

ORDINANCE NO. 68

AN ORDINANCE PROVIDING FOR THE CONSTRUCTION OF A SEWER SYSTEM AND IMPROVEMENTS TO THE WATERWORKS SYSTEM; PROVIDING FOR THE ISSUANCE OF WATER SEWER SYSTEM REVENUE BONDS, SERIES 1963; SETTING UP CERTAIN FUNDS, PRESCRIBING OTHER MATTERS RELATING THERETO; AND DECLARING AN EMERGENCY.

WHEREAS the City of Clinton, Arkansas does not have a sewer system and its water system is inadequate at this time, and has had prepared by a duly qualified consulting engineer plans and estimates of the cost for the construction of a sewer system and improvements to the water system with related facilities (which will be operated as one municipal project and which will be herein-after sometimes referred as the "Project"); and

WHEREAS the plans and estimates have been examined and approved by the City Recorder, and subject to the inspection of any interested person; and

WHEREAS a brief general description of the Project is as follows: Sanitary sewer facilities, including collection lines, lift station, treatment facilities and appurtenances, and improvements to water facilities, including pump station, transmission lines, repairs to treatment plant, fire line, storage facilities, and appurtenances, and the construction of an access road; and

WHEREAS the estimated cost of the Project to the City is \$571,000, including engineering, legal and other necessary expenses incidental to the construction of the Project and to the issuance of bonds; and

WHEREAS it has been determined that of the total estimated cost, \$78,600 can be financed with the proceeds to be derived from a federal grant for the construction of sanitary sewer facilities under Public Law 660, 84th Congress, and \$296,400 can be financed with the proceeds to be derived from a federal grant under the Area Redevelopment Program, and the sum of \$196,000 can be financed by the issuance of Water and Sewer System Revenue Bonds under Act No. 131 of the Acts of the General Assembly of the State

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of Arkansas for the year 1933, as amended; Act No. 132 of the Acts of the General Assembly of the State of Arkansas for the year 1933, and the decision of the Supreme Court of the State of Arkansas in the case of City of Harrison v. Braswell, 209 Ark. 1094; and

WHEREAS the City now has outstanding \$69,250 in Water System Revenue Bonds and has entered into a contract with E. L. Villereal & Company, Inc., for the refunding of said outstanding bonds by the purchasing of a like amount of bonds of this issue at the identical interest rates and maturities as the outstanding bonds, the total amount of this issue being \$265,250, of which said sum of \$69,250 represents bonds to be refunded; and

WHEREAS after due advertisement, City of Clinton, Arkansas, Water and Sewer System Revenue Bonds in the principal amount of \$191,000 were offered for sale on sealed bids on the 26th day of March, 1963, and at said sale the United States of America bid par plus accrued interest at rate of $3\frac{1}{2}\%$ per annum for all of said bonds in the amount of \$191,000, and subsequently offered to purchase bonds in the increased amount of \$196,000; and

WHEREAS the purchasers have agreed to name The First National Bank in Little Rock, Little Rock, Arkansas, or its successor, as Trustee and Paying Agent;

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

SECTION 1. That the Project be constructed.

SECTION 2. That the sale at par and accrued interest of \$265,250 principal amount of bonds to the purchasers described above be, and the same is hereby, authorized, approved and confirmed.

SECTION 3. That under the authority of the Constitution and laws of the State of Arkansas, including particularly Act No. 131 of the Acts of the General Assembly of the State of Arkansas for the year 1933, Act No. 297 of the Acts of the General Assembly of the State of Arkansas for the year 1937, and the decision of the Supreme Court of Arkansas in the case of City of Harrison v. Braswell 209 Ark. 1094, City of Clinton, Arkansas, Water and Sewer System Revenue Bonds, Series 1963, are hereby authorized and ordered

(continued)

issued in the amount of \$265,250, of which proceeds \$196,000 are necessary to provide funds, together with the proceeds of a federal grant under the Public Law 660, 84th Congress, and the proceeds of a federal grant under the Area Redevelopment Program, to construct the Project, the estimated cost of which being \$571,000, including engineering, legal and other necessary expenses incidental to the construction of the Project and to the issuance of the bonds, in accordance with the plans of a duly qualified consulting engineer heretofore mentioned, submitted to and approved by the Council, and a copy of which is on file in the office of the City Recorder, and with the remaining principal amount of bonds (\$69,250) to be used for refunding the outstanding Water System Revenue Bonds. The bonds shall be dated July 1, 1963, and Bond Nos. 1 and 2 shall bear interest at the rate 3% per annum, Bond Nos. 3 to 13, inclusive, shall bear interest at the rate of 3½% per annum, Bond Nos. 14 to 61, inclusive, shall bear interest at the rate of 4% per annum, Bond Nos. 62 to 71, inclusive, shall bear interest at the rate of 4½% per annum, and bond Nos. 72 to 267, inclusive, shall bear interest at the rate of 3½% per annum, payable semi-annually on July 1 and January 1 of each year, commencing January 1, 1964, and shall mature on July 1 of each year as follows, but shall be callable for payment prior to maturity as hereinafter set forth:

<u>YEAR</u>	<u>BOND NOS.</u>	<u>AMOUNT</u>
1964	1	\$ 750
1965	2	1,000
1966	3	1,000
1967	4	1,000
1968	5	1,000
1969	6-7	1,500
1970	8-9	2,000
1971	10-11	2,000
1972	12-13	2,000
1973	14-16	3,000
1974	17-19	3,000
1975	20-23	3,500
1976	24-27	4,000
1977	28-31	4,000
1978	32-36	5,000
1979	37-41	5,000
1980	42-47	6,000
1981	48-53	6,000
1982	54-60	6,500
1983	61-67	7,000
1984	68-74	7,000
1985	75-81	7,000
1986	82-89	8,000
1987	90-97	8,000
1988	98-105	8,000

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<u>YEAR</u>	<u>BOND NOS.</u>	<u>AMOUNT</u>
1989	106-114	\$9,000
1990	115-123	9,000
1991	124-132	9,000
1992	133-141	9,000
1993	142-151	10,000
1994	152-161	10,000
1995	162-171	10,000
1996	172-182	11,000
1997	183-193	11,000
1998	194-204	11,000
1999	205-216	12,000
2000	217-228	12,000
2001	229-241	13,000
2002	242-254	13,000
2003	255-267	13,000

The Bonds shall be in the denomination of \$1,000 each and shall be numbered consecutively from 1 to 267, inclusive, except

that Bond No. 1 shall be in the denomination of \$750, and Bond Nos. 7, 23, and 60 shall be in the denomination of \$500 each. The bonds shall be negotiable coupon bonds payable to bearer and the principal and interest shall be payable in any coin or currency which, on the date of payment, is legal tender for the payment of debts due the United States of America upon presentation of the bonds and proper coupons at the office of The First National Bank in Little Rock, Little Rock, Arkansas, or at the option of the holder, at the office of The Chase Manhattan Bank, which is located in the Borough of Manhattan, City and State of New York.

SECTION 4. That the bonds shall be executed on behalf of the City by the Mayor and City Recorder and shall have impressed thereon the seal of the City. Interest coupons attached to each of said bonds shall have the facsimile signature of the Mayor of the City lithographed or printed thereon, which signature shall have the same force and effect as if she had personally signed each of said coupons. The bonds, together with interest thereon, shall be payable solely out of the Water and Sewer System Revenue Bond and Interest Sinking Fund as hereinafter defined, and shall be a valid claim of the holders thereof only against the fund and the amount of the revenues pledged to such fund, which amount of said revenues is hereby pledged and mortgaged for the equal and ratable payment of the bonds and shall be used for no other purpose than to pay the principal of and interest on the bonds, except as hereinafter specifically provided. The bonds and interest thereon shall not constitute an indebtedness of the City within any constitutional or statutory limitation.

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SECTION 5. That the bonds and coupons shall be in substantially the following form:

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

___% WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1963

NO. _____ \$ _____

KNOW ALL MEN BY THESE PRESENTS:

That the City of Clinton, county of Van Buren, State of Arkansas, acknowledges itself to owe, and for value received, hereby promises to pay to bearer, solely from the special fund provided as hereinafter set forth the principal sum of _____ DOLLARS in any coin or currency which, on the date of payment, is legal tender for the payment of debts due the United States of America upon the first day of July, 196__, and to pay solely from said special fund interest hereon at the rate _____ per cent (___%) per annum from date, semi-annually on July 1 and January 1 of each, year, until the principal hereof is fully paid commencing January 1, 1964, upon presentation and surrender of the annexed coupons as they severally become due. Both principal and interest of this Revenue Bond are made payable at the office of The First National Bank in Little Rock, Little Rock, Arkansas, or, at the office of The Chase Manhattan Bank, which is located in the Borough of Manhattan, City and State of New York.

This bond is one of a series of two hundred sixty-seven bonds, aggregating Two Hundred Sixty-Five Thousand Two Hundred and Fifty Dollars (\$265,250), dated July 1, 1963, and numbered from one (1) to two hundred sixty-seven (267), inclusive, all of like tenor and effect except as to number, rate of interest, denomination, and maturity, and the bonds are issued for the purpose of financing a portion of the cost of the City of constructing a sewer system and additions to the waterworks system of the City and related facilities, the construction of an access road, and refunding outstanding Water System Revenue Bonds of the City.

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This bond and the series of which it forms a part are issued pursuant to and in full compliance with the Constitution and Laws of the State of Arkansas, including particularly Act Nos. 131 and 132 of the Acts of the General Assembly of the State of Arkansas, for the year 1933, Act No. 197 of the Acts of the General Assembly of the State of Arkansas for the year 1937, and the decision of the Supreme Court of the State of Arkansas in the case of City of Harrison v. Braswell, 209 Ark. 1094, and pursuant to Ordinance No. _____ of the City Council of the City of Clinton, Arkansas, duly adopted and approved on the _____ day of _____, 1963, which ordinance sets forth specifically and in detail the pledges and covenants of the City for the payment of the principal of and interest on the bonds and to which reference may be had for a detailed statement of said pledges and covenants. The bonds do not constitute an indebtedness of the City of Clinton within any constitutional or statutory limitation. They are not general obligations of the City but are special obligations payable solely from the net revenues derived from the operation of the sewer and waterworks System. An amount thereof at least sufficient to provide for the payment of the principal of, interest on, and paying agent's fees in connection with the bonds has been duly set aside and pledged as a special fund for that purpose and identified as the Water and Sewer System Revenue Bond and Interest Sinking Fund created by Ordinance No. _____, under which this bond is authorized to be issued. The City of Clinton has established and has covenanted and agreed to maintain rates for sewer and water services which shall be at least sufficient at all times to provide for the payment of reasonable expenses of operation and maintenance of the sewer and waterworks system, to provide for the payment of the principal and interest on the bonds as the same become due and payable and the paying agent's fees, and to provide depreciation funds for necessary replacements and repairs.

By virtue of the authority of said Act No. 131 of the General Assembly of the State of Arkansas for the year 1933, as amended, there is granted and created a statutory mortgage lien on the

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waterworks system to and in favor of the holder of this bond, and the bonds of the issue of which it forms a part, and to and in favor of the holders of each of the coupons evidencing the interest on this bond, and the bonds of the issue of which it forms a part; and said waterworks system shall remain subject to such statutory mortgage lien until the payment in full of all of said bonds.

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

The bonds of this issue will be callable for payment prior to maturity (1) from the proceeds of the sale of the bonds remaining after payment of all costs of construction on the next interest paying date in inverse numerical order at par and accrued interest; and (2) on and after ten (10) years from date of issue, callable at the option of the City, in whole or in part, in inverse numerical order on any interest paying date upon not less than thirty (30) days prior notice at par and accrued interest to date so fixed for redemption plus a premium of four per cent (4%) on all bonds so called at the expiration of the tenth (10th) year, with a reduction of one-fourth ($\frac{1}{4}$) of one per cent (1%) per year until the expiration of the twenty-sixth (26th) year, after which date there shall be no premium on any bonds so called. Notice of the call for redemption shall be published one time in a newspaper published in the City of Little Rock, Arkansas and having a general circulation throughout the State of Arkansas, at least thirty (30) days prior to the redemption date, giving the number and maturity of each bond being called, and after the date fixed for redemption, each bond so called shall 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, happen and 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 the indebtedness represented by this bond and the issue of which it forms a part does not exceed any

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constitutional or statutory limitations; and that sufficient of the income and revenue which is deemed to be derived from the operation of the sewer and waterworks 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.

This bond shall not be valid until it shall have been authenticated by the certificate hereon duly signed by The First National Bank in Little Rock, 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 the City, and has caused the coupons hereto attached to be executed by the facsimile signature of said Mayor, all as of the ____ day of ____, 1963.

CITY OF CLINTON, ARKANSAS By _____, Mayor.
_____, City Recorder.

(Seal)

(Form of Coupon)

No. _____ \$ _____

On the first day of July and January, 196__, the City of Clinton, Van Buren County, Arkansas, upon surrender hereof, unless the bond to which coupon is attached is paid prior thereto, hereby promises to pay to bearer, solely out of the fund specified in the bond to which this coupon is attached _____ DOLLARS in any coin or currency which, on the date of payment is legal tender for the payment of debts due the United States of America at the office of The First National Bank in Little Rock, Little Rock, Arkansas, being six (6) months' interest then due on its Water and Sewer System Revenue Bonds, Series 1963, dated July 1, 1963, and numbered _____.

CITY OF CLINTON, ARKANSAS By _____, Mayor.
On each bond shall appear the Following:

CERTIFICATE

This is to certify that this bond is one of a series of two hundred sixty-seven (267) 3%, 3¼%, 3½%, 4%, and 4¾% Water and Sewer System Revenue Bonds, Series 1963, of the issue mentioned and

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described herein.

THE FIRST NATIONAL BANK IN LITTLE ROCK, LITTLE ROCK, ARKANSAS

By _____,
_____, 1963.

SECTION 6. (a) That in order to pay the principal of and interest on the bonds as they mature, Ordinance No. 66, passed and approved by the City Council on the 7th day of March, 1963 establishing the rates to be charged for the use of the sewer and waterworks system, is hereby approved and confirmed. The City Council hereby finds and declares the rates so established are fair, reasonable and necessary minimum rates.

(b) That the City covenants and agrees with the holders of the bonds and coupons that said rates will produce a total revenue sufficient to pay the reasonable operation and maintenance expenses of the sewer and waterworks system, to pay the principal of and interest on the bonds as they mature, and the paying agent's fees, and to provide a debt service reserve and a depreciation fund for necessary replacements or repairs to the sewer and waterworks system. Said rates shall never be reduced until all outstanding bonds and coupons thereto attached have been paid in full and shall, from time to time when necessary, be increased to an amount sufficient to provide for the above set forth purposes, and for the maintenance of the funds hereinafter described.

(c) That none of the facilities or services afforded by the sewer and waterworks system shall be furnished without a charge being made therefor. In the event that the City or any department, agency or instrumentality thereof shall avail itself of the facilities or services afforded by the sewer and waterworks system, the reasonable value of the services and facilities so afforded shall be charged against the City or such department, agency, or instrumentality, and shall be paid for as the charges therefor accrue. The revenues so received from the City shall be deemed to be revenues derived from the operation of the sewer and waterworks system, provided, however, nothing herein shall be construed as requiring the City or any department, agency, or instrumentality

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thereof to avail itself of the facilities or services afforded by the sewer and waterworks system.

SECTION 7. That the Treasurer of the City shall be custodian of the revenues derived from the sewer and waterworks system, and shall give bond for the faithful discharge of all duties as such custodian. The amount of such bond shall be equal to the total of said funds in custody of the Treasurer at any one time and such bond shall be approved by the Trustee. A like bond, in a sufficient amount to be approved by the City Council and Trustee, shall be required to each other city employee handling funds of the waterworks and sewer system. All waterworks and sewer revenue received by the Treasurer from the operation of the waterworks and sewer system shall be deposited by him in such depository or depositories as shall from time to time be designated by the City Council, provided, that all such depositories shall be members of the Federal Deposit Insurance Corporation, and all deposits in any depository in excess of the amount insured by the Federal Deposit Insurance Corporation shall be secured by bonds or other direct of fully guaranteed obligations of the United States of America. All deposits made by the Treasurer shall be in the name of the City and shall be so designated as to indicate the particular fund to which the revenues belong.

SECTION 8. Water and Sewer System Revenue Fund.

All income and revenues, as received, derived from the operation or ownership of the combined water and sewer system, and all unexpended funds in the Revenue and Operation and Maintenance Funds, if any, established in accordance with the ordinances authorizing the issuance of the bonds herein refunded, shall be deposited into a special account which is hereby created and designated "Water and Sewer System Revenue Fund." The revenues in the Water and Sewer System Revenue Fund are hereby pledged and shall be applied in the manner hereinafter set forth.

SECTION 9. Water and Sewer System Operation and Maintenance Fund. That there shall be paid by the Treasurer from the Water and Sewer System Revenue Fund into a fund which is hereby created

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and designated "Water and Sewer System Operation and Maintenance Fund" on or before the fifth day of the month following completion of the Project, and continuing on or before the fifth day of each month thereafter while any sewer and waterworks revenue bonds shall be outstanding, an amount sufficient to pay the reasonable and necessary monthly expenses of operation of and maintenance of the sewer and waterworks system for such month and from which disbursements shall be made only for those purposes. Fixed annual charges, such as insurance premiums, and the cost of repair and maintenance expenses, may be computed and set up on an annual basis and one-twelfth (1/12) of the amount thereof may be paid into the Water and Sewer System Operation and Maintenance Fund each month. If in any month, for any reason, there shall be a failure to transfer and pay the required amount into said fund, then the amount of any deficiency shall be added to the amount otherwise required to be transferred and paid into said fund in the next succeeding month.

If in any fiscal year, a surplus shall be accumulated in the Water and Sewer System Operation and Maintenance Fund over and above the amount which shall be necessary to defray the reasonable and necessary costs of operation and maintenance of the sewer and waterworks system during the remainder of the current fiscal year and the next ensuing fiscal year, such surplus may be transferred to and deposited in the Water and Sewer System Revenue Bond and Interest Sinking Fund; provided, however, that any such transfer into the Water and Sewer System Revenue Bond and Interest Sinking Fund shall be in addition to all other payments required to be made into said fund.

SECTION 10. Water and Sewer System Revenue Bond and Interest Sinking Fund. (1) It is hereby ordered that an account and fund, which is hereby designated, "Water and Sewer System Revenue Bond and Interest Sinking Fund," be established and created in a bank which is a member of the Federal Deposit Insurance Corporation for the purpose of paying the principal of and interest on the bonds as they mature and to provide a debt service reserve, and into which account shall be deposited all accrued interest, if any, recorded

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and received from the sale of the bonds. The principal of and interest on the bonds shall be paid as they mature according to the following schedule, to-wit:

YEAR	BOND NOS.	PRIN.	INTEREST		TOTAL
			JAN. 1	JULY 1	
1964	1	\$ 750	\$4,710.62	\$4,710.63	\$10,171.25
1965	2	1,000	4,699.88	4,699.37	10,398.75
1966	3	1,000	4,684.37	4,684.38	10,368.75
1967	4	1,000	4,668.13	4,688.12	10,336.25
1968	5	1,000	4,651.87	4,651.88	10,303.75
1969	6-7	1,500	4,635.63	4,635.62	10,771.25
1970	8-9	2,000	4,611.25	4,611.25	11,222.50
1971	10-11	2,000	4,578.75	4,578.75	11,157.50
1972	12-13	2,000	4,546.25	4,546.25	11,092.50
1973	14-16	3,000	4,513.75	4,513.75	12,027.50
1974	17-19	3,000	4,461.25	4,461.25	11,922.50
1975	20-23	3,500	4,408.75	4,408.75	12,317.50
1976	24-27	4,000	4,347.50	4,347.50	12,695.00
1977	28-31	4,000	4,277.50	4,277.50	12,555.00
1978	32-36	5,000	4,207.50	4,207.50	13,415.00
1979	37-41	5,000	4,120.00	4,120.00	13,240.00
1980	42-47	6,000	4,032.50	4,032.50	14,065.00
1981	48-53	6,000	3,912.50	3,912.50	13,825.00
1982	54-60	6,500	3,792.50	3,792.50	14,085.00
1983	61-67	(1,000) (6,000) (4,000) (3,000)	3,662.50	3,662.50	14,325.00
1984	68-74	7,000	3,515.00	3,515.00	14,030.00
1985	75-81	8,000	3,377.50	3,377.50	13,755.00
1986	82-89	8,000	3,255.00	3,255.00	14,510.00
1987	90-97	8,000	3,115.00	3,115.00	14,230.00
1988	98-105	8,000	2,975.00	2,975.00	13,950.00
1989	106-114	9,000	2,835.00	2,835.00	14,670.00
1990	115-123	9,000	2,677.50	2,677.50	14,355.00
1991	124-132	9,000	2,520.00	2,520.00	14,040.00
1992	133-141	9,000	2,362.50	2,362.50	13,725.00
1993	142-151	10,000	2,205.00	2,205.00	14,410.00
1994	152-161	10,000	2,030.00	2,030.00	14,060.00
1995	162-171	10,000	1,855.00	1,855.00	13,710.00
1996	172-182	11,000	1,680.00	1,680.00	14,360.00
1997	183-193	11,000	1,487.50	1,487.50	13,975.00
1998	194-204	11,000	1,295.00	1,295.00	13,590.00
1999	205-216	12,000	1,102.50	1,102.50	14,205.00
2000	217-228	12,000	892.50	892.50	13,785.00
2001	229-241	13,000	682.50	682.50	14,365.00
2002	242-254	13,000	455.00	455.00	13,910.00
2003	255-267	13,000	227.50	227.50	13,455.00

(2) That after making the monthly deposits into the Water and Sewer System Operation and Maintenance Fund, there shall be paid by the Treasurer from the Water and Sewer System Revenue Fund and deposited in the Water and Sewer System Revenue Bond and Interest Sinking Fund on or before the fifth day of each month, beginning on or before the fifth day of the month following com-

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pletion of the Project, a sum equal to one-fifth (1/5) of the next installment of interest and one-tenth (1/10) of the next installment of principal, and an amount sufficient to provide for the Paying Agent's fees thereon; provided, however, that after there shall have been accumulated in said Water and Sewer System Revenue Bond and Interest Sinking Fund a sum as a debt service reserve in the amount of \$14,000, the Treasurer shall transfer and deposit in the aforementioned manner, such sums as may be necessary to meet the then current year's debt service and maintain said debt service reserve of \$14,000. (3) If the revenues of the sewer and waterworks system are sufficient to make the required payment by the fifth day of the following month into the Water and Sewer System Revenue Bond and Interest Sinking Fund, then the amount of any such deficiency in the payment made shall be added to the amount otherwise required to be paid into the Water and Sewer System Revenue Bond and Interest Sinking Fund by the fifth of the next month. (4) That if, for any reason, the funds in the Water and Sewer System Revenue Bond and Interest Sinking Fund shall at the time be insufficient to meet any interest and/or principal payment on the bonds, the sum then held as a debt service reserve shall be used to the extent necessary to make said interest and/or principal payment, but such reserve shall be reimbursed from the Water and Sewer System Revenue Fund to be used for any other purposes except for making the payments hereinabove required to be made into the Water and Sewer Revenue Bond and Interest Sinking Fund. The debt service shall be continued and maintained in the amount above specified and shall be used solely as herein provided.

(5) That when the moneys in the Water and Sewer System Revenue Bond and Interest Sinking Fund, including the debt service reserve, shall be and remain sufficient to pay the principal of and interest on all outstanding Water and Sewer Revenue Bonds, and the Paying Agent's fees, there shall be no obligation to make any further payments into the Water and Sewer System Revenue Bond and Interest Sinking Fund.

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