

ORDINANCE NO. 97-247

AN ORDINANCE AUTHORIZING THE ISSUANCE OF SALES AND USE TAX BONDS FOR THE PURPOSE OF FINANCING THE COST OF CAPITAL IMPROVEMENTS; PLEDGING A PORTION OF 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, there was submitted to the qualified electors of the City of Clinton, Arkansas (the "City") the question of issuing, under Amendment No. 62 to the Constitution of the State of Arkansas (the "State") and under Title 14, Chapter 164, Subchapter 3 of the Arkansas Code of 1987 Annotated (the "Authorizing Legislation"), capital improvement bonds in the maximum principal amount of \$5,395,000 for the purpose of financing the costs of acquiring, constructing and equipping extensions, betterments and improvements to the City's sewer system (the "Improvements"); and

WHEREAS, at the special election held January 21, 1997, a majority of the electors voting on the question approved the issuance of such bonds; and

WHEREAS, the City Council has determined to proceed with the Improvements and to issue at this time \$4,200,000 in aggregate principal amount of bonds to finance the costs of the Improvements (the "Series 1997 Bonds"); and

WHEREAS, the City has made arrangements for the sale of \$4,200,000 in aggregate principal amount of Series 1997 Bonds to T. J. Raney & Sons, a Division of Morgan Keegan & Company, Inc. (the "Purchaser"), at a price of 98¢ 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 February 4, 1997, offering the Series 1997 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 1997 Bonds, has been presented to and is before this meeting;

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

Section 1. The offer of the Purchaser for the purchase of \$4,200,000 in principal amount of Series 1997 Bonds from the City at the Purchase Price, for Series 1997 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 1997 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 2. 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 1997 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 in the name of the City for use in connection with the sale of the Series 1997 Bonds as set forth in the Agreement.

Section 3. 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 Bonds, Series 1997 are hereby authorized and ordered issued in the total principal amount of \$4,200,000, the proceeds of the sale of which are necessary to provide funds for the Improvements, expenses incidental thereto, expenses of issuing the Series 1997 Bonds and a debt service reserve. The Series 1997 Bonds and any Additional Parity Bonds issued under Section 10 hereof are referred to herein collectively as the "bonds".

The Series 1997 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>Amount</u>	<u>Interest Rate</u>
(March 1)		
1998	\$130,000	3.75%
1999	135,000	4.25
2000	140,000	4.45
2001	145,000	4.55
2002	155,000	4.65
2003	160,000	4.75
2004	165,000	4.85
2005	175,000	4.90
2006	185,000	5.00
2007	195,000	5.10
2008	205,000	5.20
2009	215,000	5.30
2010	225,000	5.40
2011	235,000	5.50
2012	250,000	5.55
2013	265,000	5.60
2014	280,000	5.65
2015*	295,000	5.70
2016*	315,000	5.70
2017	330,000	5.70

* Mandatory sinking fund redemption dates

The Series 1997 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 1997 Bonds shall be numbered from 1 upward in order of issuance. Each Series 1997 Bond shall have a CUSIP number but the failure of a CUSIP number to appear on any Series 1997 Bond shall not affect its validity.

Each Series 1997 Bond shall be dated as of March 1, 1997. Interest on the Series 1997 Bonds shall be payable on September 1, 1997, 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 1997 Bond is 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 1997 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 1997 Bonds shall be payable at the corporate trust office of the Trustee in Little Rock, Arkansas.

Each Series 1997 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 March 1, 1997, 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.

Only such Series 1997 Bonds as shall have endorsed thereon a Certificate of Authentication substantially in the form set forth in Section 5 hereof (the "Certificate") duly executed by the Trustee shall be entitled to any right or benefit under this Ordinance. No Series 1997 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 1997 Bond shall be conclusive evidence that such Series 1997 Bond has been authenticated and delivered under this Ordinance. The Certificate on any Series 1997 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 1997 Bonds.

In case any Series 1997 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 1997 Bond of like date, maturity and tenor in exchange and substitution for and upon cancellation of such mutilated Series 1997 Bond, or in lieu of and in substitution for such Series 1997 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 1997 Bond destroyed or lost, his filing with the Trustee evidence satisfactory to it that such Series 1997 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 1997 Bond. In the event any such Series 1997 Bond shall have matured, instead of issuing a new Series 1997 Bond, the City may pay the same without the surrender thereof. Upon the issuance of a new Series 1997 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 1997 Bonds as provided herein and in the Series 1997 Bonds. The Trustee shall act as the bond registrar. Each Series 1997 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 1997 Bond or Series 1997 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 1997 Bonds may be exchanged at the principal corporate trust office of the Trustee for an equal aggregate principal amount of Series 1997 Bonds of any other authorized denomination or denominations. The City shall execute and the Trustee shall authenticate and deliver Series 1997 Bonds which the registered owner making the exchange is entitled to receive. The execution by the City of any Series 1997 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 1997 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 4. 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 5. The Series 1997 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 BOND
SERIES 1997

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

Dated Date: March 1, 1997

Registered Owner: _____ Dollars

Principal Amount: _____

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 September 1, 1997 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

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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.

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 Bonds, Series 1997, aggregating Four Million Two Hundred Thousand Dollars (\$4,200,000) in aggregate principal amount (the "bonds"), and is issued for the purpose of financing the costs of acquiring, constructing and equipping extensions, betterments and improvements to the City's sewer system, paying necessary and 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 February 13, 1997 (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 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 the first \$36,725 of monthly 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"), or \$440,700 of annual Tax collections in (the "Pledged Revenues") in the event that Tax collections in certain months are less than \$36,725 or are received late, and the City hereby pledges the Pledged Revenues for the payment of this

below, at a redemption price equal to the principal amount being redeemed plus accrued interest to the date of redemption:

Bonds Maturing March 1, 2017

Year (March 1)	Principal Amount
2015	\$295,000
2016	315,000
2017 (Maturity)	330,000

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.

The provisions for mandatory sinking fund redemption of the bonds are subject to the provisions of the Authorizing Ordinance which permit the City to use moneys available for such redemption in the Sales and Use Tax Bond Fund, Series 1997 established by the Authorizing Ordinance to purchase bonds having a maturity that would be subject to redemption on the next interest payment date at a price not in excess of par plus accrued interest, inclusive of brokerage fees. The City shall receive credit for bonds acquired by the City and surrendered to the Trustee not less than 40 days prior to the redemption date.

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

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.

(REFERENCE IS HEREBY MADE TO FURTHER PROVISIONS OF THIS BOND ON THE REVERSE SIDE HEREOF WHICH HAVE THE SAME EFFECT AS IF SET FORTH IN THIS PLACE.)

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, their facsimile signatures thereunto duly authorized and its corporate seal to be impressed 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
SALES AND USE TAX BOND
SERIES 1997

FURTHER PROVISIONS

The bonds are subject to optional and mandatory sinking fund redemption prior to maturity as follows:

(1) The bonds are subject to redemption at the option of the City, from funds from any source, in inverse order of maturity (bonds within a maturity to be selected by lot in such manner as the Trustee may determine) on and after March 1, 2002, 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.

(2) To the extent not previously redeemed, the bonds maturing on March 1, 2017 are subject to mandatory sinking fund redemption to be selected by lot, in such manner as the Trustee shall determine, on March 1 in the years and amounts set forth

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 has 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.
(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

BOOK 4 9-36

(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 and appoints _____ as attorney to transfer the within bond on the books kept for registration thereof with full power of substitution in the premises.

DATE: _____

GUARANTEED BY: _____
Transferor

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 6. The City hereby expressly pledges and appropriates the first \$36,725 of monthly 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") or \$440,700 of annual Tax receipts (the "Pledged Revenues") in the event Tax collections in certain months are less than \$36,725 or are received late, to the payment of the principal of and interest on the Series 1997 Bonds when due at maturity or at redemption prior to maturity and to the payment of the fees and charges of the Trustee. The City covenants that the Tax shall never be repealed or reduced while any of the bonds are outstanding. The City further covenants to use due diligence in collecting the Tax.

Section 7. (a) The City hereby designates Metropolitan National Bank, Little Rock, Arkansas as the bank which shall receive collections of the Tax from the State Treasurer and the City covenants to file a written designation thereof with the State Treasurer prior to the issuance of the Series 1997 Bonds. The Trustee shall deposit all collections of the Tax as and when received into a special fund of the City in the Trustee which is hereby created and designated "Sales and Use Tax Revenue Fund, Series 1997" (the "Revenue Fund"). There is created in the Revenue Fund the following accounts: Bond Account and Surplus Revenues Account. The first \$36,725 of monthly collections of the Tax shall be deposited into the Bond Account. The balance shall be deposited into the Surplus Revenues Account. If collections of the Tax in any month are less than \$36,725 or if collections are received