

ORDINANCE NO. 2001-11

AN ORDINANCE AUTHORIZING THE ISSUANCE OF SALES AND USE TAX REFUNDING BONDS FOR THE PURPOSE OF REFINANCING THE COST OF CAPITAL IMPROVEMENTS; REFINANCING THE COST OF CAPITAL IMPROVEMENTS; PLEDGING COLLECTIONS OF A 1% SALES AND USE TAX TO PAY THE PRINCIPAL OF AND INTEREST ON THE BONDS; PRESCRIBING OTHER MATTERS RELATING THERETO; AND DECLARING AN EMERGENCY.

WHEREAS, the City of Clinton, Arkansas (the "City") has previously issued, under Amendment No. 62 to the Constitution of the State of Arkansas and under Title 14, Chapter 164, Subchapter 3 of the Arkansas Code of 1987 Annotated (the "Authorizing Legislation"), its Sales and Use Tax Bonds, Series 1997 (the "Series 1997 Bonds") for the purpose of financing the costs of acquiring, constructing and equipping extensions, betterments and improvements to the City's sewer system; and

WHEREAS, the City Council has determined the City will be able to achieve significant debt service savings by refunding the Series 1997 Bonds; and

WHEREAS, the City can obtain the necessary funds for the refunding of the Series 1997 Bonds (the "refunding") by the issuance of Sales and Use Tax Refunding Bonds, Series 2001, in the aggregate principal amount of \$3,625,000 (the "Series 2001 Bonds") and by appropriating available funds held for the Series 1997 Bonds; and

WHEREAS, the City has made arrangements for the sale of the Series 2001 Bonds to Morgan Keegan & Company, Inc. (the "Purchaser"), at a price of 98.35% of par plus accrued interest (the "Purchase Price"), pursuant to a Bond Purchase Agreement between the Purchaser and the City (the "Agreement"), which has been presented to and is before this meeting; and

WHEREAS, the Preliminary Official Statement, dated October 29, 2001, offering the Series 2001 Bonds for sale (the "Preliminary Official Statement"), has been presented to and is before this meeting; and

WHEREAS, the Continuing Disclosure Agreement between the City and Metropolitan National Bank, Little Rock, Arkansas, as Dissemination Agent (the "Disclosure Agreement"), providing for the ongoing disclosure obligations of the City with respect to the Series 2001 Bonds, has been presented to and is before this meeting; and

WHEREAS, the City has outstanding its Sales and Use Tax Bonds, Series 1999 (the "Senior Bonds"), authorized by Ordinance No. 99-274 of the City, adopted August 12, 1999 (the "1999 Ordinance");

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Clinton, Arkansas:

Section 1. The refunding of the Series 1997 Bonds shall be accomplished. The Mayor and City Recorder are hereby authorized to take, or cause to be taken, all action necessary to accomplish the same and to execute all required contracts. The Series 1997 Bonds shall be called for redemption on March 1, 2002 at a redemption price equal to the principal amount outstanding plus accrued interest.

Section 2. The offer of the Purchaser for the purchase of the Series 2001 Bonds from the City at the Purchase Price, for Series 2001 Bonds bearing interest at the rates per annum, maturing and otherwise subject to the terms and provisions hereafter in this Ordinance set forth in detail be, and is hereby accepted and the Agreement, in substantially the form submitted to this meeting, is approved and the Series 2001 Bonds are hereby sold to the purchaser. The Mayor is hereby authorized and directed to execute and deliver the Agreement on behalf of the City and to take all action required on the part of the City to fulfill its obligations under the Agreement.

Section 3. The Preliminary Official Statement is hereby approved and the previous use of the Preliminary Official Statement by the Purchaser in connection with the sale of the Series 2001 Bonds is hereby in all respects approved and confirmed, and the Mayor be and he is hereby authorized and directed, for and on behalf of the City, to execute the Preliminary Official Statement and the final Official Statement for use in connection with the sale of the Series 2001 Bonds as set forth in the Agreement.

Section 4. Under the authority of the Constitution and Laws of the State, including particularly Amendment No. 62 to the Constitution of the State and the Authorizing Legislation, City of Clinton, Arkansas Sales and Use Tax Refunding Bonds, Series 2001 are hereby authorized and ordered issued in the total principal amount of \$3,625,000, the proceeds of the sale of which are necessary, along with available funds appropriated hereby, to provide sufficient funds to accomplish the refunding, to pay expenses incidental thereto, to pay expenses of issuing the Series 2001 Bonds and to fund a debt service reserve. The Series 2001 Bonds and any Additional Parity Bonds issued under Section 11 hereof are referred to herein collectively as the "bonds".

The Series 2001 Bonds shall bear interest at the rates and shall mature on March 1 in the amounts and in the years as follows:

<u>Year</u> <u>(March 1)</u>	<u>Amount</u>	<u>Interest Rate</u>
2002	\$15,000	2.50%
2003	185,000	2.75
2004	185,000	3.00
2005	195,000	3.25
2006	200,000	3.50
2007	210,000	3.75
2008	220,000	4.00
2009	225,000	4.10
2010	235,000	4.20
2011	240,000	4.30
2012	255,000	4.40
2013	265,000	4.50
2014	280,000	4.60
2015	290,000	4.70
2016	305,000	4.80
2017	320,000	4.90

The Series 2001 Bonds shall be issuable only as fully registered bonds without coupons in the denomination of \$5,000 or any integral multiple thereof. Unless the City shall otherwise direct, the Series 2001 Bonds shall be numbered from 1 upward in order of issuance. Each Series 2001 Bond shall have a CUSIP number but the failure of a CUSIP number to appear on any Series 2001 Bond shall not affect its validity.

Each Series 2001 Bond shall be dated as of December 1, 2001. Interest on the Series 2001 Bonds shall be payable on March 1, 2002, and semiannually thereafter on March 1 and September 1 of each year. Payment of each installment of interest shall be made to the person in whose name the Series 2001 Bonds are registered on the registration books of the City maintained by Metropolitan National Bank, Little Rock, Arkansas, as Trustee and Paying Agent (the "Trustee"), at the close of business on the fifteenth day of the month (whether or not a business day) next preceding each interest payment date (the "Record Date"), irrespective of any transfer or exchange of any such Series 2001 Bond subsequent to such Record Date and prior to such interest payment date, by check or draft mailed by the Trustee to such owner at his address on such registration books. Principal of the Series 2001 Bonds shall be payable at the corporate trust office of the Trustee.

Each Series 2001 Bond shall bear interest from the payment date next preceding the date on which it is authenticated unless it is authenticated on an interest payment date, in which event it shall bear interest from such date, or unless it is authenticated prior to the first interest payment date, in which event it shall bear interest from December 1, 2001, or unless it is authenticated during the period from the Record Date to the next interest payment date, in which case it shall bear interest from

such interest payment date, or unless at the time of authentication thereof interest is in default thereon, in which event it shall bear interest from the date to which interest has been paid.

The Series 2001 Bonds shall be registered initially in the name of Cede & Co., as nominee for the Depository Trust Company ("DTC"), which shall be considered to be the registered owner of the Series 2001 Bonds for all purposes under this Ordinance, including, without limitation, payment by the City of principal of, redemption price, premium, if any, and interest on the Series 2001 Bonds, and receipt of notices and exercise of rights of registered owners. There shall be one certificated, typewritten Series 2001 Bond per maturity which shall be immobilized in the custody of DTC with the beneficial owners having no right to receive the Series 2001 Bonds in the form of physical securities or certificates. DTC and its participants shall be responsible for maintenance of records of the ownership of beneficial interests in the Series 2001 Bonds by book-entry on the system maintained and operated by DTC and its participants, and transfers of ownership of beneficial interests shall be made only by DTC and its participants, by book-entry, the City having no responsibility therefor. DTC is expected to maintain records of the positions of participants in the Series 2001 Bonds, and the participants and persons acting through participants are expected to maintain records of the purchasers of beneficial interests in the Series 2001 Bonds. The Series 2001 Bonds as such shall not be transferable or exchangeable, except for transfer to another securities depository or to another nominee of a securities depository, without further action by the City.

If any securities depository determines not to continue to act as a securities depository for the Series 2001 Bonds for use in a book-entry system, the City may establish a securities depository/book-entry system relationship with another securities depository. If the City does not or is unable to do so, or upon request of the beneficial owners of all outstanding Series 2001 Bonds, the City and the Trustee, after the Trustee has made provision for notification of the beneficial owners by the then securities depository, shall permit withdrawal of the Series 2001 Bonds from the securities depository, and authenticate and deliver Series 2001 Bond certificates in fully registered form (in denominations of \$5,000 or integral multiples thereof) to the assigns of the securities depository or its nominee, all at the cost and expense (including costs of printing definitive Series 2001 Bonds) of the City, if the City fails to maintain a securities depository/book-entry system, or of the beneficial owners, if they request termination of the system.

Prior to issuance of the Series 2001 Bonds, the City shall have executed and delivered to DTC a written agreement (the "Representation Letter") setting forth (or incorporating therein by reference) certain undertakings and responsibilities of the City with respect to the Series 2001 Bonds so long as the Series 2001

Bonds or a portion thereof are registered in the name of Cede & Co. (or a substitute nominee) and held by DTC. Notwithstanding such execution and delivery of the Representation Letter, the terms thereof shall not in any way limit the provisions of this Section or in any other way impose upon the City any obligation whatsoever with respect to persons having interests in the Series 2001 Bonds other than the registered owners, as shown on the registration books kept by the Trustee. The Trustee shall take all action necessary for all representations of the City in the Representation Letter with respect to the Trustee to at all times be complied with.

The authorized officers of the Trustee and the City shall do or perform such acts and execute all such certificates, documents and other instruments as they or any of them deem necessary or advisable to facilitate the efficient use of a securities depository for all or any portion of the Series 2001 Bonds; provided that neither the Trustee nor the City may assume any obligations to such securities depository or beneficial owners of Series 2001 Bonds that are inconsistent with their obligations to any registered owner under this Ordinance.

Only such Series 2001 Bonds as shall have endorsed thereon a Certificate of Authentication substantially in the form set forth in Section 6 hereof (the "Certificate") duly executed by the Trustee shall be entitled to any right or benefit under this Ordinance. No Series 2001 Bond shall be valid and obligatory for any purpose unless and until the Certificate shall have been duly executed by the Trustee, and the Certificate of the Trustee upon any such Series 2001 Bond shall be conclusive evidence that such Series 2001 Bond has been authenticated and delivered under this Ordinance. The Certificate on any Series 2001 Bond shall be deemed to have been executed if signed by an authorized officer of the Trustee, but it shall not be necessary that the same officer sign the Certificate on all of the Series 2001 Bonds.

In case any Series 2001 Bond shall become mutilated or be destroyed or lost, the City shall, if not then prohibited by law, cause to be executed and the Trustee may authenticate and deliver a new Series 2001 Bond of like date and tenor in exchange and substitution for and upon cancellation of such mutilated Series 2001 Bond, or in lieu of and in substitution for such Series 2001 Bond destroyed or lost, upon the owner paying the reasonable expenses and charges of the City and Trustee in connection therewith, and, in the case of a Series 2001 Bond destroyed or lost, his filing with the Trustee evidence satisfactory to it that such Series 2001 Bond was destroyed or lost, and of his ownership thereof, and furnishing the City and Trustee with indemnity satisfactory to them. The Trustee is hereby authorized to authenticate any such new Series 2001 Bond. In the event any such Series 2001 Bond shall have matured, instead of issuing a new Series 2001 Bond, the City may pay the same without the surrender

thereof. Upon the issuance of a new Series 2001 Bond under this Section the City may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) connected therewith.

The City shall cause books for the registration and for the transfer of the Series 2001 Bonds as provided herein and in the Series 2001 Bonds. The Trustee shall act as the bond registrar. Each Series 2001 Bond is transferable, by the registered owner thereof or by his attorney duly authorized in writing at the principal office of the Trustee. Upon such transfer a new fully registered Series 2001 Bond or Series 2001 Bonds of the same maturity, of authorized denomination or denominations, for the same aggregate principal amount will be issued to the transferee in exchange therefor.

Series 2001 Bonds may be exchanged at the principal corporate trust office of the Trustee for an equal aggregate principal amount of Series 2001 Bonds of any other authorized denomination or denominations. The City shall execute and the Trustee shall authenticate and deliver Series 2001 Bonds which the registered owner making the exchange is entitled to receive. The execution by the City of any Series 2001 Bond of any denomination shall constitute full and due authorization of such denomination and the Trustee shall be thereby authorized to authenticate and deliver such Series 2001 Bond.

No charge shall be made to any owner of any bond for the privilege of transfer or exchange, but any owner of any bond requesting any such transfer or exchange shall pay any tax or other governmental charge required to be paid with respect thereto. Except as otherwise provided in the immediately preceding sentence, the cost of preparing each new bond upon each exchange or transfer and any other expenses of the City or the Trustee incurred in connection therewith shall be paid by the City. Neither the Trustee nor the City shall be required to transfer or exchange any bonds selected for redemption in whole or in part.

The person in whose name any bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal or premium, if any, or interest on any bond shall be made only to or upon the order of the registered owner thereof or his legal representative, but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such bond to the extent of the sum or sums so paid.

In any case where the date of maturity of interest on or principal of the bonds or the date fixed for redemption of any bonds shall be a Saturday or Sunday or shall be in the State a

Legal holiday or a day on which banking institutions are authorized by law to close, then payment of interest or principal need not be made on such date but may be made on the next succeeding business day with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest shall accrue for the period after the date of maturity or date fixed for redemption.

Section 5. The bonds shall be executed on behalf of the City by the manual or facsimile signatures of the Mayor and City Recorder and shall have impressed or imprinted thereon the seal of the City.

Section 6. The Series 2001 Bonds and the Certificate shall be in substantially the following form and the Mayor and City Recorder are hereby expressly authorized and directed to make all recitals contained therein:

(Form of Bond)

REGISTERED

REGISTERED

No. _____

UNITED STATES OF AMERICA
STATE OF ARKANSAS
COUNTY OF VAN BUREN
CITY OF CLINTON
SALES AND USE TAX REFUNDING BOND
SERIES 2001

Interest Rate: _____ % Maturity Date: March 1, _____

Dated Date: December 1, 2001

Registered Owner: Cede & Co.

Principal Amount: _____ Dollars

CUSIP No.: _____

KNOW ALL MEN BY THESE PRESENTS:

That the City of Clinton, County of Van Buren, State of Arkansas (the "City"), for value received, hereby promises to pay to the Registered Owner shown above upon the presentation and surrender hereof at the principal corporate trust office of Metropolitan National Bank, Little Rock, Arkansas, or its successor or successors, as Trustee and Paying Agent (the "Trustee"), on the Maturity Date shown above, the Principal Amount shown above, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts and to pay by check or draft to the Registered Owner shown above interest thereon, in like coin or currency from the interest commencement date described below at the Interest Rate per annum shown above, payable on March 1, 2002 and on each March 1 and

September 1 thereafter, until payment of such Principal Amount or, if this bond or a portion hereof shall be duly called for redemption, until the date fixed for redemption, and to pay interest on overdue principal and interest (to the extent legally enforceable) at the rate borne by this bond. Payment of each installment of interest shall be made to the person in whose name this bond is registered on the registration books of the City maintained by the Trustee at the close of business on the fifteenth day of the month (whether or not a business day) next preceding each interest payment date (the "Record Date"), irrespective of any transfer or exchange of this bond subsequent to such Record Date and prior to such interest payment date.

Unless this bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Trustee for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is required by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

This bond shall bear interest from the payment date next preceding the date on which it is authenticated unless it is authenticated on an interest payment date, in which event it shall bear interest from such date, or unless it is authenticated during the period from the Record Date to the next interest payment date, in which case it shall bear interest from such interest payment date, or unless it is authenticated prior to the first interest payment date, in which event it shall bear interest from the Dated Date shown above, or unless at the time of authentication hereof interest is in default hereon, in which event it shall bear interest from the date to which interest has been paid.

This bond is one of an issue of City of Clinton, Arkansas Sales and Use Tax Refunding Bonds, Series 2001, aggregating Three Million Six Hundred Twenty-Five Thousand Dollars (\$3,625,000) in aggregate principal amount (the "bonds"), and is issued for the purpose of refunding the City's Sales and Use Tax Bonds, Series 1997, paying necessary expenses incidental thereto, paying expenses of authorizing and issuing the bonds and funding a debt service reserve.

The bonds are issued pursuant to and in full compliance with the Constitution and laws of the State of Arkansas (the "State"), particularly Amendment No. 62 to the Constitution of the State and Title 14, Chapter 164, Subchapter 3 of the Arkansas Code of 1987 Annotated (the "Authorizing Legislation"), and pursuant to Ordinance No. _____ of the City duly adopted on November 8, 2001 (the "Authorizing Ordinance"), and an election duly held at which

the majority of the legal voters of the City voting on the question approved the issuance of the indebtedness represented by the bonds. Reference is hereby made to the Authorizing Ordinance for the details of the nature and extent of the security and of the rights and obligations of the City, the Trustee and the registered owners of the bonds. The bonds are special obligations of the City, payable from collections of the 1% sales and use tax levied by the City under Title 26, Chapter 75, Subchapter 2 of the Arkansas Code of 1987 Annotated and Ordinance No. 96-235 of the City duly adopted on August 8, 1996 (the "Tax"), subject to the prior pledge in favor of the City's Sales and Use Tax Bonds, Series 1999, and the City hereby pledges its collections of the Tax for the payment of this bond. The City has reserved the right in the Authorizing Ordinance to issue additional bonds under the Authorizing Ordinance on a parity of security with the bonds.

The bonds are subject to redemption at the option of the City, from funds from any source, to be selected by lot in such manner as the Trustee may determine on and after March 1, 2006, in whole at any time or in part on any interest payment date, at a redemption price equal to the principal amount being redeemed plus accrued interest to the redemption date.

In case any outstanding bond is in a denomination greater than \$5,000, each \$5,000 of face value of such bond shall be treated as a separate bond of the denomination of \$5,000.

Notice of redemption identifying the bonds or portions thereof (which shall be \$5,000 or a multiple thereof) to be redeemed and the date they shall be presented for payment shall be given by the Trustee, not less than 30 nor more than 60 days prior to the date fixed for redemption, by mailing a copy of the redemption notice by first class mail, postage prepaid, to all registered owners of bonds to be redeemed. Failure to mail an appropriate notice or any such notice to one or more registered owners of bonds to be redeemed shall not affect the validity of the proceedings for redemption of other bonds as to which notice of redemption is duly given in proper and timely fashion. All such bonds or portions thereof thus called for redemption and for the retirement of which funds are duly provided in accordance with the Authorizing Ordinance prior to the date fixed for redemption will cease to bear interest on such redemption date.

This bond is transferable by the Registered Owner shown above in person or by his attorney-in-fact duly authorized in writing at the principal corporate trust office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Authorizing Ordinance, and upon surrender and cancellation of this bond. Upon such transfer a new fully registered bond or bonds of the same maturity, of authorized denomination or denominations, for the same aggregate principal amount, will be issued to the transferee in exchange therefor.

This bond is issued with the intent that the laws of the State shall govern its construction.

The City and the Trustee may deem and treat the Registered Owner shown above as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes, and neither the City nor the Trustee shall be affected by any notice to the contrary.

The bonds are issuable only as fully registered bonds in the denomination of \$5,000, and any integral multiple thereof. Subject to the limitations and upon payment of the charges provided in the Authorizing Ordinance, fully registered bonds may be exchanged for a like aggregate principal amount of fully registered bonds of the same maturity of other authorized denominations.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed, under the Constitution and laws of the State, particularly Amendment No. 62 to the Constitution of the State and the Authorizing Legislation, precedent to and in the issuance of this bond have existed, have happened and have been performed in due time, form and manner as required by law; that the indebtedness represented by this bond and the issue of which it forms a part does not exceed any constitutional or statutory limitation; and that tax revenues sufficient to pay the bonds and interest thereon have been duly pledged in accordance with the Authorizing Legislation for the payment of the bonds and interest thereon.

This bond shall not be valid until it shall have been authenticated by the Certificate hereon duly signed by the Trustee.

THE CITY HAS DESIGNATED THIS BOND AS A "QUALIFIED TAX-EXEMPT OBLIGATION" WITHIN THE MEANING OF SECTION 265(b) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED.

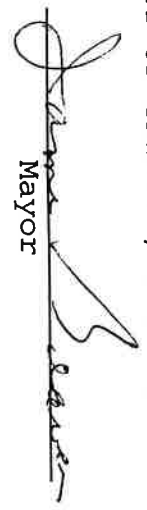
IN WITNESS WHEREOF, the City of Clinton, Arkansas has caused this bond to be executed by its Mayor and City Recorder, and its corporate seal to be impressed on this bond, all as of the Dated Date shown above.

CITY OF CLINTON, ARKANSAS

ATTEST:


City Recorder

(SEAL)

By 
Mayor

(Form of Trustee's Certificate)
TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds issued under the provisions of the within mentioned Authorizing Ordinance.

Date of Authentication: _____

METROPOLITAN NATIONAL BANK
Little Rock, Arkansas
TRUSTEE

By _____
Authorized Signature

(Form of Assignment)
ASSIGNMENT

FOR VALUE RECEIVED, _____ ("Transferor"), hereby sells, assigns and transfers unto _____, the within bond and all rights thereunder, and hereby irrevocably constitutes as attorney to transfer the within bond and appoints _____ on the books kept for registration thereof with full power of substitution in the premises.

DATE: _____
Transferor

GUARANTEED BY: _____

NOTICE: Signature(s) must be guaranteed by a member of or participant in the Securities Transfer Agents Medallion Program (STAMP), or in another signature guaranty program recognized by the Trustee.

Section 7. The City hereby expressly pledges and appropriates all collections of the 1% sales and use tax levied by the City pursuant to Title 26, Chapter 75, Subchapter 2 of the Arkansas Code of 1987 Annotated and Ordinance No. 96-235, passed August 8, 1996 and approved at a special election held September 24, 1996 (the "Tax"), to the payment of the principal of and interest on the Series 2001 Bonds when due at maturity or at redemption prior to maturity and to the payment of the fees and charges of the Trustee and any arbitrage rebate due the United States under Section 148 of the Internal Revenue Code of 1986, as