

ORDINANCE NO. 91-193

AN ORDINANCE AUTHORIZING THE CONSTRUCTION OF EXTENSIONS, BETTERMENTS AND IMPROVEMENTS TO THE WATER FACILITIES OF THE CITY OF CLINTON, ARKANSAS; AUTHORIZING THE ISSUANCE AND SALE OF WATER AND SEWER REVENUE BONDS; PROVIDING FOR THE PAYMENT OF 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") owns a Water and Sewer System, which is operated as a single, integrated municipal undertaking ("System"); and

WHEREAS, the System is operated on behalf of the City by the Clinton Water and Sewer Commission (the "Commission"); and

WHEREAS, the City Council and the Commission have determined that extensions, betterments and improvements to the water facilities of the System (the "Improvements") are necessary in order to make the services thereof adequate for the needs of the City and have caused to be prepared by a qualified consulting engineer, general plans for the improvements, which plans have been examined and approved by the City Council and the Commission and a copy of which plans are on file in the office of the Commission where they may be inspected by any interested person; and

WHEREAS, the estimated cost of the improvements and authorizing and issuing bonds is \$1,647,000; and

WHEREAS, the City does not have available funds to undertake the accomplishment of the improvements but can obtain the necessary funds by the issuance of Water and Sewer Revenue Bonds, Series 1991, in the aggregate principal amount of \$1,200,000 (the "bonds") and from available funds of the city; and

WHEREAS, the City has made arrangements for the sale of \$1,200,000 in aggregate principal amount of bonds to T. J. Raney & Sons, a division of Morgan Keegan & Company, Inc., Little Rock, Arkansas (the "Purchaser"), at a price of 97.75% of par plus accrued interest (the "Purchase Price") pursuant to a Bond Purchase Agreement (the "Agreement") which has been presented to and is before this meeting; and

WHEREAS, the Preliminary Official Statement, dated January 28, 1991, offering the bonds for sale (the "Preliminary Official Statement"), has been presented to and is before this meeting; and

WHEREAS, the City has outstanding an issue of Water and Sewer Refunding and Improvement Revenue Bonds, Series 1964, dated March 1, 1964 (the "1964 Bonds") authorized by Ordinance No. 69, adopted on January 7, 1964 (the "1964 Ordinance"); and

WHEREAS, the City has outstanding an issue of Water and Sewer System Improvement Revenue Bonds, dated March 1, 1971 (the "1971 Bonds") authorized by Ordinance No. 91, adopted on September 23, 1971 (the "1971 Ordinance"); and

WHEREAS, the City has outstanding an issue of Water and Sewer Revenue Refunding Bonds, Series 1989, dated May 1, 1989 authorized by Ordinance No. 89-183, adopted on March 23, 1989 (the "1989 Ordinance"); and

WHEREAS, the parity provisions of the 1971 Ordinance and the 1989 Ordinance have been met;

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

Section 1. That the improvements shall be accomplished. The improvements shall be accomplished under the control and supervision of, and all details in connection therewith shall be handled by, the Commission. The Commission shall make all contracts and agreements necessary or incidental to the performance of its duties and execution of its powers. The Commission shall let all contracts pursuant to and in accordance with existing laws and shall require such performance bonds and insurance as will, in the judgment of the Commission, fully insure completion of the improvements so as to fully promote and protect the best interests of the City and the owners of the bonds.

Section 2. That the City Council hereby finds and declares that the period of usefulness of the improvements will be more than twenty (20) years, which is longer than the term of the bonds.

Section 3. That the offer of the Purchaser for the purchase of \$1,200,000 in principal amount of bonds from the City at the Purchase Price for 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 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.

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 bonds is hereby in all respects authorized, 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 as set forth in the Agreement.

Section 4. That under the authority of the Constitution and laws of the State of Arkansas (the "State"), including particularly Title 14, Chapter 234, Subchapter 2 of the Arkansas Code of 1987 Annotated (the "Arkansas Code"), and Title 14, Chapter 235, Subchapter 2 of the Arkansas Code, and applicable decisions of the Supreme Court of the State, including particularly City of Harrison v. Braswell, 209 Ark. 1094, 194 S.W. 2d 121 (1946), City of Clinton, Arkansas Water and Sewer Revenue Bonds, Series 1991 are hereby authorized and ordered issued in the principal amount of \$1,200,000 for the purpose of accomplishing the improvements and paying necessary expenses incidental thereto; and to the authorization and issuance of the bonds. The bonds shall mature on March 1 in the years and in the amounts and shall bear interest as follows:

Year (March 1)	Principal Amount	Interest Rate
1992	\$30,000	5.800%
1993	35,000	5.900
1994	35,000	6.000
1995	35,000	6.050
1996	40,000	6.100
1997	40,000	6.150
1998	45,000	6.250
1999	50,000	6.350
2000	50,000	6.450
2001	55,000	6.550
2002	55,000	6.650
2003	60,000	6.750
2004	65,000	6.850
2005	70,000	6.900
2006	75,000	6.950
2007	80,000	7.000
2011	380,000	7.125

The bonds shall bear interest from their respective dates and the 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 bonds shall be numbered from 1 upward in order of issuance. Each bond shall have a CUSIP number.

Each bond shall be dated as of the interest payment date to which interest has been paid as of the date on which it is authenticated or if it is authenticated prior to a date on which interest has been paid, it shall be dated March 1, 1991. Interest on the bonds shall be payable on September 1, 1991, 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 bond is registered on the registration books of the City maintained by First National Bank of Lawrence County, Walnut Ridge, 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 bond subsequent to such Record Date and prior to such interest payment date.

Only such bonds as shall have endorsed thereon a Certificate of Authentication substantially in the form set forth in Section 6 hereof duly executed by the Trustee shall be entitled to any right or benefit under this Ordinance. No bond shall be valid and obligatory for any purpose unless and until such Certificate of Authentication shall have been duly executed by the Trustee, and such certificate of the Trustee upon any such bond shall be conclusive evidence that such bond has been authenticated and delivered under this Ordinance. The Trustee's Certificate of Authentication on any 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 of Authentication on all of the bonds.

In case any 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 bond of like date, number, maturity and tenor in exchange and substitution for and upon cancellation of such mutilated bond, or in lieu of and in substitution for such bond destroyed or lost, upon the owner's paying the reasonable expenses and charges of the City and the Trustee in connection therewith, and, in the case of a bond destroyed or lost, his filing with the Trustee evidence satisfactory to it that such bond was destroyed or lost, and of his ownership thereof, and furnishing the City and the Trustee with

indemnity satisfactory to them. The Trustee is hereby authorized to authenticate any such new bond. In the event any such bond shall have matured, instead of issuing a new bond, the City may pay the same without the surrender thereof. Upon the issuance of a new bond under this Section 4, 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 bonds as provided herein and in the bonds. The Trustee shall act as the bond registrar. Each bond is transferable by the registered owner thereof or by his attorney duly authorized in writing at the principal corporate office of the Trustee. 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.

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. The City shall not be required (i) to issue, transfer or exchange any bond during a period beginning at the opening of business 15 days before any selection of bonds of that maturity for redemption and ending at the close of business on the day of the first mailing of the relevant notice of redemption, or (ii) 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 (and premium, if any) need not be made on such date but may be made on the next succeeding business day not a Saturday or Sunday or a legal holiday or a day upon which banking institutions are authorized by law to close 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. That 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, imprinted, engraved or lithographed thereon the seal of the City. The bonds, together with interest thereon, are secured by and are payable solely from revenues derived from the System ("Revenues"), which are hereby pledged and mortgaged for the equal and ratable payment of the bonds. The pledge of Revenues is (a) on a parity with the pledge in favor of the 1971 Bonds and the 1989 Bonds (the "Parity Bonds") and (b) is subordinate to the pledge in favor of the 1964 Bonds (the "Prior Bonds"). The bonds and interest thereon shall not constitute an indebtedness of the City within any constitutional or statutory limitation.

Section 6. That the bonds and the Trustee's Certificate of Authentication 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:

REGISTERED (Form of Bond) REGISTERED

No. _____

1
UNITED STATES OF AMERICA
STATE OF ARKANSAS
COUNTY OF VAN BUREN
CITY OF CLINTON
WATER AND SEWER REVENUE BOND,
SERIES 1991

Interest Rate: _____ % Dated Date: _____
Maturity Date: March 1, _____
Registered Owner: _____
Principal Amount: _____ Dollars (\$ _____)
CUSIP No.: _____

KNOW ALL MEN BY THESE PRESENTS:

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That the City of Clinton, County of Van Buren, State of Arkansas (the "City"), for value received, hereby promises to pay, but solely from the source as hereinafter provided and not otherwise, to the Registered Owner shown above upon the presentation and surrender hereof at the principal corporate office of First National Bank of Lawrence County, Walnut Ridge, Arkansas, or its successor or successors, as Trustee and Paying Agent (herein referred to as 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 interest thereon, but solely from the source as hereinafter provided and not otherwise, in like coin or currency from the Dated Date shown above at the Interest Rate per annum shown above, payable September 1, 1991 and semiannually thereafter on the 1st days of March and September of each year, 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"), irrespsective of any transfer or exchange of this bond subsequent to such Record Date and prior to such interest payment date.

This bond is one of an issue of City of Clinton, Arkansas Water and Sewer Revenue Bonds, Series 1991, aggregating One Million Two Hundred thousand Dollars (\$1,200,000) in principal amount (the "bonds"), and is issued for the purpose of financing the costs of the acquisition, construction and equipment by the City of extensions, betterments and improvements to the water facilities of the City's water and sewer (combined) system (the "System"), and paying necessary expenses incidental thereto and to the authorizaton and issuance of the bonds.

The bonds are issued pursuant to and in full compliance with the Constitution and laws of the State of Arkansas (the "State"), including particularly Title 14, Chapter 234, Subchapter 2 of the Arkansas Code of 1987 Annotated (the "Code"), and Title 14, Chapter 235, Subchapter 2 of the Code and applicable decisions of the Supreme Court of Arkansas, including particularly City of Harrison v. Braswell, 209 Ark. 1094, 194 S.W. 2d 12 (1946), and pursuant to Ordinance No. 91 of the City, duly adopted on September 13, 1971, Ordinance No. 89-183 of the City, duly adopted on March 12, 1989 and Ordinance No. _____ of the City, duly adopted on

IN WITNESS WHEREOF, the City of Clinton, Arkansas has caused this bond to be executed by its Mayor and City Recorder, their facsimile signatures thereunto duly authorized and its corporate seal to be impressed, lithographed or imprinted on this bond, all as of the Dated Date shown above.

CITY OF CLINTON, ARKANSAS

ATTEST:

By (facsimile signature)

Mayor

(facsimile signature)

City Recorder

(SEAL)

(Reverse Side of Bond)

CITY OF CLINTON, ARKANSAS
WATER AND SEWER REVENUE BOND,
SERIES 1991

FURTHER PROVISIONS

The bonds shall be subject to extraordinary, optional and mandatory sinking fund redemption as follows:

1. The bonds shall be redeemed from proceeds of the bonds which are not needed for the purposes intended, in whole or in part, on any interest payment date, in inverse order of maturity (and by lot within a maturity in such manner as the Trustee shall determine), at a price equal to the principal amount being redeemed plus accrued interest to the redemption date.

2. The bonds may be redeemed at the option of the City, in whole or in part, from funds from any other source, in inverse order of maturity (and by lot within a maturity in such manner as the Trustee shall determine) on any interest payment date on and after March 1, 1996, at redemption prices (expressed as a percentage of the principal amount being redeemed) plus accrued interest to the redemption date as follows:

<u>Redemption Dates</u>	<u>Redemption Prices</u>
March 1, 1996 or September 1, 1996	102.5%
March 1, 1997 or September 1, 1997	102%
March 1, 1998 or September 1, 1998	101.5%
March 1, 1999 or September 1, 1999	101%
March 1, 2000 or September 1, 2000	100.5%
March 1, 2001 and thereafter	100%