

RESOLUTION NO. 850A RESOLUTION PROVIDING FOR THE ISSUANCE
OF WATER REVENUE BONDS, FIXING THE FORM
OF BONDS AND PROVIDING COVENANTS FOR
THEIR PROTECTION

WATER REVENUE BONDS OF 1953

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES, SAN LUIS OBISPO COUNTY, CALIFORNIA, as follows:

WHEREAS, the City of El Paso de Robles, in the County of San Luis Obispo, State of California, herein called City, is a City of the Sixth Class, duly organized and now existing under and pursuant to the provisions of the Government Code of the State of California;

WHEREAS, the City has owned and operated a municipal water system since 1917, and said water system has always been and is now maintained and operated by the City as an independent proprietary function completely separate and distinct from the governmental functions of City;

WHEREAS, the original water system was acquired and constructed from the proceeds of general obligation bonds of the City which were approved by a two-thirds vote of the voters voting on such proposition, and there is presently outstanding a \$7,000 indebtedness therefor;

WHEREAS, certain extensions of said water system have been made by the Federal Government as a military aid, in the amount of \$15,000, which have been purchased by the City and paid for out of water revenues;

WHEREAS, certain additions and extensions thereto have been made by the Works Progress Agency of the United States and the sponsor's share provided by the City out of water revenues; and

WHEREAS, the City proposes herein to issue water revenue

authorized to pay and redeem bonds, prior to their maturity, in their inverse numerical order, in accordance with the provisions of the bonds as hereinabove provided and for such purpose may use any funds of the City available therefor, provided that no money shall be drawn from said 1953 Water Revenue Bond Sinking Fund for such purpose unless the amount remaining therein shall be at least equal to the amount of all principal and interest payments on said bonds which will become due during the ensuing twelve months. The Treasurer shall cause thirty (30) days prior notice of redemption to be given by mail to the Paying Agent and in addition shall publish notice once at least thirty (30) days prior to the date of call in a financial paper published in New York or Chicago or in lieu thereof may mail such notice by registered mail to the last known holders of any bearer bond as shown by the records in his office. Notice of redemption of any registered bond shall be given to the registered owner in the same manner.

12. Pledge. All of the revenues to be derived from the water service charges imposed for the use of the Enterprise including revenues of improvements and extensions later constructed and acquired and all revenues of the existing City water system, plant and works to be improved or extended and for the improvement and extension of which the bonds are to be issued are hereby pledged to pay the cost of operation and maintenance of the system, to pay the principal and interest of the bonds issued hereunder and to provide adequate repair and replacement funds. The bonds of this issue constitute a first and prior lien upon said revenues except that additional bonds may be issued on a parity of lien in accordance with the resolution hereinbefore referred to. It is hereby declared that the users of the Enterprise are and will be all of the users of the City waterworks system.

13. Revenue Fund. There is declared to exist a special

fund entitled "Municipal Water Works Fund", into which shall be paid all of the receipts and income from said waterworks system. So long as any bonds of this issue or any additional bonds authorized hereunder are outstanding, said funds shall be administered and disbursements shall be made therefrom in the manner and order as follows:

(a) Sinking Fund. There is hereby created a special fund designated "1953 Water Revenue Bond Sinking Fund" to cover the payment of the principal and interest on all Water Revenue Bonds of 1953. From the revenues of the waterworks, and as a first and prior charge thereon, the Treasurer shall transfer to the 1953 Water Revenue Bond Sinking Fund, beginning on July 1, 1953, and on the first day of each month thereafter, an amount equal to 120% of 1/6th of the amount necessary to pay the next maturing installment of interest and 120% of 1/12th of the amount necessary to pay the next maturing installment of principal of the bonds of this issue and any additional water revenue bonds which may be issued hereunder, until there has been created and there shall thereafter be maintained a sum equal to the annual principal and interest to mature during the next ensuing one year period. Said reserve shall constitute a trust fund and may be used only for the payment of the principal and interest of said bonds.

(b) Operative Funds. There shall be paid monthly a reasonable amount for the cost of management, maintenance, operation and repair of the Enterprise, including the insurance for all hazards from the operation or unforeseeable accidents.

(c) Reserve Fund. The 1953 Water Revenue Bond Reserve Fund provided in paragraph (a) of this section, in the amount of the annual principal and interest to mature during the next ensuing one year period of the unexpired term of the bonds, is created which shall be used only for the payment of principal

and interest on the bonds of this issue and then only if the revenues of the Enterprise are insufficient therefor. In the event all or any part of the bond reserve is used for such purpose, the amount so used shall be restored and the revenues of the Enterprise after satisfying (a) and (b) above are hereby pledged to that purpose.

(d) Replacement and Extension Fund. There is hereby created a special fund designated "1953 Water Revenue Replacement and Extension Fund." To this fund there shall be transferred annually any surplus remaining from the revenues of the Enterprise after creating the bond reserve, and be used for extensions, enlargement, replacement or betterment of the Enterprise. No moneys shall otherwise be paid or transferred therefrom until and unless full compliance has been had with all of the provisions hereof.

(e) Feeding Higher Priority. In the event that the balance in any fund is below its requirements, moneys from a lower priority shall be transferred up to fill such deficiencies in said funds, and said higher fund shall have a first claim on the moneys of said lower fund for said purpose.

(f) Surplus Funds, Investment of. All moneys that are not required to be used within such time may be invested in United States Treasury Bills maturing not more than 90 days from the date of such investment. Moneys not then required may also be invested in obligations of the United States of America and the State of California, maturing not more than 12 years from the date of purchase.

(g) Purchase of Bonds. Nothing herein shall prohibit the City from using other surplus water earnings to purchase or retire bonds of this issue.

14. Additional Bonds. Except as provided in this section, no additional bonds shall be issued or other obligations incurred

which will be payable from the revenues of the Enterprise and constitute a lien thereon on a parity with the lien of the bonds issued hereunder until payment in full of all bonds issued hereunder. The City may issue additional revenue bonds payable as to principal and interest from the said 1953 Water Revenue Bond Sinking Fund and on a parity but not superior as to lien on the revenues of the Enterprise provided as follows:

First, the net earnings of the Enterprise for the last preceding completed fiscal year prior to the issuance of such additional bonds, as shown by an independent licensed public accountant's audit, shall have been equal to at least one and one-half the maximum combined principal and interest requirements for any succeeding twelve-month period on all bonds of this issue then outstanding and on such proposed additional bonds;

Second, all payments required to be made to the respective funds as hereinabove provided shall have been made in full;

Third, there shall be then on deposit in the 1953 Water Revenue Bond Sinking Fund a sufficient amount to pay all principal of and interest on outstanding bonds of this issue which will become due during the twenty-four month period next succeeding the issuance of such additional bonds; and

Fourth, such additional bonds shall be payable serially with principal and interest amortized over a period not shorter than the remaining life of the then outstanding bonds of this issue, with principal payments beginning not more than three years from date of the additional bonds in such manner as to make the total amount of principal of and interest on the additional bonds due in each year approximately the same in each year in which there is a maturity of principal and with principal and interest falling due on the same subsequent dates as this issue.

15. Default, Order of Payment. In the event that the amount in said 1953 Water Revenue Bond Sinking Fund shall be insufficient at any time to pay the principal of and interest on all bonds of this issue then due, said amount shall first be used to pay interest then due on all bonds and the balance shall be applied in payment of maturing principal in the order of serial numbers. In the event there shall be insufficient funds to pay the principal of any bond then due the City may, with the consent of the holder thereof, refund such bond by the issuance of a new bond maturing after the maturity of the last bond issued hereunder but otherwise on a parity as to payment of principal and interest with the bonds issued hereunder and exchange such bond for such matured bond and in such event such action shall not be deemed a default hereunder.

16. Special Covenants. For the protection and security of the bonds issued hereunder, the City Council covenants and agrees to and with the successive holders of the bonds, as follows:

(a) Bond Proceeds, Use. The proceeds of these bonds shall be deposited in a special fund and account, to be known as 1953 Water Revenue Construction Fund, and be used solely to pay for the cost of the acquisition and construction of the Enterprise for which the bonds were issued, including the cost of all property, rights, easements, and franchises necessary or convenient therefor, and for engineering, clerical and legal expenses, and for all other expenses connected with or incident to the Enterprise in the operation and performance of the acts required by said law to be done, and that any balance, as well as accrued interest at the time of delivery, will be deposited in the Sinking Fund for said bonds.

(b) Prompt Acquisition. The City will promptly commence the acquisition and construction of the Enterprise in accordance with the plans and specifications for said construction

heretofore prepared and approved by the City Council, and will make no alterations therein so as to increase the cost thereof. No action shall be taken for said acquisition and construction except after satisfactory showing that the total cost thereof will not be in excess of the funds on hand for such purpose. All payments therefrom shall be made only upon verified claims for the cost of construction approved by the supervising engineer or as herein provided.

(c) Additional Liens. It will not thereafter create any additional liens or charges against the Enterprise or issue additional obligations payable from the revenues of the Enterprise except as herein provided, and will not provide any free service whatsoever from the Enterprise to any private person or any public entity or body politic or corporation or any agency or category of government, including any City Department.

(d) Consulting Engineers. So long as any bonds issued hereunder remain outstanding, the City will employ consulting engineers of acknowledged reputation, skill and experience in the construction and operation of the Enterprise for any unusual or extraordinary items of maintenance, repair, extensions or betterment as shall be required from time to time. All reports, estimates and recommendations of such engineers shall be filed with the City Clerk and furnished to the purchasers of the bonds issued hereunder.

(e) Service and Connection Charges. It will, from time to time, prescribe, revise and collect water service charges and connection charges from the users of the City's waterworks which shall be adequate to pay the cost of management, maintenance, operation and repair of the system and in addition an amount equal to 150% of that required to pay the principal and interest on the bonds issued hereunder for the forthcoming year until the bond reserve is created and maintained.

(f) Special Funds. It will cause all income and revenues from the operations of the City's waterworks to be paid into a separate fund designated as Municipal Water Works Fund and no payments shall be made therefrom except expenditures incurred in the normal operations of the Enterprise including necessary upkeep, repairs and maintenance or such transfers from said fund to said Sinking Fund, Reserve Fund and Replacement and Extension Fund and such use of surplus as herein provided.

(g) Insurance. It will procure and keep in force insurance upon all buildings and structures of the Enterprise and the machinery and equipment therein against any insurable loss including insurance for hazards of the operation or unforeseeable accidents, with an insurer or insurers in good standing and in such amounts as may be required adequately to protect the City and the holders of bonds from loss due to any such casualty and in event of any such loss the proceeds shall be used to repair or restore said Enterprise or for the payment in full of all bonds issued hereunder.

(h) Fidelity Bonds. It will procure suitable fidelity bonds covering all officers and other employees of the City charged with the operations of the Enterprise and the collecting and disbursing of the revenues therefrom.

(i) Continuous Operation. It will continuously operate the waterworks and it will not sell, lease or otherwise dispose of any of the facilities, the revenues of which are pledged hereunder, which is necessary or useful to the supplying of services from said water system to the inhabitants of said City, except such portion of said property which is determined to be no longer necessary or useful in the operation of said facilities, for delivery during the term of the bonds.

(j) Books and Accounts. It will cause proper books and accounts adapted to the water system to be kept and will cause

the books and accounts to be audited annually by a recognized independent firm of licensed public accountants to reflect the compliance of the City with this resolution, and will mail copies of said audit to the original purchasers of these bonds not later than sixty days after the close of each fiscal year.

(k) Right of Inspection. The holders of any of said bonds shall have at all reasonable times the right to inspect the departments and the records, accounts and data of the City relating thereto, and monthly reports of the operation of said department shall be made to the original purchasers of the bonds authorized hereunder showing the number of customers, the rates of charge for service and an itemized list of income and expenses.

17. Registration. The bonds issued hereunder shall be subject to registration as to principal and interest upon written request of the owner and presentation of the bond to the Treasurer for registration. Upon such presentation and request, the Treasurer shall cut off the coupons and preserve them in his office. The Treasurer shall maintain a book upon which he shall enter the numbers of all registered bonds and the names and addresses of the holders of registered bonds. Until such registration is cancelled as herein provided, the interest and principal thereof shall be payable only to the registered holder or to his duly registered transferee. There shall be provided on the back of each bond a suitable blank showing the name of the registered owner, the date of registration or transfer and the signature of the Treasurer. Registered bonds shall be transferred at the office of the Treasurer in the same manner as the original registration and the name of the new registered owner shall be entered on the bond register and on the back of the bonds.

The registration of any unmatured bond may be cancelled upon written request of the registered holder. Upon receipt

of such a request, the Treasurer shall cancel the registration in the bond register book and on the back of the bond, re-attach all unmatured coupons to the bond, and deliver the bond and attached coupons to the holder. Until such bond is re-registered, the principal thereof shall be payable to bearer, and the interest shall again be paid upon surrender of proper coupons. Any such bond is subject to re-registration as to principal and interest in the same manner as previously unregistered bonds.

The bonds may be registered as to principal only, in which event a notation shall be made to that effect in the registration book and on the bond. Bonds so registered may be unregistered by cancellation of the registration.

18. Charges, Disconnection. Charges established for connection to the system shall be payable prior to such connection. A user who shall connect with said system without first paying said connection charge and who shall refuse to pay same on demand shall be disconnected from the Enterprise. A user of the Enterprise who shall fail to pay the service charges for his premises before they shall become delinquent shall be disconnected. The person in charge of the water system shall estimate the cost of disconnection of such user from the Enterprise and the cost of reconnecting such user to the Enterprise, and such user shall deposit the cost as estimated of disconnection and reconnection before such user is reconnected to the Enterprise. In the event such arrearages are paid and the user is reconnected to the Enterprise, the person in charge of the water system shall refund any part of the deposit remaining after payment of all costs of disconnection and reconnection.

19. Id. - Penalty. If any water service charge is not paid when due, a penalty as provided in the water rate ordinance shall be added.

20. Id. - Attorneys Fees. If an action is brought to recover any delinquent water service charge, costs of suit and a reasonable attorney's fee shall be collected.

21. Default - Remedy. All of the provisions of this Resolution shall constitute a contract between said City and the holder or holders of the bonds hereby authorized, and from and after the sale and delivery of any of the bonds no amendment, alteration or modification of the bonds or of the coupons appertaining thereto or of this Resolution shall be made which shall in any manner impair, impede or lessen the rights of the holders of the bonds or the coupons appertaining thereto, then outstanding, without the prior written consent of the holders of at least seventy-five per cent (75%) of the aggregate principal amount of bonds then outstanding. Any such amendment, alteration or modification which shall have received the written consent of the holders of said percentage of said outstanding bonds as provided in this Section shall be binding upon the holders of all of the bonds and coupons appertaining thereto, either attached to or detached from said bonds. From and after the sale and delivery of the bonds by said City the bonds and coupons appertaining thereto shall be incontestable by said City.

22. Bonds - Not a Debt. The bonds and interest are not a debt of the City nor a legal or equitable charge, lien or encumbrance, upon any of its property, or upon any of its income, receipts, or revenues except the Enterprise revenues herein pledged to their payment.

23. General Fund - Not Liable. The general fund of the City is not liable and the credit and taxing power of the City are not pledged for the payment of the bonds or their interest.

24. Taxing Power, Cannot Be Compelled. The holder of the bonds or coupons shall not compel the exercise of the taxing

bonds to finance the cost of certain additions, extensions, improvements, and betterments to its water system and to provide that the principal and interest thereof shall be paid from a special redemption fund and that their payment be further secured by a reserve fund, both of which funds are herein created from the net revenues of the Enterprise including those of the water system and not otherwise, and the revenues of the water system have been such that the City can and does herein determine that the principal and interest of said bonds, together with the payment of all other obligations relating to said bonds, and the costs of the maintenance and operation of said water system can be financed solely from the revenues of said water system and to which the City's tax fund makes no contribution at all;

NOW, THEREFORE, IT IS DETERMINED AND ORDERED, as follows:

1. The Enterprise. The public interest, economy, and general welfare will be served by the acquisition, construction, improving and financing of an Enterprise, including any or all expenses incidental thereto or connected therewith, said Enterprise to consist of addition, extension and improvements to the City water system, including all parts of the Enterprise, all appurtenances thereto, and land, easements, water supply, storage and distribution facilities and equipment, pursuant to the Sanitation, Sewer and Water Revenue Bond Law of 1941, which project is hereinafter called the "Enterprise".

2. Revenue Project. The total cost of the Enterprise shall be provided by the issuance of revenue bonds, and in order to provide money to pay the costs of the operation and maintenance of the Enterprise and the City's waterworks system, the City has and shall continue to prescribe, revise and collect water service charges which shall be adequate to pay the principal and interest of the bonds, to provide proper reserves, to pay all obligations

power of the City or the forfeiture of its property.

25. Performance of Essence. The performance of the duties prescribed in this resolution and in the law pursuant to which it was adopted, by the City or its proper officers, agents or employees, is of the essence of the City's contract with the bondholders.

26. Remedies of Bondholders. Each bondholder shall have the following remedies, to-wit:

(a) Mandamus. By mandamus or other suit or proceeding at law or in equity, to enforce his rights against the City, its City Council, and any of its officers, agents or employees, and compel them to perform and carry out their duties under this resolution and their agreements with the bondholders;

(b) Mandatory Injunction. By suit in equity, to require the City and its City Council and any of its officers, agents and employees to account as trustee of any express trust; and

(c) Prohibitory Injunction. By a suit in equity, to enjoin any acts or things which are unlawful which may violate the bondholders' rights.

27. Remedies Not Exclusive. The remedies herein conferred upon any bondholder or his trustee do not exclude any other remedy. Each remedy is cumulative and in addition to every other remedy, and may be exercised without exhausting and without regard to any other remedy conferred by this resolution, or the law pursuant to which it was adopted or any other law.

28. Waiver of Breach. A waiver of any default or breach of duty contracted by any bondholder or his trustee does not affect any subsequent default or breach of duty or contract or impair any rights or remedies on the subsequent default or breach.

29. Delays in Enforcement. The delay or omission of any bondholder or his trustee to exercise any right accruing upon any

default does not impair the right or power and is not a waiver of the default or acquiescence in it.

30. Frequency of Enforcement. Every substantive right and remedy conferred upon the bondholders or their trustees may be enforced and exercised as often as is deemed expedient.

31. Status Quo. If a suit, action, or proceeding to enforce any right or exercise any remedy is abandoned or determined adversely to the bondholders or their trustees, the City and bondholder or trustee shall be restored to their former positions, rights, and remedies as if such suit, action, or proceeding had not been brought or taken.

32. Revenue Bond Law. Each taker and subsequent holder of the bonds and attached or detached coupons has recourse to all of the provisions of this resolution and of the Sanitation, Sewer and Water Revenue Bond Law of 1941, and is bound by their terms.

33. Transcript. The Clerk and Treasurer are hereby authorized and directed to prepare and furnish to the purchasers of the bonds issued hereunder certified copies of all ordinances and resolutions of the Council relating to the Enterprise and to the issuance of bonds and all other proceedings and records of the City showing the right, power and authority to issue said bonds and to provide the security therefor and such certified copies and certificates shall be deemed representations of the City as to all facts stated therein.

34. Resolution is Covenant. Each and all of the terms of this resolution shall be and constitute a covenant on the part of the City to and with each and every bond holder from the time the bonds are issued hereunder.

35. Delivery of Bonds. The bonds to be issued hereunder or the amount thereof necessary to complete the Enterprise, shall be sold and delivered to the purchaser in accordance with the offer which has been accepted by the Council. The Treasurer shall

deliver said bonds upon receipt of the purchase price and shall credit the proceeds to the special fund and account for payment of the cost of acquisition and construction of the Enterprise but the purchasers shall not be required to see to the proper application thereof.


* * * * *

I hereby certify that the foregoing resolution was adopted at a regular meeting of the City Council of the City of El Paso de Robles, California, held on the 1st day of June, 1953, by the following vote:

AYES, and in favor thereof, Councilmen: *Appleton, Ottosen, Smart and Sturgeon.*

NOES, Councilmen: *None*

ABSENT, Councilmen: *Gates.*



City Clerk of the City of
El Paso de Robles

APPROVED:



Mayor - *Pro. Tam.*

as they become due which may become a charge or lien upon or be payable from such revenue, and to pay all current expenses of operation, maintenance and repair of the Enterprise and said water system.

3. Single Transaction. The Enterprise and financing thereof by revenue bonds is one transaction, complete in and of itself, and the City will be able to meet all of the obligations which are herein properly incurred wholly and solely from the revenues of the Enterprise and the waterworks system.

4. Separate Fund. The gross revenues of the City water works and system shall be deposited in and credited to a special, separate and distinct fund, now known as Municipal Water Works Fund, from which all costs of maintenance and operation of the City water works and system are paid.

5. Water Works Self-Sustaining. It is hereby determined and declared that the City Water Works and system is and will be able not only to pay all obligations incurred and to be incurred by this resolution and the issuance and sale of the bonds therein provided, but will also be able to meet any and all obligations which shall have been assumed by the City by general bond issue or otherwise for said works and system, and also the cost of maintenance and operation thereof, solely from the income and revenue of said water works and system and without any resort whatsoever to the power of taxation.

6. Revenue Bonds. The total cost of the Enterprise is \$150,000.00 to be provided by the issuance of Water Revenue Bonds of 1953. The City will forthwith issue its negotiable coupon water revenue bonds in the aggregate principal amount of \$150,000.00, dated July 1, 1953, said bonds to be 150 in number and numbered 1 to 150, both inclusive, in the denomination of \$1,000.00 each, and to mature serially, in order of serial number,

on July 1, in the years and in the amounts, as follows:

<u>Bond Nos.</u>	<u>Amount</u>	<u>Year</u>
1 through 5	\$ 5,000	1954
6 through 10	5,000	1955
11 through 15	5,000	1956
16 through 20	5,000	1957
21 through 25	5,000	1958
26 through 30	5,000	1959
31 through 35	5,000	1960
36 through 40	5,000	1961
41 through 45	5,000	1962
46 through 50	5,000	1963
51 through 55	5,000	1964
56 through 60	5,000	1965
61 through 65	5,000	1966
66 through 70	5,000	1967
71 through 75	5,000	1968
76 through 80	5,000	1969
81 through 85	5,000	1970
86 through 90	5,000	1971
91 through 95	5,000	1972
96 through 100	5,000	1973
101 through 110	10,000	1974
111 through 120	10,000	1975
121 through 130	10,000	1976
131 through 140	10,000	1977
141 through 150	10,000	1978

7. Id. - Callable. Bonds maturing by their terms on or before July 1, 1973 shall not be subject to call or redemption prior to their fixed maturity date. Bonds maturing after July 1, 1973 shall, by their terms be subject to call and redemption, at the option of the City, as a whole or in part, in inverse numerical order, on July 1, 1973 (but not prior thereto) or on any interest date prior to their maturity date or dates at the principal amount thereof and accrued interest thereon to the date of redemption, plus a redemption premium equal to 1/4th of 1% of the principal amount of such bond for each semi-annual period prior to the maturity date.

8. Id. - Form. The bonds and the coupons representing interest thereon shall be in substantially the following form:

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUNTY OF SAN LUIS OBISPO
CITY OF EL PASO DE ROBLES

WATER REVENUE BONDS OF 1953

No. _____ \$1,000

KNOW ALL MEN BY THESE PRESENTS that the City of El Paso de Robles, a municipal corporation of the County of San Luis Obispo, State of California, for value received has obligated itself to pay to the bearer (or if this bond is registered, to the registered owner hereof) from the 1953 Water Revenue Bond Sinking Fund of the City on the 1st day of July, 19____, the sum of ONE THOUSAND DOLLARS with interest thereon from date, as evidenced by interest coupons attached to said bonds at the time of issuance, said interest payable semi-annually on the 1st day of January and the 1st day of July, in each year, all as more particularly set forth in the resolution providing for the issuance of this bond. Both principal and interest are payable at the _____

_____, in the City of _____, or at the option of the holder, at the office of the City Treasurer of the City of El Paso de Robles, El Paso de Robles, California, in any coin or currency of the United States of America which on the date of payment is legal tender for public and private debts upon presentation and surrender of this bond or the interest coupons as they severally become due.

If upon presentation at maturity, payment of this bond is not made as herein provided, interest hereon shall continue at the same rate until the principal hereof is paid in full.

This bond is one of an issue in the total principal amount of \$150,000, all of like date and tenor except as to maturity (and interest rate) and provision for redemption, all issued by the City for the purpose of providing money to finance an Enterprise consisting of additions, extensions and improvements to the

City's waterworks system as set forth and described in Resolution No. _____ entitled "A Resolution Providing for the Issuance of Water Revenue Bonds, Fixing the Form of Bonds and Providing Covenants for Their Protection," adopted on _____, 1953, to which reference is hereby made for the obligations, duties, rights and privileges hereby created, and as authorized by and in strict accordance with the Sixth Class City Charter Law and the Sanitation, Sewer and Water Revenue Bond Law of 1941 and in accordance with a resolution of the City Council submitting the question of its issuance to the qualified voters of the City at an election held for that purpose and as authorized by vote of more than the requisite majority of the voters of the City voting on the proposition.

The holder of this bond has all the rights of a holder of a negotiable instrument payable to bearer. Both principal and interest are payable solely from the revenues of the Enterprise hereinabove referred to and the City is not obligated to pay the principal hereof or interest hereon except from the revenues of said Enterprise. The bonds of this issue constitute a first and prior lien upon the said revenues except that additional bonds may be issued on a parity of lien in accordance with the resolution hereinbefore referred to.

All bonds of this issue maturing after July 1, 1973, are subject to redemption and prepayment in the inverse numerical order, at the option of the City on July 1, 1973, and on any interest payment date thereafter and prior to their maturity date, at a redemption price equal to the principal amount thereof, plus accrued interest thereon to the date of redemption, plus a premium of one-quarter of one per cent (1/4th of 1%) of such principal amount for each semi-annual period prior to the maturity date of this bond.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions

and things required by the Constitution and laws of the State of California to be done, to happen and to be performed precedent to and in the issuance of this bond have been done, have happened and have been performed in regular and due form, time and manner as required by law; that the City is authorized by law to operate the Enterprise herein referred to and the City Council has by ordinance duly adopted provided for rates and charges for the services thereof sufficient to provide net revenues to pay the principal of and interest on the bonds of this issue when due and that the City will establish and maintain rates and charges sufficient for such purpose and the City has created a special 1953 Water Revenue Bond Sinking Fund for the payment of said principal and interest and has agreed to set aside in said fund each month not less than 120% of one-sixth of the amount necessary to pay interest which will become due on the next succeeding interest payment date and 120% of one-twelfth of the amount necessary to pay the installment of principal which will fall due at the next ensuing principal payment date, and all annual surplus, until there has been created and there shall thereafter be maintained, a reserve in an amount equal to the annual principal and interest to mature for the next ensuing one year period.

IN WITNESS WHEREOF, the City of El Paso de Robles, by its City Council, has caused this bond to be executed in its behalf by the signatures of the Mayor and Treasurer and its corporate seal to be hereunto affixed and has caused the interest coupons to be executed and authenticated by the facsimile signature of said Treasurer, all as of July 1, 1953.

Mayor
City of El Paso de Robles

Treasurer

(SEAL)

(Form of Coupon)

No. _____ \$ _____

On the 1st day of January (July), 19____, the City of El Paso de Robles will pay to bearer out of its 1953 Water Revenue Bond Sinking Fund at the

_____ in the City of _____, or at the office of the City Treasurer, El Paso de Robles, California, (unless the bond to which this coupon is attached has been redeemed prior thereto) the sum of _____ DOLLARS For interest then due on its Water Revenue Bond Dated July 1, 1953.

Treasurer

Bond No. _____

To be inserted in coupons maturing on or after January 1, 1974 on bonds due 1974-1978

In addition to the foregoing Form of Coupon which shall be attached to the bonds, there will be additional coupons attached to the bonds at the time of issuance, if requested in the bid upon which the bonds are sold, which shall provide for the payment of interest. The form of said coupon shall be substantially as follows:

No. _____ \$ _____

On the 1st day of January (July), 19____, the City of El Paso de Robles will pay to bearer out of its 1953 Water Revenue Bond Sinking Fund at the

_____ in the City of _____, or at the office of the City Treasurer, El Paso de Robles, California, the sum of _____ DOLLARS for interest then due on its Water Revenue Bond dated July 1, 1953.

Treasurer

The original purchaser of the bonds may designate a paying agent who shall act in addition to or in the place of the City Treasurer and the form of the bonds and coupons shall be altered accordingly. The original purchaser may also request a split interest coupon in which event he shall specify the period and the interest rates therefor.

9. Id. - Execution. When the bonds of this issue have been prepared in accordance with this resolution, they shall be executed on behalf of the City by the signature of the Mayor and the Treasurer and the corporate seal shall be affixed thereto and the interest coupons shall be executed and authenticated by the printed, engraved, or lithographed facsimile signature of the Treasurer who by his signature on the bonds shall ratify said facsimile signature.

10. Id. - Where Payable. The bonds shall be payable at the _____, in the City of _____, _____, or at the option of the holder, at the office of the Treasurer, said bank being hereby designated as Paying Agent. The Treasurer shall draw a warrant on the 1953 Water Revenue Bond Sinking Fund for the payment of principal and interest on all said bonds to the said Paying Agent in due time so as to meet payments of all principal and interest on said bonds when due without action on the part of the City Council. Such warrant shall include a sufficient amount to pay the reasonable charges of the Paying Agent. The Paying Agent may resign at any time by written notice to the Treasurer. In such event, the Council shall by resolution designate a successor as Paying Agent. Nothing herein shall be taken as a designation that the Paying Agent shall be Fiscal Agent of the City pursuant to Article 7 of the Sanitation, Sewer and Water Revenue Bond Law of 1941 and the duties of such Paying Agent shall not include the powers or duties as Fiscal Agent under said Article except as herein provided.

11. Purchasers, Record. The Treasurer shall keep a record of the names of the purchasers of the bonds and of all successive holders of bearer bonds issued hereunder so far as such information is furnished to him for the purpose of giving notice of any call for redemption of said bonds. The City shall be