

ORDINANCE NUMBER 317

BOND ORDINANCE

PERTAINING TO THE ISSUANCE OF

\$ UP TO \$5,000,000 IN WATER AND SEWER  
REVENUE AND REFUNDING BONDS, SERIES 2004

ADOPTED BY

CITY OF BARLING, ARKANSAS

ON

~~<DATE OF ISSUANCE>~~  
OCTOBER 26, 2004

This Instrument Prepared By:

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## BOND ORDINANCE

THIS BOND ORDINANCE (the "Ordinance") is dated as of this 26th day of October 2004, by and between CITY OF BARLING, ARKANSAS (the "City") and ~~<TRUSTEE NAME>~~, with its principal regional office in \_\_\_\_\_, Arkansas, as trustee financial institution that has yet to be determined (the "Trustee").

WHEREAS, the City is a duly organized and existing body politic and corporate under and pursuant to the Constitution and laws of the State of Arkansas; and

WHEREAS, the City contemplates the issuance and sale of its "~~<Principal Amount of Bonds>~~ Water and Sewer Revenue and Refunding Bonds, Series 2004" in a principal amount not to exceed \$5,000,000 (the "Bonds") with the understanding that the proceeds from the sale of the Bonds will be used (a) to refund at lessened rates of interest approximately \$700,000 of the City's outstanding indebtedness; (b) to fund approximately \$3,600,000 in costs associated with the construction of the City's 2004 water and sewer improvements; (c) to establish ~~capitalized interest and~~ debt service reserves; and (d) to fund costs associated with the issuance of the Bonds; and

WHEREAS, the Bonds are expressly deemed and considered to constitute special obligations of the City for which the full faith and credit of the City is not pledged, it being understood that repayment of the Bonds shall be funded solely and exclusively from revenues generated by the operation of the City's water transmission and distribution system and waste water collection and treatment system; and

WHEREAS, the City has entered into an agreement with the Underwriter identified in Section 101 for the sale of the Bonds bearing interest at the rates hereinafter set forth; and

WHEREAS, the execution and delivery of this Ordinance and the issuance of the Bonds have been in all respects duly and validly authorized by the City; and

WHEREAS, all things necessary to make the Bonds, when authenticated by the Trustee and issued as in this Ordinance provided, the valid, binding and legal obligations of the City according to the import thereof, and to constitute this Ordinance as a valid pledge of the revenues, real property and personal property herein made to the payment of the principal of and interest on all Bonds issued under and pursuant to the provisions of this Ordinance, have been done and performed, and the creation, execution and issuance of the Bonds, subject to the terms hereof, have in all respects been duly authorized;

NOW, THEREFORE, BE IT ORDAINED AND RESOLVED, for and in consideration of the mutual covenants and conditions referenced and exchanged herein, the receipt and sufficiency of which are hereby acknowledged, including, without limitation, the acceptance by the Trustee of all obligations set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledge, and in order to secure the payment of the principal and interest on all Bonds issued under this Ordinance according to the terms and conditions hereof, and the performance and observance by the City of all covenants, conditions and provisions as are set forth herein and in the Bonds that the City does hereby grant, bargain, sell, convey, mortgage, assign



THIS ORDINANCE FURTHER evidences that, and it is expressly declared, all Bonds issued and secured hereunder are to be issued, authenticated and delivered and all of the collateral pledged by this Ordinance are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereafter expressed, and the City has agreed and covenanted and, does hereby agree and covenant, with the Trustee and with the respective holders, from time to time, of the Bonds or any part thereof, as follows:

ARTICLE I  
DEFINITIONS AND USES OF WORDS

Section 101. Definitions. In addition to the words and terms elsewhere defined in this Ordinance, the following words and terms as used in this Ordinance shall have the following meanings:

"Additional Bonds" means those Bonds that may be subsequently issued pursuant to the provisions of Section 212, hereof, which shall enjoy a parity of security with the Bonds.

"Authorized Denomination" means \$5,000 and any multiple thereof.

"Beneficial Owner" means, for any Bond held by a nominee, the owner of the beneficial interest in such Bond.

"City" means the City of Barling, Arkansas.

"Board of Directors" means the governing body of the City.

"Bond Counsel" means, with respect to the Bonds, Gill Elrod Ragon Owen & Sherman, P.A., Little Rock, Arkansas, or any other nationally recognized firm of attorneys experienced in the matters covered by the opinion selected by the City and acceptable to the Trustee.

"Bond Fund" means the fund of the City created by Section 504 of this Ordinance into which are to be deposited funds for the purpose of paying the debt service on all Bonds that may be issued under this Ordinance.

"Bondholder" means the Person who owns a beneficial interest in a Bond, provided that, pursuant to Section 209, the City, the Trustee, and all others shall regard for all purposes the Person in whose name a Bond is registered in the Bond Register as such owner.

"Bonds" means the Initial Bonds and all Additional Bonds issued under this Ordinance.

"Bond Register" and "Bond Registrar" shall have their respective meanings specified in Section 209 of this Ordinance.

"Business Day" means any day of the year other than (a) a Saturday or Sunday, (b) any day on which banks located in Arkansas or the city in which the Office of the Trustee is located are required



or authorized by law to remain closed, or (c) any day on which the New York Stock Exchange is closed.

"Closing" means the date upon which the Initial Bonds are sold and delivered.

"Code" means the Internal Revenue Code of 1986, as amended, and related Regulations.

"Debt Service Reserve Requirement" means a sum equal to \$\_\_\_\_\_ not more than twelve (12) months of maximum annual debt service applicable to the Bonds.

"Depository Participants" means any Person for which the Securities Depository holds Bonds as securities depository.

"Disbursement Agreement" means the Disbursement Agreement of even date herewith which has been executed by the City, the Trustee and the construction inspector designated therein which shall govern the manner in which withdrawals from the Construction Fund shall occur.

"Event of Default" means any of the events specified in Section 901 to be an Event of Default. A "default" means any event that, with the giving of notice or the lapse of time or both, would constitute an Event of Default.

"Funds" means the Construction Fund, Debt Service Reserve Fund, Bond Fund, Construction Fund, Rebate Fund, Insurance Proceeds or Condemnation Award Fund, ~~Capitalized Interest Fund,~~ and (a) any account within each such Fund, and (b) any other Fund designated as such with respect to a Series.

"Government Securities" means:

- (a) Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury, Certificates of Accrual on Treasury Obligations, Treasury Investor Growth Receipts) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.
- (b) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities shall only be permitted if they have been stripped by the federal agency issuing or guaranteeing such obligation):
  - (i) U.S. Export-Import Bank direct obligations or fully guaranteed certificates of beneficial ownership;
  - (ii) Farmers Home Administration certificates of beneficial ownership;

- (iii) Federal Financing Bank;
  - (iv) Federal Housing Administration Debentures;
  - (v) General Service Administration participation certificates;
  - (vi) Government National Mortgage Association guaranteed mortgage-backed bonds and guaranteed pass-through obligations, provided, however, that this type of security shall not be included in the definition of "government securities" for certain cash-flow sensitive issues;
  - (vii) U.S. Maritime Administration guaranteed Title XI financing;
  - (viii) U.S. Department of Housing and Urban Development project notes, local authority bonds, new communities debentures (U.S. government guaranteed debentures);
  - (ix) U.S. Public Housing Notes and Bonds – U.S. government guaranteed public housing notes and bonds;
- (c) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities shall only be permitted if they have been stripped by the federal agency issuing or guaranteeing such obligation):
- (i) Federal Home Loan Bank System senior debt obligations;
  - (ii) Federal Home Loan Mortgage Corporation participation certificates or senior debt obligations;
  - (iii) Student Loan Marketing Association senior debt obligations;
  - (iv) Resolution Funding Corporation;
  - (v) Farm Credit System consolidated system wide bonds and notes.

"Immediate Notice" means notice transmitted by electronic means, in writing, by telecopier or other electronic means or by telephone (promptly confirmed in writing), and received by the party addressed.

"Initial Bonds" means the City's ~~Principal Amount of Bonds~~ Water and Sewer Revenue Bonds and Refunding bonds, Series 2004, bearing a principal sum not to exceed \$5,000,000.

"Insurance Proceeds or Condemnation Award Fund" means that created and maintained by the Trustee pursuant to Section 506.



"Interest Payment Date" means, (a) for the Initial Bonds, the first day of ~~<Interest Payment Date—A>~~ June and ~~<Interest Payment Date—B>~~ December of each year beginning ~~<Interest Payment Commencement Date>~~ June 1, 2005, and, for any Additional Bonds, the days designated in the supplemental ordinance authorizing such Additional Bonds, (b) for Bonds subject to redemption in whole or in part on any date, the date of such redemption, and (c) for all Bonds any date determined pursuant to Section 603.

"Issuance Costs" means costs incurred by or on behalf of the City in connection with the issuance of the Bonds including, without limitation, the following: payment of financial, legal, accounting and appraisal fees, bond rating or bond insurance costs and fees, expenses and disbursements, the cost of printing, engraving and reproduction services, legal fees and expenses for Bond Counsel relating to the issuance of the Bonds, the initial or acceptance fee of the Trustee, and all other fees, charges and expenses incurred in connection with the issuance of the Bonds and the preparation and filing or recording of this Ordinance and of any document relating to the issuance of the Bonds.

"Issue Date" means, with respect to the Initial Bonds, ~~<Date of Issuance>~~ November 1, 2004, and, with respect to any Additional Bonds, the date of issuance and delivery of such Additional Bonds to the initial purchasers thereof.

"Net Revenues" shall mean all revenues of every nature generated by the City from its business activities less and except, however, all reasonable and necessary costs of operating and maintaining the System and all other general and administrative costs and expenses of the City, but inclusive, however, of depreciation, amortization and interest expenses that are intended to be added back to the total revenues generated by the City's operations.

"Office of any Paying Agent" means the office of any Paying Agent designated in writing to the Trustee.

"Office of the Trustee" means the designated corporate trust office or offices of the Trustee, which office or offices at the date of acceptance by the Trustee of the duties and obligations imposed on the Trustee by this Ordinance are set out in Section 1204.

"Ordinance" means this Bond Ordinance as amended or supplemented from time to time.

"Outstanding" or "Outstanding Bonds" or "Bonds outstanding hereunder" means all Bonds which have been authenticated and delivered under this Ordinance except:

- (a) Bonds canceled because of payment or redemption prior to maturity;
- (b) Bonds for the payment or the redemption of which the necessary provisions shall have been made as required by this Ordinance, including, in the case of Bonds to be redeemed prior to maturity, the giving or making provision for the giving of notice of redemption; and

that real property described on EXHIBIT A attached hereto and incorporated herein by this reference and all real property now owned or hereafter acquired by the City and all accretions or additions thereto, substitutions therefor, and proceeds therefrom, (c) that personal property described on EXHIBIT B attached hereto and incorporated herein by this reference and all personal property now owned or hereafter acquired by the City and all accretions or additions thereto, substitutions therefor, and proceeds therefrom, including all contractual rights to which the City is a party, (d) the Funds (except for the Rebate Fund), and (e) all other property of every name and nature from time to time hereafter by delivery or by writing mortgaged, pledged, delivered or hypothecated as and for additional security under this Ordinance by the City or by anyone on its behalf or with its written consent in favor of the Trustee.

~~"Trustee" means the Trustee for the time being, whether original or successor, with the original Trustee being <Trustee Name>, \_\_\_\_\_, Arkansas.~~

"Trustee" means a financial institution that will be subsequently identified and its successors and assigns.

"Underwriter" means Crews & Associates, Inc., Little Rock, Arkansas.

Section 102. Rules of Interpretation. For purposes of this Ordinance, except as otherwise expressly provided or the context otherwise requires:

- (a) The words "herein," "hereof" and "hereunder" and other similar words refer to this Ordinance as a whole and not to any particular Article, Section or other subdivision.
- (b) The definitions in this Article are applicable whether the terms defined are used in the singular or the plural.
- (c) All accounting terms that are not defined in this Ordinance have the meanings assigned to them in accordance with then applicable generally accepted accounting principles.
- (d) Any pronouns used in this Ordinance include both the singular and the plural and cover both genders.
- (e) Any terms defined elsewhere in this Ordinance have the meanings attributed to them where defined.
- (f) Words referring to the redemption or calling for redemption of Bonds shall not be deemed to refer to the payment of Bonds at their stated maturity.
- (g) The captions or headings herein are for convenience only and in no way define, limit or describe the scope or intent, or control or affect the meaning or construction, of any provisions or sections hereof.



- (h) Any references to Section numbers are to Sections of this Ordinance unless stated otherwise.

ARTICLE II  
THE BONDS

Section 201. Authorization of Bonds; Limitation. The Initial Bonds are hereby authorized to be issued as limited revenue bonds of the City in the aggregate principal amount of ~~<Principal Amount of Bonds>~~ not to exceed \$5,000,000, designated "City of Barling, Arkansas Water and Sewer Revenue and Refunding Bonds, Series 2004." Additional Bonds are hereby authorized to be issued pursuant to Section 212 and supplemental ordinances described in Article XI. The City may issue no obligations after the issuance of the Initial Bonds that are senior in claim on the Trust Estate to the Bonds.

Section 202. Bonds Constitute Special Obligations. The Bonds shall be special limited obligations of the City, payable solely from the Trust Estate. The Bonds shall constitute a valid claim of the respective owners thereof against the Trust Estate, which is conveyed and pledged to the Trustee to secure the payment of the principal of, redemption premium, if any, and interest on the Bonds, and which shall be utilized for no other purpose, except as expressly authorized in this Ordinance. The Bonds shall not constitute general obligations of the City and under no circumstances shall the Bonds be payable from, nor shall the holders thereof have any rightful claim to, any income, revenues, funds or assets of the City other than those pledged hereunder as security for the payment of the Bonds.

Section 203. Details of Bonds. The Initial Bonds are comprised of those term and/or other bonds bearing those maturity dates and in those principal amounts that are shown in the table below. The Initial Bonds shall be issued in Authorized Denominations, shall be dated the date of this Ordinance, shall be numbered from R-1 upward, and shall bear interest (calculated on the basis of a 360-day year of twelve 30-day months) payable beginning on ~~<Interest Payment Commencement Date>~~ June 1, 2005, and thereafter on each Interest Payment Date at the rates per annum and shall mature on ~~<Final Principal Maturity Date>~~, in the not more than thirty-five (35) years and amounts as follows:

~~<Principal Amount after the date of the issuance of the Bonds>~~  
CITY OF BARLING, ARKANSAS  
WATER AND SEWER REVENUE BONDS  
SERIES 2004

Dated: ~~<Date of Issuance>~~ \_\_\_\_\_ Due: \_\_\_\_\_ I, as shown below

MATURITY SCHEDULE

Serial. The Bonds: \$ \_\_\_\_\_

<u>Principal Amount</u>	<u>Due Date</u>	<u>Interest Rate</u>	<u>Price</u>
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Term shall bear interest at rates that will not collectively exceed six percent (6%) per annum



(when calculated for 8038-G purposes) and shall be comprised of those serial and/or term Bonds:

\$ \_\_\_\_\_

\_\_\_\_\_ Term Bond due: \_\_\_\_\_ Interest Rate: \_\_\_\_\_ Price: \_\_\_\_\_

~~-(Subject~~ bearing those maturity dates, subject to Mandatory Sinking Fund Redemption as discussed herein) those mandatory redemption schedules and sold for those prices that the Underwriter may subsequently determine to be in the best interests of the City and subject to subsequent review and approval by the Mayor and the City finance director.

All Initial Bonds shall bear interest (a) from the Issue Date, if authenticated prior to the first Interest Payment Date, or (b) otherwise from the Interest Payment Date that is, or that immediately precedes, the date on which such Initial Bond is authenticated (unless payment of interest is in default, in which case such Initial Bond shall bear interest from the date to which interest has been paid).

The principal of, redemption premium, if any, and interest on the Initial Bonds shall be payable in lawful money of the United States of America. Principal of and redemption premium, if any, on the Initial Bonds shall be payable by the Paying Agent upon presentation and surrender of the Initial Bonds as they become due at the principal office of the Paying Agent. Interest on Initial Bonds shall be payable by the Trustee or Paying Agent to the Bondholders of Initial Bonds by check or draft mailed to such Bondholders at their addresses as they appear on the Bond Register on the Record Date.

If any principal of, redemption premium, if any, or interest on any Initial Bond is not paid when due (whether at maturity, by acceleration or call for redemption or otherwise), then the overdue installments of principal and, to the extent permitted by law, interest and redemption premium, if any, shall bear interest until paid at the same rate set forth in such Initial Bond.

Details of Additional Bonds shall be as set forth in supplemental ordinances providing for their issuance.

Section 204. Execution of Bonds. The Bonds shall be signed by the manual or facsimile signature of the Mayor and Clerk of the City. The Bonds may bear the seal of the City or a facsimile thereof will be affixed to or imprinted on the Bonds. In case any officer whose signature or a facsimile of whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature or facsimile shall nevertheless be valid and sufficient for all purposes as if such officer had remained in office until such delivery.

Section 205. Mutilated, Destroyed or Lost Bonds. In case any Bond issued hereunder shall become mutilated or be destroyed or lost, the City shall, if not then prohibited by law, cause to be executed and the Trustee shall 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 holder's paying the reasonable expenses and charges of the City and the Trustee in connection therewith, and, in the case of a Bond



Agency, United States Army Corp of Engineers, and/or United States Department of Agriculture-Rural Development) the primary purpose of which is to refund, refinance, or pay in full this Bond or any other obligation of the City.

The Bonds are additionally subject to redemption, at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date, at the option of the City, in whole or in part, at any time, in inverse order of maturities (less than all of the Bonds of a single maturity to be selected by lot by the Trustee in such manner as the Trustee may determine) (a) from those excess project development and construction funds that the City may designate for redemption purposes or (b) should the bids and costs associated with the development of the project regarding which the Bonds are sold exceed the amount budgeted and contemplated for said project's development and construction.

If less than all the Bonds outstanding shall be called for redemption, the Trustee shall select the Bonds or portions of Bonds to be redeemed by lot, in such manner as the Trustee shall deem fair and equitable, from each maturity in proportion to the aggregate principal amount of the Bonds of each maturity then outstanding.

Notice of redemption identifying the Bonds or portions thereof to be redeemed shall be given by the Trustee, not less than thirty (30) nor more than sixty (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 thus called for redemption shall cease to bear interest on and after the date fixed for redemption, provided funds for their redemption are on deposit with the Trustee at that time. The Trustee shall effect any selection of Bonds by lot, by any method chosen by the Trustee in its discretion.

The Bonds are issuable only in the form of registered bonds without coupons in denominations of \$5,000 or an integral multiple thereof. The City and the Trustee may deem and treat the Registered Owner hereof as the absolute owner of this Bond for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes, and shall not be affected by any notice to the contrary.

This Bond is transferable, in whole or in part, only upon delivery to the Trustee of the Bond, accompanied by a written instrument of transfer in substantially the form endorsed hereon, duly executed by the Registered Owner or his attorney-in-fact or legal representative. Upon such transfer, the Trustee shall enter the transfer of ownership in the registration books and shall authenticate and deliver in the name or names of the new registered owner or owners a new fully registered bond or bonds of authorized denominations of the same maturity and interest rate for the aggregate principal amount of the Bond transferred at the earliest practicable time. There shall be no charge to the transferor or transferee for any transfer, except an amount or amounts sufficient to reimburse the City and the Trustee for any tax, fee or other governmental charge required to be paid with respect to such transfer. If this Bond or any portion thereof has been called for redemption prior to maturity, the



required to make transfers of registration with respect to any Bond or portion thereof called for redemption prior to maturity within thirty (30) days prior to its redemption date.

Section 210. Cancellation. All Bonds which are paid, either at maturity or upon redemption prior to maturity, shall be canceled and, at the option of the Trustee, either (i) cremated, shredded or otherwise disposed of, or (ii) returned to the City.

Section 211. Payment of Principal and Interest. Principal of and interest on the Bonds and the Bonds of subsequent Series issued hereunder shall be payable at the place, on the dates and in the manner provided herein or in the Bonds of the particular Series.

Section 212. Additional Bonds. So long as any of the Bonds are outstanding the City shall not issue or attempt to issue any Bonds that are claimed or entitled to possess a priority of lien on the revenues pledged hereunder that is senior in right and/or priority to the liens securing the Bonds. The City shall not authorize or issue any such Additional Bonds ranking on a parity with the Bonds unless and until the following conditions have been satisfied:

- (1) The City, as evidenced by a certificate from the Mayor and Clerk of the City, is not in default as to any covenant, condition or obligation prescribed by the Ordinance or any agreement or instrument in connection with any Additional Bonds, and no such default will result from the incurrence of such Additional Bonds.
- (2) Each of the funds created for the payment and security of the Bonds under the Ordinance and each of the funds required to be maintained hereunder contains the amount then required to be on deposit therein.
- (3) The City shall have obtained from the Accountant a certificate showing that Net Revenues for the Fiscal Year next preceding the date of issuance of the Additional Bonds, as adjusted pursuant to (7)(A), (B) and (C) below, are equal to at least ~~101~~ 125% of the average annual net Debt Service Requirements (calculated on a fiscal year basis) for all Outstanding Bonds and Additional Bonds after the issuance of the proposed Additional Bonds in making the computation set forth above.
- (4) The City shall have obtained, from Bond Counsel, an opinion to the effect that:
  - (A) the conditions set forth in this Ordinance for the incurrence of the proposed Additional Bonds have been satisfied; and
  - (B) the incurrence of the proposed Additional Bonds will not affect the exemption from federal income taxation of the interest on any then outstanding Bonds.
- (5) The City shall have obtained from the Consulting Engineer a certificate to the effect that:



service in each Fiscal Year after the refunding of all or any part of the Outstanding Bonds will be less than the debt service scheduled thereon for such Fiscal Year or prior to the proposed refunding.

The City may issue Additional Bonds that are junior in priority and security to the Bonds at any time.

### ARTICLE III REDEMPTION OF BONDS BEFORE MATURITY

Section 301. Redemption Dates and Prices. The City may not call the Initial Bonds for redemption except as provided in this Article III. The City may not call Additional Bonds for redemption except as provided in the supplemental Ordinance providing for their issuance.

Section 302. Mandatory Sinking Fund Redemption of Certain Initial Bonds. All term Bonds issued by the City are subject to mandatory redemption, without premium, prior to maturity accordance with that mandatory sinking fund redemption schedule that is set forth on the Form of Bond found in Section 207, hereof.

On or before the thirtieth (30th) day prior to each such sinking fund redemption date, the Trustee shall proceed to call the principal amount of the Initial Bonds indicated above for redemption and give notice of such call.

Section 303. Optional Redemption. The Bonds may be subject to redemption prior to maturity, at the option of the City, in whole or in part, in inverse order of maturities (less than all of the Bonds of a single maturity to be selected by lot by the Trustee in such manner as the Trustee may determine) from funds from any source, at any time, on or after ~~<Optional Redemption Date>~~ November 1, 2009, at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date. The Bonds are subject to redemption prior to maturity, at the option of the City, in part, in inverse order of maturities (less than all of the Bonds of a single maturity to be selected by lot by the Trustee in such manner as the Trustee may determine) from excess funds generated internally by the City from the operation of its water and sewer systems on any Interest Payment Date, at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date.

The Bonds are further subject to optional redemption from excess construction fund proceeds that were not otherwise spent in connection with the development of the project for which the Bonds have been issued and/or upon the occurrence of a casualty or condemnation event or upon the occurrence of a Determination of Taxability, as more fully discussed herein.

As used herein, Determination of Taxability shall mean (i) the issuance of a statutory notice of deficiency (or its equivalent) by the Internal Revenue Service, which has not been either revoked, rescinded or overruled by a final judgment of a Federal court within a period of thirty-six (36) months from the date a holder or former holder of the Bonds notifies the City of such issuance, in either case to the effect that interest on such Bonds previously paid, accrued or to accrue in the future is includable in the gross income for Federal income tax purposes of any holder or former holder of



the Bonds, (ii) a final, non-appealable determination by any court of competent jurisdiction that any event shall have occurred thereby resulting in any interest on the Bonds being includable for federal income tax purposes in the gross income of any registered owner or former registered owner of the Bonds, or (iii) the receipt by the City of an opinion of nationally recognized bond counsel to the effect that it can no longer issue its opinion that the interest on the Bonds will be exempt from Federal income taxes.

Section 304. Selection of Initial Bonds to be Redeemed: Notice of Redemption. In the event less than all of the Bonds of a particular maturity shall be redeemed, the Trustee shall select by lot the particular Bonds to be redeemed. If the City makes no decision with respect to the redemption of Bonds of a particular maturity or maturities, then the Bonds shall be redeemed proportionately among all of the outstanding maturities in such manner as the Trustee shall deem fair. For the purpose of selecting Bonds for redemption, such Bonds shall be deemed to be composed of \$5,000 portions and such portions may be separately redeemed.

Notice of redemption identifying the Bonds or portions thereof to be redeemed shall be given by the Trustee, not less than thirty (30) nor more than sixty (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 and in proper and timely fashion. All such Bonds thus called for redemption shall cease to bear interest on and after the date fixed for redemption, provided funds for their redemption are on deposit with the Trustee at that time.

Section 305. Extraordinary Redemption. Certain of the Initial Bonds are subject to extraordinary redemption at the election of the City in accordance with those provisions for extraordinary redemption as set forth in the applicable Form of Bond included within this Ordinance.

#### ARTICLE IV GENERAL COVENANTS OF THE CITY

Section 401. Payment of Principal and Interest. The City covenants that it will promptly pay the principal of and interest on every Bond issued under this Ordinance at the place, on the dates and in the manner provided herein and in the Bonds, according to the true intent and meaning thereof; PROVIDED, HOWEVER, that the City has received previously revenues from the operation of its water and sewer systems in amounts sufficient to fund such payments, it being understood that the City shall have no direct financial obligation for the payment of principal of and interest on the Bonds hereunder other than the obligation to pass-through the collection of such revenues.

Section 402. Performance of Covenants. The City covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Ordinance, in any and every Bond executed, authenticated and delivered under this Ordinance and in all resolutions and ordinances pertaining thereto. The City covenants that it is duly authorized under the Constitution and laws of the State of Arkansas, including particularly and without limitation



proceeds of the Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the System.

Section 408. Private Loan Limitation. The City shall assure that not in excess of five percent (5%) of the proceeds of the Bonds is used, directly or indirectly, to make or finance a loan to persons other than state or local government units.

Section 409. Federal Guarantee Prohibition. The City shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code and regulations promulgated thereunder.

Section 410. Information Reporting. The Mayor of the City shall, not later than the fifteenth (15<sup>th</sup>) day of the second calendar month after the close of the calendar quarter in which the Bonds are issued, submit to the Department of the Treasury a statement concerning the Bonds that will satisfy the requirements of paragraph (2) of Section 149(e) of the Code and applicable regulations.

Section 411. Rate Covenants. ~~The City covenants that it will establish, maintain in force, charge and collect, and increase if necessary, a schedule of rates, fees, charges and amounts for the use, service and operation of the System sufficient to make the deposits required in the various funds created pursuant to this Ordinance, to pay all current expenses of the operation and maintenance of the System, and to fulfill all of the conditions and requirements of this Ordinance. The following schedule of rates and charges will initially be in effect by the City:~~

<u>Gallons of Water</u>	<u>Rate</u>
<u>Consumption Per Month</u>	
0-1,000 gallons	\$ _____ (minimum)
Next _____ gallons	\$ _____ per thousand
Next _____ gallons	\$ _____ per thousand
Over _____ gallons	\$ _____ per thousand

~~The City will continually monitor the revenues derived from its operations, including specifically the adequacy of its rates and delinquent billings. The City hereby agrees that it will at all times fix, charge and collect rates and charges for water and services furnished by the System, and increase said rates and charges if necessary, which shall both (i) provide Net Revenues in each fiscal year equal to not less than 110% of average annual net debt service requirements for all outstanding obligations payable from revenues, and (ii) provide revenues sufficient to make all deposits required to fund the Bond Fund, the Debt Service Reserve Fund, and all other funds and obligations created by the Ordinance.~~

Section 412. Maintenance and Modification of System by City. City agrees that so long as the Bonds are outstanding the City will, at City's own expense, maintain, preserve, and keep the System or cause the System to be maintained, preserved, and kept, with the appurtenances and every part and parcel thereof, in good repair, working order, and condition; and that City will from time to time make or cause to be made all necessary or proper repairs, replacements, and renewals deemed



been fully paid (or provision for payment thereof has been made in accordance with the provisions of the Ordinance), any balance remaining in such separate trust fund shall be paid to City.

- (2) To redemption of the Bonds on the next succeeding redemption date as specified in a written notice by City to Trustee; provided that no part of the Net Proceeds may be applied for such redemption unless (1) all of the Bonds are to be redeemed in accordance with this Ordinance, or (2) in the event that less than all of the Bonds are to be redeemed, City shall furnish to the Trustee a certificate of the Mayor of the City acceptable to City and Trustee stating that (A) the property forming the part of the System that was damaged or destroyed by such casualty or was taken by such condemnation proceedings is not essential to the use or possession of the System by City, or (B) the System has been repaired, restored, modified, or improved to operate as designed, and less than all or substantially all of the System was not taken or condemned.

(c) Insufficiency of Net Proceeds. If the Net Proceeds are insufficient to pay in full the cost of any repair, restoration, modification, or improvement referred to in this Section, City will nonetheless complete the work and will pay any cost in excess of the amount of the Net Proceeds held by Trustee. City agrees that if by reason of any such insufficiency of the Net Proceeds, City shall make any payments pursuant to the provisions of this Section, City shall not be entitled to any reimbursement therefor from Trustee or the owners of any of the Bonds, nor shall City be entitled to any diminution of the amounts payable hereunder.

## ARTICLE V CREATION OF FUNDS

Section 501. Creation of Funds. The following funds are hereby created and the proceeds of the Bonds and all revenues generated by the Trust Estate are to be deposited by the Trustee in the Funds described herein and held in trust for the purposes set forth herein:

- (a) Debt Service Reserve Fund.
- (b) Construction Fund.
- (c) Bond Fund.
- (d) Rebate Fund.
- (e) Insurance Proceeds or Condemnation Award Fund.
- (f) ~~Capitalized Interest Fund~~

Section 502. Debt Service Reserve Fund. The City hereby directs the Trustee to create a special fund to be designated as the "City of Barling, Arkansas Debt Service Reserve Fund." The Debt Service Reserve Fund shall be permanently maintained by the Trustee so long as the Bonds possess outstanding principal and accrued but unpaid interest. The Debt Service Reserve Fund shall be fully capitalized at Closing from Initial Bond proceeds in an amount equal to the Debt Service Reserve Requirement. The Debt Service Reserve Fund may be used to redeem the last of the Bonds outstanding so long as the Debt Service Reserve Requirement is maintained while Bonds remain



outstanding. Monies in the Debt Service Reserve Fund shall be applied by the Trustee solely, to the extent of a deficiency of other monies in the Bond Fund, to cure or avoid any default in the payment of principal of or interest on the Bonds. Permitted Investments held in the Debt Service Reserve Fund shall be valued by the Trustee (by any method selected by the Trustee in its discretion) no less frequently than annually, on the basis of fair market value. To the extent that funds in excess of the Debt Service Reserve Requirement are contained in the Debt Service Reserve Fund, then such excess funds shall immediately be deposited into the Bond Fund. Any deficiency in the Debt Service Reserve Fund, whether as a result of withdrawals therefrom or reduction in the value thereof, shall be cured from first available revenues. The interest earned on such Debt Service Reserve Fund shall be deposited into the Bond Fund. The Debt Service Reserve Fund shall be maintained by the Trustee, and the City grants a security interest in the Debt Service Reserve Fund to and in favor of the Trustee.

Section 503. Construction Fund. The City hereby directs the Trustee to create a special fund to be designated as the "City of Barling, Arkansas Construction Fund." The Construction Fund shall be capitalized with Initial Bond proceeds in the amount of ~~<Construction Fund Capitalization>~~ plus ~~<Costs of Issuance Capitalization>~~ in issuance costs, for a total capitalization of ~~<Total Construction Fund Capitalization>~~ , not to exceed \$4,500,000. At Closing, the Trustee shall pay from the Construction Fund all costs and expenses associated with the issuance of the Bonds. Said costs and expenses will be evidenced by payment instructions that are executed by the City. All funds remaining in the Construction Fund thereafter shall be used by the City to acquire and construct the intended capital improvements and funded pursuant to the provisions of that Disbursement Agreement that will be executed by the City and the Trustee. The Construction Fund is temporary in nature and will be closed upon the payment of those sums referenced herein. The Construction Fund shall be maintained by the Trustee, and the City grants a security interest in the Construction Fund to and in favor of the Trustee. All sums remaining in the Construction Fund after the payment of all construction costs and costs of issuance shall be transferred and deposited into the Bond Fund. The interest earned on such Construction Fund shall be deposited into the Bond Fund. The Construction Fund shall be maintained by the Trustee, and the City grants a security interest in the Construction Fund to and in favor of the Trustee.

Section 504. Bond Fund. (a) The City hereby directs the Trustee to create a special fund to be designated "City of Barling, Arkansas Bond Fund" for the purpose of paying debt service on all Bonds that may be issued under this Ordinance. Except for the depositing into the Bond Fund of accrued interest, the Bond Fund shall not otherwise be capitalized from Initial Bond proceeds, but shall have deposited thereto by the City those reoccurring funds in accordance with that procedure set forth in Section 602, below. The Bond Fund shall be maintained by the Trustee, and the City grants a security interest in the Bond Fund to and in favor of the Trustee.

(b) Should the monies in the Bond Fund be and remain sufficient to pay the principal of and interest on all outstanding Bonds issued under this Ordinance, and the Trustee's fees, there shall be no obligation to make any further payments into the Bond Fund.



(c) The monies in the Bond Fund shall be used solely for the payment of the principal of and interest on the Bonds and the Trustee's and Paying Agent's fees and for no other purpose except as specifically authorized herein.

(d) The City hereby authorizes and directs the Trustee to withdraw sufficient monies from the Bond Fund to pay the principal of and interest on Bonds as the same become due and payable and the Trustee's and Paying Agent's fees, and to use the same to pay the principal and interest and the fees of the Trustee and of the Paying Agent as the same become due and payable. In addition, the City hereby authorizes and directs the Trustee to withdraw sufficient monies from the Bond Fund and use the same to redeem Bonds that have been called for redemption by the City prior to maturity as provided in this Ordinance and to pay Paying Agent's fees in connection therewith. By the execution of this Ordinance, the Trustee accepts the obligations and directions herein contained.

Section 505. Rebate Fund. (a) Creation. There is hereby created by the City if and when needed and ordered established with the Trustee a trust fund to be designated by the Trustee and which is herein referred to as the Rebate Fund.

The Rebate Fund shall be held in trust by the Trustee and, subject to paragraph (c) of this Section, shall be held for the benefit of the United States of America. The Rebate Fund shall not be held for the benefit of the Bondholders or the Trustee. The Trustee shall have no lien on or security interest in the Rebate Fund with respect to the payment of any fees, charges or expenses due to the Trustee under this Ordinance.

(b) Determination and Payment of Rebate. The City acknowledges that the exclusion of the interest paid on the Bonds from gross income for purposes of federal income taxation is dependent upon continued compliance with the provisions of Section 148 of the Code. The City shall, unless and until the City delivers to the Trustee a written opinion of counsel as described in paragraph (c) of this Section, make the determinations and take the actions required by this and make such further or different determinations and take such further or different actions as are necessary, in the opinion of counsel to the City, to comply with the requirements of Section 148(f) of the Code and the regulations pertaining thereto. The City shall rebate to the United States, not later than sixty (60) days after the end of the five-year period ending ~~Interest Payment Date~~ December 31, 2009, and not later than sixty (60) days after the end of each five-year period thereafter, an amount which ensures that at least ninety percent (90%) of the Rebate Amount (as hereinafter defined) at the time of such payment will have been paid to the United States, and, within sixty (60) days after the payment or redemption of all principal of the Bonds, an amount sufficient to pay the remaining unpaid balance of the Rebate Amount, all in the manner and as required by Section 148 of the Code and the regulations pertaining thereto. As used herein, "Rebate Amount" means the amount described in Section 148(f)(2) of the Code, computed in accordance with the provisions of Section 148(f)(2) of the Code and the regulations pertaining thereto now or hereafter promulgated, including, until superseded, supplemented or amended by Treasury Regulations, Sections 1.148-0 through 1.148-11, as applicable.

The City shall determine the Rebate Amount as of the close of each five-year period and upon payment or redemption of all principal of the Bonds. To assist it in making the determination,



Section 506. Insurance Proceeds or Condemnation Award Fund. The City hereby directs the Trustee to create a special fund to be designated "City of Barling, Arkansas Insurance Proceeds or Condemnation Award Fund" for the purpose of holding any Net Proceeds that may be payable to the City as a result of any action described in Section 417, but only upon receipt of funds deposited thereto. The Insurance Proceeds or Condemnation Award Fund shall not be capitalized with the proceeds from the issuance of the Bonds. The Trustee shall deposit funds into and disburse funds from the Insurance Proceeds or Condemnation Award Fund in accordance with Section 417. The Insurance Proceeds or Condemnation Award Fund shall be maintained by the Trustee, and the City grants a security interest in the Insurance Proceeds or Condemnation Award Fund to and in favor of the Trustee.

~~Section 507. Capitalized Interest Fund. The City hereby directs the Trustee to create a special fund to be designated as the "City of Barling, Arkansas Capitalized Interest Fund." The Capitalized Interest Fund shall be capitalized with Initial Bond proceeds in the amount of \$\_\_\_\_\_. The Capitalized Interest Fund is temporary in nature and will be used to fund the first annual payment of interest that accrues against the Initial Bonds. After funding said payments, the Capitalized Interest Fund shall terminate. The Capitalized Interest Fund shall be maintained by the Trustee, and the City grants a security interest in the Capitalized Interest Fund to and in favor of the Trustee. All sums remaining in the Capitalized Interest Fund after the payment of those installments referenced herein shall be transferred and deposited into the Bond Fund. The interest earned on such Capitalized Interest Fund shall be deposited into the Bond Fund.~~

~~Section 508. Depositories of Funds. The Construction Fund, the Debt Service Reserve Fund, the Bond Fund, the Insurance Proceeds or Condemnation Award Fund and the Rebate Fund shall be established and maintained in and with the Trustee.~~

All monies in any of the above funds in excess of the amount insured by the Federal Deposit Insurance Corporation shall be secured by perfected pledges of Government Securities or invested as herein authorized.

Section 509508. Nonpresentment of Bonds. In the event any Bonds shall not be presented for payment when the principal thereof becomes due, either at maturity or otherwise, or at date fixed for redemption thereof, if there shall have been deposited with the Trustee for the purpose, or left in trust if previously so deposited, funds sufficient to pay the principal thereof, premium, if any, together with all interest unpaid and due thereon, to the date of maturity thereof, or to the date fixed for redemption thereof, as the case may be, for the benefit of the holder thereof, all liability of the City to the holder thereof for the payment of the principal thereof, premium, if any, and interest thereon shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such fund or funds, without liability for interest thereon, for the benefit of the holder of the Bond, who shall thereafter be restricted exclusively to such fund or funds, for any claim of whatever nature on his part under this Ordinance or on, or with respect to, said Bond. Any monies deposited with the Trustee in accordance with the terms and covenants of this instrument in order to redeem or pay the Bonds in accordance with provisions hereof, and remaining unclaimed by the owners of the Bonds after the date fixed for redemption or maturity, shall be escheated to the



appropriate state in accordance with a particular state's escheatment laws and thereafter the owners of the Bonds shall be entitled to look only to the state to whom such funds were escheated for payment thereof.

Section 510509. Revenues to Be Held for All Bondholders. With Certain Exceptions. Until applied as herein provided and except where monies have been deposited with or paid to the Trustee pursuant to an instrument restricting the application of such monies to particular Bonds, the monies and investments held in all Funds (other than amounts required to be on deposit in the Rebate Fund) established hereunder and the proceeds of any remedies exercised under Article IX hereof shall be held in trust pursuant to the terms of this Ordinance for the equal and proportionate benefit of the holders of all Outstanding Bonds, except that on and after the date on which the interest or redemption premium on or principal of any particular Bond or Bonds is due and payable from the Debt Service Fund or, with respect to which a call for redemption has been given and funds for such redemption have been deposited with the Trustee, the unexpended balance of the amount deposited or reserved in the Bond Fund for the making of such payments shall, to the extent necessary therefor, be held solely for the benefit of the Bondholder or Bondholders entitled thereto.

Section 511510. Additional Funds and Accounts. In addition to the funds and accounts specifically authorized under this Article, the Trustee shall have the authority to create and maintain such other funds and accounts as it may deem necessary for proper administration hereunder.

ARTICLE VI  
CUSTODY AND APPLICATION OF PROCEEDS OF BONDS;  
CITY'S OBLIGATION TO FUND INSTALLMENT PAYMENTS

Section 601. Proceeds of Bonds. The proceeds of the sale of the Bonds shall be disbursed in accordance with those instructions that the Mayor and handled as follows:

- (a) ~~The accrued interest of \$ \_\_\_\_\_ shall be deposited in the Bond Fund.~~
- (b) ~~\$ \_\_\_\_\_ shall be deposited in the Debt Service Reserve Fund.~~
- (c) ~~\$ \_\_\_\_\_ shall be deposited in the Capitalized Interest Fund and shall be used to fund the first (1) annual installment of interest that accrues against the Initial Bonds.~~
- (d) ~~<Costs of Issuance Capitalization> shall be deposited into the Construction Fund and shall be used to pay those expenses incurred by the City in connection with the issuance of the Bonds.~~
- (e) ~~Bond sale proceeds thereafter, along with any other proceeds from the referenced funds that are not otherwise spent, shall be deposited into the Construction Fund, which funds shall be disbursed in accordance with the terms and conditions of the Disbursement Agreement finance director might subsequently provide.~~



such allocable portion, shall be applied in accordance with the applicable provisions governing such Fund hereunder.

- (f) Earnings from investment shall remain in the respective Fund where earned unless this Ordinance otherwise expressly provides to the contrary.

Section 703. Valuation of Funds. The Trustee shall determine the market value of the assets in each of the Funds established hereunder as required under the applicable provisions of the Code. As soon as practicable after each valuation date, the Trustee shall furnish to the City a report of the status of each Fund as of such date. The Trustee shall also advise the City at such time of the amount then available in the Bond Fund as a credit against the City's obligation to make any payments pursuant to Section 504 to the Bond Fund prior to ~~Interest Payment Date~~ December 31 of each year. In computing the value of assets in any Fund, investments shall be valued at the fair market value thereof and shall include accrued but unpaid interest on each investment, and all investments (valued as aforesaid) and accrued interest thereon shall be deemed a part of such Funds. All Permitted Investments that mature within six (6) months of any valuation date or are payable on demand shall be valued at par plus any accrued and unpaid interest. Upon the request of the City, the Trustee shall also provide the City with monthly or other periodic statements showing amounts deposited into and withdrawn from each Fund, the investments made with amounts in each Fund and the investment income received from such investments.

#### ARTICLE VIII DISCHARGE OF LIEN

Section 801. Discharge of Lien. If the City shall pay or cause to be paid to the holders and owners of the Bonds the principal, premiums, if any, and interest to become due thereon at the times and in the manner stipulated therein, and if the City shall keep, perform and observe all the covenants and promises in the Bonds and in this Ordinance expressed as to be kept, performed and observed by it on its part, then these presents and the estate and rights hereby granted shall cease, determine and be void, and thereupon the Trustee shall cancel and discharge the lien of this Ordinance, and execute and deliver to the City such instruments in writing as shall be requisite to satisfy the lien hereof, and reconvey to the City the security interests hereby conveyed, and assign and deliver to the City any property at the time subject to the lien of this Ordinance which may then be in its possession, except cash held by it for the payment of the principal of, premiums, if any, and interest on the Bonds.

Bonds shall be deemed to have been paid for purposes of this Ordinance if there has been deposited with the Trustee in trust either (a) monies in an amount, or Government Securities the principal of and interest on which will, together with any monies held by the Trustee at the same time and available for such purpose pursuant to this Ordinance, without further investment or reinvestment of either the principal amounts thereof or the interest earnings thereon, provide amounts which will be sufficient to pay when due the principal, interest, and premium, if any, to become due and payable on or prior to the respective redemption dates or maturity dates of such Bonds, and (b) in case any of such Bonds are to be redeemed on any date prior to their maturity, notice of such redemption shall have been duly given or arrangements satisfactory to the Trustee shall have been made for the giving of such notice.



- (a) The fact and date of the execution by any person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such writing acknowledged the execution thereof, or by an affidavit of any witness to such execution.
- (b) The City or the Trustee (as the case may be) may establish a Record Date for the purpose of identifying Bondholders entitled to issue any such consent, request, direction, approval or instrument.

Section 1210. Counterparts. This Ordinance may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

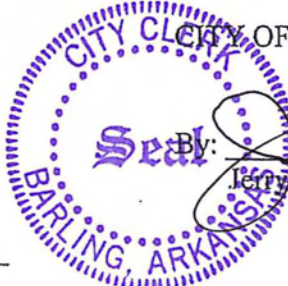
Section 1211. Parameters Ordinance. This Ordinance is intended to set forth the general parameters pursuant to which the Bonds shall be issued. It is fully anticipated that the principal amount of the Bonds, the maximum interest rates applicable to the Bonds, the rate covenant, the additional parity bonds test and other matters set forth herein will, upon issuance of the Bonds, be favorably lessened and reduced from those parameters set forth herein. The City does hereby empower and authorize the Mayor and the City finance director to adopt and approve all subsequent changes to the terms and conditions pursuant to which the Bonds are authorized so long as all such changes do not exceed the parameters set forth herein, to designate a Trustee herein, to finalize the capitalization amounts of construction funds, cost of issuance funds and other funds and accounts set forth herein, and to otherwise clarify any other provisions of this Ordinance so long as said clarifications are not inconsistent with the maximum parameters set forth herein and the goals and intentions of this Ordinance.

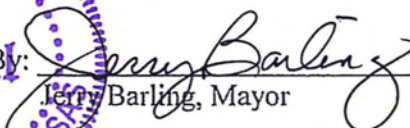
IN WITNESS WHEREOF, THE DIRECTORS OF THE CITY OF BARLING, ARKANSAS have caused these presents to be signed in its name and behalf by its Mayor and its seal to be hereunto affixed and attested by its Clerk, and to evidence its acceptance of the trust hereby created, the Trustee has caused these presents to be signed in its name and behalf and its corporate seal to be hereunto affixed and attested, by its duly authorized officers, all as of the date and year first above written.

ATTEST:

  
Cindy Walker, Clerk

CITY OF BARLING, ARKANSAS

 Seal

By:   
Jerry Barling, Mayor

<TRUSTEE NAME>



Section 1202. Severability. If any provision of this Ordinance shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions or in all cases because it conflicts with any provisions or any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatever. The invalidity of any one or more phrases, sentences, clauses or paragraphs in this Ordinance contained shall not affect the remaining portions of this Ordinance or any part thereof.

Section 1203. Security Agreement: Financing Statements. In addition to the assignment by the City of its rights in the Trust Estate to the Trustee, the City hereby acknowledges that, in order to more fully protect, perfect and preserve the rights of the Trustee and the Bondholders in the Trust Estate, the City grants to the Trustee a security interest in the Trust Estate and the proceeds thereof. The City authorizes the Trustee to file on its behalf financing statements, and continuations thereof, in such manner and in such places as may be required by law in order to perfect such security interest. The Trustee shall cooperate with the City as necessary, including the execution of any necessary financing statements and continuations thereof.

The following information is supplied to facilitate filings under the Uniform Commercial Code of the State:

The secured party is <Trustee Name>, as Trustee. Its address from which information concerning the security interest may be obtained and its mailing address is: <Trustee's Address>. The debtor is City of Barling, Arkansas. Its mailing address is: P. O. Box 23039, Barling, Arkansas, 72923.

Section 1204. Notices. Except as otherwise provided herein, all notices, certificates or other communications hereunder shall be in writing and shall be deemed given upon receipt, by hand delivery, mail, overnight delivery, telecopy or other electronic means addressed as follows:

City:           City of Barling, Arkansas  
                  Attention: Mayor  
                  P. O. Box 23039  
                  Barling, Arkansas 72923

Trustee:       <Trustee Name> To be subsequently identified  
                  \_\_\_\_\_  
                  Attn: Trust Department  
                  \_\_\_\_\_  
                  \_\_\_\_\_, Arkansas \_\_\_\_\_

In case by reason of the suspension of regular mail service, it shall be impracticable to give notice by first class mail of any event to any Bondholder when such notice is required to be given pursuant to any provisions of this Ordinance, then any manner of giving such notice as shall be satisfactory to the Trustee shall be deemed to be sufficient giving of such notice. The City or the

By: \_\_\_\_\_

Title: \_\_\_\_\_



ACKNOWLEDGMENT

STATE OF ARKANSAS )  
 ) ss.  
COUNTY OF SEBASTIAN )

ACKNOWLEDGMENT

On this \_\_\_\_ day of \_\_\_\_\_, 2004, before me, a notary public duly commissioned, qualified and acting, within and for the state and county aforesaid, appeared in person the within named Jerry Barling and Cindy Walker, Mayor and Clerk, respectively, of the CITY OF BARLING, ARKANSAS, to me personally known, who stated that they were duly authorized in their respective capacities to execute the foregoing instrument for and in the name of the City, and further stated and acknowledged that they had signed, executed and delivered the foregoing instrument for the consideration, uses and purposes therein mentioned and set forth.

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal.

\_\_\_\_\_  
Notary Public

My Commission Expires:

\_\_\_\_\_  
STATE OF ARKANSAS \_\_\_\_\_ )  
 ) ss. \_\_\_\_\_  
COUNTY OF \_\_\_\_\_ )

ACKNOWLEDGMENT

On this \_\_\_\_ day of \_\_\_\_\_, 2004, before me, a notary public duly commissioned, qualified and acting, within and for the state and county aforesaid, appeared in person the within named \_\_\_\_\_, \_\_\_\_\_, of <TRUSTEE NAME>, to me personally known, who stated that he/she was duly authorized in his/her respective capacities to execute the foregoing instrument for and in the name and behalf of the Bank, and further stated and acknowledged that he/she had signed, executed and delivered the foregoing instrument for the consideration, uses and purposes therein mentioned and set forth.

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal.

\_\_\_\_\_  
Notary Public

My Commission Expires:

