

ORDINANCE NO. 68

AN ORDINANCE PROVIDING FOR THE
ISSUANCE OF \$240,000 WATER REVENUE
CERTIFICATES OF THE CITY OF SPRING-
FIELD, FLORIDA, FOR THE PURPOSE
OF CONSTRUCTING A WATER SYSTEM FOR
SAID CITY, CONFIRMING THE SALE
THEREOF AND PROVIDING FOR THE
SECURITY AND PAYMENT THEREOF, AND
MAKING CERTAIN COVENANTS AND AG-
REEMENTS IN THAT CONNECTION AND
DECLARING AN EMERGENCY.

WHEREAS, the city of Springfield does not now have
a water distribution system and has determined it to be
necessary and essential to the health and well-being of the
inhabitants of the city to construct a complete water
distribution system for the city and to finance the cost
thereof through the issuance of revenue

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certificates, as more specifically hereinafter provided; and

WHEREAS pursuant to the provisions of Ordinance Number 66 finally adopted by the City Commission on June 1, 1955, the city has been imposing and collecting a tax on every purchase of electricity, metered or bottled gas (natural, liquefied petroleum gas or manufactured), water service and local telephone service in the city; and

WHEREAS in order to secure the payment of the certificates hereinafter authorized, the city desires to pledge thereto the net revenues to be derived from the operation of its aforesaid water distribution system and, to the extent necessary, the proceeds of the above described tax on utilities services; and

WHEREAS pursuant to an election held in said city on July 26th, 1955, the pledge of the proceeds of said utilities tax as hereinafter provided has been authorized by the qualified electors of said city voting at said election; and

WHEREAS the aforesaid revenues will be amply sufficient to pay principal of and interest on such certificates, and there are outstanding no obligations payable from such revenues; and

WHEREAS under the decisions of the Supreme Court of Florida and the general powers imposed in the city under the provisions of its charter and the general laws of Florida, the city is authorized to issue revenue certificates in the manner and payable from the sources for which provision is hereinafter more specifically made;

NOW, THEREFORE, be it enacted by the people of the City of Springfield in Bay County, Florida:

Section 1. That the City of Springfield, (herein sometimes referred to as "the city") construct a water distribution

system pursuant to plans and specifications therefor prepared by Smith and Gillespie, engineers of Jacksonville, Florida, and heretofore approved by the City Commission and on file in the office of the City Clerk.

Section 2. That for the purpose of paying the cost thereof, including all expenses properly incident thereto and to the issuance of the certificates, and including as interest during construction the amount of interest to accrue on such certificates for one year from their date, there are hereby authorized to be issued the Water Revenue Certificates of the city in the aggregate principal amount of \$240,000. Said certificates shall be dated July 1, 1955, shall be in the denomination of \$1,000 each, shall be numbered 1 to 240, inclusive, and shall bear interest at not to exceed the rate of 6% per annum or such lesser rate or rates as may be determined by resolution to be adopted by this Commission prior to delivery of the certificates to the purchasers thereof, which interest shall be payable January 1, 1956 and semi-annually thereafter on January 1 and July 1 of each year. Interest falling due on said certificates on any interest payment date from January 1, 1956 until JANUARY 1, 1959, shall be represented by two separate coupons, one representing interest computed at the basic interest rate and the other representing the balance of such interest due on said date, either of which coupons may be presented and will be paid separate and apart from the other. The certificates shall be payable as to both principal and interest in lawful money of the United States of America at FIRST NATIONAL BANK OF CHICAGO, CHICAGO, ILLINOIS, and shall mature serially in numerical order on July 1 of each of the years as follows:

<u>Certificate Numbers</u>	<u>Amount</u>	<u>Year</u>
1 to 3	\$3,000	1959
4 to 6	3,000	1960
7 to 9	3,000	1961
10 to 13	4,000	1962
14 to 17	4,000	1963
18 to 22	5,000	1964
23 to 27	5,000	1965
28 to 32	5,000	1966
33 to 37	5,000	1967
38 to 43	6,000	1968
44 to 49	6,000	1969
50 to 55	6,000	1970
56 to 62	7,000	1971
63 to 69	7,000	1972
70 to 76	7,000	1973
77 to 84	8,000	1974
85 to 92	8,000	1975
93 to 100	8,000	1976
101 to 108	9,000	1977
109 to 117	9,000	1978
118 to 126	9,000	1979
127 to 135	9,000	1980
136 to 145	10,000	1981
146 to 155	10,000	1982
156 to 166	11,000	1983
167 to 177	11,000	1984
178 to 189	12,000	1985
190 to 201	12,000	1986
202 to 214	13,000	1987
215 to 227	13,000	1988
228 to 240	13,000	1989

Certificates numbered 28 to 240, inclusive, shall be callable for redemption at the option of the city on July 1, 1965, and on any interest payment date thereafter in inverse numerical order, at the principal amount thereof plus accrued interest to the date fixed for redemption plus a premium for each certificate so redeemed prior to maturity of \$42.50. Notice of such call for redemption is to be given by registered mail to the bank at which the certificates are payable and by publication of an appropriate notice one time in a financial newspaper or journal published in the City of New York, New York, or Chicago, Illinois, and such notice shall be so mailed and published not less than thirty days prior to the date fixed for redemption.

Section 3. That the certificates shall be signed by the Mayor of the city and attested by the City Clerk and shall have impressed thereon the corporate seal of the city. Interest falling due on the certificates on and prior to maturity thereof shall be represented by appropriate interest coupons to be attached to the certificates, which coupons shall be signed with the facsimile signatures of the Mayor and the City Clerk.

Section 4. That the certificates and the coupons to be thereto attached and the endorsement to appear on the back thereof shall be in substantially the following form:

(Form of Certificate)

UNITED STATES OF AMERICA
STATE OF FLORIDA
COUNTY OF BAY
CITY OF SPRINGFIELD
WATER REVENUE CERTIFICATE

Number _____ \$ 1,000

The City of Springfield, in Bay County, Florida, for value received hereby promises to pay to bearer, solely from the revenues hereinafter specified, the sum of One Thousand Dollars (\$1,000) on the first day of July 19____, and to pay, solely from said revenues, interest on said sum at the rate of _____ per cent (_____ %) per annum, from date until January 1, 1956, from January 1, 1956 until _____, 19____, at the rate of _____ per cent (_____ %) per annum, and thereafter at the rate of _____ per cent (_____ %) per annum until paid, which interest is payable January 1, 1956 and semi-annually thereafter on January 1 and July 1 of each year, with interest due on and prior to the maturity hereof payable only upon

presentation and surrender of the annexed interest coupons as they severally become due. Interest falling due on this certificate on each interest payment date on which interest is payable at the higher of the above rates is represented by two coupons hereto attached and designated A and B, either of which coupons may be detached and presented and will be paid separate and apart from the other. Both principal hereof and interest hereon are payable in lawful money of the United States of America at _____,

This certificate is one of an issue of \$240,000 of like tenor and effect, except as to maturity, interest rate and option of redemption, issued pursuant to the Constitution and Laws of Florida and an ordinance adopted by the City Commission of said city on July _____, 1955, for the purpose of paying the cost of constructing a water distribution system for said city. This certificate and the issue of which it is a part are payable solely, as to both principal and interest, from the revenues derived by the city from the operation of said system after there have been first paid from such revenues the reasonable current expenses of operating, maintaining and repairing said system and in addition thereto and to the extent necessary, from the proceeds of the tax imposed by the city on the purchase of electricity, metered or bottled gas (natural, liquefied petroleum gas or manufactured), water service and local telephone service within its corporate limits. It is provided in said ordinance that the city shall fix and maintain rates and collect charges for service supplied by said system which will provide revenues sufficient at all times to pay said cost of operating, maintaining and repairing said system and to pay principal

of and interest on all obligations payable from the revenues thereof, including the issue of certificates of which this is one, promptly as they become due.

This certificate, including interest hereon, is payable solely from the aforesaid revenues and does not constitute an indebtedness of the City of Springfield within the meaning of any constitutional, statutory or charter provision or limitation, and it is expressly agreed by the holder of this certificate that such holder shall never have the right to require or compel the exercise of the ad valorem taxing power of said city or the taxation or assessment of real estate in said city for the payment of the principal of or interest on this certificate, or the making of any sinking fund, reserve or other payment required in the aforesaid ordinance. It is further agreed between said city and the holder of this certificate that this certificate and the obligation evidenced thereby shall not constitute a lien upon any property of or in the city, but shall constitute a lien only on the revenues hereinabove in this paragraph described. For a more complete statement of the sources of payment of such certificates, the circumstances under which additional certificates can be issued on a parity, the circumstances under which the provisions of the aforesaid ordinance may be modified, and a statement of the rights, duties and obligations of the city and the rights of the holders of the certificates, reference is made to the aforesaid ordinance, to all the provisions of which ordinance the holder hereof by the acceptance of this certificate assents.

Certificates numbered 28 to 240, inclusive, of the issue of which this is one are callable for redemption at the option of the city on July 1, 1965, and on any interest payment date thereafter in inverse numerical order, at the principal amount thereof

plus accrued interest to the date fixed for redemption plus a premium for each certificate so redeemed prior to maturity of \$42.50. Notice of such call for redemption is to be given by registered mail to the bank at which the certificates are payable and by publication of an appropriate notice one time in a financial newspaper or journal published in the City of New York, New York, or Chicago, Illinois, and such notice shall be so mailed and published not less than thirty days prior to the date fixed for redemption.

It is hereby certified, recited and declared that all things required by law to be done and to exist prior to the issuance of this certificate and the issue of which it is a part have been done and do exist as so required.

IN WITNESS WHEREOF, the City of Springfield has caused this certificate to be executed by its Mayor and attested by its City Clerk, with the corporate seal of said city hereunto affixed, and has caused the interest coupons hereto attached to be executed by said officials by their facsimile signatures, all as of this first day of July, 1955.

Mayor

Attest:

City Clerk

Approved as to form and correctness

City Attorney

(Form of A and B Coupon)

Number _____ \$ _____

On the first day of _____, 19____, unless the hereinafter mentioned certificate is then redeemable and has been properly called for redemption, the City of Springfield, Bay County, Florida, will pay to bearer, solely out of the revenues specified in such certificate, the sum of _____ (\$ _____) in lawful money of the United States of America at _____, _____, being interest to that amount due that day on its Water Revenue Certificate, dated July 1, 1955, and numbered _____.

Mayor

Countersigned:

City Clerk

Approved as to form and correctness

City Attorney

A

Number _____ \$ _____

On the first day of _____, 19____, unless the hereinafter mentioned certificate is then redeemable and has been properly called for redemption, the City of Springfield, Bay County, Florida, will pay to bearer, solely out of the revenues

specified in such certificate, the sum of _____
(\$ _____) in lawful money of the United States of America at
_____,
_____, being interest to that amount due that
day on its Water Revenue Certificate, dated July 1, 1955, and
numbered _____.

Mayor

Countersigned:

City Clerk

Approved as to form and correctness

City Attorney

B

(Form of Validation Certificate)

Validated and confirmed by decree of the Circuit Court
of the Fourteenth Judicial Circuit in and for Bay County, Florida,
rendered on the _____ day of _____, 1955.

Clerk of the Circuit Court,
Bay County, Florida

Flow of Funds

Section 5. That wherever the words "the system" appear
hereinafter in this ordinance they shall be understood to mean the
complete water distribution system of the city as initially acquired
with the proceeds of the certificates herein authorized and as
hereafter improved and extended while any of such certificates

remain outstanding, comprising all water facilities of every kind or character owned or operated by the city, whether within or without its limits.

From and after the issuance of any of the certificates all income and revenue of every nature derived from the operation of the system (which income and revenue are hereinafter sometimes referred to as "the water revenues") are hereby pledged for the purpose of the following funds and shall be set aside into the following separate funds:

Operation and Maintenance Fund

Out of the water revenues there shall be first set aside from time to time as needed during each fiscal year (the fiscal year for the purpose of this ordinance being a year commencing on July 1 and ending June 30) amounts sufficient to provide for the payment of the reasonable and necessary expenses of operating, maintaining and repairing the system. This fund shall be designated as the "Operation and Maintenance Fund."

The money in the Operation and Maintenance Fund shall be used from day to day and month to month: (1) to pay the current expenses of operating and maintaining the system, including the maintenance under control of the manager or superintendent of the system of a petty cash fund of not more than \$100; (2) for paying the cost of renewals, replacements, betterments or improvements to the system normally classified as maintenance and operation expenditures and contemplated to be made as such in the annual budget of the system for the year in which they are made; (3) for the payment of cost of insurance and the fees of the Depositary and the paying agent for the certificate and the fees of the consulting engineer

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for whom provision is hereinafter made; (4) for the purchase of materials and supplies. In determining whether any particular expenditure represents a proper maintenance and operation expense as distinguished from a capital expenditure, whether for renewing or replacing property or for improvements to the system, the accounting classification hereafter in this section provided to be followed shall be accepted for such determination. In the event that at any time hereafter taxes of any nature shall be lawfully imposed upon the system or any part thereof or any income or revenues thereof by the United States of America or by the State of Florida, or by any taxing subdivision thereof other than the City of Springfield, and such taxes are paid under the provisions of Section 6 hereof, all such payments shall be made from the water revenues as an expense of maintenance and operation under the provisions of this paragraph.

On or before the first day of each month the manager or superintendent of the system shall certify to the Depositary the amount of money which he estimates will be required to pay the cost of operating and maintaining the system during such month, including equitable allowances for accruals and accumulations of accruals of amounts to cover the cost of periodic payments for operating expenses such as insurance premiums and expenditures for normal renewals, replacements, betterments or improvements of the system payable as maintenance and operation expenses under the foregoing provisions of this section, and including the payment of bills for materials and supplies which may become payable during such month. The Depositary shall thereupon transfer the amount so estimated to be required to the Operation and Maintenance Fund on deposit in its hands.

Principal and Interest Redemption Fund

There is hereby created a fund in the hands of the paying agent to be known as the "Principal and Interest Redemption Fund." After there shall have been transferred to the Operation and Maintenance Fund in each month the amount estimated to be necessary for such fund as above provided, the Depositary shall transfer to the Principal and Interest Redemption Fund all water revenues of the system remaining in its hands and paid to it during the current month, except that payments need not be so made into the Principal and Interest Redemption Fund at any time when there shall be in such fund money sufficient to pay all interest payable from such fund on January 1 of the fiscal year and all principal and interest payable from such fund on July 1 of the next fiscal year. The rates and charges for service supplied by the system shall always be such as to make possible the payment of the total amount required to be made into such fund in each fiscal year in approximately equal monthly installments.

The city covenants and agrees that, to the extent necessary to supplement the water revenues in any fiscal year in which the amount of water revenues paid into the Principal and Interest Redemption Fund is not sufficient to pay promptly when due all principal and interest payable from such fund, it will also pay into such fund all or such part thereof as may be necessary to make the money in such fund fully sufficient, of the moneys received by the city from the excise tax levied and imposed by the city under the provisions of Ordinance Number 66, adopted by the City Commission on June 1, 1955, as amended at any time prior to the issuance of the first certificates hereunder, upon every purchase of electricity, metered or bottled gas (natural, liquefied petroleum gas or manufactured), water service and local telephone service within its

corporate limits (herein called the "utilities service tax"). In any fiscal year in which payment of all or part of such proceeds of the utilities service tax must be made into the Principal and Interest Redemption Fund under the provisions of this paragraph, it shall be the duty of the city to make such payments into such fund in ample time to assure the prompt payment of all principal and interest payable from such fund. The city covenants that it will not repeal or decrease the utilities service tax while any of the certificates herein authorized remain outstanding and that it will continue the imposition and collection of the proceeds of such tax until all of the certificates have been retired, and will pay into the Principal and Interest Redemption Fund annually such part of the proceeds thereof as may be required hereunder. The city expressly covenants and represents that it has legal and valid power to impose and collect such tax and that there is by the adoption of this ordinance and delivery of the certificates to the purchasers thereof and the payment for such certificates of such purchasers, vested in such purchasers and in the subsequent holders of such certificates a contract right to the imposition, collection and proper application of the utilities service tax which will continue unimpaired until all of the certificates have been paid in full,

which contract right between the city and such holders is not subject to repeal, impairment or modification by the city or by the Legislature of the State of Florida.

Reserve Fund

Out of the water revenues remaining in each fiscal year, after the payments above required have been made into the Operation and Maintenance Fund and into the Principal and Interest Redemption Fund, there shall be paid into a fund in the hands of the paying agent to be known as the "Reserve Fund" all surplus water revenues until such time as there shall be in the Reserve Fund an amount equal to the largest amount of principal of and interest on the obligations payable from the Principal and Interest Redemption Fund in any future twelve months period and said Reserve Fund shall be established in its full minimum amount by July 1, 1958. When the money in the Reserve Fund has reached that amount, additional payments therinto may be discontinued but shall be resumed whenever by reason of expenditures therefrom or otherwise, the money in the Reserve Fund shall be less than the heaviest future twelve months' requirements as aforesaid. Money in the Reserve Fund shall be held and used by the paying agent for the payment of principal of and interest on the certificates whenever and to the extent that money in the Principal and Interest Redemption Fund, including all money in such fund required to be paid thereinto from the utilities service tax under the foregoing provisions of this section, is insufficient to meet payments therefrom falling due and there would be a default if moneys in the Reserve Fund were not so used.

If in any year in which a payment is to be made into the Reserve Fund under the provisions of the above paragraph the portion

of the water revenues remaining after the making of prior payments required to be made therefrom in such year is insufficient to permit to be made into the Reserve Fund the full payment so required, such deficiency shall be made up from the proceeds of the utilities service tax in such year in the manner hereinabove required for the application of the proceeds of such tax to payments made into the Principal and Interest Redemption Fund.

Renewal and Replacement Fund

All of the water revenues remaining in each fiscal year after the payments above required have been made into the Operation and Maintenance Fund, the Principal and Interest Redemption Fund and the Reserve Fund and after all deficits which may exist from previous years in the making of the required payments into the Principal and Interest Redemption Fund and the Reserve Fund have been remedied, shall be set aside in a fund in the hands of the depository to be known as the "Renewal and Replacement Fund" until there has been accumulated in said fund the sum of \$15,000. Money in the Renewal and Replacement Fund shall be accumulated in its minimum amount of \$15,000 by July 1, 1960 and used for the payment of principal of and interest on the certificates whenever and to the extent that money available for such purpose in the Principal and Interest Redemption Fund and Reserve Fund is not sufficient and default would occur if such money were not so used. Money in such fund may also be used for the purpose of making major renewals, replacements, extensions, betterments and improvements to the system, the cost of which is not properly payable as a maintenance and operation expenses, but only, when a consulting engineer may be serving under the succeeding

provisions of this ordinance, when the making of such renewals, replacements, extensions, betterments or improvements is approved by such consulting engineer, and may also be used for making transfers to the Operation and Maintenance Fund whenever and to such extent as the consulting engineer, if any, may certify there is not sufficient money in the Operation and Maintenance Fund to meet the current obligations of such fund. In determining whether any particular expenditure represents a major renewal, replacement, extension, betterment or improvement properly accountable as a capital expenditure as distinguished from renewals, replacements, betterments or improvements properly accountable as a maintenance and operation expenditure, Instruction 12, Electric Plant Accounts, in the Federal Power Commission Uniform System of Accounts prescribed for Public Utilities and Licensees effective January 1, 1937, as such instruction may hereafter from time to time be revised, shall be determinative. Money to be used for the making of such major renewals, replacements, extensions, betterments or improvements shall be transferred into a special fund to be known as the "Special Construction Fund." The deposit of such money in such last named fund shall be as directed by and shall be in accordance with a resolution to be adopted by the City Commission of the city and approved by the consulting engineer, if a consulting engineer is then serving, which resolution shall outline the manner in which such payment is to be made and the fund expended so that proper use thereof may be safeguarded.

At any time when enough of the certificates payable from the Principal and Interest Redemption Fund have been retired to make it possible to call for redemption and to retire all of the certificates payable therefrom then remaining outstanding from funds in the

Reserve Fund and in the Renewal and Replacement Fund, the City Commission may so utilize such funds.

To the extent that money in the Renewal and Replacement Fund may at any time exceed \$ 15,000, or if a consulting engineer is then serving and shall have certified to the city and to the Depositary the necessity for retaining a greater balance in such fund, then, if the money in such fund shall exceed such greater amount, the surplus money over such amount shall be used by the Depositary in retiring certificates either through purchase on the open market or, on and after July 1, 1965, through call for redemption. Whenever such surplus shall be in the amount of \$ 5,000 or more, the Depositary shall request tenders of certificates for purchase, giving such request whatever publicity it shall consider reasonable and desirable, and shall accept the best bids or tenders submitted in an amount sufficient to exhaust the available funds, but no bid or tender shall be accepted if certificates are then callable for redemption and the price required to be paid for the certificates tendered is greater than the price at which certificates can be next called for redemption, and if no certificates are tendered within such price limitation, the available funds shall be used to call certificates for redemption. If, in the judgment of the city, the prices required to be paid for certificates are higher than justifiable and if certificates are not then callable for redemption, the available funds may be reserved for future redemption of the certificates. If certificates are to be so called for redemption, the Depositary shall notify the City Commission to call for redemption an amount of certificates sufficient to exhaust such surplus and to cause proper

notice of such intended redemption to be given. All certificates so purchased or called for redemption shall be presented for payment to the paying agent bank and shall be immediately cancelled and delivered to the City Clerk, and the Depository shall see that funds adequate to pay any certificates so called for redemption at the office of the paying agent bank are made available to said bank in time to pay principal, interest and redemption premiums on the certificates when presented. If certificates are hereafter issued payable from the water revenues of the system on an equality with the certificates herein authorized in the manner for which provision is hereinafter made, such additional certificates shall be subject to purchase or redemption from surplus as provided in this paragraph, but in such event such certificates shall share in such surplus only in the proportion borne by the amount of such additional certificates then outstanding to the amount of the certificates herein authorized then outstanding. No certificates may be retired as in this paragraph provided at any time at which any of the certificates herein authorized or interest thereon may be in default.

If in any year in which a payment is to be made into the Renewal and Replacement Fund under the provisions of the above paragraph the portion of the water revenues remaining after the making of prior payments required to be made therefrom in such year is insufficient to permit to be made into the Renewal and Replacement Fund the full payment so required, such deficiency shall be made up from the proceeds of the utilities service tax in such year in the manner hereinabove required for the application of the proceeds of such tax to payments made into the Principal and Interest Redemption Fund.

The Depository

BAY NATIONAL BANK OF PANAMA CITY, PANAMA CITY,

Florida, is hereby designated as Depository and custodian of the water revenues, and of the Operation and Maintenance Fund and the Renewal and Replacement Fund, for the purposes of this section. If that bank shall at any time after the issuance of any of the certificates decline or become incapable longer to act as Depository, notice shall be given to the City Clerk and a successor depository shall be named. The city may name as such successor depository any bank in Bay County, Florida, and if no bank in such county is qualified and willing to serve, then some other bank in the State of Florida may be named. Any appointment of such depository shall be subject to rescission by written instrument or concurrent written instruments signed by the holders of not less than fifty-one per cent (51%) in principal amount of the certificates payable from the revenues of the system then outstanding and filed with the City Clerk, which instrument shall name a successor depository, and if such written instrument or instruments with sufficient signers are so filed the bank designated in said instrument shall be the successor depository.

All of the water revenues as received by the city from day to day shall as received, be deposited in the Depository. All money so held by the Depository shall be held as special and not general deposits, and all money held in the Principal and Interest Redemption Fund and the Reserve Fund shall be held as a special trust fund the beneficial interest in which shall be in the holders from time to time of the certificates then outstanding. All money so held by the Depository in excess of the amount guaranteed by the Federal Deposit Insurance Corporation shall be secured either (a) by lodging with the trust department of the Depository, or with some other depository

approved by the city, as collateral security, direct obligations of or obligations the principal and interest of which are unconditionally guaranteed by the United States Government, or by other negotiable securities eligible as security for the deposit of trust funds under regulations of the Board of Governors of the Federal Reserve System, having a market value (exclusive of accrued interest) at least equal to the amount of such deposit, or (b) in such other manner as may then be required by all applicable state or federal laws and regulations regarding the security for or granting preference in the case of the deposit of trust funds. All or any part of the money in the Reserve Fund and Renewal and Replacement Fund shall at the request of the city be invested in direct obligations of the United States of America having a maturity not later than ten years from the date of the making of the investment. It shall not be necessary for the Depositary to give security for the deposit of any money with it, which is represented by obligations so purchased as an investment. Obligations so purchased shall be deemed at all times to be a part of the fund from which the money so invested was taken and the interest accruing thereon and any profit realized from such investment shall be credited to such fund. The Depositary or paying agent, as the case may be, shall sell at prevailing market prices or shall present for redemption any obligation so purchased whenever it shall be necessary so to do in order to provide money to meet any payment of transfer from the fund in which such obligations are held. Neither the Depositary, the paying agent, nor the city shall be liable or responsible for any loss resulting from any such investment.

Covenants

Section 6. That the city covenants and agrees with the successive holders from time to time of the certificates and the coupons representing interest thereon, that so long as any of the certificates remain outstanding and unpaid as to either principal or interest:

A. The city will maintain the system in good repair and working order and will operate it efficiently and will faithfully and punctually perform all duties with reference to the system required by the Constitution and Laws of the State of Florida, including the making and collection of sufficient rates and charges for service rendered by the system and the segregation and application of the revenues of the system in the manner provided in this ordinance, and will use all legal means to enforce the prompt payment of all water bills rendered the customers connected with the system and agrees that water service will be discontinued to any customer who becomes delinquent for more than sixty days in the payment of water charges.

B. The city will fix and collect rates and charges for all service supplied by the system fully sufficient, after making due allowance for delinquencies in collection, to provide for the payment of the reasonable and necessary expenses of operating, maintaining, and repairing the system, and to provide for the payment of interest on and principal of all obligations payable therefrom, including the certificates herein authorized, as and when the same become due and payable. Such

rates and charges shall always be such that the net water revenues are in each fiscal year equivalent to 140% of the payments hereinabove required to be made in such fiscal year into the Principal and Interest Redemption Fund and the Reserve Fund, and to permit the accumulation of the full amount in the Reserve Fund by July 1, 1958 and the full amount in the Renewal and Replacement Fund by July 1, 1960.

C. The city will not permit free service to be supplied by the system to the city or any department thereof or to any person, firm or corporation, public or private, or to any public agency or instrumentality. The reasonable cost and value of all service rendered to the city and its various departments by the system, shall be charged against the city and will be paid for monthly as the service accrues, from the city's current funds, including the proceeds of taxes which will be levied in an amount sufficient for that purpose. All payments so made shall be considered revenues of the system and shall be applied in the manner hereinabove provided for the application of the revenues of the system.

D. The city will cause to be kept proper books of record and account covering the operation of the system. Such books shall be kept in accordance with the procedure prescribed by the Uniform System of Accounts for Water Utilities, Classes A and B, as prescribed by the National Association of Railroad and Utilities Commissioners. The city will cause such books to be audited annually by an independent certified public

accountant or firm of accountants and will annually within sixty days after the close of each fiscal year file with the Depository, the paying agent, the consulting engineer, if any, and the original purchasers of the certificates copies of said report accompanied by a certificate by said accountant or firm showing in reasonable detail the revenues and expenditures of the system for such year and the amounts in the hands of the Depository and the paying agent. Said statement shall be available at any reasonable time to the holders of any of the certificates, or any consumer of the services rendered by the system. Each such statement, in addition to whatever matters may be thought proper by the accountant to be included therein, shall include the following:

- (1) A statement in detail of the income and expenditures of the system for such fiscal year.
- (2) A balance sheet as of the end of such fiscal year.
- (3) The accountant's comment regarding the manner in which the city has carried out the requirements of this ordinance and the accountant's recommendation for any change or improvement in the operation of the system.
- (4) A list of the insurance policies in force at the end of the fiscal year, setting out as to each policy the amount of the policy, the risks covered, the name of the insurer and the expiration date of the policy.
- (5) A list of the securities which have been on

deposit as security for the money in the Principal and Interest Redemption Fund and Reserve Fund throughout the fiscal year and a statement of the manner in which the moneys in the Renewal and Replacement Fund have been secured in such fiscal year, including a statement of any investments held in the Renewal and Replacement Fund and the Reserve Fund.

(6) The number of properties connected with the system at the end of the year.

(7) The amount received by the city in such fiscal year from the utilities service tax and the amount, if any, which may have been paid from such tax proceeds into the Principal and Interest Redemption Fund, the Reserve Fund and the Renewal and Replacement Fund.

(8) The amount in each of the funds at the beginning and end of each year.

Within twenty days after the close of each month a statement of the revenues and expenditures of the system for such month certified by the manager or superintendent of the system and the City Clerk shall be prepared and filed with the Depositary, the consulting engineer, if any, and the original purchasers of the certificates.

E. The city will maintain and carry for the benefit of the holders of the certificates on all physical properties of the system insurance of the kinds and in the amounts normally carried by entities engaged

in the operation of water distribution systems. The city will also carry adequate public liability insurance. All moneys received for losses under any such insurance policies except public liability policies, are hereby pledged by the city as security for the certificates until and unless such proceeds are paid out in making good the loss or damage in respect of which such proceeds are received, either by repairing the property damaged or replacing the property destroyed, and adequate provision for making good such loss and damage made within ninety days from the date of the loss. Such insurance proceeds shall be payable to the Depositary by appropriate clause to be attached to or inserted in the policies. In the event of any loss covered by insurance the consulting engineer, if a consulting engineer shall be then serving, shall be promptly notified of the amount and nature of the damage and shall immediately thereafter issue a certificate outlining the damage and recommending whether the insurance proceeds shall be used to repair or replace such property or shall be placed in the Renewal and Replacement Fund. If such proceeds are less than \$5,000, and are not used by the city to repair or replace the damaged property, they shall be so placed in said fund. If the proceeds are over \$5,000 the Depositary shall upon receipt thereof from the insurance company or companies pay out such proceeds (under the direction

of the consulting engineer, if any) for the making of proper repairs or replacements, or if a consulting engineer's certificate shall have so recommended, shall place such proceeds in the Renewal and Replacement Fund.

F. The city will not sell, lease, encumber or in any manner dispose of the system or any substantial part thereof until all of the certificates have been paid in full as to both principal and interest (provided that this covenant shall not be construed to prevent the disposal by the city with the approval of the consulting engineer, if a consulting engineer shall be then serving, of property which in its judgment has become inexpedient to use in connection with the system when other property of equal value is substituted therefor).

G. The certificates shall enjoy complete parity of lien on the revenues herein pledged to their payment despite the fact that any of the certificates may be delivered at an earlier date than any other of the certificates. The city will issue no other certificates or obligations of any kind or nature payable from or enjoying a lien on the proceeds of the water revenues, or utilities service tax, either or both, having priority over or parity with the lien thereon enjoyed by the certificates herein authorized and any similar certificates which may be hereafter issued on a parity with the certificates herein authorized as provided in the remaining portion of this sub-paragraph G.

The above prohibition is subject to the two following exceptions:

1. The certificates herein authorized or any part thereof may be refunded with the consent of the holders thereof (except that as to maturing certificates or certificates which are then optional for redemption and have been properly called for redemption, such consent shall not be necessary) and the refunding certificates so issued shall enjoy complete equality of lien with the portion of the certificates which is not refunded, if any there be, and the refunding certificates shall continue to enjoy whatever priority of lien over subsequent issues may have been enjoyed by the certificates refunded, provided, however, that if only a portion of the certificates outstanding is so refunded and if such certificates are refunded in such manner that the interest rate of the refunded certificates is increased or that any refunding certificate matures at an earlier date than the corresponding certificate refunded thereby, then such certificate may not be refunded without the consent of the holders of the unrefunded portion of the certificates issued hereunder.
2. Additional certificates may also be issued on a parity with the certificates herein authorized if all of the following conditions are met:

- (a) The net water revenues must in each of the two completed fiscal years immediately preceding the issuance of the additional obligations have been equal to one and one-half times the highest combined interest and principal requirements for any succeeding twelve months' period on all certificates then outstanding and the obligations so proposed to be issued. "Net revenues" for the purpose of this paragraph shall be understood to refer to the gross water revenues remaining after there have been deducted therefrom the expenses of operation and maintenance defined in Section 5 above.
- (b) The payments required to be made into the various funds hereinabove provided in each year prior to the issuance of the additional obligations must have been made in full.
- (c) There must be sufficient money in the Principal and Interest Redemption Fund to pay all principal of and interest on the outstanding certificates which become due during the twelve months succeeding the issuance of the additional obligations.
- (d) The additional obligations must be payable as to principal on July 1 of each year in which principal falls due, and payable as to interest on January 1 and July 1 of each year.
- (e) The proceeds of the additional obligations must be used solely for the purpose of improving, repairing or extending the system.

- H. The holders of the certificates from time to time shall be entitled to bring suit in any court of competent jurisdiction either at law or in equity for the enforcement of all rights accruing to them under this ordinance, including but without limitation suits for injunction and for mandamus and including, if the holders of fifty-one per cent (51%) in principal amount of the certificates at any time outstanding, or a trustee acting for such holders shall so request, and if there shall then be an existing default as to the payment of principal or interest on any of the certificates, the right to apply to a court of competent jurisdiction to appoint a receiver for the system and, except to the extent prohibited by law, to appoint a receiver for the proceeds of the utilities service tax, who shall, if so ordered by the court, take possession of the system and operate the system and, except to the extent prohibited by law, receive the proceeds of the utilities service tax under the direction of the court for the benefit of the city and of the holders of the certificates and in compliance with the covenants and agreements contained in this ordinance.
- I. The city will not grant a franchise to any competing water system or service for operation within the boundaries of the city.
- J. The provisions of this ordinance shall constitute a contract between the city and the holder or holders

from time to time of the certificates and after the issuance of any of such certificates no change, variation or alteration in the provisions of this ordinance may be made except as and in the manner provided in Section 8 hereof.

K. The city in operating the system will require all of its officials and employees who may be in a position of authority or in possession of any money derived from the operation of the system, to obtain or be covered by a blanket fidelity or faithful performance bond, or independent fidelity bonds written by a responsible indemnity company in amounts fully adequate to protect the city from loss.

L. The city will retain a manager or superintendent for the system who has demonstrated ability and experience in operating similar systems, which manager or superintendent shall be retained under contract containing terms and providing for such compensation as may be approved by the consulting engineer, if a consulting engineer shall be then serving. Such manager or superintendent shall be subject to removal at any time such consulting engineer and the city shall so determine, in which event a successor shall be appointed in similar manner.

M. The city will from time to time promptly pay and discharge all taxes, assessments and other governmental charges, the lien whereof would be prior to the lien of the certificates, which may be lawfully imposed on the system or any part thereof or upon the income and revenues thereof, so that the certificates and the

priority of such lien shall at all times be wholly observed and preserved, provided, however, that nothing in this paragraph contained shall require the city to pay or discharge any such tax, assessment or governmental charge so long as the validity thereof be by it in good faith contested.

- N. The city will not do, or omit to do, or suffer to be done, or omitted to be done, any matter or thing whatsoever whereby the lien of the certificates on the revenues of the system might or could be lost or impaired, and will pay or cause to be paid or will make adequate provision for the satisfaction and discharge of all lawful claims and demands for labor, materials, supplies, or other objects which, if unpaid, might by law be given precedence to, or an equality with the certificates as a lien or charge upon the revenues of the system or any part thereof; provided that nothing in this paragraph shall be construed to require the city to pay, discharge or make provision for any such lien, charge, claim or demand so long as the validity thereof shall be by it in good faith contested, and nothing herein shall be so construed as to require the city to apply to the satisfaction and discharge of such claims any revenue not derived from the operation of the system.
- O. It being recognized by the purchasers of the certificates and by the city that efficient and economical management and operation of the system is essential to the financial success thereof and to the security of the certificates, and that it may under certain

circumstances prove desirable for the system to be operated under the supervision of consulting engineers skilled in the operation of water systems, the city agrees that if at any time the revenues derived from the operation of the system prove to be insufficient to carry out the obligations required to be carried out by the city under the provisions of this ordinance, the city will select and retain a firm of recognized public utility engineers or a recognized public utility engineer (hereinafter in this section referred to as the "consulting engineers"), and that the city will be guided by the recommendations of the consulting engineers. The consulting engineers shall be retained on an annual basis at such reasonable compensation as may be fixed by the City Commission and the payment of such compensation shall be considered to be one of the costs of maintaining and operating the system. The consulting engineers shall submit to the City Commission such recommendations for maintenance, insurance, operation and repairs as they may from time to time see fit. Sixty days before the close of each fiscal year the consulting engineers shall submit to the City Commission a suggested budget for the ensuing year's operation of the system and shall submit recommendations as to the schedule of rates and charges for water service supplied by the system. Such recommendations as to rates and charges shall be binding upon and followed by the City Commission (subject to the covenants herein contained that such rates and charges shall always be sufficient to carry out the requirements of

this ordinance) and all other recommendations shall be given careful consideration by the City Commission and shall be substantially followed except for good and reasonable cause.

The consulting engineers shall be so retained during such period as may be considered advisable by the City Commission, but if at any time after the dismissal of the consulting engineers the revenues of the system shall again prove insufficient, consulting engineers shall again be appointed and retained as before.

If at any time the holders of fifty-one per cent (51%) in principal amount of the certificates then outstanding shall file with the City Clerk a written instrument or concurrent written instruments requesting either that consulting engineers already appointed by the City Commission be replaced by consulting engineers named in such instrument, or, if consulting engineers are not then serving under the provisions hereof, requesting that consulting engineers therein specified be appointed for a designated period to carry out the duties provided in this section, the City Clerk shall so notify the City Commission and it is agreed that the City Commission will appoint the consulting engineers specified in such instrument. If prior to the expiration of the period specified in such instrument a similar written instrument or concurrent written instruments executed by the holders of fifty-one

per cent (51%) in principal amount of the certificates then outstanding consenting to the dismissal of the consulting engineers shall be filed with the City Clerk, the consulting engineers may be so dismissed and the system may be henceforth operated by the City Commission without the supervision of consulting engineers until consulting engineers shall have again been appointed by the City Commission, with or without request by the certificate holders, in the manner for which provision is herein made. In the event of failure of the holders of fifty-one per cent (51%) in principal amount of the certificates at any time outstanding to file with the City Clerk any written instrument for which provision is made in this paragraph, the Depositary in its discretion may file such written instrument in behalf of all the certificate holders, but any written instrument so filed by the Depositary shall be subject to replacement by any such instrument which may thereafter be filed by the holders of fifty-one per cent (51%) in principal amount of the certificates then outstanding as hereinabove provided.

Sale of Certificates

Section 7. That the sale of the certificates herein authorized to Barcus, Kindred & Company, Chicago, Illinois, at the price of 95% of the principal amount thereof, and in addition thereto 100% of all interest accrued thereon to the date of delivery,

is hereby confirmed and ratified. As soon as may be after validation hereof the City Commission shall adopt a resolution fixing the interest rates to be borne by said certificates and the certificates shall be prepared and executed as soon as may be and shall thereupon be delivered to said purchasers upon payment in accordance with the contract of sale dated March 30, 1955. So much of the proceeds of sale as represents accrued interest on the certificates, and in addition thereto so much of such proceeds as is equivalent to one year's interest accruing on the certificates from their date, shall be deposited in the Principal and Interest Redemption Fund as above provided. So much of the remainder thereof as is not required for the payment of incidental expenses and for other payments properly payable therefrom due at the time of the delivery of the certificates shall be placed on deposit in a bank or banks to be agreed upon by the Mayor and City Clerk and by the purchasers of the certificates and shall be secured and paid out for the construction of the system in the manner to be specified in a letter of instructions to be sent to such bank by the Mayor and City Clerk and approved in writing by the purchasers. Pending the paying out of the money in such account the money therein shall be subject to a lien and charge in favor of the holders of the certificates issued and outstanding under this ordinance and for the further security of such holders until paid out pursuant to such arrangements.

The city agrees that at least once in each three months during the construction of the system, it will cause the engineers who are supervising the construction to prepare a progress report,

including comparisons between the actual time elapsed and contract costs and the estimates of such times and costs made by the engineers in advance of the letting of the contracts, which shall be set forth in a statement prepared by the engineers, and filed with the City Clerk, with the Depositary, with the original purchasers of the certificates and with the holders of any of the certificates who may have filed with the City Clerk a request therefor in writing.

Modification

Section 8. That the holders of seventy-five per cent (75%) in principal amount of the certificates herein authorized at any time outstanding (not including in any case any certificates which may then be held or owned by or for the account of the city, but including such refunding certificates as may be issued for the purpose of refunding any of the certificates herein authorized if such refunding certificates are not owned by the city) shall have the right from time to time to consent to and approve the adoption by the city of an ordinance or ordinances modifying or amending any of the terms or provisions contained in this ordinance, provided, however, that this ordinance may not be so modified or amended in such manner as to:

- (a) Make any change in the maturity of the certificates.
- (b) Make any change in the rate of interest borne by any of the certificates.
- (c) Reduce the amount of the principal or redemption premium payable on any certificate.
- (d) Modify the terms of payment of principal or of interest or of redemption premiums on the certificates or any of them impose any conditions with respect to such payment.

(e) Affect the rights of the holders of less than all of the certificates then outstanding.

Whenever the city shall propose to amend or modify this ordinance under the provisions of this section, it shall cause notice of the proposed amendment to be published one time in a financial newspaper or journal published in the City of New York, New York, or Chicago, Illinois. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy of the proposed amendatory ordinance is on file in the office of the City Clerk for public inspection.

Whenever at any time within one year from the date of the publication of said notice there shall be filed in the office of said City Clerk an instrument or instruments executed by the holders of at least seventy-five per cent (75%) in aggregate principal amount of the certificates then outstanding as in this section defined, which instrument or instruments shall refer to the proposed amendatory ordinance described in said notice and shall specifically consent to and approve the adoption thereof, thereupon, but not otherwise, the City Commission may adopt such amendatory ordinance and such ordinance shall become effective.

If the holders of at least seventy-five per cent (75%) in aggregate principal amount of the certificates outstanding as in this section defined, at the time of the adoption of such amendatory ordinance, or the predecessors in title of such holders, shall have consented to and approved the adoption thereof as herein provided, no holder of any certificate 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 ordinance 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 holder of a certificate pursuant to the provisions of this section shall be irrevocable for a period of six months from the date of the publication of the notice above provided for and shall be conclusive and binding upon all future holders of the same certificate during such period. Such consent may be revoked at any time after six months from the date of the publication of such notice by the holder who gave such consent or by a successor in title by filing notice of such revocation with the City Clerk, but such revocation shall not be effective if the holders of seventy-five per cent (75%) in aggregate principal amount of the certificates outstanding as in this section defined have, prior to the attempted revocation, consented to and approved the amendatory ordinance 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 person 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 certificates held by any person executing such instrument and the date of his holding the same may be proved by a certificate executed by any responsible bank or trust company showing that on the date therein mentioned such

person had on deposit with such bank or trust company the certifi-
cates described in such certificate.

Section 9. That as attorney for the city, MAYO C. JOHNSTON is hereby authorized and directed to take appropriate proceedings in the Circuit Court of the Fourteenth Judicial Circuit of Florida, in and for Bay County, for the validation of the certificates, and the Mayor and City Clerk are authorized to sign any pleadings to such proceedings for and in behalf of the City Commission of the City of Springfield.

Section 10. That if any section, paragraph, clause or provision of this ordinance shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this ordinance.

Section 11. That the purpose to be accomplished by the construction of the water system creates an emergency requiring that this ordinance take effect immediately upon its adoption and approval in order to provide for the immediate protection and preservation of the public peace, property, health and safety of the city.

Adopted and approved this 1st day of AUGUST, 1955, by the City Commission of the City of Springfield, Florida, and approved by the Mayor of said city.

Samuel Williams
Mayor

Attest:
Oliver P. Johnston
City Clerk

The foregoing ordinance and form of bond and coupon therein contained are each hereby approved as to form and correctness this 1st day of AUGUST, 1955.

Thayer Adams
City Attorney