

ORDINANCE #21

**WATERWORKS SYSTEM MORTGAGE**

An Ordinance Authorizing The Issuance of Waterworks System Mortgage Revenue Bonds and Prescribing the Terms and Covenants Thereof.

The Village Board of the Village of Cochrane, do ordain:

Section 1. For the purpose of paying a portion of the cost of the municipal Waterworks System improvements, consisting of extension of present water mains, improving distribution system by elimination of dead ends and installation of softening and iron removal equipment, as heretofore ordered by resolutions duly adopted by the Village Board, it is hereby found and determined to be necessary and expedient for the Village to issue mortgage revenue bonds in accordance with the provision of Wisconsin Statutes, Section 66.066, secured by a statutory mortgage lien upon and payable from the revenues of said utility and to define the terms and conditions for the payment of said bonds and interest thereon as herein set forth.

Section 2. For the proper administration of the revenues of said utility and to make adequate and specific security to the holders from time to time of the bonds herein authorized, the Village shall establish and maintain financial records of all receipts and disbursements of moneys in respect of said utility in accordance with the provisions of this ordinance. In such records there shall be established and maintained three funds, separate from all other funds of the Village, for the purposed and in the amounts as follows:

- 2.1 A Waterworks System Operation and Maintenance Fund to which there shall be charged and from which there shall be paid all, but only, those items of actual disbursements which, by sound accounting practices, constitute normal, reasonable and current costs of operation and maintenance of said utility and no moneys shall be paid out of said fund for any capital improvements, enlargements, extensions or other expenses except as required to maintain the utility in proper operating condition upon completion in accordance with the plans and specifications heretofore approved.
- 2.2 A Waterworks System Depreciation Fund, to be expended only in making good depreciation of said utility or in replacements, new constructions, extensions or additions, or in redemption prior to maturity of bonds payable from revenues of said utility.
- 2.3 A Waterworks System Mortgage Revenue Bond Special Redemption Fund, from which there shall be paid the principal of and interest on the bonds issued hereunder as such principal and interest become due, the excess from time to time therein being held as a reserve for the further security of such payments; provided that any moneys on hand in said fund, at any time, in

excess of the sum of the principal and interest then due and to become due on outstanding bonds in and the then next succeeding twelve months, shall be used whenever and to the full extent possible to redeem such bonds prior to maturity, when and as the same become redeemable according to their terms as provided in Section 3 hereof.

- 2.4 All moneys received by the Village from its ownership and operation of said utility, including all rentals and fees for services, facilities, products and by-products furnished by said utility to the Village and all other public or private firms or individuals and all receipts from sales of properties acquired for the utility and not necessary to be retained, which moneys are herein called the “gross revenues” of the utility, are hereby appropriated and shall be used solely for the operation and maintenance and depreciation thereof and for the payment of the bonds herein authorized and referred to. It is estimated that the proportion of said gross revenues necessary for the reasonable and proper maintenance and operation of the utility is twenty-five per cent and the proportion thereof necessary to be set aside for a proper and adequate depreciation fund is fifteen per cent and proportion thereof necessary to be set aside and applied to the payment of the principal and interest on the bonds herein authorized is sixty per cent and said proportions of the gross revenues shall be set aside and credited, as received, to the Operation and Maintenance Fund, the Depreciation Fund and the Special Redemption Fund, respectively. There shall also be paid into said Special Redemption Fund the sum of \$1127.00 from the proceeds of the Bonds herein authorized, when delivered, which sum shall be used solely for payment of interest to accrue on said bonds during the period of construction of said utility and prior to the realization of revenues therefrom sufficient to pay such interest.
- 2.5 If the surplus shall be at any time accumulated in the Operation and Maintenance Fund or in the Depreciation Fund, in excess of the requirements of such funds for payment of current and reasonable charges thereon, such surplus shall be transferred to the Special Redemption Fund, and no moneys shall be transferred from said Special Redemption fund to any other fund of the Village until the principal of and interest on all bonds issued hereunder shall have been fully paid.
- 2.6 At any time after one year’s operation of said utility the Board may, by ordinance amendatory hereof, recomputed the proportion of the gross revenues which shall be assignable as provided above, provided that the proportion assigned to the Special Redemption Fund shall always be such proportion as is estimated to represent the revenues remaining from time to time after deduction from the gross revenues of the reasonable, current and necessary expenses of operation, maintenance and depreciation of the utility; and the Village hereby covenants and agrees that it will at all times impose and collect reasonable rates and charges, subject to the rules and regulations of the Public Service Commission of Wisconsin, of the use and availability of said utility by the Village and all other persons, firms and corporation, and for such use and availability of any future additions thereto or betterment’s

thereof, according to schedules such that the gross revenues derived therefrom will be at all times sufficient to pay all costs of operation, maintenance, and depreciation thereof and to produce net revenues adequate to meet all payments of principal and interest on the bonds herein authorized as such payments become due and to accumulate as soon as may be and thereafter to maintain in said Special Redemption Fund an additional reserve securing such payments, in an amount at all times at least equal to the aggregate of such payments to become due during each succeeding twelve months period and that the proportion of said gross revenues to be set aside to such Special Redemption Fund will be revised whenever and as often as necessary for said purpose.

Section 3. In anticipation of the receipt of the revenues hereinabove appropriated to the Special Redemption Fund, the Village shall issue and sell its negotiable coupon Mortgage Revenue Bonds to be designated as "Waterworks System Mortgage Revenue Bonds" in the aggregate principal amount of \$35,000.00. Said bonds shall be dated as of September 1, 1954 and shall be 35 in number and numbered from 1 to 35, inclusive, each in the denomination of \$1,000.00. Said bonds shall bear interest, as follows: Bonds No. 1 to 5, inclusive, shall bear interest at the rate of 2.5% per annum; Bonds No. 6 to 10, inclusive, shall bear interest at the rate of 2.8% ER annum; Bonds No. 11 to 14, inclusive, shall bear interest at the rate of 3.1% per annum; Bonds No. 15 to 20 shall bear interest at the rate of 3.3% per annum; Bonds No. 21 to 32, inclusive, shall bear interest at the rate of 3.5% per annum; Bonds No. 33 to 35, inclusive, shall bear interest at the rate of 4% per annum. Interest on all bonds shall be payable semi-annually on March 2 and September 1 of each year, and will mature serially, lowest numbers first, on September 1, in the years and amounts, as follows: \$1,000.00 in each of the years 1955 through 1970, \$2,000.00 in each of the years 1971 through 1978, \$3,000.00 in the year 1979, Bonds numbered 1 through 5, shall be payable at their respective stated maturity dates without option of prior payment, but those numbered 6 through 35 (maturing in the years 1960 through 1979) shall each be subject to redemption and prepayment in inverse order of their serial numbers on September 1, 1960 and any interest payment date thereafter, at a price of par plus interest to accrue to the date specified for redemption plus a premium of 3.5% of the par value of each bond redeemed. Redemption of any of said bonds prior to maturity shall be made only out of moneys available therefor in accordance with the provision of Section 2, hereof. The Village Treasurer shall mail notice of the call of any of said bonds, not less than 30 days prior to the date fixed for redemption thereof, to the holder, if known, and to the Bank at which principal and interest are then payable. The principal of and interest on said bonds shall be payable and the Cochrane State Bank, in Cochrane, Wisconsin and the Village shall pay the reasonable and customary charges of said paying agent for the receipt and disbursement of the principal and interest moneys and shall account for the same as an expense of the operation of said utility.

Section 4. Said bonds and the pertinent interest coupons shall in substantially the following form:

**UNITED STATES OF AMERICA  
STATE OF WISCONSIN  
COUNTY OF BUFFALO  
VILLAGE OF COCHRANE  
WATERWORKS SYSTEM  
MORTGAGE REVENUE BOND**

**NO. \$1,000.00**

KNOW ALL MEN BY THESE PRESENTS that the Village of Cochrane, a duly organized and existing municipal corporation of Buffalo County, Wisconsin, hereby promises to pay to bearer, but only out of its Waterworks System Mortgage Revenue Bond Special Redemption Fund, the sum of ONE THOUSAND DOLLARS on the 1<sup>st</sup> day of September, 19\_\_, or, if this bond is prepayable as noted below, on a date prior thereto on which it shall have been duly called for redemption, and to pay interest thereon from the date hereof until said principal sum is paid or until this bond, if prepayable, has been duly called for redemption, at the rate of \_\_\_\_\_ - (\_\_\_\_%) per annum, payable semi-annually on the 1<sup>st</sup> day of March and the 1<sup>st</sup> day of September of each year, interest to maturity being payable in accordance with and upon presentation and surrender of the interest coupons appurtenant hereto. Both principal and interest are payable to the Cochrane State Bank, in Cochrane, Wisconsin, in any coin or currency of the United States of America which on the respective dates of payment in legal tender for public and private debts.

This bond is one of an issue in the total principal amount of \$35,000.00, all of like date and tenor except as to serial number, interest rate, maturity and redemption privilege, all issued to provide money to pay the cost of expanding and improving the Waterworks System in and for said Village and owned and operated by the Village as a public utility, in accordance with the provisions of Section 66.066, Wisconsin Statutes, and any other laws applicable thereto, and is issued pursuant to Ordinance No. 21 of the Village of Cochrane and pursuant to and in full conformity with the Constitution and laws of the State of Wisconsin thereunto enabling. Said bond and the interest thereon are payable solely from the Waterworks System Mortgage Revenue Bond Special Redemption Fund created by said ordinance and from the proportion of the revenues of said utility heretofore appropriated by said ordinance to said fund, and is further secured by a statutory mortgage lien upon said utility as proved in Section 66.066 of said statutes and does not constitute a general obligation or indebtedness of the Village.

Bonds of this issue numbered 1 through 5 are payable at their respective stated maturity dates without option of prior payment, but those numbered 6 through 35 (maturing in the years 1960 through 1979) are each subject to redemption and prepayment at the option of the Village on September 1, 1960 and any interest payment date thereafter, in inverse order of their serial numbers and at a price of par plus interest to accrue to the date fixed for the redemption thereof plus a premium equal to 3.5% of the par value thereof. The Village will mail notice of the call of any of said bonds not less than thirty days prior to the date specified for the redemption thereof to the bank at which principal and interest

are then payable and to the holder, if known, of each bond to be redeemed. Bondholders desiring to receive notice of any such call for redemption may register their names and addresses and the serial numbers of their bonds with the Village Treasurer.

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that all acts, conditions and things required by the Constitution and laws of the State of Wisconsin to exist, to happen and to be performed precedent to and in the issuance of this bond, in order to make the same a valid and binding special obligation of said Village according to its terms, do exist, have happened and have been performed in regular and due form, time and manner; that the issuance of this bond did not cause the indebtedness of the Village, whether general or special, to exceed any constitutional or statutory limitation; that the Village has fixed and will maintain and collect rates and charges for the service and availability of service of said utility, subject to the rules and regulations of the Public Service Commission of Wisconsin, and according to schedules such that the gross revenues derived therefrom will be sufficient to pay any incurred as current, reasonable and necessary costs of the operation and maintenance thereof and to provide an adequate depreciation fund and to provide excess or net revenues adequate to pay the principal and interest when due on the bonds of this issue and to create and maintain a sufficient reserve securing such payments, and will revise said rates and charges, subject to the rules and regulation of the Public Service Commission of Wisconsin and the property of said gross revenues to be set aside in said Special Redemption Fund whenever and as often as necessary for such purposes; that the bonds of this issue constitute a first and prior lien and charge upon the net revenues of said utility and of any future additions thereto and betterment's thereof; and that in and by said authorizing ordinance the Village has entered into further covenants and agreements for the security of the holders from time to time of said funds, each of which will be promptly and fully performed by the Village and its officers and agents.

IN WITNESS WHEREOF the Village of Cochrane, Buffalo County, Wisconsin, by its Village Board, has issued this bond to be executed in its behalf by the signature of the President of said Board and countersigned by the Village Clerk and the corporate seal of the Village to be hereunto fixed and the interest coupons appurtenant hereto to be executed and authenticated by the facsimile signatures of said officers and has caused this bond to be dated as of September 1, 1954.

MILTON H. ROHERE,  
Village President

Countersigned:  
KERMIT A. SPIEHT  
Village Clerk

(Seal)

**(Form of Coupon)**

Coupon No. \_\_\_\_\_ Bond No. \_\_\_\_\_ \$ \_\_\_\_\_  
On the 1<sup>st</sup> day of March (September), 19\_\_\_\_, the Village of Cochrane, Buffalo County, Wisconsin will pay to bearer out of its Waterworks System Mortgage Revenue Bond Special Redemption Fund, at Cochrane State Bank, in Cochrane, Wisconsin, the sum of \_\_\_\_\_ DOLLARS lawful money of the United States of America for interest then due on the above Waterworks System Mortgage Revenue Bond, dated September 1, 1954.

(Facsimile signature)  
President of Board

(Facsimile signature)  
Village Clerk

(Coupons numbered 11 and upwards shall also include the clause: "Unless the bond described above is called for earlier redemption".)

Section 5. Said bonds shall be sold at such time or times and to such purchaser or purchasers and upon such terms as the Village Board shall by resolution hereafter determine and when sold shall be prepared under the direction of the Village Clerk, substantially in accordance with the foregoing form and then shall be executed on behalf of the Village by the signature of the President of the Village Board and countersigned by the Village Clerk and the corporate seal of the Village shall be affixed thereto and the interest coupons appurtenant thereto shall be executed and authenticated by the printed, engraved or lithographed facsimile signatures of said officers. When said bonds have been so executed and authenticated, they shall be delivered by the Village Treasurer to the purchaser or purchasers thereof upon payment of the purchase price specified in the resolution authorizing the same and said purchaser shall not be obligated to see to the application of the purchase price; but the proceeds of said bonds shall be segregated by the Treasurer in a separate fund of the Village and shall be disbursed only upon orders duly executed in payment of claims duly approved by the Village Board for payment of such items as, under sound accounting practices, constitute capital expenditures for the completion of said utility in accordance with the plans and specifications heretofore approved.

Section 6. The Village of Cochrane hereby certifies and represents to and covenants and agrees with the holders from time to time of each bond issued hereunder as follows:

- 6.1 As long as any of said bonds are outstanding the Village will continue its ownership and operation of said Waterworks System as a revenue producing public utility and convenience and said utility shall be completed in accordance with the plans and specifications heretofore approved and will thereafter be maintained in good and efficient operation condition and free from all liens on the physical properties thereof. If any properties constituting capital assets of the utility shall be sold or disposed of, it shall be only at their fair market value and the proceeds of such sale or disposition shall be used either to purchase other capital assets or to pay the principal of and interest on

bonds issued hereunder. No such sale or sales shall be made at times or prices such as to impress the prompt and full payment of said bonds and interest thereon.

- 6.2 The Village will procure and keep in force insurance on said utility protecting against all causes customarily insured against for like properties by prudent owners thereof and will procure and keep in force suitable fidelity bonds covering employees handling any moneys of said utility, which policies and bonds shall be given by insurers in good standing and in such amounts as the Board shall determine to be adequate to protect the Village and the holders of bonds issued hereunder against loss due to any such casualty and in the event of any such loss the proceeds of such policies or bonds shall be used to repair or restore the damage or to retire bonds of the issue herein authorized.
- 6.3 The Village will continue to maintain the separate funds described in Section 2 hereof and will cause proper and adequate books and records of account to be kept, reflecting all receipts and disbursements of moneys pertaining to each of said funds and all other receipts and disbursements in connection with the operation of said utility, which books and records shall be open to inspection and copying at all reasonable times by the holder of any of said bonds or his agent or attorney and the Village will, without cost, furnish copies of any portions thereof reasonably requested by any bondholder. The Village will also cause operating statements to be prepared at the close of each fiscal year, setting forth in detail the gross revenues, operating expenses, depreciation allowances and net revenues of the utility for such year and the disposition made of such net revenues and will furnish a copy of such operating statements to the original purchaser or purchasers of said bonds and will make the same available to any bondholder upon request
- 6.4 Except as provided in part 6.5 hereof, the Village will not issue any additional bonds or incur or suffer to be incurred any obligation payable from the revenues of said utility unless such bonds or other obligation are expressly made subject and junior to the lien and charge on said revenues in favor of the bonds herein authorized. In the event of the issuance of any of such junior obligations, a special account shall be established within said Waterworks System Mortgage Revenue bond Special Redemption Fund for the segregation of surplus net revenues appropriated for the payment of such obligations; and only moneys in said fund in excess of sums sufficient of the payment of interest and principal currently due on the bonds of the issue herein authorized, plus the reserve for the security of said bonds required to be maintained by the provisions of Sections 2.3 and 2.6 hereof, shall be credited to said special account.
- 6.5 If moneys in said Special Redemption Fund should be at any time insufficient to pay all principal and interest then due on bonds of the issue herein authorized, said moneys shall first be used to pay the interest accrued on all such bonds and the balance shall be applied to the payment of the maturing principal of said bonds in order of their serial numbers, lowest numbers first; and any matured bonds of said issue for payment of which the moneys in said

fund are insufficient may be refunded by the issuance of refunding mortgage revenue bonds payable from said fund on a parity with the bonds of this issue but maturing subsequent to the last maturity of the then outstanding bonds of this issue; provided that no holder of any of the bonds herein authorized shall be required to accept a refunding bond in exchange for any bond held by him.

6.6 Each and all of the provisions of this ordinance, including those contained in the form of bond and coupon, which in any wise tend to secure or assure prompt and full payment of the principal of and interest on the bonds issued hereunder will be promptly and faithfully performed and carried out by the Village and its officers and agents.

6.7 The holder of each of the bonds issued hereunder or of any coupons appurtenant thereto shall have power either at law or in equity to protect and enforce the statutory mortgage lien upon said utility conferred by the provision of Wisconsin Statutes, Section 66.066 and 66.067 and to compel performance of all duties required by said sections and by this ordinance.

Section 7. The officers of the Village are hereby authorized and directed to prepare and furnish to the purchaser of said bonds and to the attorneys approving the legality thereof, certified copies of all ordinances and resolutions of the Village relating to the establishment of said utility and the issuance of said bonds and of all other proceedings and records reasonably required to show the validity and marketability of the bonds issued hereunder and all such certified copies, certificates and other documents shall be deemed the representations and recitals of the Village of Cochrane as to the truth of the statements contained therein.

Section 8. All ordinances, resolutions and other acts and proceedings of the Village and of this Board which are in any way inconsistent with the terms of this ordinance are hereby repealed, amended or rescinded to the extent necessary to give full force and effect to this ordinance.

Passed 8-11, 1954

Published 8-26, 1954.

(Signed) Milton H. Rohrer  
Village President

(Attest) Kermit A. Spieth  
Village Clerk