

ORDINANCE NO. 53

AN ORDINANCE PROVIDING FOR THE CONSTRUCTION OF A MUNICIPALLY OWNED WATERWORKS SYSTEM IN THE CITY OF CLINTON, ARKANSAS, THE ISSUANCE OF WATER REVENUE BONDS, AND THE SETTLING UP OF CERTAIN FUNDS; AND DECLARING AN EMERGENCY.

WHEREAS, the City of Clinton, Arkansas, a city of the second class, does not own a municipal waterworks but it needs a waterworks system in order to supply the domestic and commercial needs of its inhabitants and to protect their health and safety; and

WHEREAS, the City has had Dickinson & White, Inc., Consulting Engineers, Little Rock, Arkansas, prepare plans, specifications, and estimates of cost for the improvements contemplated, which were filed with the City Recorder on or about December 1, 1950, and have been and are now open to the examination of any person who is interested, and show an estimated cost of the proposed improvements of \$130,000. which the City proposes to secure by combining its bond-issuing powers as follows: \$25,000. in bonds under authority of Amendment No. 13 to the Constitution of the State of Arkansas; \$60,000. in bonds by a city-wide water improvement district; and \$45,000. in water revenue bonds, of which the \$10,000. maturing in 1974 shall rank on a parity with the other bonds as to payment of interest only and shall be a second lien on the net water revenues; and the City has compiled with all statutory and constitutional requirements for the issuance of the Amendment No. 13 and the improvement district bonds and is now ready to issue the revenue bonds; and

WHEREAS, E. L. Villareal & Company, Southern Securities Corporation, and Hill, Crawford & Lanford, Inc., of Little Rock, Arkansas, investment bankers, have submitted a proposal to buy at par and accrued interest a series of \$45,000 in 4 1/4% water revenue bonds to be dated March 1, 1953, and to mature serially on

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September 1 of each year as follows: \$1,000. in the years 1954 to 1958, inclusive; \$1,500. in the years 1959 to 1963, inclusive; \$2,000. in the years 1964 to 1968, inclusive; \$2,500. in the years 1969 to 1973, inclusive; \$10,000. in the year 1974. The interest is to be payable semiannually and the offer is made upon the condition that the purchasers shall have the right to convert the bonds maturing in the years 1954 to 1973, both inclusive, to bonds bearing a lower rate of interest, upon condition that the City shall receive no less and pay no more than it would receive and pay if the bonds were not converted; and

WHEREAS, the buyers have elected to convert the \$35,000. in bonds maturing in the years 1954 to 1973, both inclusive, to a series of \$38,600. in bonds dated March 1, 1953, maturing and bearing interest as hereinafter set out, and they have submitted computations showing that the cost of maturing the bonds after conversion is \$54,888 less than the cost of maturing the bonds according to the original interest rate, and that therefore the City will receive the same amount that it would receive before conversion and will not pay as much as it would pay if the bonds were not converted; now therefore,

BE IT ORDAINED by the City Council of the City of Clinton. Arkansas;

SECTION 1. The Council hereby finds and declares that there is immediate need for the construction of a municipal waterworks system to serve the inhabitants of the City, and a brief description of the proposed improvements is : the construction of a municipal water pumping, purification, storage, and distribution system, with the necessary meters and fire hydrants -- at a estimated cost of \$130,000. of which \$85,000. will be secured by issuing ad valorem tax bonds and improvement district bonds and the \$45,000. balance will be secured by the issuance of water revenue bonds. The proposed improvements are hereinafter called the "Works," and the waterworks system after construction will be

(continued)

hereinafter called the "System."

SECTION 2. The Council hereby further finds and declares that the offer of E. L. Villareal & Company, Southern Securities Corporation, and Hill, Crawford & Lanford, Inc., for the purchase of the revenue bonds is at a fair price and one that is allowed by law, and that the conversion of the bonds to bonds bearing a lower interest rate as hereinafter set out is within the terms of the proposal submitted for the purchase of said bonds, and therefore the conversion is approved and the bonds are hereby sold to said buyers.

SECTION 3. That under the authority of the general statutes of the State of Arkansas, and particularly Act No. 131 of the General Assembly of the State of Arkansas for the year 1933, as amended (sometimes hereinafter called "Act No. 131, as amended,"), revenue bonds be issued in the total amount of \$48,600, the proceeds of the sale of which shall be used to pay the cost of the Works, including engineering and legal fees, interest on the bonds during the period of construction and for six months after the completion thereof, and other necessary expenses; that said bonds be divided into two issues, the first lien issue to be for \$38,600. and to be designated "City of Clinton, Arkansas, % First Lien Water Revenue Bond," to be dated as of March 1, 1953, numbered from 1 to 45, both inclusive, to be sometimes hereinafter referred to as "bonds," to be in the denomination of \$1000 each, except Nos. 2, 4, 6, 8, 10, 31, 34, 37, 40, and 43, which are in the the denomination of \$500 each; No. 12, which is in the denomination of \$600; and Nos. 14, 16, 18, and 20 which are in the denomination of \$750 each; to be callable as hereinafter set out, and to mature in numerical order on September 1 each year as follows:

YEAR	BOND NOS. (both inclusive)	AMOUNT
1954	1 and 2	\$1500
1955	3 and 4	1500
1956	5 and 6	1500
1957	7 and 8	1500
1958	9 and 10	1500
1959	11 and 12	1600
1960	13 and 14	1750

(continued)

Year	BOND NOS. (both inclusive)	AMOUNT
1961	15 and 16	\$1750
1962	17 and 18	1750
1963	19 and 20	1750
1964	21 and 22	2000
1965	23 and 24	2000
1966	25 and 26	2000
1967	27 and 28	2000
1968	29, 30 and 31	2500
1969	32, 33 and 34	2500
1970	35, 36 and 37	2500
1971	38, 39 and 40	2500
1972	41, 42 and 43	2500
1973	44 and 45	2000

The bonds shall bear interest payable semi-annually beginning September 1, 1953, at the following rates per annum: Nos. 1 to 20, inclusive, at 3%; Nos. 21 to 31, inclusive, at 3 1/4%; and Nos. 32 to 45, inclusive, at 3 1/2%. The bonds shall be signed by the Mayor and City Recorder and sealed with the corporate seal of the City; the interest upon the bonds shall be evidenced by coupons attached thereto, the coupons to be signed by said Mayor by his facsimile signature, and the Mayor shall by the execution of the bonds adopt as and for his own proper signature his facsimile signature appearing on said coupons. The bonds shall be payable in lawful money of the United States of America at the office of The Commercial National Bank of Little Rock, Arkansas.

The bonds together with interest thereon, shall be payable solely out of the Water Revenue Bond Fund as hereinafter defined, and shall be a valid claim of the holder thereof only against such Fund, and the amount of the revenues pledged to said Fund, which amount of said revenues is hereby pledged and mortgaged for the equal and ratable payment of the interest on the first and second lien issues and the principal of the bonds of the first lien issue, and then to the payment of the principal of the second lien issue, and shall be used for no other purpose, except as hereinafter set out.

SECTION 4. Said bonds and coupons of the first lien issues shall be in substantially the following form:

UNITED STATES OF AMERICA
STATE OF ARKANSAS
COUNTY OF VAN BUREN
CITY OF CLINTON

(continued)

_____% First Lien Water
Revenue Bond

No. _____ \$ _____

KNOW ALL MEN BY THESE PRESENTS:

That the City of Clinton, in the County of Van Buren, State of Arkansas, for value received hereby promises to pay, solely from the special fund provided therefor as hereinafter set forth, to bearer, the sum of _____ DOLLARS on the first day of September, 19____, with interest thereon at the rate of _____ per centum (_____%) per annum from date until paid, payable on September 1, 1953, and semi-annually thereafter upon presentation and surrender of the annexed coupons as they severally become due. Both principal hereof and interest hereon shall be payable in lawful money of the United States of America at the office of The Commercial National Bank of Little Rock, Arkansas.

This bond is one of a series of bonds aggregating Thirty-eight Thousand Six Hundred Dollars (\$38,600), all of like tenor and effect except as to number, denomination, interest rate, and maturity, numbered from 1 to 45, both inclusive, and issued for the purpose of constructing a waterworks system for said City. (The waterworks system will be hereinafter called the "System.")

This bond and the series of which it forms a part are issued pursuant to and in accordance with the provisions of the laws and Constitution of the State of Arkansas, and particularly Act. No. 131 of the Acts of the General Assembly of the State of Arkansas for the year 1933, as amended, and do not constitute an indebtedness of the City of Clinton within any constitutional or statutory limitations. Said bonds are payable solely from a fixed amount of the revenues from the System, which amount shall be sufficient to pay the principal of and interest on the bonds as the same become due and payable.

This bond is expressly made negotiable by the statutes under which it is issued, and is issued with the intent that the laws of the State of Arkansas shall govern the construction thereof.

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The bonds of this issue of callable for payment prior to maturity at par and accrued interest in inverse numerical order, as follows: From surplus revenues derived from operation of the System or from proceeds of the bond sale remaining after completion of the work for which the bonds are issued, on any interest paying date; from funds from any source, on any interest paying date on and after March 1, 1958. In the event a call is made, the City shall publish notice of such call for redemption once a week for two weeks in some newspaper of general circulation throughout the State of Arkansas and published in the City of Little Rock, Arkansas, giving the number and maturity of each bond being called, the first publication to be at least fifteen days prior to the date fixed for redemption, and after the date fixed for redemption, each bond so called will cease to bear interest, provided funds for its payment are on deposit with the paying agent at that time.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, to happen and to be performed 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, and that sufficient of the income and revenue which is deemed to be derived from the operation of said System has been pledged to and will be set aside into said special fund for the payment of the principal of and interest on said bonds; and these bonds do not exceed any statutory or constitutional limitation.

This bond shall not be valid until it shall have been authenticated by the certificate hereon, duly signed by The Commercial National Bank of Little Rock, Arkansas.

IN WITNESS WHEREOF, the City of Clinton, Arkansas, by its City Council, has caused this bond to be signed by the Mayor and City Recorder thereof and sealed with the corporate seal of said City, and has caused the coupons hereto attached to be executed by the facsimile signature of said Mayor, all as of the first

(continued)

day of March, 1953.

CITY OF CLINTON, ARKANSAS

By _____
MAYOR

(Seal)

Attest:

CITY RECORDER

(Form of Coupon)

No. _____ \$ _____

On the first day of March (September), 19__, unless the bond to which this coupon is attached is sooner called for payment, the City of Clinton, Arkansas, promises to pay to bearer the sum of _____ DOLLARS in lawful money of the United States of America, solely out of the fund specified in the bond to which this coupon appertains, at the office of The Commercial National Bank of Little Rock, Arkansas, being interest then due on its First Lien Water Revenue Bond dated March 1, 1953, and numbered _____.

CITY OF CLINTON, ARKANSAS

By _____
MAYOR

(All coupons shall be for six month's interest. The Mayor's signature shall be lithographed.)

On the back of said bonds is to appear the following:

CERTIFICATE

This is one of the 45 First Lien Water Revenue Bonds aggregating \$38,600 described within.

THE COMMERCIAL NATIONAL BANK OF LITTLE ROCK, ARKANSAS, Trustee

By _____
VICE PRESIDENT AND SECRETARY
Little Rock, Arkansas.

(continued)

SECTION 5. That second lien bonds be issued in the amount of \$10,000, to be designated "City of Clinton, Arkansas, $4\frac{1}{4}\%$ Second Lien Water Revenue Bond," to be dated as of March 1, 1953, numbered from 1 to 67, both inclusive, to be sometimes hereinafter referred to as "second lien bonds"; Nos. 1 to 45, inclusive, shall be in the denominations of \$100 each, and Nos. 46 to 67, inclusive, shall be in the denomination of \$250 each; to be callable as hereinafter set forth, and all to mature on September 1, 1974. The bonds shall bear interest payable semi-annually beginning September 1, 1953, at the rate of $4\frac{1}{4}\%$ per annum. They shall be signed by the Mayor and City Recorder and sealed with the corporate seal of the City; the interest thereon shall be evidenced by coupons attached thereto, the coupons to be signed by said Mayor or by his facsimile signature, and the Mayor shall by the execution of the bonds adopt as and for his own proper signature his facsimile signature appearing on said coupons. The bonds shall be payable in lawful money of the United States of America at the office of The Commercial National Bank of Little Rock, Arkansas.

The bonds, together with interest thereon, shall be payable solely out of the Water Revenue Bond Fund as herein after defined, and shall be a valid claim of the holder thereof only against such Fund, and the amount of the revenues pledged to said Fund, which amount of said revenues is hereby pledged and mortgaged for the equal and ratable payment of the interest on the first and second lien issues and the principal of the first lien issue and then to the payment of the principal of the second lien issue, and shall be used for no other purpose except as hereinafter set out.

SECTION 6. Said bonds and coupons of the second lien issue shall be in substantially the following form:

(continued)

UNITED STATES OF AMERICA

STATE OF ARKANSAS

COUNTY OF VAN BUREN

CITY OF CLINTON

4 1/4% Second Lien Water

Revenue Bond

No. _____

\$ _____

KNOW ALL MEN BY THESE PRESENTS:

That the City of Clinton, in the County of Van Buren, State of Arkansas, for value received hereby promises to pay, solely from the special fund provided therefor as hereinafter set forth, to bearer, the sum of _____ DOLLARS on or before the first day of September, 1974, with interest thereon at the rate of four and one-fourth per centum (4 1/4%) per annum from date until paid, payable on September 1, 1953, and semi-annually thereafter upon presentation and surrender of the annexed coupons as they severally become due. Both principal hereof and interest, hereon shall be payable in lawful money of the United States of America, at the office of The Commercial National Bank of Little Rock, Arkansas.

This bond is one of a series of bonds aggregating Ten Thousand Dollars (\$10,000), all of like tenor and effect except as to number and denomination, numbered from 1 to 67, both inclusive, and issued for the purpose of constructing a waterworks system for said City. (The waterworks system will be hereinafter called the "System.")

This bond and the series of which it forms a part are issued pursuant to and in accordance with the provisions of the laws and Constitution of the State of Arkansas, and particularly Act No. 131 of the Acts of the General Assembly of the State of Arkansas for the year of 1933, as amended, and do not constitute an indebtedness of the City of Clinton within any constitutional or statutory limitation. Said bonds are payable solely from a fixed amount of the revenues from the System, which amount shall be sufficient to pay the principal of and interest on the bonds as the same become due and payable. Said amount has been duly set

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aside and pledged as a special fund for that purpose and identified as the "Water Revenue Bond Fund," created by the ordinance by which this bond is authorized to be issued, and the said City of Clinton has fixed and has covenanted and agreed to maintain rates for water services which shall be sufficient at all times to provide for the payment of the reasonable expenses of operation, repair and maintenance of said System and to provide for the payment of the principal of and interest on the bonds of this issue as the same become due and payable. The second lien bonds are on a parity with the first lien bonds as to payment of interest, but are subject to the prior lien of the first lien bonds as to payment of principal.

This bond is expressly made negotiable by the statutes under which it is issued, and is issued with the intent that the laws of the State of Arkansas shall govern the construction thereof.

The bonds of this second lien issue are callable for payment at par and accrued interest prior to maturity; by lot, on any interest paying date from funds from any source. In the event a call is made, the City shall publish notices of such call for redemption once a week for two weeks in some newspaper of general circulation throughout the State of Arkansas and published in the City of Little Rock, Arkansas, giving the number and maturity of each bond being called, the first publication to be at least fifteen days prior to the date fixed for redemption, and after the date fixed for redemption, each bond so called will cease to bear interest, provided funds for its payment are on deposit with the paying agent at that time.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, to happen and to be performed 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, and that sufficient of the income and revenue which is deemed to be derived from the operation of said System has been pledged to and will be set aside into said special fund

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for the payment of the principal of and interest on said bonds; and these bonds do not exceed any statutory or constitutional limitation.

This bond shall not be valid until it shall have been authenticated by the certificate hereon, duly signed by The Commercial National Bank of Little Rock, Arkansas.

IN WITNESS WHEREOF, the City of Clinton, Arkansas, by its City Council, has caused this bond to be signed by the Mayor and City Recorder thereof and sealed with the corporate seal of said City, and has caused the coupons hereto attached to be executed by the facsimile signature of said Mayor, all as of the first day of March, 1953.

CITY OF CLINTON, ARKANSAS

By _____ Mayor

(SEAL)
Attest:

_____ City Recorder

(Form of Coupon)

No. _____ \$ _____

On the first day of March (September), 19__, unless the bond to which this coupon is attached is sooner called for payment, the City of Clinton, Arkansas, promises to pay to bearer the sum of _____ DOLLARS in lawful money of the United States of America, solely out of the fund specified in the bond to which this coupon appertains, at the office of The Commercial National Bank of Little Rock, Arkansas, being interest then due on its Second Lien Water Revenue Bond dated March 1, 1953, and numbered _____, CITY OF CLINTON, ARKANSAS
_____ Mayor

(All coupons shall be for six months' interest. The Mayor's signature shall be lithographed.)

On the back of said bonds is to appear the following:

(continued)

CERTIFICATE

This is one of the 67 Second Lien Water Revenue Bonds aggregating \$10,000 described within.

THE COMMERCIAL NATIONAL BANK OF LITTLE ROCK, ARKANSAS, Trustee

By VICE PRESIDENT AND SECRETARY
Little Rock, Arkansas

SECTION 7. In order to pay the first and second lien water revenue bonds and the interest thereon as they mature, the following monthly rates for water service are hereby established and set up:

MONTHLY WATER RATES

- For domestic users: First 3000 gallons or less\$2.50
- For commercial users: First 3000 gallons or less\$3.50
- For all users:
 - Next 3000 gallons40 per 1000 gallons
 - Next 4000 gallons30 per 1000 gallons
 - Next 15,000 gallons..... .25 per 1000 gallons
 - Over 25,000 gallons..... .15 per 1000 gallons

Minimum charge for domestic users\$2.50
 Minimum charge for commercial users.....\$3.50
 Fire hydrants.....\$7.50 per year per hydrant, payable at the rate of \$1.87 $\frac{1}{2}$ quarterly.

All services except the fire hydrants must be metered. Each unit in an apartment house shall constitute a separate user of the water service.

If any water charge is not paid before the tenth day of the month following the month in which the services were rendered, a penalty of 10% shall be added, and if not paid within thirty days after the month in which the service was rendered, the service to the premises shall be disconnected, and a charge of \$1.00 plus the payment of all arrears shall be required before any premise so disconnected for delinquent payments shall be again connected to the water system.

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The Council hereby finds the rates so fixed to be reasonable and the necessary minimum rates to be charged, and said rates are hereby approved and confirmed. The Council further finds and declares that the said rates will produce a total revenue sufficient to pay the costs of the operation, repair, and maintenance of the System and to provide an annual net revenue, as herein-after defined in this ordinance, equivalent to 150% of the average annual principal and interest maturities of the bonds. The rates so fixed shall never be reduced until all the bonds of both issues and all interest thereon have been paid in full, and shall, when necessary, be increased in an amount sufficient to provide for the maintenance of the funds hereinafter described.

SECTION 8. WATER FUND. From and after the completion of any revenue-producing part, the System shall be continuously operated as a revenue-producing undertaking. The income and revenues from such operation shall be set aside into a separate and special fund hereby created and designated "Water Fund." Such income and revenues are hereby pledged, and shall be applied, to the payment of the operation, repair, and maintenance of the System, to the payment of all bonds issued under this ordinance and secured hereby, and the interest thereon, and to provide an adequate depreciation fund, in the manner hereinafter set out.

SECTION 9. WATER OPERATION AND MAINTENANCE FUND. There shall be paid from the Water Fund into a fund which is hereby created and designated "Water Operation and Maintenance Fund" (hereinafter sometimes called "Operation Fund"), on the first day of each month while any of the bonds issued under and secured by this ordinance shall be outstanding, sufficient money to pay all the operating expenses and to make reasonable provision for the repair and maintenance of the System. Fixed annual charges, such as insurance and the cost of major repair and maintenance expenses, may be computed and set up on an annual basis and one-twelfth of the amount thereof may be accumulated in said Operation Fund each month. Disbursements from said fund shall include

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salaries, wages, cost of maintenance, repair and operation, materials and supplies, pumping costs, insurance, and other like expenses.

If any surplus shall be accumulated in the Operation Fund over and above the amount which shall be necessary to defray the cost of maintaining, repairing, and operating the System during the remainder of the then current fiscal year and the next ensuing fiscal year, such surplus or excess may be transferred and paid into the Water Depreciation Fund or into the Water Revenue Bond Fund; provided, however, that such transfer or payment into the Water Revenue Bond Fund shall be in addition to all other payments hereinafter required to be made into said fund.

SECTION 10. WATER REVENUE BOND FUND.

(a) The balance of the revenues of the System after making the required payments into said Operation Fund is hereby declared to be the net income of said System. There is hereby created, and so long as any of the bonds hereby authorized are outstanding there shall be maintained a special fund to be known as the "Water Revenue Bond Fund" (sometimes hereinafter referred to as the "sinking fund"), into which there shall be set aside from said net revenues such portion thereof as will be sufficient to pay the interest on said bonds as the same becomes due, to pay the necessary fiscal agency charged for paying bonds and interest, and to pay the principal of said bonds at or before maturity, as herein provided, and to create a margin of safety. It is hereby determined and agreed that the minimum amounts to be so set aside and paid into the sinking fund each month for account of the bonds herein authorized shall be, in addition to the paying agent's fees, not less than one-fifth of the amount of interest on both bond issues becoming due on the next succeeding interest payment date plus one-tenth of the amount of principal of the first lien bond issue becoming due on the next succeeding principal payment date until a reserve of \$3000 has been accumulated.

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