

WITNESS MY HAND and the seal of the City affixed this 17th day of May, 1979

Evelyn M. Rohner, City Clerk

(Seal)

STATE OF IOWA  
COUNTY OF ADAIR           SS:  
CITY OF FONTANELLE

I, the undersigned, do hereby certify that I am the duly appointed qualified and acting Clerk of the City of Fontanelle, Iowa, and that as such I have in my possession or have access to the complete corporate records of said City, and that I have carefully compared the transcript hereto attached and that the same constitutes a true, correct and complete copy of the records of the said City Council relating to the issuance of \$165,000 Water Revenue Bonds, Series 1979, of said City

IN WITNESS WHEREOF, I have hereunto affixed my official signature and the seal of said City of Fontanelle, Iowa, this 17th day of May, 1979.

Evelyn M. Rohner, City Clerk

(Seal)

Also discussed was Group Insurance. Mr. Roger Anderson Jr. represented Life Investors Co. and gave the Employees and the Council data on the cost of Group Health Insurance. Mr. Clayton Ellingson represented Bankers Life Co., along with Harvey Wallace, also gave a presentation on what that company had to offer. Blue Cross-Blue Shield has also been considered. The matter was tabled, until wage negotiations come up at the next meeting.

Motion by Deane Darrow to adjourn. Seconded by Ralph Means. Carried.

Attest: *Evelyn M. Rohner*  
Evelyn M. Rohner

*Floyd A. Walter*  
Floyd A. Walter, Mayor

#####

Fontanelle, Iowa  
May 24, 1979

The City Council met in Special Session at the City Hall at 7:00 p.m. with Mayor Floyd A. Walter presiding. Council Members present were: Art Baudler, Deane Darrow, Andy Gentle, Ralph Means and Keith Westphal. Absent: None.

The news media had been notified and notice of this meeting had been posted.

Motion by Deane Darrow to approve the Building Permit Application Blank as presented. Seconded by Art Baudler. Carried.

Motion by Andy Gentle to approve the Water Hook-up Application Blank as presented. Seconded by Ralph Means. Carried.

Mr. Dennis Murdock of Central Iowa Power Co-op was present to discuss supplemental power purchasing for the future.

The Council met, pursuant to prior action and to law, for the purpose of considering and passing a resolution providing for the institution of proceedings to issue \$165,000 Water Revenue Bonds, Series 1979 (the Bonds), and for the transaction of such other business as may come before the meeting.

The Council investigated and found that a notice of intention to institute proceedings for the issuance of the aforementioned Bonds had been duly published as provided by law and that this is the time and place at which the Council shall receive oral or written objections from any resident or property owner of the City. The Clerk announced that no written objection had been previously filed; the Mayor called for any oral or written objection from any resident or property owner of the City, and there being none, the Mayor announced that the Council may take additional action for the issuance of the Bonds.

Council Member Keith Westphal moved that the resolution be adopted, seconded by Council Member Ralph Means. After due consideration, the Mayor put the question on the motion and the roll being called, the following named Council Members voted: AYES: Art Baudler, Deane Darrow, Andy Gentle, Ralph Means and Keith Westphal. NAYS: None.

Whereupon, the Mayor declared the resolution duly adopted and signed his approval thereto.

TAKING ADDITIONAL ACTION FOR THE ISSUANCE OF \$165,000 WATER REVENUE BONDS, SERIES 1979

WHEREAS, notice of the proposed action of the City To institute proceedings for the issuance of \$165,000 Water Revenue Bonds, Series 1979 (the "Bonds") of the City of Fontanelle, Iowa, was heretofore given in strict compliance with the provisions of Division V of Chapter 384 of the Code of Iowa, 1979, as amended, and the Council has determined that it may proceed to take addit onal action for the issuance of the Bonds;

NOW, THEREFORE, Be It Resolved by the Council of the City of Fontanelle, Iowa, as follows:

Section 1. That the Council hereby determines that the Bonds should be issued by the City.

Section 2. That all resolutions or parts of resolutions in conflict herewith be and the same are hereby repealed.

PASSED AND APPROVED THIS 24th day of May, 1979

Attest: Evelyn M. Rohner, Clerk

Floyd A. Walter, Mayor

(Seal)

STATE OF IOWA
COUNTY OF ADAIR SS:
CITY OF FONTANELLE

I, the undersigned, Clerk of the aforementioned City, do hereby certify that attached hereto is a true and correct copy of the proceedings of the Council of the City relating to the fixing of a date for the initiation of the sale and issuance of \$165,000 Water Revenue Bonds, Series, 1979.

I further certify that no objections were filed in my office and no objections of any kind were made to the matter of issuing the aforesaid Bonds at the time and place set for the hearing thereon.

WITNESS MY HAND and the seal of the said City this 25th day of May, 1979.

Evelyn M. Rohner, City Clerk

(Seal)

STATE OF IOWA
COUNTY OF ADAIR SS:
CITY OF FONTANELLE

I, the undersigned, Clerk of the aforesaid City, in the County and State aforesaid, do hereby certify that such City is organized and operating under the provisions of Title XV of the Code of Iowa, and not under any special charter, and that there is not pending or threatened any question or litigation whatsoever touching the incorporation of said City, the inclusion of any territory within the limits of the City or the incumbency in office of any of the officials hereinafter named.

I further certify that the City has adopted by ordinance a charter embodying its existing form of government and the charter is on file with the Secretary of State.

I do further certify that the following named parties are officials of the City as indicated:

FLOYD A. WALTER, Mayor DEANE A. DARROW, Council Member
EVELYN M. ROHNER Clerk ANDREW R. GENTLE Council Member
CAROL L. NIELSEN Treasurer RALPH D. MEANS Council Member
ART L. BAUDLER Council Member KEITH J. WESTPHAL Council Member

I do further certify that the Council has provided for the office of Treasurer, and the Council has selected the Treasurer aforementioned.

WINESS MY HAND and the seal of the City hereto affixed this 25th day of May, 1979.

Evelyn M. Rohner, Clerk

(Seal)

The Council took up for consideration a resolution entitled "Resolution authorizing and providing for the issuance and securing the payment of \$165,000 Water Revenue Bonds, Series 1979," which was introduced by Council Member Deane Darrow. Council Member Deane Darrow moved that the resolution be adopted, seconded by Council Member Art Baudler.

The Mayor put the question on the motion and the roll being called, the following named Council Members voted: AYES: Art Baudler, Deane Darrow, Andy Gentle, Ralph Means and Keith Westphal. NAYS: None Whereupon, the Mayor declared the motion duly carried and the resolution duly adopted.

RESOLUTION NO. 79.11

RESOLUTION AUTHORIZING AND PROVIDING FOR THE ISSUANCE AND SECURING THE PAYMENT OF \$165,000 WATER REVENUE BONDS, SERIES 1979

WHEREAS, the City of Fontanelle, in Adair County, Iowa (hereinafter sometimes referred to as the "City") did heretofore, in the year 1913, pursuant to an election theretofore held, establish a Municipal Waterworks System in and for the City (hereinafter sometimes referred to as the "Utility"); and

WHEREAS, the management and control of such Utility is now vested in the Council of the City, and no board of trustees exists for this purpose; and

WHEREAS, heretofore and in strict compliance with the laws of the State of Iowa, the City did order the construction of improvements and extensions to the Utility (which improvements and extensions are hereinafter sometimes referred to as the "Improvements"); and

WHEREAS, during the construction of the Improvements, temporary revenue pledge orders (hereinafter sometimes referred to as the "Pledge Order") have been issued from time to time by the City to the contractors under the terms of their contracts on estimates approved by the Engineer for work performed and materials furnished and to other persons in payment of a part of the cost of the Improvements, and the amount of the outstanding Pledge Orders, with interest to June 1, 1979, exceeds the sum of \$165,000; and

WHEREAS, the Improvements have been completed in accordance with such contracts, and the same were duly accepted by the City; and

WHEREAS, all of the outstanding Pledge Orders hereinbefore referred to are payable from and secured by the net revenues of the Utility and do not constitute general obligations of the City and the holders of the Pledge Orders have agreed to surrender the same in exchange for a like aggregate amount of revenue bonds of the City containing provisions which are more advantageous to the City and which will make possible the orderly payment of the cost of the Improvements evidenced by the Pledge Orders, and it is desirable and for the best interests of the City that the Pledge Orders be refunded;

WHEREAS, under the terms of Division V of Chapter 384 of the Code of Iowa, 1979, as amended authority exists for the City to authorize and issue its water revenue bonds for the purpose of refunding the Pledge Orders outstanding, and a notice of the intention of the City to take action for the issuance of \$165,000 Water Revenue Bonds, Series 1979 (hereinafter sometimes referred to as the "1979 Bonds" or the "Bonds"), has heretofore been duly published and hearing held thereon, and the City has heretofore determined to issue the Bonds; and

WHEREAS, it now becomes advisable and necessary and for the best interests of the City and its inhabitants that the 1979 Bonds be issued and delivered; and

WHEREAS, heretofore, under date of June 1, 1977, the City did issue \$90,000 Water Revenue Bonds, Series 1977, pursuant to a resolution duly adopted on May 26, 1977 (hereinafter sometimes referred to as the "1977 Bonds Resolution"), of which there will remain outstanding as of June 1, 1979, \$80,000 face value Water Revenue Bonds (which outstanding bonds are hereinafter sometimes referred to as the "1977 Bonds") maturing on June 1 in each of the years and bearing interest at the respective rates as follows:

Year	Amount	Interest Rate Per Annum
1980	\$ 5,000	5 1/2%
1981	\$ 5,000	5 1/2%
1982	\$ 5,000	5 1/2%
1983	\$ 5,000	5 3/4 %
1984	\$ 6,000	5 3/4 %
1985	\$ 8,000	5 3/4 %
1986	\$ 8,000	5 3/4 %
1987	\$ 8,000	5 3/4 %
1988	\$10,000	6 %
1989	\$10,000	6 %
1990	\$10,000	6 %

provided, however, that bonds of said issue numbered from 37 to 42, inclusive, are redeemable at the option of the City prior to maturity in whole or from time to time in part in inverse numerical order on June 1, 1987, and subsequently on any interest payment date; and

WHEREAS, in and by the 1977 Bond Resolution the right was reserved to the City from time to time to authorize issue and deliver under specified conditions additional water revenue bonds;

NOW, THEREFORE, Be It Resolved by the City Council of the City of Fontanelle, Iowa, as follows:

Section 1. For the purposes referred to in the preamble hereof, there be and there are hereby ordered issued \$165,000 face value Water Revenue Bonds, Series 1979, dated June 1, 1979 the "1979 Bonds"), numbered consecutively from 1 to 33, inclusive, in the denomination of Five Thousand Dollars (\$5,000) each and maturing in their numerical order on June 1 of each of the following years, in the amounts and bearing interest all as follows:

<u>Bond Numbers</u>	<u>Year</u>	<u>Amount</u>	<u>Interest Rate Per Annum</u>
1	1980	\$ 5,000	6 1/2 %
2	1981	\$ 5,000	6 1/2 %
3	1982	\$ 5,000	6 1/2 %
4	1983	\$ 5,000	6 1/2 %
5	1984	\$ 5,000	6 1/2 %
6	1985	\$ 5,000	6 1/2 %
7	1986	\$ 5,000	6 1/2 %
8	1987	\$ 5,000	6 1/2 %
9	1988	\$ 5,000	6 1/2 %
10	1989	\$ 5,000	6 1/2 %
11	1990	\$ 5,000	6 3/4 %
12-14	1991	\$15,000	6 3/4 %
15-17	1992	\$15,000	6 3/4 %
18-20	1993	\$15,000	6 3/4 %
21-23	1994	\$15,000	6.80%
24-26	1995	\$15,000	6.80%
27-29	1996	\$15,000	6.80%
30-33	1997	\$20,000	6.80%

provided, however, that the City reserves the right and privilege to call for redemption and prepay bonds numbered 11 to 33, inclusive maturing in the years 1990 to 1997, inclusive, as may be outstanding from time to time, prior to their maturity, as a whole or from time to time in part in inverse numerical order on June 1, 1989, or on any interest payment date thereafter, upon terms of par and accrued interest at the coupon rate.

Interest on the Bonds shall be payable on June 1, 1980, and semi-annually thereafter on the first day of June and December in each year until the principal thereof is paid, or the Bonds are called for prepayment as herein provided. Both principal of and interest on the Bonds shall be payable in lawful money of the United States of America at the office of the City Treasurer.

In the event any of the Bonds are called for redemption prior to maturity as aforesaid, notice of such redemption identifying the Bond or Bonds to be redeemed shall be given by registered mail addressed to the last known holders of all bonds to be redeemed at least thirty (30) days prior to the redemption date and shall also be published at least once not less than thirty (30) days prior to the redemption date in a newspaper having a general circulation throughout the State of Iowa. Such of the Bonds as may be called for redemption and for the payment of which funds are duly provided shall cease to bear interest from and after the date as of which they are called for redemption.

All of the 1979 Bonds and the interest thereon, and any additional bonds as may hereafter be issued and outstanding from time to time ranking on a parity therewith under the conditions set forth herein (which are hereinafter sometimes referred to as the "Parity Bonds") shall be payable solely from the Sinking Fund hereinafter referred to and shall be a valid claim of the holder thereof against said fund and none of the Bonds shall be a general obligation of the City, nor payable in any manner by taxation, and under no circumstances shall the City be in any manner liable by reason of the failure of the Net Revenues of the Utility to be sufficient for the payment in whole or in part of the Bonds and the interest thereon; but the 1979 Bonds, together with the 1977 Bonds, and any Parity Bonds as may be hereafter issued, shall be payable both as to principal and interest solely and only from the future Net Revenues of the Utility pledged therefor as hereinafter provided.

Each of the Bonds shall be subject to registration as to principal in the name of the holder on the books of the City Treasurer, such registration being noted upon each Bond so registered, and after such registration payment of the principal thereof shall be made only to the registered holder. Any Bond so registered, upon the request in writing of such holder personally or by attorney-in-fact, may be transferred either to a designated transferee or to bearer, and the principal of any Bond so transferred and registered to bearer shall thereupon be and become payable to bearer in like manner as if such Bond had never been registered. Registration of any Bond as to principal shall not restrain the negotiability of the couponsthereto attached by delivery merely.

Section 2. The 1979 Bonds and the coupons shall be in substantially the following form:

(Form of Bond)

UNITED STATES OF AMERICA  
STATE OF IOWA  
COUNTY OF ADAIR CITY OF FONTANELLE  
WATER REVENUE BOND, SERIES 1979

No. \_\_\_\_\_

\$ 5,000

The City of Fontanelle, in Adair County, State of Iowa, for value received, promises to pay to bearer, or if this bond be registered as to principal to the registered holder hereof, the sum of Five Thousand Dollars (\$5,000) on the first day of June, 19\_\_\_\_, with interest on said sum from date hereof at the rate of \_\_\_\_\_ per cent (\_\_\_\_\_% ) per annum, payable June 1, 1980, and semiannually thereafter on the first day of June and December in each year until said principal sum is paid, except as the provisions hereinafter set forth with respect to prior redemption may be and become applicable hereto, all such interest as may accrue on and prior to the maturity of this bond to be paid upon presentation and surrender of the interest coupons hereto attached as they severally become due; both principal and interest being payable in lawful money of the United States of America at the office of the City Treasurer in and of the City of Fontanelle, Iowa.

This bond and the series of which it is a part are issued by said City pursuant to and in strict compliance with the provisions of Division V of Chapter 384 of the Code of Iowa, 1979, and all other laws amendatory thereof and supplemental thereto, and in conformity with a resolution of the City Council of said City entitled: "Resolution Authorizing and Providing for the Issuance and Securing the Payment of \$165,000 Water Revenue Bonds, Series 1979," to which resolution reference is hereby made for a more complete statement as to the source of payment of said bonds and the rights of the holders of said bonds.

This bond is one of a series of bonds of like tenor, date and amount (except maturity, interest rate and prepayment privileges), numbered from One (1) to Thirty-three (33), inclusive, issued for the purpose of refunding Pledge Orders issued in payment of the cost of improving and extending the Municipal Waterworks System in and for said City, and is not a general obligation of said City, but this bond and the series of which it forms a part are payable from the same source and rank on a parity with outstanding Water Revenue Bonds, Series 1977, any additional bonds as may be hereafter issued and outstanding from time to time ranking on a parity herewith under the conditions set forth in the resolution authorizing said series as referred to in the preceding paragraph, are payable solely and only out of the future Net Revenues of the said Municipal Waterworks System, a sufficient portion of which has been ordered set aside and pledged for that purpose. This bond is not payable in any manner by taxation, and under no circumstances shall the City of Fontanelle be in any manner liable by reason of the failure of the said Net Revenues to be sufficient for the payment of this bond and the interest hereon.

The City of Fontanelle reserves the right to call and redeem bonds of this issue numbered from Eleven (11) to Thirty-three (33), inclusive prior to maturity in whole, or from time to time in part, in inverse numerical order, on any interest payment date on or after June 1, 1989. Written notice of the exercise of such right of redemption shall be given by registered mail to the last known holder of any bond so to be redeemed at least thirty (30) days prior to the redemption date and notice of such redemption shall also be published at least once not less than thirty (30) days prior to such redemption date in a newspaper having a general circulation throughout the State of Iowa. Such of said bonds as may be thus called for redemption and for the payment of which funds are duly provided and as to which notice as aforesaid shall have been given shall cease to bear interest from and after the date as of which they are called for payment.

This bond is subject to registration as to principal in the name of the holder on the books of the Treasurer of the City, such registration to be evidenced by notation of said officer on the back hereof, and after such registration, no transfer hereof, except upon such books and similarly noted hereon, shall be valid unless the last registration shall have been to bearer. Registration hereof shall not affect the negotiability of the coupons hereto attached, which shall continue negotiable by delivery merely.

And It Is Hereby Certified, Recited and Declared that all acts conditions and things required to exist, happen and be performed precedent to and in the issuance of this bond and the series of which it is a part have existed, have happened and have been performed in due

time, form and manner

by law, and that the issuance of

this bond does not exceed or violate any constitutional or statutory limitation or provision.

IN TESTIMONY WHEREOF, said City of Fontanelle, by its City Council, has caused this bond to be executed by its Mayor and City Clerk, with the seal of said City affixed, and the coupons hereto attached to be executed with the facsimile signature of the City Clerk, which official by the execution of this bond does adopt as and for her own proper signature her facsimile signature appearing on said coupons, the first day of June, 1979.

\_\_\_\_\_  
Mayor

Attest:

\_\_\_\_\_  
City Clerk

(Seal)

(Form of Coupon)

No. \_\_\_\_\_

\$ \_\_\_\_\_

The Treasurer of the City of Fontanelle, Iowa, will pay to bearer out of the future Net Revenues of the Municipal Waterworks System the amount shown hereon on \_\_\_\_\_, 19\_\_\_\_, at the office of the City Treasurer, Fontanelle, Iowa, as provided in and for interest due that date on its Water Revenue Bond, Series 1979, dated June 1, 1979, No. \_\_\_\_\_ provided said bond has not been previously prepaid in accordance with its terms).

\_\_\_\_\_  
City Clerk, Fontanelle, Iowa

STATE OF IOWA  
COUNTY OF ADAIR  
CITY OF FONTANELLE

SS:

CITY TREASURER'S CERTIFICATE

The issuance of this bond has been duly and properly recorded in my office as of the first day of June, 1979.

\_\_\_\_\_  
City Treasurer

(Form for registration to be printed on the back of each bond:)

REGISTRATION OF OWNERSHIP

Date of Registration

In Whose Name  
Registered

Signature of  
City Treasurer

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

Section 3. The 1979 Bonds shall be executed by the Mayor and by the City Clerk with the seal of the City affixed and the interest coupons attached thereto shall be executed by said Clerk by her facsimile signature, and said official by the execution of the Bonds, shall adopt as and for her own proper signature her facsimile signature appearing on such coupons. When and as executed, the Bonds shall be delivered to the City Treasurer, who shall record the issuance of the Bonds in her office, and said Treasurer shall sign the certificate hereinbefore set out in Section 2 and endorsed upon the back of each of the Bonds and deliver the Bonds in exchange for and upon surrender and cancellation of a like amount of outstanding Pledge Orders of the City authorized to be refunded in this resolution. All accrued interest as may be received from the exchange of the Bonds hereby authorized for the aforesaid Pledge Orders shall be converted into the Sinking Fund hereinafter provided for.

Section 4. So long as any of the 1979 Bonds are outstanding, the Utility shall continue to be operated as a revenue producing undertaking. The City shall establish, impose adjust and provide for the collection of rates to be charged to customers of the Utility, including the City, to produce gross revenues (hereinafter sometimes referred to as the "Gross Revenues") at least sufficient to pay the expenses of operation and maintenance of the Utility, which shall include salaries, wages, cost of maintenance and operation, materials, supplies, insurance and all other items normally included under recognized accounting practices (but does not include allowances for depreciation in the valuation of physical property) (which such expenses are hereinafter sometimes referred to as the "Operating Expenses") and to leave a balance of net revenues (hereinafter referred to as the "Net Revenues") sufficient at all times to pay the principal of and interest on all outstanding



revenue bonds and pledge orders payable from such source as the same become due.

Section 5. The provisions, covenants, undertakings and stipulations for the operation of the Utility and for the collection, application and use of the Gross Revenues and income from such operation, as set forth in the 1977 Bond Resolution shall inure and appertain to the 1979 Bonds to the same extent and with like force and effect as if herein set out in full, except only insofar as the same may be inconsistent with this resolution.

*See Correction Page 358* Section 6. The provisions of Section 13 of the 1977 Bond Resolution with respect to the issuance of additional revenue bonds ranking on a parity with the 1977 Bonds are hereby recognized. It is hereby found, declared and certified that the officially reported Net Revenues of the Utility for the last preceding fiscal year were equal to at least One Hundred Twenty-five Per Cent (125%) of the average amount that will become due in any one year for both the principal of and interest on the 1977 Bonds, the 1979 Bonds and any other bonds payable from the Net Revenues of the Utility outstanding, during the life of the outstanding 1977 Bonds. *Sec. 6 revised Page 358*

Section 7. The provisions in and by the 1977 Bond Resolution whereby there has been created and is to be maintained a separate Water Revenue Fund are hereby ratified and confirmed and from and after the issuance of the 1979 Bonds and throughout the time any of such bonds are outstanding, the Gross Revenues of the Utility shall continue to be set aside into the Water Revenue Fund, which shall be used in maintaining and operating the Utility, and after payment of the proper necessary maintenance and operation expenses, the remaining Net Revenues shall, to the extent hereinafter provided, be used to pay the interest on and principal of the 1977 Bonds, the 1979 Bonds, and any additional Parity Bonds, and to maintain the several separate funds hereinafter referred to.

Section 8. The provisions in and by the 1977 Bond Resolution whereby there has been created and is to be maintained a "Water Revenue Bond Sinking Fund" (herein sometimes referred to as the "Sinking Fund") and for the payment into said fund from the future Net Revenues of the Utility of such portion thereof as will be sufficient to pay the interest upon and principal of the 1977 Bonds are all hereby ratified and confirmed, and all such provisions shall inure and constitute the security for the payment of the interest on and the principal of the 1979 Bonds hereby authorized as may from time to time be outstanding; provided, however, that the amounts to be annually set aside and paid into said Sinking Fund, in equal monthly installments, shall be sufficient to pay the interest and principal due in each year, not only of the 1977 Bonds, but also of the 1979 Bonds from time to time outstanding. In addition to the payments required to be made into the Sinking Fund under the provisions of the 1977 Bond Resolution, and in order to pay maturing installments of principal of and interest on the 1979 Bonds, it is hereby determined that additional payments shall be made each month into said Sinking Fund from the Net Revenues of the Utility and that the minimum additional amount to be set aside into said Sinking Fund from the Net Revenues during each month of each year shall be not less than as follows:

a sum equal to one-twelfth (1/12th) of the principal of all 1979 Bonds maturing on the June 1 next succeeding, plus a sum equal to one-sixth (1/6th) of the interest becoming due on the next succeeding interest payment date on all of the outstanding 1979 Bonds;

provided, however, that no further payments need be made into the Sinking Fund when and so long as the amount therein is sufficient to retire all of the then outstanding revenue bonds payable from the Sinking Fund and to pay all interest to become due thereon prior to such retirement.

All of such payments required to be made into the Sinking Fund shall be made in equal monthly installments as hereinbefore provided on the first day of each month, except that when the first day of any month shall be a Sunday or legal holiday, then such payments shall be made on the next succeeding secular day. The Sinking Fund and that portion of the Net Revenues contained therein shall be used solely and only and are hereby pledged for the purpose of paying the interest on and principal of the 1977 Bonds, the 1979 Bonds and any Parity Bonds, and for no other purpose. If and to whatever extent any Parity Bonds are issued under the conditions and restrictions set forth in this resolution, provisions shall be made for increasing such payments into the Sinking Fund to meet maturing installments of principal of and interest on such Parity Bonds. If at any time there be a failure to pay into the Sinking Fund the full amount above stipulated, then an amount equivalent to the deficiency shall be set apart and paid into the Sinking Fund from the Net Revenues of the Utility as soon as available, and the same shall be in addition to the amount otherwise required to be so set apart and paid into the Sinking Fund.

Section 9. The provisions in and by the 1977 Bond Resolution whereby there has been created and is to be maintained a Bond Reserve Fund (herein sometimes referred to as the "Reserve Account") are hereby ratified and confirmed, and in lieu of the amounts specified in the 1977 Bond Resolution to be deposited into such Reserve Account, there shall be set apart and paid from the balance of the Net Revenues remaining after first making the required payments into the Sinking Fund, the sum of \$370 on the first day of each month in each year until the sum of \$22,200 has been accumulated in the Reserve Account or until such time as all of the 1977 Bonds, the 1979 Bonds and any Parity Bonds have been paid in full as to both principal and interest or funds sufficient therefor have been set aside and pledged for that purpose, and whenever the sum on deposit in the Reserve Account has been reduced to less than \$22,200 by the expenditure of all or a portion of the said fund for any of the purposes specified herein, the sum of \$370 shall again be paid into the Reserve Account on the first day of each month in each year until the sum on deposit in the Reserve Account has been restored to \$22,200. All monies credited to the Reserve Account shall be used and are hereby pledged for the payment of the principal of and interest on the 1977 Bonds and the 1979 Bonds whenever for any reason the funds on deposit in the Sinking Fund are insufficient to pay such principal and interest when due. If and to whatever extent Parity Bonds shall be issued under the conditions set forth in this resolution, provisions shall be made for increasing such payments into the Reserve Account to create and maintain a reasonable reserve therefor.

Section 10. The provisions in and by the 1977 Bond Resolution whereby there has been created and is to be maintained a Renewal, Replacement and Depreciation Fund (herein sometimes referred to as the "Improvement Account") are hereby ratified and confirmed, and in lieu of the amounts specified in the 1977 Bond Resolution to be deposited into such Improvement Account, there shall be set apart and paid from the balance of the Net Revenues remaining, after first making the required payments into the Sinking Fund and the required payments into the Reserve Account, and after the sum of \$22,200 has been accumulated in the Reserve Account, the sum of \$370 on the first day of each month of each year until such time as there has been accumulated in the Improvement Account the sum of \$22,200. If and to whatever extent it may become necessary to use such accumulated reserve for any of the purposes hereinafter specified, payments into the Improvement Account shall be resumed until such time as the money on deposit in the Improvement Account again equals \$22,200. All moneys credited to the Improvement Account shall be used and are hereby pledged solely and only for the following purposes and with the following priorities:

a. First, if for any reason there exists a deficiency in the required balance in the Sinking Fund and provided sufficient amount are not available in the Water Revenue Fund to pay such deficiency, there shall be paid into the Sinking Fund an amount equal to the deficiency from the amounts on deposit in this Improvement Account.

b. Secondly, said moneys shall be transferred and credited to the Reserve Account whenever any deficiency may exist in the Reserve Account.

c. Thirdly, not exceeding one half (1/2) of the amount required to be paid into the Improvement Account each month may be pledged, set aside, used and applied to the payment of principal of and interest on subordinate revenue bonds issued to pay the cost of making necessary improvements and extensions to the Utility, provided there has first been procured and filed with the Utility the written opinion of a reputable consulting engineer employed by the Utility that the proposed improvements and extensions are required to insure the continued efficient and successful operation of the Utility.

d. Fourthly, to pay for the cost of capital improvements and extensions to the Utility provided, however, that prior to the expenditure no deficiency exists in the amounts required to be paid into the Sinking Fund and the Reserve Account, and there has first been procured and placed on file in the office of the Utility the written opinion of a reputable consulting engineer employed by the Utility that the proposed capital improvements and extensions are required to insure the continued efficient and successful operation of the Utility.

Section 11. The provisions in and by the 1977 Bond Resolution whereby there has been created and is to be maintained a separate Surplus Fund are hereby ratified and confirmed, and from and after the issuance of the 1979 Bonds and throughout the time any of such Bonds are outstanding, there shall continue to be set apart and paid into the Surplus Fund all of the Net Revenues of the Utility remaining after first making the required payments into the Sinking Fund, the Reserve Account and the Improvement Account. All moneys credited to the Surplus Fund shall be transferred and credited to the Sinking Fund whenever necessary to prevent or remedy a default in the payment of the principal of or interest on the 1977 Bonds, the 1979 Bonds or Parity Bonds or shall be transferred and credited to the Reserve Account whenever any deficiency may exist in the Reserve Account, or shall be



transferred and credited to the Improvement Account whenever any deficiency may exist in the Improvement Account. On June 1 of each year, one half (1/2) of the amount accumulated in the Surplus Fund after making the foregoing transfers and credits shall be used as follows:

- a. paid into the Reserve Account until or unless such account contains a balance of \$22,200;
- b. after making disposition in accordance with (a), paid into the Improvement Account until or unless such account contains a balance of \$22,200.
- c. when both the Reserve Account and the Improvement Account have the full amount of the aforementioned balances, then this portion of the annual accumulation in the Surplus Fund may be used as other remaining funds of the Surplus Fund. Any balance in the Surplus Fund may be made available to the City as the Council or such other duly constituted body as may then be charged with the operation of the Utility may from time to time direct.

Section 12. All monies held in any fund created or to be maintained under the terms of this resolution shall be deposited in lawful depositories of the City and continuously held and secured as provided by the laws of the State of Iowa relating to the depositing, securing and holding of public funds, and all such deposits exceeding the maximum amount insured by the F.D.I.C. in any one bank shall be continuously secured by a valid pledge in direct obligations of the United States Government having an equivalent market value, or invested in direct obligations of the UNITED States Government; provided, however, that such government securities shall be sold whenever the proceeds thereof are needed for the purpose of the fund for the account of which the investment was made. All interest received by the City as a result of investments under this section shall be considered to constitute Gross Revenues of the Utility. The City hereby covenants and agrees that no such investment shall ever be made so as to cause the interest on the Bonds herein authorized to become taxable as "arbitrage bonds" pursuant to the provisions of Section 103(c) of the Internal Revenue Code of 1954, as amended.

It is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be "arbitrage bonds" under Section 103(c) of the Internal Revenue Code of 1954, as amended, and the regulations prescribed under that Section. The City has not been notified of any listing or proposed listing of it by the Internal Revenue Service as a bond issuer whose arbitrage certifications may not be relied upon.

Section 13. The City hereby covenants and agrees with the holder or holders of said Bonds, or any of them, that from time to time may be outstanding, that it will faithfully and punctually perform all duties with reference to the Utility required and provided by the Constitution and laws of the State of Iowa, that it will segregate the Gross Revenues of the Utility and make application thereof in accordance with the provisions of this resolution and that it will not sell, lease or in any manner dispose of the Utility or any part thereof, including any and all extensions and additions that may be made thereto, until all of the Bonds herein authorized shall have been paid in full, both principal and interest, or unless and until provisions shall have been made for the payment of said Bonds and interest thereon in full; provided however, that the City may dispose of any property which in the judgment of the Council, or the duly constituted body as may then be charged with the operation of the Utility, is no longer useful or profitable in the operation of the Utility nor essential to the continued operation thereof and when the sale thereof will not operate to reduce the revenues to be derived from the operation of the Utility.

Section 14. Upon a breach or default of a term of the Bonds and this resolution, a proceeding may be brought in law or in equity by suit, action or mandamus to enforce and compel performance of the duties required under the terms of this Resolution and Division V of Chapter 384 of the Code of Iowa, 1979, as amended, or an action may be brought to obtain the appointment of a receiver to take possession of and operate the Utility and to perform the duties required by this resolution and Division V of Chapter 384 of the Code of Iowa, 1979, as amended.

Section 15. The 1979 Bonds shall not be entitled to priority or preference one over the other in the application of the Net Revenues of the Utility regardless of the time or times of the issuance of such Bonds, it being the intention that there shall be no priority among the 1979 Bonds regardless of the fact that they may have been actually issued and delivered at different times. The City hereby covenants and agrees that so long as any of the Bonds are outstanding and unpaid, no other bonds or obligations payable from the Net Revenues of the Utility will be issued except upon the basis of such additional bonds or obligations being subject to the priority and security for payment of any 1979 Bonds then outstanding; provided, however, that the City reserves the right and privilege of issuing additional bonds from time to time payable from the Net Revenues of the Utility and

ranking on a parity with the 1979 Bonds (herein referred to as the "Parity Bonds") in order to pay the cost of improvements and extensions to the Utility or for refunding any bonds or obligations payable from the Net Revenues of the Utility, but only if the officially reported Net Revenues of the Utility, for the last preceding calendar or fiscal year prior to the issuance of such Parity Bonds (with adjustments as hereinafter provided) were equal to at least One Hundred Twenty-five Per Cent (125%) of the average amount that will become due in any one year for both the principal of and interest on the 1979 Bonds, any other bonds payable from the Net Revenues of the Utility then outstanding and the bonds then proposed to be issued, during the life of the then outstanding 1979 Bonds; and provided also that the interest payment dates for any such additional bonds shall be semiannually on the first day of June and December of each year and the principal maturities of such additional bonds shall be on June 1 of any year in which any of such principal is scheduled to become due.

The amount of Gross Revenues of the Utility shall be adjusted for the purpose of the foregoing computations by a consulting engineer not in the regular employ of the City so as to reflect any revision in the schedule of rates and charges being imposed at the time of the issuance of any such Parity Bonds.

Bonds issued to refund any of the 1979 Bonds, the 1977 Bonds or Parity Bonds shall not be subject to the foregoing restrictions, provided the bonds being refunded mature within three (3) months of the date of such refunding and no other funds are available to pay such maturing bonds, but otherwise any refunding bonds ranking on a parity shall only be issued subject to the restrictions of this resolution.

Section 16. The City agrees that so long as any of the 1979 Bonds remain outstanding it will maintain insurance for the benefit of the holders of the Bonds issued hereunder of a kind and in an amount which usually would be carried by private companies engaged in a similar type business and that it will keep proper books of record and account, separate from all other records and accounts, showing the complete and correct entries of all transactions relating to the Utility, and that it will provide for annual audits of such records; and that the holders of any of the Bonds shall have the right at all times to inspect the system and all records, accounts and data of the City relating thereto.

Section 17. The provisions of this resolution shall constitute a contract between the City and the holders of the Bonds herein authorized to be issued as may from time to time be outstanding and after the issuance of any of the Bonds, no change, variation or alteration of any kind of the provisions of this resolution shall be made which will adversely affect the holders of the Bonds until all of the Bonds issued hereunder and the interest thereon shall have been paid in full, except as hereinafter provided.

The holders of two-thirds (2/3) in principal amount of the 1979 Bonds and Parity Bonds at any time outstanding (not including in any case any bonds which may then be held or owned by or for the account of the City, but including such refunding bonds as may be issued for the purpose of refunding any of the 1979 Bonds if such refunding bonds shall not then be owned by the City) shall have the right from time to time to consent to and approve the adoption by the City of a resolution or resolutions modifying or amending any of the terms or provisions contained in this resolution; provided, however, that this resolution may not be so modified or amended in such manner as to:

- (a) Make any change in the maturity or redemption terms of the 1979 Bonds.
- (b) Make any change in the rate of interest borne by any of the 1979 Bonds.
- (c) Reduce the amount of the principal payable on any 1979 Bonds
- (d) Modify the terms of payment of principal of or interest on the 1979 Bonds, or any of them, or impose any conditions with respect to such payment
- (e) Affect the rights of the holders of less than all of the 1979 Bonds then outstanding.
- (f) Reduce the percentage of the principal amount of the 1979 Bonds, the consent of the holders of which shall be required to effect a further modification.

Whenever the City shall propose to amend or modify this resolution under the provisions of this Section, it shall (1) prior to the publication of the notice hereinafter provided in (2), cause notice of the proposed amendment to be mailed to each of the holders of the 1979 Bonds registered as to principal at the address appearing on the registration books and also to the original purchaser or purchasers of the 1979 Bonds, and (2) cause notice of the proposed amendment to be published one time in a newspaper published in the City of Des Moines, Iowa. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy of the proposed amendatory

resolution is on file in the office of the City Clerk.

If the holders of at least two-thirds (2/3) in aggregate principal amount of the 1979 Bonds and Parity Bonds outstanding at the time of the adoption of such amendatory resolution or the predecessors in title of such holders shall have consented to and approved the adoption thereof as herein provided, no holder of any 1979 Bonds whether or not such holder shall have consented to or shall have revoked any consent as in this section provided shall have any right or interest to object to the adoption of such amendatory resolution or to object to any of the terms or provisions therein contained or to the operation thereof or to enjoin or restrain the City from taking any action pursuant to the provisions thereof.

Any consent given by the holders of a Bond pursuant to the provisions of this section shall be irrevocable for a period of six (6) months from the date of such consent and shall be conclusive and binding upon all future holders of the same Bond during such period. Such consent may be revoked at any time after six (6) months from the date of such consent by the holder who gave such consent or by a successor in title, but such revocation shall not be effective if the holders of two-third (2/3) in aggregate principal amount of the 1979 Bonds outstanding as in this section defined shall have, prior to the attempted revocation, consented to and approved the amendatory resolution referred to in such revocation.

The fact and date of the execution of any instrument under the provisions of this section may be proved by the certificate of any officer in any jurisdiction who by the laws thereof is authorized to take acknowledgments of deeds within such jurisdiction, that the persons signing such instrument acknowledged before him the execution thereof, or may be proved by an affidavit of a witness to such execution sworn to before such officer.

The amount and numbers of the Bonds held by any person executing such instrument and the date of his holding the same may be proved by the affidavit of such person or by a certificate executed by any responsible bank or trust company showing that on the date therein mentioned such persons had on deposit with such bank or trust company the Bonds described in such certificate.

Section 18. If any section, paragraph, clause or provision of this resolution shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this resolution.

Section 19. All resolutions and orders or parts thereof in Conflict with the provisions of this resolution are, to the extent of such conflict hereby repealed.

Section 20. This resolution shall be in full force and effect immediately upon its adoption and approval, as provided by law.

PASSED AND APPROVED THIS 24th day of MAY, 1979.

*Floyd A. Walter*  
Floyd A. Walter, Mayor

Attest: *Evelyn M. Rohner*  
Evelyn M. Rohner  
Clerk

(Seal)

Recorded May 25th, 1979

*Evelyn M. Rohner*  
Evelyn M. Rohner  
City Clerk

(Seal)

The Council set May 30th at 7:00 p.m. for a Special Meeting to discuss Insurance and Wages, and such other business as might come before the meeting.

Motion by Ralph Means to Adjourn. Seconded by Andy Gentle. Carried.

*Floyd A. Walter*  
Floyd A. Walter, Mayor

Attest: *Evelyn M. Rohner*  
Evelyn M. Rohner  
Clerk

Fontanelle, Iowa  
May 30, 1979

The City Council met in Special Session at the City Hall at 7:00 p.m. with Mayor Pro-Tem Deane Darrow presiding. Council Members present were: Art Baudler, Deane Darrow, Ralph Means and Keith Westphal. Absent: Andy Gentle.

The news media was notified and notice was posted of this meeting, with tentative agenda posted.

Steve Marckmann met with the Council to ask permission to put an addition to the west side of his residence, and permission was granted.

A complaint had been received about weed spraying within the City limits by a local farmer. The Council related that the farmer is responsible for any damage done to the city property owners land and produce.

Insurance and wages were discussed. It was decided that the employees would take the Blue Cross-Blue Shield program, with the City paying the premium for the single rate for each employee. The Council offered a \$678.00 raise to Delmer Miller, Kerry Miller, Evelyn Rohner, and Dale Sickles; with Dale Sickles to get an additional \$472. to bring his annual wage to \$8900. The employees will give their decision on this proposal at the next regular meeting.

Delmer Miller reported on the SIMECA-CIPCO meeting that he had attended May 29th. CIPCO does guarantee to buy back power that the City does not use, if the City elects to buy into the plant that is to be built in the Panora area.

Motion by Ralph Means to adjourn. Seconded by Art Baudler. Carried.

Attest: *Evelyn M. Rohner*  
Evelyn M. Rohner, Clerk

Deane A. Darrow, Mayor Pro-Tem

#####  
CORRECTION TO RESOLUTION NO. 79.11 made by Bonding Attorneys Belin, Harris, Helmick & Lovrien as of May 30, 1979 to-wit:

We have prepared and enclose herewith a revised Page 9 for the bond resolution which we forwarded on May 21, 1979. You will note that we have revised Section 6 of the resolution to make it clear that the rate adjustments provided in the 1977 Bond Resolution enabled the City to meet the parity test contained in that resolution. Please substitute this revised page in the City's minutes and in the copy of the proceedings which you are completing and will return to us for our records.

Section 6. The provisions of Section 13 of the 1977 Bond Resolution with respect to the issuance of additional revenue bonds ranking on a parity with the 1977 Bonds are hereby recognized. It is hereby found, declared and certified that the officially reported Net Revenues of the Utility for the last preceding fiscal year, with adjustments as provided in the 1977 Bond Resolution, were equal to at least One-Hundred Twenty-five Per Cent (125%) of the average amount that will become due in any one year for both the principal of and interest on the 1977 Bonds, the 1979 Bonds and any other bonds payable from the Net Revenues of the Utility outstanding, during the life of the outstanding 1977 Bonds.

STATE OF IOWA  
COUNTY OF ADAIR           SS:  
CITY OF FONTANELLE

I, the undersigned Clerk of the aforementioned City, in the County and State aforesaid, do hereby certify that the City did heretofore in the year 1913, pursuant to an election thrertofore held, establish a Municipal Waterworks System (hereinafter referred to as the "Utility") and that the Utility has been in continuous operation by the City since its acquisition as aforesaid in supplying water and water service to the City and its inhabitants.

I further certify that the management and control of the Utility is vested in the Council of the City and that no board of trustees exists which has any part of the control and management of such Utility.

I further certify that there is not pending or threatened any question or litigation whatsoever touching the establishment, improvement or operation of such Utility and that there are no bonds or other obligations of any kind now outstanding which are payable from or constitute a lien upon the revenues derived from the operation of such Utility, except for an issue of Water Revenue Bonds, Series 1977 of the City, dated June 1, 1977, presently outstanding in the amount of \$80,000, and the present issue of \$165,000 Water Revenue Bonds, Series 1979, of the City, dated June 1, 1979.

WITNESS MY HAND AND the seal of the aforementioned City this 25th day of May, 1979  
(Seal) *Evelyn M. Rohner*  
Evelyn M. Rohner, City Clerk

STATE OF IOWA  
 COUNTY OF ADAIR SS:  
 CITY OF FONTANELLE

I, the undersigned, being the duly appointed, qualified and acting Clerk of the aforementioned municipality, in the County and State aforesaid, do hereby certify that the above and foregoing is a true and correct copy of the minutes of a meeting of the Council of such City, held as therein shown, including a true and correct copy of the resolution providing for the form and issuance of \$165,000 Water Revenue Bonds, Series 1979.

I do further certify that no objections were filed and no objections of any kind were made to the matter of issuing the aforesaid Bonds.

Dated this 25th day of May, 1979.

*Evelyn M. Rohner*  
 Evelyn M. Rohner, City Clerk

(Seal)

STATE OF IOWA  
 COUNTY OF ADAIR SS:  
 CITY OF FONTANELLE

I, the undersigned, Clerk of the aforementioned City, in the County and State aforesaid, do hereby certify that the annual earnings and annual operating expenses in connection with the operation of the Municipal Waterworks System in said City for each of the years indicated have been as follows:

<u>Calendar or Fiscal Year Ending</u>	<u>Gross Revenues</u>	<u>Operation and Maintenance Expense</u>	<u>Net Revenues</u>
18 Month period ending 6/30 1975	23,312.64	25,911.90	(2,599.26)
Fiscal 1976	21,951.27	15,030.05	6,921.22
Fiscal 1977	42,057.00	15,426.00	26,631.00
Fiscal 1978	44,985.00	27,825.00	17,160.00
Unaudited 9 months to 3/31 79	34,669.38	19,059.84	15,609.54

And I do further certify that the rates which were in effect for services furnished to consumers by said Municipal Waterworks System during the years 1975 through March 31, 1979 were as follows:

Rates effective from July 1, 1960 until May 1, 1976		Minimum--\$5.15
First 2000 gallons	@ \$2.50 per thousand gallon	per quarter
Next 3000 gallons	@ 1.50 "	" "
Next 5000 gallons	@ 1.25 "	" "
All over 10000 gallons	@ \$1.00 "	" "
Rates effective May 1, 1976		Minimum Bill \$4.55
First 700 gallons	@ \$ .65 "	100 " " month
NEXT 1000 gallons	@ \$ .375 "	" " "
Next 2000 gallons	@ \$ .30 "	" " "
Over 3700 gallons	@ .225 "	" " "

WITNESS MY HAND and the seal of the City this 25th day of May, 1979.

*Evelyn M. Rohner*  
 Evelyn M. Rohner, Clerk

(Seal)