-1-1987 ✓
40	1,000.00	1-1-1987 ✓
41	1,000.00	1-1-1987 ✓

BOND NUMBERS (Cont.)AMOUNTS
MATURINGYEARS
MATURING

42	\$ 1,000.00	1-1-1988 ✓
43	1,000.00	1-1-1988 ✓
44	1,000.00	1-1-1988 ✓
45	1,000.00	1-1-1989 ✓
46	1,000.00	1-1-1989 ✓
47	1,000.00	1-1-1989 ✓
48	1,000.00	1-1-1990 ✓
49	1,000.00	1-1-1990 ✓
50	1,000.00	1-1-1990 ✓
51	1,000.00	1-1-1991 ✓
52	1,000.00	1-1-1991 ✓
53	1,000.00	1-1-1991 ✓
54	1,000.00	1-1-1992 ✓
55	1,000.00	1-1-1992 ✓
56	1,000.00	1-1-1992 ✓
57	1,000.00	1-1-1992 ✓
58	1,000.00	1-1-1993 ✓
59	1,000.00	1-1-1993 ✓
60	1,000.00	1-1-1993 ✓
61	1,000.00	1-1-1993 ✓
62	1,000.00	1-1-1994 ✓
63	1,000.00	1-1-1994 ✓
64	1,000.00	1-1-1994 ✓
65	1,000.00	1-1-1994 ✓
66	1,000.00	1-1-1995 ✓
67	1,000.00	1-1-1995 ✓
68	1,000.00	1-1-1995 ✓
69	1,000.00	1-1-1995 ✓
70	1,000.00	1-1-1996 ✓
71	1,000.00	1-1-1996 ✓
72	1,000.00	1-1-1996 ✓
73	1,000.00	1-1-1996 ✓
74	1,000.00	1-1-1997 ✓
75	1,000.00	1-1-1997 ✓
76	1,000.00	1-1-1997 ✓
77	1,000.00	1-1-1997 ✓
78	1,000.00	1-1-1998 ✓
79	1,000.00	1-1-1998 ✓
80	1,000.00	1-1-1998 ✓
81	1,000.00	1-1-1998 ✓
82	1,000.00	1-1-1998 ✓
83	1,000.00	1-1-1999 ✓
84	1,000.00	1-1-1999 ✓
85	1,000.00	1-1-1999 ✓
86	1,000.00	1-1-1999 ✓
87	1,000.00	1-1-1999 ✓
88	1,000.00	1-1-2000 ✓
89	1,000.00	1-1-2000 ✓

Form FHA-Iowa 442-35
(Rev. 1-24-67)

BOND NUMBERS (CONT.)AMOUNTS
MATURINGYEARS
MATURING

90	\$ 1,000.00	1-1-2000 ✓
91	1,000.00	1-1-2000 ✓
92	1,000.00	1-1-2000 ✓
93	1,000.00	1-1-2001 ✓
94	1,000.00	1-1-2001 ✓
95	1,000.00	1-1-2001 ✓
96	1,000.00	1-1-2001 ✓
97	1,000.00	1-1-2001 ✓
98	1,000.00	1-1-2002 ✓
99	1,000.00	1-1-2002 ✓
100	1,000.00	1-1-2002 ✓
101	1,000.00	1-1-2002 ✓
102	1,000.00	1-1-2002 ✓
103	1,000.00	1-1-2003 ✓
104	1,000.00	1-1-2003 ✓
105	1,000.00	1-1-2003 ✓
106	1,000.00	1-1-2003 ✓
107	1,000.00	1-1-2003 ✓
108	1,000.00	1-1-2003 ✓
109	1,000.00	1-1-2004 ✓
110	1,000.00	1-1-2004 ✓
111	1,000.00	1-1-2004 ✓
112	1,000.00	1-1-2004 ✓
113	1,000.00	1-1-2004 ✓
114	1,000.00	1-1-2004 ✓
115	1,000.00	1-1-2005 ✓
116	1,000.00	1-1-2005 ✓
117	1,000.00	1-1-2005 ✓
118	1,000.00	1-1-2005 ✓
119	1,000.00	1-1-2005 ✓
120	1,000.00	1-1-2005 ✓
121	1,000.00	1-1-2006 ✓
122	1,000.00	1-1-2006 ✓
123	1,000.00	1-1-2006 ✓
124	1,000.00	1-1-2006 ✓
125	1,000.00	1-1-2006 ✓
126	1,000.00	1-1-2006 ✓
127	1,000.00	1-1-2007 ✓
128	1,000.00	1-1-2007 ✓
129	1,000.00	1-1-2007 ✓
130	1,000.00	1-1-2007 ✓
131	1,000.00	1-1-2007 ✓
132	1,000.00	1-1-2007 ✓

provided, all bonds shall be due and payable within forty (40) years from the date hereof.

The bonds are subject to redemption, in inverse numerical order, on any interest payment date, at face value plus accrued interest, by written notice at least thirty (30) days prior to redemption date to the registered holder, at the address as it appears on the Bond Registration Book; provided, however, no bonds shall be called during the first five (5) years from the date of issuance. The principal shall be payable upon presentation and surrender of the bonds and interest shall be payable to the registered holder at the address shown on the Registration Book; provided, however, that so long as payment of the bonds is insured by the United States, acting through the Farmers Home Administration, for the benefit of the holder such interest shall be payable without presentation or demand and said principal should be payable upon presentation and surrender of the bond through the Government as collection agent for the holder at the Finance Office, Farmers Home Administration, United States Department of Agriculture in St. Louis, Missouri or at such other place as may be described by the Government by registered or certified mail addressed to the municipality and mailed at least forty (40) days prior to any interest due date.

Said bonds shall be executed by the manual signature of the

Mayor of said Town of Salem,

and said bonds shall be attested by the manual signature of the _____
Town Clerk ^{thereof} _____, with the Corporate Seal of said _____ Town of
_____ Salem _____ impressed thereon. Any officer or Board which
hereinafter succeeds, by operation of law, to the powers and duties of
any such officers shall be deemed included in the applicable official
designation while having such powers and duties.

Each bond will be fully insured as to principal and interest by the
United States (sometimes called Government) pursuant to the Consoli-
dated Farmers Home Administration Act of 1961, as amended. But only if
notice of such insurance is set out on the back of said bond. In order
to secure and maintain for the benefit of the holder of the bonds in-
surance by the Government of payment of the principal and interest
thereof the municipality covenants that:

A. The Government shall be entitled to an insurance charge
in accordance with the provisions of the Consolidated
Farmers Home Administration Act of 1961, as amended, and
the applicable regulations of the Farmers Home Adminis-
tration provided the total interest rate (including
Government interest charge) payable by the municipality
and to be fixed by the terms of the sale made under
SECTION 12 hereof remain the same.

B. It will cause to be printed on all bonds insured by the
Government such form of notice of insurance endorsement
as shall be specified by the Government and it will comply
with all terms and conditions of such insurance endorsement.

- C. The municipality shall furnish the Government the names and addresses of the original purchasers of the bonds at the time of sale and promptly notifying the Government each time such bonds are transferred from one registered holder to another indicating the bonds so transferred and giving the names of the transferees and transferors. Such information will be sent to the Director, National Finance Office, Farmers Home Administration, in St. Louis, Missouri, or such other place as the Government may designate.
- D. If the Government shall make any advances required to meet payments on the bonds insured by it or the payment of insurance premiums or other advances which may be required to protect the Government's security interest, the municipality will pay all such advances or expenditures in connection therewith made by the Government at the rate specified in the bonds. All such advances, expenditures and interest shall be deemed payable on demand after any such expenditure by the Government. Any such amounts due the Government by the municipality shall take priority over all other payments due.
- E. It will execute such other agreements and instruments as the Government may from time to time prescribe to enable the Government to discharge its responsibilities as insurer and collection agent for all bonds insured."
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SECTION 3. Bond Ordinance No. 59, which is dated June 2, 1967, is hereby amended by striking and repealing all of Section 4 thereof, in its entirety.

SECTION 4. The following Section shall be known as Section 4 of said Bond Ordinance No. 59:

"SECTION 4. That the form and tenor of said bonds shall be substantially as follows, to-wit:

UNITED STATES OF AMERICA

STATE OF IOWA, TOWN OF SALEM, HENRY COUNTY

SANITARY SEWER SYSTEM REVENUE BOND

NO. \$1,000.00

The Town of Salem, Henry County,

Iowa, hereafter called the "Town", acknowledges

itself to owe and for value received and hereby promises to pay from the net revenue and in the manner herein set forth to the registered holder hereof the sum of \$ 1,000.00 on the first day of January, 19__, and to pay the registered holder hereof interest on said bond from the date hereof at the rate of ____% per annum, annually on the first day of January of each year until said sum is paid, except as to the provisions with respect to prior redemption as may be and become applicable hereto, both principal and interest being payable in lawful money of the United States. The principal shall be payable upon presentation and surrender of this bond and interest shall be payable to the registered holder at the address shown on the Registration Book; provided, that for so long as payment of this bond is insured by the United States of America, acting through the Farmers Home Administration (herein called the Government) for the benefit of the holder such interest shall be payable without presentation or demand and such principal shall be payable upon presentation and surrender hereof through the Government as collection agent for the holder, at the Finance Office of the Farmers Home Administration, United States Department of Agriculture, in St. Louis, Missouri or at such other place as may be designated by the

Government by registered or certified mail addressed to the municipality and mailed at least forty (40) days prior to any interest due date.

THIS BOND IS NOT A GENERAL OBLIGATION BOND NOR PAYABLE IN ANY MANNER BY TAXATION BUT IS PAYABLE ONLY FROM THE NET EARNINGS OF THE SANITARY SEWER SYSTEM OF SALEM, HENRY COUNTY, IOWA, THE NET INCOME OF WHICH AND PROPERTY PURCHASED ARE IRREVOCABLY SO PLEDGED.

This bond is not payable in any manner by taxation, and under no circumstances shall the Town of Salem be in any manner liable by reason of the failure of the said net earnings to be sufficient for the payment hereof.

Payment of the bonds of the series of which this is one and the interest thereon shall be made solely from, and as security for such payment there are pledged, pursuant to Ordinance No. 59 adopted and approved on June 2, 1967, a special fund identified as the "Debt Service Account," into which the Town of Salem covenants to pay from the revenues derived from the operation of its municipal sanitary sewer sums sufficient to pay when due the principal and the interest on the bonds of the series of which this is one, and to create and maintain a reasonable and specified reserve for such purpose. For a description of said funds and the nature and extent of the security afforded thereby for the payment of the principal of and interest on said bonds reference is made to said Ordinance. The bonds of the series of which this is one are equitably and ratably secured by a lien on the net revenues of the sanitary sewer and said bonds constitute an irrevocable and first lien upon said net revenues.

The Town of Salem covenants and agrees with the registered holder that it will keep and perform all of the covenants of said Ordinance, including without limiting the generality of the foregoing, its covenants against the sale or mortgage of said system or any part thereof, and including its covenant that it will fix, maintain and collect rates for services rendered by said sanitary sewer sufficient to produce revenues or earnings sufficient to pay the annual operation and maintenance expenses and the principal of and interest on the bonds and any other obligations payable from the revenue of said sanitary sewer, including the reserves provided by said Ordinance.

This bond is one of a series of a duly authorized issue of the Town of Salem sanitary sewer revenue bonds, constituting an issue of bonds of like tenor, date and effect, except as to maturity, numbered 1 to 132, both inclusive, in the denomination of One Hundred Thirty-Two \$ 1,000.00 each aggregating an amount of Thousand and no/100 (\$ 132,000.00) Dollars, authorized and issued for the purpose of paying the costs of purchasing and constructing a municipal sanitary sewer system for said Town of Salem, Henry County, Iowa and appurtenances necessary thereto.

If and for so long as payment of principal and interest of this bond is insured by the Government, each successive holder of this bond shall be conclusively presumed to have appointed and accepted the Government as collection agent to receive and receipt in the Government's name for payment of interest on and principal of this bond. As between the municipality, for the purposes of the provisions of this bond and the

authorizing ordinance, such insurance by the Government should be conclusively presumed to be and will remain in effect so long as notice of insurance endorsement, executed by the Government appears on the back of this bond, and until a designated effective date of cancellation of such insurance specified in a cancellation endorsement executed by the Government on the back of the bond, notice of which cancellation is acknowledged by the municipality on the back of this bond.

All bonds of this issue as to which said municipality reserved and exercised the right of redemption and as to which notice as aforesaid, shall be given and for the retirement of which upon terms the aforesaid, funds are duly provided, will cease to bear interest on the redemption date. Any of said bonds outstanding may be from time to time subject to redemption by said municipality, at its option, prior to maturity, serially and in inverse numerical order, on any interest due date at 100% face amount and with 100% of accrued interest; provided, however, no bonds shall be called during the first five (5) years from the date hereof. Thirty days redemption notice shall be given to the registered holder by certified mail. However, purchase by the Government pursuant to its right as established by provisions of its insurance endorsement and/or contract shall be at face amount plus accrued interest.

The right of redemption shall be exercised by written notice specifying the numbers of the bonds being called.

Upon the default in the payment of principal or interest on this bond or any other bond of the series of which it forms a part, or any annual insurance charge on this bond or any other bond of the series of which it forms a part, or in regard to payment of any advance made

by the Government as insurer and interest thereon or upon failure by said municipality to comply with any provision of this bond or with the provision of the bond ordinance the Government so long as it is the insurer or holder may at its option declare the entire principal amount of this bond and all other bonds of the series of which it forms a part immediately due and payable.

No provision of this bond or the bond ordinance shall have the effect of incorporating in the terms of this bond any provision which would alter or impair the obligation of the Town of Salem, which is absolute and unconditional, to pay, from the funds herein described, the principal of and interest on this bond at the time and places and in the coin or currency provided herein, or effect the right of the holder of the bond to enforce payment thereof from such funds.

This bond is transferable as provided in the ordinance by the registered holder only upon books kept by the registration agent designated by the Town of Salem and similarly noted hereon.

It is hereby certified and recited that all acts, conditions and things necessary to be done, precedent to and in the issuing of the sanitary sewer system revenue bonds in order to make them legal, valid, and binding obligations of the sanitary sewer system in accordance with their terms and the execution of and delivery of said bonds, have been done and performed and have happened in regular and due form as required by law; that the Town of Salem has received payment in full for said bonds; and that no limitation of indebtedness or taxation, either statutory or constitutional has been exceeded in issuing said

bonds. It is further certified, recited and warranted that all the requirements of law have been fully complied with by the proper officers of the Town of Salem in accordance therewith in the issuance of this bond; that it is issued pursuant to and in strict conformity with the Constitution and laws of the State of Iowa, and particularly under the terms and provisions of the Code of Iowa Chapter 394 as amended.

IN WITNESS WHEREOF, the Town of Salem, Henry County, Iowa, has executed this bond by causing it to be signed by its Mayor, its corporate seal to be hereto affixed and attested by its Town Clerk as of _____, 1967.

TOWN OF SALEM, IOWA

By _____
_____ Mayor

of the Town of Salem

Henry County,
Iowa.

(SEAL)

ATTEST:

Town Clerk

PROVISIONS FOR REGISTRATION

This bond shall be registered on the books of the Town of Salem kept for the purpose by the bond registrar upon presentation hereof to said registrar who shall make notation of such registration in the registration book, and this bond may thereafter be transferred only upon an assignment duly executed by the registered holder or his attorney, such transfer to be made on said books and indorsed hereon. The principal of and interest on this bond shall be payable only to or upon the order of the registered holder or his legal representative.

REGISTRATION

(Entires to be made only by Town Clerk
of the Town of Salem
Iowa, as Bond Registrar.)

<u>DATE</u>	<u>NAME OF REGISTERED HOLDER</u>	<u>SIGNATURE OF REGISTRAR</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

NOTICE OF INSURANCE BY THE

UNITED STATES OF AMERICA

Payment of interest on and principal of this bond is insured by the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture, as evidenced by and in accordance with the contract of insurance executed by the United States on even date herewith. Executed by the United States of America by its undersigned

duly authorized officer on _____.

Signature _____

Title _____
FARMERS HOME ADMINISTRATION

SECTION 5. All ordinances, resolutions and orders or parts thereof in conflict with the provisions of this ordinance are to the extent of such conflict hereby repealed, and each section of this ordinance and each subdivision of any section thereof is hereby declared to be independent and the finding of holding of any section or subdivision thereof to be invalid or void shall not be deemed or held to affect the validity of any other section or subdivisions of this ordinance.

SECTION 6. This ordinance shall take effect, and be in force from and after its passage, approval and posting as required by law.

Passed by the Town Council of the Town of Salem, Iowa, this 14 day of July, 1967, and approved by me this 14 day of July, 1967.

ATTEST:

(SEAL)

MAYOR

Yeas

TOWN COUNCIL

Nays

None

D. W. G. Bill
Charles L. Van Winkle
Delmar O. Barton
M. H. D. 10 6.1

These may be of some help to you.

Also - I just sent Mrs. Boecker a copy of Ordinance #58, setting out rules and regulations for operation of sewer system.

If you don't locate it, let mw know and I'll make another copy. Somehow there should be several of these around.

B. Hilbrant
Mt. Pleasant FmHA

ES

STRUCTURING A MUNICIPAL SANITARY SEWER SYSTEM FOR SAID
TOWN OF SALEM, IOWA,

PRESCRIBING THE FORM AND DETAILS OF SAID BONDS; PROVIDING FOR THE COLLECTION OF REVENUES FROM SAID SYSTEM SUFFICIENT FOR THE PURPOSE OF PAYING THE COST OF THE OPERATION AND MAINTENANCE THEREOF; PROVIDING AN ADEQUATE RESERVE FUND THEREFOR, AND PROVIDING FOR THE PAYMENT OF SAID BONDS, BOTH AS TO PRINCIPAL AND INTEREST; AND FURTHER PROVIDING FOR THE SEGREGATION AND DISTRIBUTION OF SAID REVENUES AND OTHER MATTERS CONNECTED THEREWITH.

WHEREAS, the Town of Salem, a municipal corporation,
County, Iowa, has no municipal sanitary sewer system at the present time; and

WHEREAS, the Mayor and Town Council of said
Town of Salem have found that it is
advisable, necessary and for the best interests of said
Town of Salem that a sanitary sewer system be built;

and

WHEREAS, the Mayor and Town Council have caused
suitable plans and specifications sufficient to inform the public of the
nature, character, and cost of such improvements to be made by competent
engineers on behalf of said Town of Salem, Iowa,
and said plans and specifications have been accepted and approved by the
Town Council of said Town of Salem and

are now on file in the office of the Town Clerk, open for public inspection; and

WHEREAS, the Mayor and Town Council, after due investigation, have determined that it will be necessary for said Town of Salem, Henry County, Iowa

to furnish funds in an amount not exceeding One Hundred Sixty-Eight thousand and no/100 (\$168,000.00) Dollars to pay the cost of construction of said sanitary sewer, including all incidental expenses necessary to be incurred in connection with such construction, legal and engineering services, and the cost of issuance of bonds, and that it is necessary and proper for the Town Council to authorize the issuance of revenue bonds for the purpose of providing funds to pay such costs; and

WHEREAS, there are no outstanding bonds or certificates of indebtedness payable from the revenue of the proposed sanitary sewer system.

WHEREAS, the Mayor and Town Council have determined that in order to defray the costs it is necessary to obtain a loan made by the United States, acting through the Farmers Home Administration, United States Department of Agriculture, (hereinafter called Government) pursuant to the provisions of the Consolidated Farmers Home Administration Act of 1961, and to provide herein those covenants and provisions required therefor by the Government, and has further determined that the Town of Salem is unable to obtain sufficient credit elsewhere to finance the construction of the system taking into consideration prevailing private and cooperative rates and terms currently available.

in the principal amount of \$ 132,000.00 and having the terms provided for herein, the proceeds to be used for the purpose of construction of the sanitary sewer system and purposes incidental thereto and incidental to the issuance of said bonds, and for such other purposes as may be described herein.

SECTION 2. That the Mayor and Town Council hereby declare that the period of usefulness of the sanitary sewer system to be constructed pursuant to this Ordinance is fifty (50) years from the date of completion.

SECTION 3. The sanitary sewer revenue bonds shall be issued in a fully registered form without interest coupons, shall be dated the date delivered to the registered holder, shall be in the denomination of \$1,000.00 each, and shall be numbered 1 to 132, both inclusive. The bonds shall be negotiable. The bonds shall be registered on the ~~books~~ ^{books} of the Town Clerk kept for the purpose by the bond registrar upon presentation thereof to said registrar who shall make notation of such registration in the registration blank, and each of the bonds may thereafter be transferred only upon an assignment duly executed by the registered holder or his attorney, such transfer to be made on said books and indorsed thereon. The bonds shall bear interest, payable annually, beginning from the date of issuance and delivery, until the principal sum is paid at a rate not exceeding 4% per annum as may be fixed by supplemental resolution as provided in SECTION 12 hereof.

The bonds shall mature annually on January 1, commencing in 1971, according to the following schedule:

NOW, THEREFORE, BE IT ORDAINED BY THE Mayor
AND TOWN COUNCIL OF THE Town of Salem,
Henry COUNTY, IOWA, AS FOLLOWS:

SECTION 1. That the Town of Salem now proceed with the construction of sanitary sewer system and furnish the Town of Salem and its inhabitants with a public sewer and that said construction be carried out in accordance with the plans, specifications and estimates hereinbefore referred to, and pursuant to the provisions of the Code of Iowa Chapter 394, as amended, said sanitary sewer system shall include a complete sanitary sewer system consisting of collection mains, service connections, interceptor lines, outfall lines, treatment plant, valves, lift stations, and other necessary appurtenant facilities. The Mayor and Town Council of the Town of Salem hereby find and determine that the total estimated cost of said sanitary sewer system is \$ 168,000.00 and that when said sanitary sewer is installed, it shall be operated as a public utility including all extensions and improvements to the said system, that prior to the issuance of the sanitary sewer system revenue bonds, rates and charges for the services of said utility will be fixed in an amount sufficient to pay the costs of operating and maintaining the said system and to leave an amount of revenues adequate for the principal and interest, debt service, reserve, replacements and improvement requirements and all other requirements provided herein, and otherwise to comply with the covenants herein provided, and that it is necessary to sell the sanitary sewer system revenue bonds (hereinafter called the bonds)

Number

Date

Amount

(Attach bond maturity schedule on addendum sheet)

provided, all bonds shall be due and payable within forty (40) years from the date hereof.

The bonds are subject to redemption, in inverse numerical order, on any interest payment date, at face value plus accrued interest, by written notice at least thirty (30) days prior to redemption date to the registered holder, at the address as it appears on the Bond Registration Book; provided, however, no bonds shall be called during the first five (5) years from the date of issuance. The principal shall be payable upon presentation and surrender of the bonds and interest shall be payable to the registered holder at the address shown on the Registration Book; provided, however, that so long as payment of the bonds is insured by the United States, acting through the Farmers Home Administration, for the benefit of the holder such interest shall be payable without presentation or demand and said principal should be payable upon presentation and surrender of the bond through the Government as collection agent for the holder at the Finance Office, Farmers Home Administration, United States Department of Agriculture in St. Louis, Missouri or at such other place as may be described by the Government by registered or certified mail addressed to the municipality and mailed at least forty (40) days prior to any interest due date.

Said bonds shall be executed by the manual signature of the

Mayor

Town of Salem

_____ of said _____,

and said bonds shall be attested by the manual signature of the _____
Town Clerk ^{thereof}, with the Corporate Seal of said Town of
Salem impressed thereon. Any officer or Board which
hereinafter succeeds, by operation of law, to the powers and duties of
any such officers shall be deemed included in the applicable official
designation while having such powers and duties.

Each bond will be fully insured as to principal and interest by the
United States (sometimes called Government) pursuant to the Consoli-
dated Farmers Home Administration Act of 1961, as amended. But only if
notice of such insurance is set out on the back of said bond. In order
to secure and maintain for the benefit of the holder of the bonds in-
surance by the Government of payment of the principal and interest
thereof the municipality covenants that:

- A. The Government shall be entitled to an insurance charge
in accordance with the provisions of the Consolidated
Farmers Home Administration Act of 1961, as amended, and
the applicable regulations of the Farmers Home Adminis-
tration provided the total interest rate (including
Government interest charge) payable by the municipality
and to be fixed by the terms of the sale made under
SECTION 12 hereof remain the same.
- B. It will cause to be printed on all bonds insured by the
Government such form of notice of insurance endorsement
as shall be specified by the Government and it will comply
with all terms and conditions of such insurance endorsement.

- C. The municipality shall furnish the Government the names and addresses of the original purchasers of the bonds at the time of sale and promptly notifying the Government each time such bonds are transferred from one registered holder to another indicating the bonds so transferred and giving the names of the transferees and transferors. Such information will be sent to the Director, National Finance Office, Farmers Home Administration, in St. Louis, Missouri, or such other place as the Government may designate.
- D. If the Government shall make any advances required to meet payments on the bonds insured by it or the payment of insurance premiums or other advances which may be required to protect the Government's security interest, the municipality will pay all such advances or expenditures in connection therewith made by the Government at the rate specified in the bonds. All such advances, expenditures and interest shall be deemed payable on demand after any such expenditure by the Government. Any such amounts due the Government by the municipality shall take priority over all other payments due.
- E. It will execute such other agreements and instruments as the Government may from time to time prescribe to enable the Government to discharge its responsibilities as insurer and collection agent for all bonds insured.
- SECTION 4. That the form and tenor of said bonds shall be substantially as follows, to-wit:

UNITED STATES OF AMERICA

STATE OF IOWA, TOWN OF SALES HENRY COUNTY

SANITARY SEWER SYSTEM REVENUE BOND

NO. _____ \$1,000.00

The Town of Sales Henry County,

Town, hereafter called the "Town", acknowledges

itself to owe and for value received and hereby promises to pay from the net revenue and in the manner herein set forth to the registered holder hereof the sum of \$ 1,000.00 on the first day of January, 19____,

and to pay the registered holder hereof interest on said bond from the date hereof at the rate of _____% per annum, annually on the first day of January of each year until said sum is paid, except as to the provisions with respect to prior redemption as may be and become applicable hereto, both principal and interest being payable in lawful money

of the United States. The principal shall be payable upon presentation and surrender of this bond and interest shall be payable to the registered holder at the address shown on the Registration Book; provided, that

for so long as payment of this bond is insured by the United States of America, acting through the Farmers Home Administration (herein called the Government) for the benefit of the holder such interest shall be payable without presentation or demand and such principal shall

be payable upon presentation and surrender hereof through the Government as collection agent for the holder, at the Finance Office of the Farmers Home Administration, United States Department of Agriculture, in St.

Louis, Missouri or at such other place as may be designated by the

Government by registered or certified mail addressed to the municipality and mailed at least forty (40) days prior to any interest due date.

THIS BOND IS NOT A GENERAL OBLIGATION BOND NOR PAYABLE IN ANY MANNER BY TAXATION BUT IS PAYABLE ONLY FROM THE NET EARNINGS OF THE SANITARY SEWER SYSTEM OF SALEM, HENRY COUNTY, IOWA, THE NET INCOME OF WHICH AND PROPERTY PURCHASED ARE IRREVOCABLY SO PLEDGED.

This bond is not payable in any manner by taxation, and under no circumstances shall the Town of Salem be in any manner liable by reason of the failure of the said net earnings to be sufficient for the payment hereof.

Payment of the bonds of the series of which this is one and the interest thereon shall be made solely from, and as security for such payment there are pledged, pursuant to Ordinance No. 59 adopted and approved on June 2, 1967, a special fund identified as the "Debt Service Account," into which the Town of Salem covenants to pay from the revenues derived from the operation of its municipal sanitary sewer sums sufficient to pay when due the principal and the interest on the bonds of the series of which this is one, and to create and maintain a reasonable and specified reserve for such purpose. For a description of said funds and the nature and extent of the security afforded thereby for the payment of the principal of and interest on said bonds reference is made to said Ordinance. The bonds of the series of which this is one are equitably and ratably secured by a lien on the net revenues of the sanitary sewer and said bonds constitute an irrevocable and first lien upon said net revenues.

The Town of Salem covenants and agrees with the registered holder that it will keep and perform all of the covenants of said Ordinance, including without limiting the generality of the forgoing, its covenants against the sale or mortgage of said system or any part thereof, and including its covenant that it will fix, maintain and collect rates for services rendered by said sanitary sewer sufficient to produce revenues or earnings sufficient to pay the annual operation and maintenance expenses and the principal of and interest on the bonds and any other obligations payable from the revenue of said sanitary sewer, including the reserves provided by said Ordinance.

This bond is one of a series of a duly authorized issue of the Town of Salem sanitary sewer revenue bonds, constituting an issue of bonds of like tenor, date and effect, except as to maturity, numbered 1 to 132, both inclusive, in the denomination of One Hundred Thirty-Two \$ 1,000.00 each aggregating an amount of Thousand and no/100 (\$ 132,000.00) Dollars, authorized and issued for the purpose of paying the costs of purchasing and constructing a municipal sanitary sewer system for said Town of Salem, Henry County, Iowa and appurtenances necessary thereto.

If and for so long as payment of principal and interest of this bond is insured by the Government, each successive holder of this bond shall be conclusively presumed to have appointed and accepted the Government as collection agent to receive and receipt in the Government's name for payment of interest on and principal of this bond. As between the municipality, for the purposes of the provisions of this bond and the

authorizing ordinance, such insurance by the Government should be conclusively presumed to be and will remain in effect so long as notice of insurance endorsement, executed by the Government appears on the back of this bond, and until a designated effective date of cancellation of such insurance specified in a cancellation endorsement executed by the Government on the back of the bond, notice of which cancellation is acknowledged by the municipality on the back of this bond.

All bonds of this issue as to which said municipality reserved and exercised the right of redemption and as to which notice as aforesaid shall be given and for the retirement of which upon terms the aforesaid, funds are duly provided, will cease to bear interest on the redemption date. Any of said bonds outstanding may be from time to time subject to redemption by said municipality, at its option, prior to maturity, serially and in inverse numerical order, on any interest due date at 100% face amount and with 100% of accrued interest; provided, however, no bonds shall be called during the first five (5) years from the date hereof. Thirty days redemption notice shall be given to the registered holder by certified mail. However, purchase by the Government pursuant to its right as established by provisions of its insurance endorsement and/or contract shall be at face amount plus accrued interest.

The right of redemption shall be exercised by written notice specifying the numbers of the bonds being called.

Upon the default in the payment of principal or interest on this bond or any other bond of the series of which it forms a part, or any annual insurance charge on this bond or any other bond of the series of which it forms a part, or in regard to payment of any advance made

by the Government as insurer and interest thereon or upon failure by said municipality to comply with any provision of this bond or with the provision of the bond ordinance the Government so long as it is the insurer or holder may at its option declare the entire principal amount of this bond and all other bonds of the series of which it forms a part immediately due and payable.

No provision of this bond or the bond ordinance shall have the effect of incorporating in the terms of this bond any provision which would alter or impair the obligation of the Town of Salem, which is absolute and unconditional, to pay, from the funds herein described, the principal of and interest on this bond at the time and places and in the coin or currency provided herein, or effect the right of the holder of the bond to enforce payment thereof from such funds.

This bond is transferable as provided in the ordinance by the registered holder only upon books kept by the registration agent designated by the Town of Salem and similarly noted hereon.

It is hereby certified and recited that all acts, conditions and things necessary to be done, precedent to and in the issuing of the sanitary sewer system revenue bonds in order to make them legal, valid, and binding obligations of the sanitary sewer system in accordance with their terms and the execution of and delivery of said bonds, have been done and performed and have happened in regular and due form as required by law; that the Town of Salem has received payment in full for said bonds; and that no limitation of indebtedness or taxation, either statutory or constitutional has been exceeded in issuing said

bonds. It is further certified, recited and warranted that all the requirements of law have been fully complied with by the proper officers of the Town of Salem in accordance therewith in the issuance of this bond; that it is issued pursuant to and in strict conformity with the Constitution and laws of the State of Iowa, and particularly under the terms and provisions of the Code of Iowa Chapter 394 as amended.

IN WITNESS WHEREOF, the Town of Salem, Henry County, Iowa, has executed this bond by causing it to be signed by its Mayor, its corporate seal to be hereto affixed and attested by its Town Clerk as of _____, 1947.

TOWN OF SALEM, IOWA

By _____
Leo Craft Mayor

of the Town of Salem
Henry County,
Iowa.

(SEAL)

ATTEST:

~~John H. Craft, Town Clerk~~

PROVISIONS FOR REGISTRATION

This bond shall be registered on the books of the Town of Salem kept for the purpose by the bond registrar upon presentation hereof to said registrar who shall make notation of such registration in the registration blank, and this bond may thereafter be transferred only upon an assignment duly executed by the registered holder or his attorney, such transfer to be made on said books and indorsed hereon. The principal of and interest on this bond shall be payable only to or upon the order of the registered holder or his legal representative.

REGISTRATION

(Entires to be made only by Town Clerk
of the Town of Salem,
Iowa, as Bond Registrar.)

<u>DATE</u>	<u>NAME OF REGISTERED HOLDER</u>	<u>SIGNATURE OF REGISTRAR</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

NOTICE OF INSURANCE BY THE

UNITED STATES OF AMERICA

Payment of interest on and principal of this bond is insured by the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture, as evidenced by and in accordance with the contract of insurance executed by the United States on even date herewith. Executed by the United States of America by its undersigned

duly authorized officer on _____.

Signature _____

Title _____
FARMERS HOME ADMINISTRATION

SECTION 5. The sale of the bonds shall be in strict accordance with the Code of Iowa Chapter 394 as amended, and any other applicable statutes.

SECTION 6. The bonds hereby authorized, together with interest thereon, shall be payable from the net income and revenues to be derived from the operation of the sewer system of the Town of Salem, a sufficient portion of which, to pay such principal and interest as and when the same shall become due, is hereby pledged and shall be set aside for that purpose and identified as the "Debt Service Account" as hereinafter specified. All property (personal and real) purchased and used in connection with the sanitary sewer system is hereby pledged to further secure the bonds.

SECTION 7. The Town Clerk of said Town of Salem shall be custodian of all funds belonging to and/or associated with the sewer system and such funds shall be deposited in the Hillsboro Savings Bank, Hillsboro, Henry County, Iowa, which bank is a member of the Federal Deposit Insurance Corporation.

All moneys in excess of ^{15,000}~~\$10,000~~ in the supervised bank account shall be secured by the depository bank in advance in accordance with the U. S. Treasury Department Circular No. 176. The Town Clerk shall execute a fidelity bond in an amount not less than \$15,000.00

with a surety company approved by the United States, and the United States and the Town of Salem shall be named as co-obligees in such bond and the amount thereof shall not be reduced without the prior written consent of the United States. The said Town of Salem is hereby directed to create the following funds and accounts into which the bond proceeds and the revenues and income from the sewer system shall be deposited, which accounts shall be established and maintained, except as otherwise provided, so long as any of the bonds hereby authorized remain unpaid.

A. CONSTRUCTION ACCOUNT:

The proceeds of the bond hereby authorized shall be deposited in the Construction Account which shall be established as a supervised bank account and such proceeds shall be withdrawn only by checks signed by the Mayor of said Town of Salem and countersigned by the County Supervisor of the Farmers Home Administration. Proceeds shall be withdrawn on the orders of the Town Council of the Town of Salem only for the purpose or purposes for which said bonds were issued. When the construction of the system has been completed and/or construction costs have been paid in full, any balance remaining in the Construction Account shall be deposited in the Debt Service Account and said Construction Account shall be closed.

B. SANITARY SEWER FUND ACCOUNT:

As soon as the system becomes operative and revenue producing, the gross income and revenue shall be set aside into a separate

account to be designated the Sanitary Sewer Fund Account, and moneys so deposited therein shall be expended and used only in the manner and order as follows:

- 1.) Debt Service Account. After the transfer required in 2.), there shall be transferred each month from the Sanitary Sewer Fund Account, before any other expenditures or transfer therefrom, and deposited in the Debt Service Account for payment of the principal and interest of the bonds, a sum equal to at least $1/12$ (or such larger amount as is necessary) of the amount equal to the interest due on the next ensuing interest due date upon and with respect to all bonds outstanding, and the sum necessary to provide for payment of the next ensuing principal maturity of all bonds outstanding. If the Town of Bates for any reason shall fail to make such monthly deposit, then an amount equal to the deficiency shall be set apart and deposited in the Debt Service Account of the gross revenues in the ensuing month or months, which amount shall be in addition to the regular monthly deposit required during such succeeding month or months.

Whenever there shall accumulate in the Debt Service Account amounts in excess of the requirements during the next twelve months for paying the principal of bonds falling due and interest on outstanding bonds, and in excess of the requirements of the Operation and Maintenance

Account and the Reserve Account hereinafter established, such excess may be used by the Town of Salem for redemption of bonds in the manner set out in Section 3 above.

2.) Sanitary Sewer Operation and Maintenance Account. When the system becomes revenue producing there shall be set aside and deposited each month a sufficient portion of the income and revenue in the Sanitary Sewer Operation and Maintenance Account to pay the reasonable and necessary current expenses of operating and maintaining said sewer system for the current month.

3.) Sanitary Sewer Reserve Account. Out of the balance of income and revenue after the transfers required in 1.) and 2.) above have been made there shall be set aside and deposited in the Reserve Account the sum of \$ 55.00 each month until there is accumulated in such fund the sum of \$ 675.00 after which no further deposits need be made into said account except to replace withdrawals. The Reserve Account shall be used and disbursed only for the purpose of paying the cost of repairing or replacing any damage to the system which may be caused by any unforeseen catastrophe, for making extensions or improvements to the system, and when necessary for the purpose of making payments of principal and interest on the bonds hereby authorized in the event the amount in

the Debt Service Account is insufficient to meet such payments. Whenever disbursements are made from said account said monthly payments shall be resumed until there is again accumulated the maximum amount of \$ 6,070.00 at which time payments may be again discontinued.

SECTION 8. In order to secure and maintain for the benefit of the government so long as it is the insurer or the registered holder of any of the bonds outstanding the Town of Salem covenants that:

- A. It will, prior to JANUARY 1st of each year beginning JANUARY 1st, 1970, prepare a budget for the ensuing fiscal year of the utility covering prospective revenue and receipts, operation and maintenance expense, and Sanitary Sewer Fund Deposits to be made during such fiscal year. A copy of such budget will be forwarded promptly to the government and upon written request the registered holder.
- B. It will take any and all such action as may be requested by the government and it will execute such other agreements and instruments as the government may from time to time prescribe to enable the government to discharge its responsibilities.
- C. If at any time it shall appear to the government that the Town of Salem is able to refund, upon call for redemption or with consent of the government, the then outstanding bonds, in whole or in part, by obtaining a loan for such purposes from responsible cooperative or private credit

sources, at reasonable rates and terms for loans for similar purposes and periods of time, the Town of Salem will, upon request of the government, apply for and accept such loan in sufficient amount to repay the government, and will take all such action as may be required in connection with such loans.

- D. At all reasonable times the Farmers Home Administration shall have the right to inspect the system and records, accounts and data of the Town of Salem relating thereto.
- E. It will maintain such insurance coverage as may be required by Farmers Home Administration.

SECTION 9. The Town of Salem covenants and agrees that so long as any of the bonds hereby authorized remain unpaid as follows:

- A. It will comply with applicable state laws and regulations and continually operate and maintain the system in good condition.
- B. It will impose and collect such rates and charges for service rendered by the system that gross revenues will be sufficient at all times to provide for the payment of the operation and maintenance thereof, the payment of interest on and retirement of the bonds hereby authorized, and the maintenance of the various funds herein created and that no customers of said system, individual, corporate or municipal shall receive free sewer service or any sewer service without being charged the full rates prescribed in the rules and regulations of said system.

- C. It will maintain complete books and records relating to the operation of the system and its financial affairs and will cause such books and records to be audited annually at the end of each fiscal year and an audit report prepared, and will furnish Farmers Home Administration, without request, a copy of each annual audit report.
- D. It will not borrow any money from any source or enter into any contract or agreement or incur any other liabilities, in connection with making extensions or improvements other than normal maintenance to the system, without obtaining the prior written consent of the government.

The Board of Public Works may issue additional parity bonds for the purpose of completing the construction or for the purpose of making a reasonable extension of the system if the government consents in writing at any time during the period that the government is the holder or the insurer of any of the bonds.

The funds established herein shall be applied to all parity bonds issued pursuant to this section as if said bonds were part of the original bond issue and all revenue from any extension constructed by the proceeds of a parity bond issue shall be paid to the Sanitary Sewer Fund Account mentioned in this ordinance and this provision shall be controlling over any provisions of this ordinance to the contrary.

In the event the government is no longer the holder or insurer of any of the initially issued bonds, then the written consent of the holders of 2/3 of the outstanding bonds will be required for the issuance of additional parity bonds.

- It will not cause or permit any voluntary dissolution of its organization, merge or consolidate with any other municipality, dispose of or transfer its title to the system or any part thereof, including lands and interest in lands, by sale, mortgage, lease or other encumbrance, without obtaining the prior written consent of the registered holder.

SECTION 10. For the purpose of further safeguarding the interest of the registered holder, it is specifically provided as follows:

- A. Except as otherwise specifically provided herein, so long as any of such bonds herein authorized are outstanding, no additional bonds or other obligations pledging any portion of the revenues of said sanitary sewer system shall be incurred or issued by the Board of Sales unless the same be made junior and subordinate in all respects to the bonds herein authorized.
- B. Any holder of the revenue bonds shall have all the rights, remedies and privileges either expressly set forth in or implied by any of the governing acts herein before referred to, including the right to compel the collection of sufficient rates and charges to provide for the operation and maintenance of the sanitary sewer system and for the payment of the bonds and the interest thereon.

C. The provisions of this ordinance shall constitute a contract between the Town of Salem and the registered holder and the government (for so long as it is holder or insurer of such bonds) and after the issuance of such bonds this ordinance shall not be repealed or amended in any respect which will adversely affect the rights and interest of the registered holder and the government (for so long as it is holder or insurer of such bonds) nor shall the Town Council of the Town of Salem adopt any law, ordinance or resolution in any way adversely affecting the rights of the government so long as said bonds or the interest thereon remain unpaid.

D. The provisions of this ordinance shall be construed to create a trust in the proceeds derived from the sale of the bonds herein authorized, and so long as any of the bonds are outstanding the provisions of this ordinance, shall be construed to create a trust in the portion of the net revenues of the system herein directed to be set apart in the Sanitary Sewer Fund Account for the uses and purposes of said account as in this ordinance set forth.

SECTION 11. The provisions of this ordinance are subject to the laws of the state of Iowa and to the present and future regulations of the Farmers Home Administration not inconsistent with the express provisions hereof.

SECTION 12. The clerk of the Town Council is hereby authorized

and directed to cause notice for bids for the purchase of said bonds to be published pursuant to all applicable Iowa statutes. The notice shall state the number of bonds to be sold, the time and place of the sale, and that a good faith certified check representing at least 2% of the bond issue must accompany the bid, unless the bid is made by the government. The bonds will be awarded to the bid offering the lowest net costs to the Town, inclusive of interest. No bid of more than 4% to the lender will be considered nor any bid not at par value of the principal amount, nor any bid at other than the same interest rate for all bonds of the entire issue. If there is no bid or that all bids are rejected, the Town may re-advertise the sale pursuant to this ordinance, or at its discretion may sell the bonds at private sale. The sale of bonds shall be made by appropriate resolution. As insurer of the bonds the government reserves the right to approve or disapprove the award made by the municipality.

SECTION 13. All ordinances, resolutions and orders or parts thereof in conflict with the provisions of this ordinance are to the extent of such conflict hereby repealed, and each section of this ordinance and each subdivision of any section thereof is hereby declared to be independent and the finding of holding of any section or subdivision thereof to be invalid or void shall not be deemed or held to affect the validity of any other section or subdivisions of this ordinance.

SECTION 14. This ordinance shall take effect and be in force from and after its passage, approval and posting as required by law.

Passed by the Town Council of the Town of Salem,
Iowa, this 2nd day of June, 19 67,
and approved by me this 2nd day of June, 19 67.

ATTEST: JOHN E. CHILDS
TOWN CLERK
(SEAL)

Leo Craig
MAYOR - LEO CRAIG

Town Council

Yeas Edward L. Van Hook
Delmar O. Barton
Quentin Van Hook
Wm. A. L. Bull
Malcolm Farr

Nays None