Town of Grenville, S.D. PAGE 1
ORDINANCE NO. 67

AN ORDINANCE AUTHORIZING ADDITIONS TO THE MUNICIPAL WATERWORKS SYSTEM, INCLUDING THE REPLACEMENT OF WATER MAINS AND THE CONSTRUCTION OF A RESERVOIR, AND THE ISSUANCE OF REVENUE BONDS TO DEFRAY A PORTION OF THE COSTS THEREOF

BE IT ORDAINED BY THE TOWN OF GRENVILLE, SOUTH DAKOTA:

Section 1. Proposed Undertaking. It is determined that the waterworks system of the Town of Grenville is inadequate to provide for the health and safety of the residents of the Town. The water mains originally installed in the waterworks system are deteriorating and have a negligible useful life, and are not of adequate size to serve the Town and its inhabitants. The waterworks system lacks a reservoir to ensure an adequate water supply in times of increased demand. Thus, it is determined to be necessary to replace the existing water mains throughout the Town and to construct a reservoir for the system. Furthermore, if construction contracts can be let in amounts now estimated by the engineer for the undertaking, it is determined to be necessary and advisable to construct a water treatment plant to be added to the municipal waterworks system. In such event, the water mains to be installed will be somewhat smaller, to permit the financing of the water treatment plant without increasing the cost of the undertaking. All such additions to the municipal waterworks system shall be undertaken pursuant to South Dakota Compiled Laws; Chapter 9-40, as amended. The cost of the undertaking, including replacement of the water mains and construction of a reservoir and a water treatment plant, is presently estimated to be approximately $265,000. The Town desires to apply to the Farmers Home Administration of the United States Department of Agriculture for a loan to finance part of the undertaking in the amount of $70,000 and, if possible, a grant of funds in the amount of $100,000. The Town also seeks a grant from the United States Department of Housing and Urban Development in the amount of $95,000, to defray part of the costs of the undertaking. It is considered that any loan, whether from the United States or others, should be repaid from net revenues to be derived from charges to be established for the use of the new water mains, reservoir and treatment plant based on consumption and availability of water, and not from taxes on property.

Section 2. Revenue Bonds. For the purpose of defraying part of the cost of the undertaking it is determined, pursuant to the provisions of Chapter 9-40, South Dakota Compiled Laws, as amended, and subject to the prior approval of this ordinance by the favorable vote of not less than 60 percent of the electors voting thereon at an election to be duly called and held, the Town of Grenville shall borrow money and issue negotiable revenue bonds, without pledging or using its credit, in a maximum amount not to exceed $70,000, bearing interest at a rate or rates not to exceed the statutory maximum rate of 12 percent per annum, the proceeds of which shall be appropriated in the amount necessary, with any other funds available or granted to the Town for this purpose, to defray the cost of the undertaking. The lien granted by Section 9-40-25 upon the property to be acquired from the proceeds of the bonds shall not attach to or become a charge upon or against any property or utility or any part thereof previously owned by the Town, by whatever means or funds acquired.

Section 3. Security Provisions. At or before the issuance of the bonds, the Town Board shall by resolution set aside, appropriate and pledge to the payment of the bonds and interest thereon the net income or revenues from charges which shall be established, revised when necessary and collected for the use of the additions to the waterworks system acquired from the proceeds of the bonds, and provide all such lawful provisions and stipulations for the proper operation and maintenance of the waterworks system as augmented by said additions, for the administration of the income and revenues, and for the security of the bondholders as the Town Board may determine to be necessary, and determine the form and provisions of the bonds and issue and sell them in the manner and upon the terms that the Board shall determine to be for the best interest of the Town, subject to the limitations set forth herein and in Chapter 9-40.

Section 4. Limitations. The bonds herein authorized shall be payable solely from the revenue or income referred to herein and shall not constitute an indebtedness of the Town within the meaning of any constitutional or statutory provisions or limitations, any provisions in such bonds set forth, or set forth in this ordinance or resolutions adopted pursuant hereto, to the contrary notwithstanding. The taxing powers of the Town shall never be used for the payment of either the principal of or the interest on the bonds. No other funds or revenues or property of the Town shall ever be used to

pay such bonds or interest except as may be otherwise provided by law. The bonds shall refer expressly to this ordinance and to Chapter 9-40, and shall state that they are subject to all of the provisions and limitations thereof, whereby all provisions and limitations of the ordinance and statute and amendments thereto shall become a part of the bonds as if set forth at length therein.

Section 5. Permitted Provisions. The resolution or resolutions establishing the terms of the bonds may provide for the issuance of short-term bonds to be refunded upon the completion of the undertaking, in the event that the Farmers Home Administration shall have, prior to such issuance, approved a loan to be evidenced by the issuance of refunding bonds at the time and in the amount required to retire the bonds initially issued. Such resolutions may reserve the right to issue additional bonds, payable from said income and revenues on a parity with those issued pursuant to this ordinance, upon such conditions as may be provided in the resolutions and upon authorization of such additional bonds as required by law.

Approved: _____
Town President

Passed first reading: Jan. 19, 1981
Passed second reading and adopted:

Attest: _____
~~Town Clerk~~
Finance Officer