

AN ORDINANCE PROVIDING FOR THE PURCHASE BY THE CITY OF THE EXISTING WATER SYSTEM AND FOR THE CONSTRUCTION OF WATER DISTRIBUTION SYSTEM IMPROVEMENTS FOR THE CITY OF BARLING, ARKANSAS; PROVIDING FOR THE ISSUANCE OF WATER SYSTEM REVENUE BONDS; PROVIDING FOR THE PAYMENT OF PRINCIPAL AND INTEREST ON THE BONDS; PRESCRIBING OTHER MATTERS RELATING THERETO; AND DECLARING AN EMERGENCY.

WHEREAS, the City of Barling, Arkansas does not have an adequate water supply system and is proposing to purchase the existing water system and has had prepared by a duly qualified consulting engineer plans and estimates of costs for the construction of distribution system improvements to said water system (hereinafter sometimes referred to as the "Project"); and

WHEREAS the said plans and estimates have been examined and approved by the City Council and a copy thereof is on file in the office of the City Recorder, where it may be inspected by any interested person; and

WHEREAS a brief general description of the Project is as follows: Purchase of existing water system and construction of distribution system improvements; and

WHEREAS the City does not have available sufficient funds with which to complete said Project, but can obtain the same by the issuance of Water System Revenue Bonds in the

CERTIFICATE OF RECORD

STATE OF ARKANSAS,
County of Sebastian, Greenwood District

} ss.

I, Otis O. Harris, Sr., Clerk of the Circuit Court and Ex-Officio Recorder of the County aforesaid, do hereby certify that the annexed and foregoing instrument of writing was filed for record in my office on the 21 day of October A. D. 1968 at 9:15 o'clock A M., and the same is now duly recorded with the acknowledgement and certificate thereon, in Record Book 209, Page 196

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said Court this 21 day of October A. D. 1968

OTIS O. HARRIS, SR.

By Dwain Guilman D. C. Circuit Clerk and Ex-Officio Recorder

WHEREAS the City has duly advertised the public sale of its \$188,000 in principal amount of Water System Revenue Bonds, and at said public sale held on the 3rd day of SEPTEMBER 1968, the best and only bid submitted was that of the United States of America, Department of Housing and Urban Development, which bid was par and accrued interest for \$188,000 principal amount of bonds bearing interest at the rate of 4-1/2% per annum;

NOW, THEREFORE, BE IT ORDAINED BY the City Council of the City of Barling, Arkansas:

Section 1. That the City Council hereby finds and declares that the rates for water to be furnished and services to be rendered by the proposed water system of the City of Barling, Arkansas, as established by Ordinance No. 56 of the City passed and approved on the 1st day of OCTOBER, 1968, are fair, reasonable and necessary minimum rates and will produce sufficient revenues to pay the principal of and interest on the Revenue Bonds as they mature, the paying agent's fees, to provide depreciation funds for replacements and repairs to the water system, and to pay the reasonable operation and maintenance expenses of the water system.

Section 2. That the Project be constructed, including purchase of existing water system. The City Council hereby finds and declares that the water facilities to be constructed shall have a useful life of more than 40 years, which is longer than the term of the Revenue Bonds which will be issued to finance the cost to the City of the facilities.

Section 3. That the bid of the United States of America, Department of Housing and Urban Development, of par and accrued interest for \$188,000 principal amount of bonds bearing interest at the rate of 4-1/2% per annum, be, and the same hereby is, accepted, and the said bonds be, and they hereby are, sold to the United States of America for that price.

Section 4. That under the authority of the Constitution and laws of the State of Arkansas, including particularly Act 131 of the Acts of the General Assembly of the State of Arkansas for the year 1933, as amended, "City of Barling, Arkansas, Water System Revenue Bonds, Series 1968" are hereby authorized and ordered issued in the total principal amount of \$188,000, the proceeds of the sale of which are necessary to provide sufficient funds to pay the cost of the City of the construction of the Project, including engineering, legal and other necessary expenses incidental to the construction of the Project, and to the issuance of bonds, in accordance with the plans of a duly qualified consulting engineer heretofore submitted to and approved by the Council and on file in the office of the City Recorder, including purchase of the existing water system. The bonds shall be dated February 1, 1968, shall bear interest until paid at 4-1/2% per annum, payable semi-annually on February 1 and August 1 of each year, commencing February 1, 19~~69~~⁷⁰, shall be numbered consecutively from one (1) to one hundred eighty-eight (188), inclusive, and shall mature on February 1 of each year as follows, but shall be callable for payment prior to maturity as hereinafter set forth:

YEAR	BOND NOS.	AMOUNT
1971	1	\$ 1,000
1972	2	1,000
1973	3 - 4	2,000
1974	5 - 6	2,000
1975	7 - 8	2,000
1976	9 - 10	2,000
1977	11 - 12	2,000
1978	13 - 15	3,000
1979	16 - 18	3,000
1980	19 - 21	3,000
1981	22 - 24	3,000
1982	25 - 27	3,000
1983	28 - 30	3,000
1984	31 - 34	4,000
1985	35 - 38	4,000
1986	39 - 42	4,000
1987	43 - 46	4,000
1988	47 - 50	4,000
1989	51 - 54	4,000
1990	55 - 59	5,000
1991	60 - 64	5,000
1992	65 - 69	5,000
1993	70 - 74	5,000
1994	75 - 79	5,000
1995	80 - 85	6,000
1996	86 - 91	6,000
1997	92 - 97	6,000
1998	98 - 104	7,000
1999	105 - 111	7,000
2000	112 - 118	7,000
2001	119 - 125	7,000
2002	126 - 133	8,000
2003	134 - 141	8,000
2004	142 - 150	9,000
2005	151 - 159	9,000
2006	160 - 168	9,000
2007	169 - 178	10,000
2008	179 - 188	10,000

The bonds shall be in the denomination of \$1,000 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 upon presentation of the bonds and proper coupons at the office of The Merchants National Bank, Fort Smith, Arkansas.

Section 5. That the bonds shall be executed on behalf of the City with either the manual or facsimile signature of the Mayor and with the manual signature of the 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. The facsimile signature of the Mayor shall have the same force and effect as if he had personally signed each of said coupons and bonds. The bonds, together with interest thereon, shall be payable solely out of the Water System Revenue Bond and Interest Sinking Fund, as hereinafter identified, and shall be a valid claim of the holders thereof only against such Fund and the amount of 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.

Section 6. That the bonds and coupons shall be in substantially the following form:

UNITED STATES OF AMERICA
STATE OF ARKANSAS
COUNTY OF SEBASTIAN
CITY OF BARLING

4-1/2% WATER SYSTEM REVENUE BOND, SERIES 1968

NO. _____

\$1,000

KNOW ALL MEN BY THESE PRESENTS:

That the City of Barling, County of Sebastian and 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

ONE THOUSAND 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 February, 19~~68~~⁷⁰, and to pay solely from said special fund interest thereon at the rate of four and one-half per cent (4-1/2%) per annum from date, semi-annually on February 1 and August 1 of each year, until the principal hereof is fully paid, commencing February 1, 1969, 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 Merchants National Bank, Fort Smith, Arkansas.

This bond is one of a series of one hundred eighty-eight (188) bonds, aggregating One Hundred Eighty-eight Thousand Dollars (\$188,000), dated February 1, 19~~68~~⁶⁹, and numbered from one (1) to one hundred eighty-eight (188), inclusive, all of

like tenor and effect except as to number, maturity and right of prior redemption, and the bonds are issued for the purpose of financing the cost of purchasing the existing water system and constructing distribution system improvements to the water system in the City of Barling, Arkansas.

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 131 of the Acts of the General Assembly of the State of Arkansas for the year 1933, as amended, and pursuant to Ordinance No.

57 of the City Council of the City of Barling, Arkansas, duly adopted and approved on the ^{1st}~~3^d~~ day of ^{OCTOBER}~~September~~, 1968, 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 Barling within any constitutional or statutory limitation. They are not general obligations of the City, but are special obligations payable solely from the gross revenues derived from the operation of the Water System, a fixed amount of which, sufficient to pay the principal of and interest on the bonds as the same become due and payable, has been duly set aside and pledged as a special fund for that purpose and identified as the "Water System Revenue Bond and Interest Sinking Fund", created by said Ordinance No. 57, under which this bond is authorized to be issued. The City of Barling has established and has covenanted and agreed

paying date, at par and accrued interest; from funds from any source, at the option of the City, on any interest paying date on and after February 1, 1978 at par and accrued interest plus a premium of four per cent (4%) on all bonds so called on February 1, 1978, with a reduction in premium of one-fourth of one per cent (1/4 of 1%) per year thereafter until February 1, 1994, on and 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, to happen and to be performed, precedent to and in the issuance of this bond, have existed, have happened and have been performed in due time, form and manner as required by law; that the indebtedness represented by this bond and the issue of which it forms a part does not exceed any constitutional or statutory limitation; and that sufficient of the income and revenue which is deemed to be derived from the operation of the Water System has been pledged to and will be set aside into the 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

to maintain rates for water services which shall be sufficient at all times to provide for the payment of the principal of and interest on the bonds as the same become due and payable, and the paying agent's fees, to make the required deposit in the Water System Depreciation Fund established by said Ordinance No. 57 for the purpose of providing necessary replacements and repairs, and to provide for the payment of the reasonable expenses of operation, repair, maintenance and insurance of the Water System.

By virtue of the authority of said Act 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 Water System to and in favor of the holders 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 Water 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 Act 131 of the Acts of the General Assembly of the State of Arkansas for the year 1933, as amended, 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 in whole or in part in inverse numerical order as follows: from surplus moneys in the Construction Fund remaining after all costs of the Project have been paid, on any interest

authenticated by the Certificate hereon duly signed by
The Merchants National Bank, Fort Smith, Arkansas.

IN WITNESS WHEREOF, the City of Barling, Arkansas, by
its City Council, has caused this bond to be executed by either
the manual or facsimile signature of the Mayor and by the manual
signature of the City Recorder thereof and sealed with the
corporate seal of said City, and has caused the coupons hereto
attached to be executed by the facsimile signature of the Mayor,
all as of the first day of _____, 196__.

CITY OF BARLING, ARKANSAS

By _____
Mayor

ATTEST:

City Recorder

(SEAL)

Section 7. (a) That the City covenants and agrees with the holders of the Water System Revenue Bonds and coupons that the rates to be charged for water to be furnished and services to be rendered, as established by Ordinance No. 57, will produce a total revenue sufficient to pay the principal of and interest on the bonds as they mature, the paying agent's fees, to make the required deposit in the Water System Depreciation Fund established by this Ordinance, and to pay the reasonable operation, repair and maintenance expenses of the Water System. Said rates shall never be reduced until all outstanding bonds and coupons thereto attached have been paid and shall, from time to time when necessary, be increased to an amount sufficient to provide for the above set forth purposes and for maintenance of the funds hereinafter described.

(b) That none of the facilities or services afforded by the Water 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 Water System, the reasonable value of the services and facilities so afforded shall be charged against the City of such department, agency or instrumentality, and shall be paid for as the charges therefor accrue. Revenues so received from the City shall be deemed to be revenues derived from the operation of the Water System and shall be used and accounted for in the same manner as any other revenues derived from the operation of the Water System, provided, however, that nothing herein shall be construed as requiring the City or

any department, agency or instrumentality thereof to avail itself of the facilities or services afforded by the Water System.

Section 8. That the Treasurer of the City shall be custodian of the revenues derived from the Water System, and shall give bond in an amount to be approved by the City Council and the Trustee for the faithful discharge of all duties as such custodian. The amount of the bond shall be an amount at least equal to the total funds in his custody at any one time. All Water System revenues received by the Treasurer from the operation of the Water 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 or 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 9. Water System Revenue Fund. That all income and revenues arising from the operation or ownership of the Water System shall be paid into a special fund which is hereby created and designated "Water System Revenue Fund". The revenues in the Water System Revenue Fund are hereby pledged and shall be applied in the manner hereinafter set forth.

Section 10. Water System Revenue Bond and Interest

Sinking Fund. (a) That there shall be paid by the Treasurer from the Water System Revenue Fund into a fund which is hereby created and designated "Water System Revenue Bond and Interest Sinking Fund" the sums in the amounts and at the times hereinafter stated in subsection (b) hereof for the purpose of providing funds for the payment of the principal of and interest on the bonds as they mature according to the following schedule, and as a debt service reserve:

YEAR	BOND NOS.	PRINCIPAL	INTEREST		TOTAL
			FEBRUARY 1	AUGUST 1	
1969 ⁷⁰			\$ 8,460.00	\$ 4,230.00	\$ 12,690.00
1970 ¹			4,230.00	4,230.00	8,460.00
1971 ²	p.d 71 1	\$ 1,000 ✓	4,230.00	4,207.50	9,437.50
1972 ³	p.d 72 2	1,000 ✓	4,207.50	4,185.00	9,392.50
1973 ⁴	3 - 4	2,000 ✓	4,185.00	4,140.00	10,325.00
1974 ⁵	5 - 6	2,000 ✓ p.d 1-16 77	4,140.00 ✓ p.d 1-16 77	4,095.00 -	10,235.00
1975 ⁶	7 - 8	2,000 ✓ p.d 1-16 77	4,095.00	4,050.00 ✓	10,145.00
1976 ⁷	9 - 10	2,000 ✓ 1/14	4,050.00 ✓ p.d 1-16 77	4,005.00 ✓ 2/14	10,055.00
1977 ⁸	11 - 12 ✓	2,000 ✓ 3/27	4,005.00 ✓ p.d 1-16 77	3,960.00 ✓ 1/16 77	9,965.00
1978 ⁹	13 - 15	3,000 ✓ 5/10	3,960.00 ✓ p.d 1-16 77	3,892.50 ✓ 10/24/78	10,852.50
1979 ¹⁰	16 - 18	3,000 ✓ 7/17	3,892.50 ✓ 10/24/78	3,825.00 ✓ 10/24/78	10,717.50
1980 ¹	19 - 21	3,000 ✓ 7/17	3,825.00	3,757.50	10,582.50
1981 ²	22 - 24	3,000	3,757.50	3,690.00	10,447.50
1982 ³	25 - 27	3,000	3,690.00	3,622.50	10,312.50
1983 ⁴	28 - 30	3,000	3,622.50	3,555.00	10,177.50
1984 ⁵	31 - 34	4,000	3,555.00	3,465.00	11,020.00
1985 ⁶	35 - 38	4,000	3,465.00	3,375.00	10,840.00
1986 ⁷	39 - 42	4,000	3,375.00	3,285.00	10,660.00
1987 ⁸	43 - 46	4,000	3,285.00	3,195.00	10,480.00
1988 ⁹	47 - 50	4,000	3,195.00	3,105.00	10,300.00
1989 ¹⁰	51 - 54	4,000	3,105.00	3,015.00	10,120.00
1990 ¹¹	55 - 59	5,000	3,015.00	2,902.50	10,917.50
1991 ¹²	60 - 64	5,000 ✓	2,902.50 ✓	2,790.00 ✓	10,692.50
1992 ¹³	65 - 69	5,000	2,790.00 ✓	2,677.50 ✓	10,467.50
1993 ¹⁴	70 - 74	5,000	2,677.50	2,565.00	10,242.50
1994 ¹⁵	75 - 79	5,000	2,565.00	2,452.50	10,017.50
1995 ¹⁶	80 - 85	6,000	2,452.50	2,317.50	10,770.00
1996 ¹⁷	86 - 91	6,000	2,317.50	2,182.50	10,500.00
1997 ¹⁸	92 - 97	6,000	2,182.50	2,047.50	10,230.00
1998 ¹⁹	98 - 104	7,000	2,047.50	1,890.00	10,937.50
1999 ²⁰	105 - 111	7,000	1,890.00	1,732.50	10,622.50
2000 ²¹	112 - 118	7,000	1,732.50	1,575.00	10,307.50
2001 ²²	119 - 125	7,000	1,575.00	1,417.50	9,992.50
2002 ²³	126 - 133	8,000	1,417.50	1,237.50	10,655.00
2003 ²⁴	134 - 141	8,000	1,237.50	1,057.50	10,295.00
2004 ²⁵	142 - 150	9,000	1,057.50	855.00	10,912.50
2005 ²⁶	151 - 159	9,000	855.00	652.50	10,507.50
2006 ²⁷	160 - 168	9,000	652.50	450.00	10,102.50
2007 ²⁸	169 - 178	10,000	450.00	225.00	10,675.00
2008 ²⁹	179 - 188	10,000	225.00	-	10,225.00

(b) That there shall be paid by the Treasurer from the Water System Revenue Fund and deposited in the Water System Revenue Bond and Interest Sinking Fund, beginning on or before the fifth day of the month as soon as any portion of the Project is revenue producing and continuing on or before the fifth day of each month thereafter until the amount in said Water System Revenue Bond and Interest Sinking Fund is sufficient to pay all outstanding bonds, interest thereon and the paying agent's fees, 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, on all issued and outstanding bonds, and plus such additional amounts, if any, as shall be required, together with moneys therein, to meet the next accruing interest and principal payments; provided, however, that when there shall have been accumulated in said Water System Revenue Bond and Interest Sinking Fund a debt service reserve in the amount of \$11,000, so long as said debt service reserve is maintained in that amount the monthly payments may be reduced to one-sixth ($1/6$) of the next installment of interest and one-twelfth ($1/12$) of the next installment of principal, and an amount sufficient to provide for the paying agent's fees, on all outstanding bonds.

(c) That the amount required to be paid from the Water System Revenue Fund into the Water System Revenue Bond and Interest Sinking Fund shall be paid before any of the revenues of the Water System are used for any other purpose. If the revenues of the Water System are insufficient to make the required payment by the

fifth day of the following month into the Water 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 System Revenue Bond and Interest Sinking Fund by the fifth day of the next month.

(d) That if, for any reason, the funds in the Water System Revenue Bond and Interest Sinking Fund shall at any 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 System Revenue Fund before any of the moneys in the Water System Revenue Fund shall be used for any other purpose except for making the payments hereinabove required to be made into the Water System Revenue Bond and Interest Sinking Fund. The debt service reserve shall be continuously maintained in the amount above specified and shall be used solely as herein provided.

(e) That when the moneys in the Water 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 System Revenue Bonds, and the paying agent's fees, there shall be no obligation to make any further payments into the Water System Revenue Bond and Interest Sinking Fund.

(f) That all moneys in the Water System Revenue Bond and Interest Sinking Fund shall be used solely for the payment of the principal of and interest on the bonds herein authorized and the paying agent's fees, except as herein expressly provided, If any surplus shall exist in the Water System Revenue Bond and

Interest Sinking Fund over and above the amount necessary to pay the principal of and interest on the bonds for the current fiscal year and the next ensuing fiscal year, and the paying agent's fees, and over and above the amount of the debt service reserve, such surplus may be used for the payment of the principal of and interest on any bonds that may be called for redemption prior to maturity.

(g) That it shall be the duty of the Treasurer to withdraw from the Water System Revenue Bond and Interest Sinking Fund at least ten (10) days before the maturity date of any bond or interest coupon issued hereunder and deposit with the paying agent an amount equal to the amount of such bond or interest coupon for the sole purpose of paying the same, together with the paying agent's fee. Such deposit shall be at the sole risk of the City and shall not operate as a payment of the bonds or coupons until so applied.

Section 11. Water System Depreciation Fund. That, except as hereinafter provided in this Section, there shall be paid by the Treasurer from the Water System Revenue Fund into a fund which is hereby created and designated "Water System Depreciation Fund", on or before the fifth day of the month as soon as any portion of the Project is revenue producing and continuing on or before the fifth day of each month thereafter while any Water System Revenue Bonds are outstanding and unpaid five per cent (5%) of the gross revenues of the Water System for the preceding month. Moneys in the Water System Depreciation Fund shall be used solely for the purpose of paying the cost of replacements and repairs made necessary by the depreciation of the Water System, or for the cost of economically justifiable

extensions to the distribution system; provided, however, in the event that funds in the Water System Revenue Bond and Interest Sinking Fund are reduced below the amount required to meet the current debt service and maintain the debt service reserve in the amount of \$11,000, as provided for hereinabove, funds on deposit in the Water System Depreciation Fund may be transferred to the Water System Revenue Bond and Interest Sinking Fund to the extent required to eliminate such deficiency in that Fund.

If in any fiscal year a surplus shall be accumulated in the Water System Depreciation Fund over and above the amount necessary to defray the cost of the probable repairs and replacements during the then current fiscal year, and the next ensuing fiscal year, and over and above the cost of any economically justifiable extensions to the distribution system, such surplus may be transferred and paid into the Water System Revenue Bond and Interest Sinking Fund; provided, however, that such payments into the Water System Revenue Bond and Interest Sinking Fund shall be in addition to all other payments hereinbefore required to be made into the said Water System Revenue Bond and Interest Sinking Fund.

Section 12. Water System Operation and Maintenance Fund.

There shall be paid by the Treasurer from the Water System Revenue Fund into a fund which is hereby created and designated "Water System Operation and Maintenance Fund", on or before the fifth day of the month as soon as any portion of the Project is revenue producing and continuing on or before the fifth day of

each month thereafter while any Water System Revenue Bond shall be outstanding an amount sufficient to pay the reasonable and necessary monthly expenses of operation, repair, maintenance and insuring of the Water 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 major 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 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 System Operation and Maintenance Fund over and above the amount which shall be necessary to defray the reasonable and necessary cost of operation, repair, maintenance and insuring of the Water System during the remainder of the then current fiscal year and the next ensuing fiscal year, such surplus may be transferred to and deposited in the Water System Revenue Bond and Interest Sinking Fund; provided, however, that any such transfer into the Water System Revenue Bond and Interest Sinking Fund shall be in addition to all other payments required to be made into said Fund.

Section 13. That payments from the respective funds shall be made by check or voucher, signed by the City Treasurer and the Mayor and drawn on the depository with which the moneys in said

funds shall have been deposited, and each such check or voucher shall briefly specify the purpose of the expenditure.

Section 14. That any surplus remaining in the Water System Revenue Fund after making full provision for the other funds hereinabove provided for may be used at the option of the City, for the redemption of outstanding Water System Revenue Bonds prior to maturity at the price, time and manner provided herein for call and payment of bonds prior to maturity, with there to be no partial redemption of bonds, for the construction of extensions, betterments and improvements to the Water System, or for any other lawful municipal purpose.

Section 15. That all bonds paid, either at or before maturity, shall be cancelled when such payment is made, together with all unmatured coupons appertaining thereto, and held by the Treasurer and shall not be re-issued. All unpaid interest coupons maturing on or prior to the date of such payment or purchase shall continue to be payable to the respective bearers thereof.

Section 16. That the bonds authorized hereby and issued hereunder shall be callable for payment prior to maturity in accordance with the terms set out in the face of the bond form in Section 6 of this Ordinance.

Section 17. That as long as any of the bonds authorized hereby are outstanding, the City shall not issue or attempt to issue any bonds or obligations claimed to be entitled to a priority of lien on the revenues of the Water System over the lien securing the bonds of the issue herein authorized, including the herein authorized and any future extensions, betterments and improvements. However, nothing in this Ordinance shall be construed

to prevent the issuance by the City of additional bonds to finance or pay the cost of constructing any future extensions, betterments and improvements to the Water System; provided, the City shall not authorize or issue any such additional bonds ranking on a parity with the outstanding bonds of this issue.

Section 18. That it is covenanted and agreed by the City with the holder or holders of the bonds, or any of them, that it will faithfully and punctually perform all duties with reference to the Water System required by the Constitution and statutes of the State of Arkansas, including making and collecting of reasonable and sufficient rates lawfully established for services rendered by the Water System, segregating the revenues of the System and its application to the respective funds herein created.

Section 19. That the City will keep proper books of accounts and records (separate from all other records and accounts) in which complete and correct entries shall be made of all transactions relating to the operation of the Water System, and such books shall be available for inspection by the Trustee and its duly authorized representative and by the holder of any of the bonds at reasonable times under reasonable circumstances. The City agrees to have these records audited by an independent Certified Public Accountant at least once each year. The City further covenants that it will cause to be prepared by an independent Certified Public Accountant, at least once each year, an audit report reflecting in reasonable detail the financial condition and record of operation of the City. Copies of both audits shall be delivered to the Trustee and to any bondholder

who shall request the same not later than ninety (90) days after the close of each fiscal year. In the event the City fails or refuses to make either audit, the Trustee, or any holder of the bonds, may have the audit made, and the cost thereof shall be charged against the Water System Operation and Maintenance Fund.

X Section 20. That the City covenants and agrees that it will maintain the Water System in good condition and operate the same in an efficient manner and at reasonable cost. While any Water System Revenue Bonds are outstanding, the City agrees that it will insure and at all times keep insured, in the amount of the actual value thereof, in a responsible insurance company or companies authorized and qualified under the laws of the State of Arkansas to assume the risk thereof, all properties of the Water System against loss or damage thereto from fire, lightning, tornado, winds, riot, civil commotion, strike, malicious damage, explosion, and against loss or damage from any other causes customarily insured against by private companies engaged in a similar type of business. The insurance policies are to be taken with companies approved by the Trustee, are to carry a clause making them payable to the Trustee as its interest may appear, and are either to be placed in the custody of the Trustee or satisfactory evidence of such insurance shall be filed with the Trustee. In the event of loss, the proceeds of such insurance shall be applied solely toward the reconstruction, replacement or repair of the System, and in such event the City will, with reasonable promptness, cause to be commenced and completed the reconstruction, replacement and repair work. If such proceeds are

more than sufficient for such purposes, the balance remaining shall be deposited to the credit of the Water System Revenue Fund, and if such proceeds shall be insufficient for such purposes, the deficiency shall be supplied, first, from moneys in the Water System Depreciation Fund, and, second, from moneys in the Water System Operation and Maintenance Fund, and, third, from available moneys in the Water System Revenue Fund. Nothing herein shall be construed as requiring the City to expend any funds for operation and maintenance of the Water System or for premiums on its insurance which are derived from sources other than the operation of the Water System, but nothing herein shall be construed as preventing the City from doing so.

Section 21. That so long as any of the bonds are outstanding the City covenants and agrees that it will not mortgage, pledge or otherwise encumber the Water System or any part thereof, including any and all betterments and improvements thereto, or any revenues therefrom, except as herein provided, and will not sell, less or otherwise dispose of any substantial portion of the same.

Section 22. That there shall be a statutory mortgage lien upon the Water System, including the real property on which it is situated, as provided in said Act 131 of 1933, as amended, which shall exist in favor of the holders of the bonds and each of them, and the said Water System shall remain subject to such statutory mortgage lien until the payment in full of the interest on and principal of the bonds. To the end that a record of the statutory lien on the Water System, the pledge of revenues, and the agreement

not to mortgage the Water System, as set out in this Ordinance, may be preserved, the Mayor and City Recorder are hereby authorized and directed to file with the Recorder of Sebastian County, Arkansas, a copy of this Ordinance, duly certified, with the direction that same be recorded in the office of the Recorder as in the case of deeds and mortgages. If there be any default in the payment of either the interest on or principal of any of the bonds, and such default shall continue for thirty (30) days thereafter, or if default shall be made in the due and punctual performance of any of the other covenants and agreements contained in the bonds or in this Ordinance, the Trustee, on behalf of the bondholders, or the holder or holders of any of the bonds on behalf of the bondholders, may enforce the statutory mortgage lien upon the Water System in accordance with the provision of Section 7 of said Act 131 of 1933, as amended, and may by proper suit compel the performance of the duties of the officials of the City, as set forth in said Act and in this Ordinance. If there be default in the payment of the principal of and interest on the bonds, and such default shall continue for thirty (30) days thereafter, any court having jurisdiction in any proper action may appoint a receiver to administer the said Water System on behalf of the City, with power to charge and collect rates sufficient to provide for the payment of the bonds and to apply the income and revenue in conformity with said Act and of this Ordinance providing for the issuance of said bonds. The Trustee may, and upon the written request of the holders of not less than ten per cent (10%) in principal amount of Water System Revenue

Bonds then outstanding shall waive any default which shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted under the provisions of this Ordinance or before the completion of the enforcement of any other remedy, but no such waiver shall extend to or affect any other existing or subsequent default or defaults or impair any rights of remedies consequent thereon.

Section 23. That the Trustee of the bonds issued hereunder shall be The Merchants National Bank, Fort Smith, Arkansas.

The Trustee shall ~~only~~ be responsible for the exercise of good faith and reasonable prudence in the execution of its trust. The recitals of this Ordinance and in the face of the bonds are the recitals of the City and not of the Trustee. The Trustee shall not be required to take any action as Trustee unless it shall have been requested to do so in writing by the holders of not less than ten per cent (10%) in principal amount of the bonds of this issue then outstanding and shall have been offered reasonable security and indemnity against costs, expenses and liabilities to be incurred therein or thereby. The Trustee may resign at any time by ten (10) days' notice in writing to the City, and the majority in value of the holders of the outstanding bonds of this issue at any time, with or without cause, remove the Trustee. In the event of a vacancy in the office of Trustee, either by resignation or by removal, the majority in value of the holders of the outstanding bonds of this issue may appoint a new Trustee, such appointment to be evidenced by a written instrument or instruments filed with the City Recorder. If the majority in value of the holders of the outstanding bonds of this issue shall fail to fill a vacancy within thirty (30) days after same shall occur, then

the City shall forthwith designate a new Trustee by a written instrument filed in the office of the City Recorder. The original Trustee and any successor Trustee shall file a written acceptance and agreement to execute the trust imposed upon it or them by this Ordinance, but only upon the terms and conditions set forth in this Ordinance and subject to the provisions of this Ordinance, to all of which the respective holders of the bonds agree. Such written acceptance shall be filed with the City Recorder, and a copy thereof shall be placed in the bond transcript. Any successor Trustee shall have all the powers herein granted to the original Trustee. In the event of a change in the office of Trustee, the old Trustee which has resigned or been removed shall cease to be paying agent, and the successor Trustee shall become the paying agent.

Section 24. That when the bonds herein authorized to be issued shall have been executed by the Mayor and City Recorder and the seal of the City impressed as herein provided, they shall be delivered to the Trustee, which shall authenticate them and deliver them to the purchaser upon payment in cash to the Trustee of the purchase price thereof, plus accrued interest to the date of delivery.

From the proceeds of the sale of the Bonds, the Trustee shall remit the accrued interest plus the additional amount, if any, necessary to provide for interest during construction, as specified in a letter of instructions signed by the Mayor and delivered to the Trustee at the closing, to the Treasurer of the City, and the Treasurer of the City shall deposit the amount so

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remitted in the Water System Revenue Bond and Interest Sinking Fund. The Trustee shall remit the remainder of the proceeds of the sale of the bonds to the Treasurer, and the Treasurer shall deposit said amount in a special account to be designated "Construction Account" with the depository designated by the City Council, that is a member of the Federal Deposit Insurance Corporation. Moneys in the Construction Account in excess of the amount insured by the Federal Deposit Insurance Corporation must be continuously secured by direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States Government, or a corporate surety bond acceptable to the Trustee. The moneys in the Construction Account shall be disbursed solely in payment of the cost of the Water System and related facilities, including engineering, legal and other necessary expenses incidental thereto and to the issuance of the bonds. The disbursement shall be made only on warrants, checks or vouchers signed by the Treasurer and Mayor briefly specifying the disbursement or expenditure and accompanied by a certificate signed by the engineer in charge of the construction that an obligation in a stated amount has been incurred on account of the cost of said construction and to whom such obligation is owed, except that no such certificate shall be required before the payment of engineering, legal fees or the cost of issuing the bonds. Any unexpended balance in the Construction Account remaining after the completion of the construction of the Project must be used to call the bonds of the issue authorized hereby for payment prior to maturity in multiples of not less than one thousand dollars and any amount remaining shall be deposited in the Water

System Revenue Bond and Interest Sinking Fund. Moneys held for the credit of the Construction Account which exceed the estimated disbursements for the next ninety (90) days shall, upon request by the City, be invested and reinvested by the depository bank in direct obligations of, or obligations the principal and interest on which are guaranteed by, the United States Government, provided that any such direction shall be accompanied by a certificate of the engineer in charge of the construction as to when the funds to be so invested will be needed for the construction, and the obligations in which the investment is made must have maturity dates, or must be subject to redemption by the holder at the option of the holder, on or prior to the date so certified by the engineer and must in any event have maturity dates not later than eighteen months after the date of such investment. Moneys so invested in United States Government obligations, as above defined, need not be secured by the depository bank.

Section 25. (a) Moneys held for the credit of the debt service reserve in the Water System Revenue Bond and Interest Sinking Fund shall be continuously invested and reinvested pursuant to the direction of the City in direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States Government, which shall mature, or which shall be subject to redemption by the holder thereof, at the option of such holder, not later than ten (10) years after the date of such investment.

(b) Moneys held for the credit of any Fund (other than

the debt service reserve dealt with above) may be, at the option of the City, invested and reinvested pursuant to the direction of the City in direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States Government, which shall mature, or which shall be subject to redemption by the holder thereof, at the option of such holder, not later than the date or dates when the moneys held for the credit of the particular Fund will be required for the purposes intended.

(c) Obligations so purchased as an investment of moneys in any such Fund shall be placed in the custody of the Treasurer of the City and shall be deemed at all times to be a part of such Fund, and the interest accruing thereon and any profit realized from such investment shall be credited to such Fund, and any loss resulting from such investment shall be charged to such Fund; except that earnings on investments of moneys in the debt service reserve which increase the amount therein to an amount in excess of \$11,000 may, from time to time, to the extent of such excess be transferred out of the debt service reserve into the Water System Revenue Bond and Interest Sinking Fund.

Section 26. That in the event the offices of Mayor, City Recorder, Treasurer of the City, Manager of the System, City Council or Attorney for the City shall be abolished, or any two or more of such offices shall be merged or consolidated, or in the event that duties of a particular office shall be transferred to another office or officer, or in the event of a vacancy in any

office by reason of death, resignation, removal from office or otherwise, or in the event any such officer shall become incapable of performing the duties of his office by reason of sickness, absence from the City or otherwise, all powers conferred and all obligations and duties imposed upon such office or officer shall be performed by the office or officer succeeding to the principal functions thereof, or by the office or officer upon whom such powers, obligations and duties shall be imposed by law.

Section 27. That the provisions of this Ordinance shall constitute a binding contract between the City and the holders of the outstanding bonds and coupons issued hereunder, and the City will at all times strictly adhere to the terms and provisions hereof and fully discharge all of its obligations hereunder. Subject to the terms and provisions contained in this Section and not otherwise, the holders of not less than seventy-five per cent (75%) in aggregate principal amount of the bonds then outstanding shall have the right, from time to time, anything contained in this Ordinance to the contrary notwithstanding, to consent to and approve the adoption by the City of such ordinance supplemental hereto as shall be necessary or desirable for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Ordinance or in any supplemental ordinance; provided, however, that nothing herein contained shall permit or be construed as permitting (a) an extension of the maturity of the principal or interest on any bond issued hereunder, or (b) a reduction in the principal amount of any bond or the rate of interest therein, or (c) the creation of a lien upon or a pledge of revenues other

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than as expressly authorized by the appropriate provisions of this Ordinance as now adopted, or (d) the creation of a privilege or priority of any bond or bonds over any other bond or bonds, or (e) a reduction in the aggregate principal amount of the bonds required for consent to such supplemental ordinance.

Section 28. That the Mayor is hereby directed to publish for one insertion in SOUTHWEST AMERICAN, which is hereby found and declared to be a newspaper of general circulation in Barling, Arkansas, this Ordinance, to which shall be attached a Notice signed by him in substantially the following form:

Section 29. That the System shall be operated on a fiscal year basis beginning JANUARY 1ST and ending DECEMBER 31ST.

Section 30. That this Ordinance shall not create any right of any kind, and no right of any kind shall arise hereunder pursuant to it, until the bonds authorized by this Ordinance shall be issued and delivered.

Section 31. That the provisions of this Ordinance are hereby declared to be separable, and if any provision shall for any reason be held illegal or invalid, it shall not affect the validity of the remainder of the Ordinance.

Section 32. That all ordinances and resolutions and parts thereof in conflict herewith are hereby repealed to the extent of such conflict.

Section 33. That the lack of an adequate water system and related facilities is very detrimental to the welfare, health and property of the inhabitants of the City, and that such water system and facilities can be made available only by the issuance of bonds. It is, therefore, declared that an emergency exists, and this Ordinance being necessary for the preservation of the public peace, health and safety shall be in force and take effect immediately upon and after its passage.

PASSED: OCTOBER 1, 1968.

APPROVED:

Ronald W. Smith
Mayor

ATTEST:

Raymond L. Carter
City Recorder

(SEAL)

CERTIFICATE

The undersigned, City Recorder of the City of Barling, Arkansas, hereby certifies that the foregoing pages, numbered 1 to 34, inclusive, are a true and correct copy of Ordinance No. 57, adopted at a REGULAR session of the Council of the City of Barling, Arkansas, held at the regular meeting place of the Council in said City at 7:30 o'clock P.m., on the 1st day of OCTOBER, 1968, and that said Ordinance is of record in Ordinance Record Book No. 1, page 57, now in my possession.

GIVEN under my hand and seal this 1st day of OCTOBER, 1968.

Raymond L. Carter
City Recorder

Seal
(SEAL)

N O T I C E

Notice is hereby given that the City Council of the City of Barling, Arkansas has adopted the Ordinance hereinafter set out; that the City contemplates the issuance of the Water System Revenue Bonds described in the Ordinance; that any person interested may appear before the Council on the 12TH day of NOVEMBER, 1968, at 7:30 o'clock PM.m., at the usual meeting place of the Council held in Barling, Arkansas, and present protests. At such hearing all objections and suggestions will be heard, and the Council will take such action as is deemed proper in the premises.

DATED this 12TH day of OCTOBER, 1968.

/s/ RONALD W. SMITH
Mayor