

ORDINANCE NO. 1883

AN ORDINANCE AUTHORIZING THE ISSUANCE OF SALES AND USE TAX REFUNDING AND IMPROVEMENT BONDS FOR THE PURPOSE OF FINANCING AND REFINANCING THE COST OF CAPITAL IMPROVEMENTS; PLEDGING TWO 1% SALES AND USE TAXES TO PAY THE PRINCIPAL OF AND INTEREST ON THE BONDS; PRESCRIBING OTHER MATTERS RELATING THERETO; REPEALING ORDINANCE NO. 1873; AND DECLARING AN EMERGENCY.

WHEREAS, the City Council of the City of Eureka Springs, Arkansas (the "City") has determined that in order to receive debt service savings it is in the best interest of the City to refund the City's outstanding Sales and Use Tax Refunding Bonds, Series 1994, in the outstanding principal amount of \$2,390,000 (the "Series 1994 Bonds") authorized by Ordinance No. 1567 of the City, adopted February 8, 1994 (the "1994 Ordinance"); and

WHEREAS, the Series 1994 Bonds refunded the City's Sales and Use Tax Bonds, Series 1991 which were approved by the voters at the special election held July 2, 1991 in order to finance capital improvements to the City's water and sewer system and recycling center (the "1991 Improvements"); and

WHEREAS, the City can obtain the necessary funds for the refunding of the Series 1994 Bonds (the "refunding") by the issuance of bonds in the aggregate principal amount of \$2,390,000 and by appropriating available moneys; and

WHEREAS, at a special election held June 6, 2000, there were approved by the voters of the City bonds in the maximum principal amount of \$365,000 for the purpose of financing a portion of the cost of improvements to Lake Leatherwood Dam (the "2002 Improvements"), with the balance of the costs to be paid from a grant to be made by an agency of the State of Arkansas (the "State") and available funds of the City; and

WHEREAS, the City Council has determined to proceed with the 2002 Improvements and to issue \$365,000 in aggregate principal amount of bonds for such purpose; and

WHEREAS, the City has made arrangements for the sale of \$2,755,000 in aggregate principal amount of Sales and Use Tax Refunding and Improvement Bonds, Series 2002 (the "Series 2002 Bonds") to Stephens Inc. (the "Purchaser") , at a price of 98.70% of par plus accrued interest (the "Purchase Price") , pursuant to a Bond Purchase Agreement between the Purchaser and the City (the "Agreement") , which has been presented to and is before this meeting; and

WHEREAS, the Preliminary Official Statement, dated January 4, 2002, offering the Series 2002 Bonds for sale (the

"Preliminary Official Statement") , has been presented to and is before this meeting; and

WHEREAS, the Continuing Disclosure Agreement between the City and First Arkansas Bank and Trust, Jacksonville, Arkansas, as Dissemination Agent (the "Disclosure Agreement") , providing for the ongoing disclosure obligations of the City with respect to the Series 2002 Bonds, has been presented to and is before this meeting; and

WHEREAS, the City has outstanding its Sales and Use Tax Refunding Bonds, Series 1998 (the "Series 1998 Bonds"), authorized by the 1994 Ordinance and Ordinance No. 1800 of the City, adopted October 13, 1998, which Series 1998 Bonds refunded the City's Sales and Use Tax Bonds, Series 1993, the proceeds of which also financed the 1991 Improvements, and which Series 1998 Bonds are secured by a pledge of the tax collections hereinafter pledged to the Series 2002 Bonds; and

WHEREAS, the Series 2002 Bonds are being issued pursuant to Section 10 of the 1994 Ordinance as "Additional Parity Bonds" thereunder;

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

Section 1. The outstanding Series 1994 Bonds shall be called for redemption on February 21, 2002 and the Mayor is hereby authorized to direct First Arkansas Bank and Trust (the "1994 Trustee") to redeem the Series 1994 Bonds on such date.

Section 2. The offer of the Purchaser for the purchase of the Series 2002 Bonds from the City at the Purchase Price, for Series 2002 Bonds bearing interest at the rates per annum, maturing and otherwise subject to the terms and provisions hereafter in this Ordinance set forth in detail be, and is hereby accepted and the Agreement, in substantially the form submitted to this meeting, is approved and confirmed and the Series 2002 Bonds are hereby sold to the Purchaser. The Mayor is hereby authorized and directed to execute and deliver the Agreement on behalf of the City and to take all action required on the part of the City to fulfill its obligations under the Agreement.

Section 3. The Preliminary Official Statement is hereby approved and the previous use of the Preliminary Official Statement by the Purchaser in connection with the sale of the Series 2002 Bonds is hereby in all respects approved and confirmed, and the Mayor be and he hereby is authorized and directed, for and on behalf of the City, to execute the Preliminary Official Statement and the final Official Statement in the name of the City to be delivered to the Purchaser for use in connection with the sale of the Series 2002 Bonds as set forth in the Agreement.

Section 4. Under the authority of the Constitution and laws of the State, including particularly Amendment No. 62 to the Constitution of the State and Title 14, Chapter 164, Subchapter 3 of the Arkansas Code of 1987 Annotated, City of Eureka Springs, Arkansas Sales and Use Tax Refunding and Improvement Bonds, Series 2002 are hereby authorized and ordered issued in the total principal amount of \$2,755,000, the proceeds from the sale of which are necessary, along with available funds, to accomplish the refunding and the 2002 Improvements, pay expenses incidental thereto and pay expenses of issuing the Series 2002 Bonds.

The Series 2002 Bonds shall bear interest at the rates and shall mature on December 1 in the amounts and in the years as follows:

Year (December 1)	Amount	Interest Rate
2002	\$200,000	2.000%
2003	250,000	2.500
2004	255,000	2.750
2005	260,000	3.250
2006	270,000	3.600
2007	275,000	3.900
2008	295,000	4.125
2009	300,000	4.300
2010	315,000	4.400
2011	335,000	4.500

The Series 2002 Bonds shall be issuable only as fully registered bonds without coupons in the denomination of \$5,000 or any integral multiple thereof. Unless the City shall otherwise direct, the Series 2002 Bonds shall be numbered from 1 upward in order of issuance. Each Series 2002 Bond shall have a CUSIP number.

The Series 2002 Bonds shall be registered initially in the name of Cede & Co., as nominee for the Depository Trust Company ("DTC"), which shall be considered to be the registered owner of the Series 2002 Bonds for all purposes under this ordinance, including, without limitation, payment by the City of principal of, redemption price, premium, if any, and interest on the Series 2002 Bonds, and receipt of notices and exercise of rights of registered owners. There shall be one certificated, typewritten Series 2002 Bond for each stated maturity date which shall be immobilized in the custody of DTC with the beneficial owners having no right to receive the Series 2002 Bonds in the form of physical securities or certificates. DTC and its participants shall be responsible for maintenance of records of the ownership of beneficial interests in the Series 2002 Bonds by book-entry on the system maintained and operated by DTC and its participants, and transfers of ownership of beneficial interests shall be made only by DTC and its

participants, by book-entry, the City having no responsibility therefor. DTC is expected to maintain records of the positions of participants in the Series 2002 Bonds, and the participants and persons acting through participants are expected to maintain records of the purchasers of beneficial interests in the Series 2002 Bonds. The Series 2002 Bonds as such shall not be transferable or exchangeable, except for transfer to another securities depository or to another nominee of a securities depository, without further action by the City.

If any securities depository determines not to continue to act as a securities depository for the Series 2002 Bonds for use in a book-entry system, the City may establish a securities depository/ book-entry system relationship with another securities depository. If the City does not or is unable to do so, or upon request of the beneficial owners of all outstanding Series 2002 Bonds, the City and the Trustee (hereinafter identified) , after the Trustee has made provision for notification of the beneficial owners by the then securities depository, shall permit withdrawal of the Series 2002 Bonds from the securities depository, and authenticate and deliver bond certificates in fully registered form (in denominations of \$5,000 or integral multiples thereof) to the assigns of the securities depository or its nominee, all at the cost and expense (including costs of printing definitive bonds) of the City, if the City fails to maintain a securities depository/book-entry system, or of the beneficial owners, if they request termination of the system.

Prior to issuance of the Series 2002 Bonds, the City shall have executed and delivered to DTC a written agreement (the "Representation Letter") setting forth (or incorporating therein by reference) certain undertakings and responsibilities of the City with respect to the Series 2002 Bonds so long as the Series 2002 Bonds or a portion thereof are registered in the name of Cede & Co. (or a substitute nominee) and held by DTC. Notwithstanding such execution and delivery of the Representation Letter, the terms thereof shall not in any way limit the provisions of this Section or in any other way impose upon the City any obligation whatsoever with respect to persons having interests in the Series 2002 Bonds other than the registered owners, as shown on the registration books kept by the Trustee. The Trustee shall take all action necessary for all representations of the City in the Representation Letter with respect to the Trustee to at all times be complied with.

The authorized officers of the Trustee and the City shall do or perform such acts and execute all such certificates, documents and other instruments as they or any of them deem necessary or advisable to facilitate the efficient use of a securities depository for all or any portion of the Series 2002 Bonds; provided that neither the Trustee nor the City may assume any obligations to such securities depository or beneficial owners

of Series 2002 Bonds that are inconsistent with their obligations to any registered owner under this ordinance.

Each Series 2002 Bond shall be dated February 1, 2002. Interest on the Series 2002 Bonds shall be payable on June 1, 2002, and semiannually thereafter on June 1 and December 1 of each year. Payment of each installment of interest shall be made to the person in whose name the Series 2002 Bond is registered on the registration books of the City maintained by First Arkansas Bank and Trust, Jacksonville, Arkansas, as Trustee and Paying Agent (the "Trustee"), at the close of business on the fifteenth day of the month (whether or not a business day) next preceding each interest payment date (the "Record Date"), irrespective of any transfer or exchange of any such Series 2002 Bond subsequent to such Record Date and prior to such interest payment date, by check or draft mailed by the Trustee to such owner at his address on such registration books. Principal of the Series 2002 Bonds shall be payable at the corporate trust office of the Trustee.

Each Series 2002 Bond shall bear interest from the payment date next preceding the date on which it is authenticated unless it is authenticated on an interest payment date, in which event it shall bear interest from such date, or unless it is authenticated prior to the first interest payment date, in which event it shall bear interest from February 1, 2002, or unless it is authenticated during the period from the Record Date to the next interest payment date, in which case it shall bear interest from such interest payment date, or unless at the time of authentication thereof interest is in default thereon, in which event it shall bear interest from the date to which interest has been paid.

Only such Series 2002 Bonds as shall have endorsed thereon a Certificate of Authentication substantially in the form set forth in Section 6 hereof (the "Certificate") duly executed by the Trustee shall be entitled to any right or benefit under this Ordinance. No Series 2002 Bond shall be valid and obligatory for any purpose unless and until the Certificate shall have been duly executed by the Trustee, and the Certificate of the Trustee upon any such Series 2002 Bond shall be conclusive evidence that such Series 2002 Bond has been authenticated and delivered under this Ordinance. The Certificate shall be deemed to have been executed if signed by an authorized officer of the Trustee, but it shall not be necessary that the same officer sign the Certificate on all of the Series 2002 Bonds.

In case any Series 2002 Bond shall become mutilated or be destroyed or lost, the City shall, if not then prohibited by law, cause to be executed and the Trustee may authenticate and deliver a new Series 2002 Bond of like date, number, maturity and tenor in exchange and substitution for and upon cancellation of such mutilated Series 2002 Bond, or in lieu of and in substitution for such Series 2002 Bond destroyed or lost, upon the owner paying the

reasonable expenses and charges of the City and Trustee in connection therewith, and, in the case of a Series 2002 Bond destroyed or lost, his filing with the Trustee evidence satisfactory to it that such Series 2002 Bond was destroyed or lost, and of his ownership thereof, and furnishing the City and Trustee with indemnity satisfactory to them. The Trustee is hereby authorized to authenticate any such new Series 2002 Bond. In the event any such Series 2002 Bond shall have matured, instead of issuing a new Series 2002 Bond, the City may pay the same without the surrender thereof. Upon the issuance of a new Series 2002 Bond under this Section, the City may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) connected therewith.

The City shall cause books for the registration and for the transfer of the Series 2002 Bonds as provided herein and in the Series 2002 Bonds. The Trustee shall act as the bond registrar. Each Series 2002 Bond is transferable by the registered owner thereof or by his attorney duly authorized in writing at the principal office of the Trustee. Upon such transfer a new fully registered Series 2002 Bond or Bonds of the same maturity, of authorized denomination or denominations, for the same aggregate principal amount will be issued to the transferee in exchange therefor.

Series 2002 Bonds may be exchanged at the principal corporate trust office of the Trustee for an equal aggregate principal amount of Series 2002 Bonds of any other authorized denomination or denominations. The City shall execute and the Trustee shall authenticate and deliver Series 2002 Bonds which the registered owner making the exchange is entitled to receive. The execution by the City of any Series 2002 Bond of any denomination shall constitute full and due authorization of such denomination and the Trustee shall be thereby authorized to authenticate and deliver such Series 2002 Bond.

Section 5. The Series 2002 Bonds shall be executed on behalf of the City by the manual or facsimile signatures of the Mayor and City Clerk and shall have impressed or imprinted thereon the seal of the City.

Section 6. The Series 2002 Bonds and the Certificate shall be in substantially the following form and the Mayor and City Clerk are hereby expressly authorized and directed to make all recitals contained therein:

the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is required by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

This bond shall bear interest from the payment date next preceding the date on which it is authenticated unless it is authenticated on an interest payment date, in which event it shall bear interest from such date, or unless it is authenticated during the period from the Record Date to the next interest payment date, in which case it shall bear interest from such interest payment date, or unless it is authenticated prior to the first interest payment date, in which event it shall bear interest from the Dated Date shown above, or unless at the time of authentication hereof interest is in default hereon, in which event it shall bear interest from the date to which interest has been paid.

This bond is one of an issue of City of Eureka Springs, Arkansas Sales and Use Tax Refunding and Improvement Bonds, Series 2002, aggregating Two Million Seven Hundred Fifty-Five Thousand Dollars (\$2,755,000) in aggregate principal amount (the "bonds"), and is issued for the purpose of providing a portion of the funds to refund certain outstanding bonds of the City, make improvements to Lake Leatherwood Dam, pay necessary expenses incidental thereto, and pay expenses of authorizing and issuing the bonds.

The bonds are issued pursuant to and in full compliance with the Constitution and laws of the State of Arkansas (the "State"), particularly Amendment No. 62 to the Constitution of the State and Title 14, Chapter 164, Subchapter 3 of the Arkansas Code of 1987 Annotated (the "Authorizing Legislation"), and pursuant to Ordinance No. 1567 of the City duly adopted on February 8, 1994 and Ordinance No. 1883 of the City duly adopted on January 10, 2002 (collectively, the "Authorizing Ordinance"), and elections duly held at which the majority of the legal voters of the City voting on the questions approved the indebtedness represented by the bonds. Reference is hereby made to the Authorizing Ordinance for the details of the nature and extent of the security, of the issuance of additional series and of the rights and obligations of the City, the Trustee and the registered owners of the bonds. The bonds are special obligations of the City, payable from the proceeds derived by the City from its two 1% sales and use taxes (the "Taxes") levied by the City under the authority of the laws of the State and Ordinance No. 1120 of the City duly adopted on May 12, 1981 and Ordinance No. 1386 of the City duly adopted on March 20, 1990 and the City hereby pledges its collections of the Taxes for the payment of this bond. The pledge in favor of the bonds is on a parity with the pledge in favor of the City's Sales and Use Tax Refunding Bonds, Series 1998. The City has reserved the right

in the Authorizing Ordinance to issue additional bonds under the Authorizing Ordinance on a parity of security with the bonds.

The bonds may be redeemed at the option of the City on and after December 1, 2006, from funds from any source, in whole at any time or in part on any interest payment date, in inverse order of maturity (and by lot within a maturity in such manner as the Trustee may determine) at a redemption price equal to the principal amount being redeemed, plus accrued interest to the redemption date.

In case any outstanding bond is in a denomination greater than \$5,000, each \$5,000 of face value of such bond shall be treated as a separate bond of the denomination of \$5,000.

Notice of redemption identifying the bonds or portions thereof (which shall be \$5,000 or a multiple thereof) to be redeemed and the date they shall be presented for payment shall be given by the Trustee, not less than 30 nor more than 60 days prior to the date fixed for redemption, by mailing a copy of the redemption notice by first class mail, postage prepaid, to all registered owners of bonds to be redeemed. Failure to mail an appropriate notice or any such notice to one or more registered owners of bonds to be redeemed shall not affect the validity of the proceedings for redemption of other bonds as to which notice of redemption is duly given in proper and timely fashion. All such bonds or portions thereof thus called for redemption and for the retirement of which funds are duly provided in accordance with the Authorizing Ordinance prior to the date fixed for redemption will cease to bear interest on such redemption date.

This bond is transferable by the Registered Owner shown above in person or by his attorney-in-fact duly authorized in writing at the principal corporate trust office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Authorizing Ordinance, and upon surrender and cancellation of this bond. Upon such transfer a new fully registered bond or bonds of the same maturity, of authorized denomination or denominations, for the same aggregate principal amount, will be issued to the transferee in exchange therefor. This bond is issued with the intent that the laws of the State shall govern its construction.

The City and the Trustee may deem and treat the Registered Owner shown above as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes, and neither the City nor the Trustee shall be affected by any notice to the contrary.

The bonds are issuable only as fully registered bonds in the denomination of \$5,000, and any integral multiple thereof.

Subject to the limitations and upon payment of the charges provided in the Authorizing Ordinance, fully registered bonds may be exchanged for a like aggregate principal amount of fully registered bonds of the same maturity of other authorized denominations.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed, under the Constitution and laws of the State, particularly Amendment No. 62 to the Constitution of the State and the Authorizing Legislation, precedent to and in the issuance of this bond have existed, have happened and have been performed in due time, form and manner as required by law; that the indebtedness represented by this bond and the issue of which it forms a part does not exceed any constitutional or statutory limitation; and that the Taxes will be duly levied until all of the bonds and interest thereon have been fully paid and discharged.

This bond shall not be valid until it shall have been authenticated by the Certificate hereon duly signed by the Trustee.

THE CITY HAS DESIGNATED THIS BOND AS A "QUALIFIED TAX-EXEMPT OBLIGATION" WITHIN THE MEANING OF SECTION 265 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED.

IN WITNESS WHEREOF, the City of Eureka Springs, Arkansas has caused this bond to be executed by its Mayor and City Clerk and its corporate seal to be impressed or imprinted on this bond, all as of the Dated Date shown above.

ATTEST: CITY OF EUREKA SPRINGS, ARKANSAS
By Mayor
City Clerk

(SEAL)

(Form of Trustee's Certificate)

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds issued under the provisions of the within mentioned Authorizing Ordinance.

Date of Authentication: _____

FIRST ARKANSAS BANK AND TRUST
Jacksonville, Arkansas
TRUSTEE

By Authorized Signature

(Form of Assignment)

ASSIGNMENT

FOR VALUE RECEIVED, _____ ("Transferor"),
hereby sells, assigns and transfers unto _____, the within
bond and all rights thereunder, and hereby irrevocably constitutes
and appoints _____ as attorney to transfer the within bond
on the books kept for registration thereof with full power of
substitution in the premises.

DATE: _____

Transferor

GUARANTEED BY:

NOTICE: Signature(s) must be guaranteed by a member of
or participant in the Securities Transfer Agents Medallion Program
(STAMP), or in another signature guaranty program recognized by the
Trustee.

Section 7. The City hereby expressly pledges and
appropriates all of the revenues derived by the City from its two
1% sales and use taxes (the "Taxes") levied by the City under the
authority of the laws of the State and Ordinance No. 1120 of the
City duly adopted on May 12, 1981 and Ordinance No. 1386 of the
City duly adopted on March 20, 1990 and confirmed by the 1994
Ordinance, to the payment of the principal of and interest on the
Series 2002 Bonds when due at maturity or at redemption prior to
maturity and to the payment of the fees and charges of the Trustee
on a parity of security with the Series 1998 Bonds. The Series
2002 Bonds are being issued as Additional Parity Bonds under the
1994 Ordinance and shall be a part of "the bonds" within the
meaning of such ordinance. In this regard, all provisions of the
1994 Ordinance pertaining to "the bonds" shall inure and appertain
to the Series 2002 Bonds to the same extent and with like force and
effect as if herein set out in full. The effect of the above
provisions shall be to continue the applicable provisions of the
1994 Ordinance in full force and effect even though the Series 1994
Bonds are being redeemed on February 21, 2002.

Section 8. The Series 2002 Bonds shall be callable for
payment prior to maturity in accordance with the terms set out in
the face of the bond form set forth in Section 6 of this Ordinance.

Section 9. When the Series 2002 Bonds have been executed
and sealed as herein provided, they shall be delivered to the
Trustee, which shall authenticate them and deliver them to the
Purchaser upon payment of the Purchase Price. The accrued interest
shall be deposited in the 1994 Sales and Use Tax Bond Fund (the
"1994 Bond Fund") established by the 1994 Ordinance. The expenses

of issuing the Series 2002 Bonds as set forth in letter instructions of the City signed by the Mayor and City Clerk shall be paid from the Purchase Price (the "Delivery Instructions").

An amount of the Purchase Price that is sufficient, along with other moneys set aside and appropriated hereby for such purpose, to accomplish the refunding shall be deposited with the 1994 Trustee, as escrow agent.

The balance of the Purchase Price shall be deposited in a special account of the City hereby created and designated the "2002 Lake Leatherwood Dam Construction Fund" (the "2002 Construction Fund") in a bank or banks selected by the City that are members of the Federal Deposit Insurance Corporation (the "FDIC"). The moneys in the 2002 Construction Fund shall be used for accomplishing the 2002 Improvements and for paying expenses of issuing the Series 2002 Bonds allocated to the 2002 Improvements. Disbursements shall be made from the 2002 Construction Fund on the basis of checks or requisitions which shall specify: the name of the person, firm or corporation to whom payment is to be made; the amount of the payment; the purpose of the payment; and that the payment is a proper charge on the 2002 Construction Fund. Each check or requisition must be signed by the City Treasurer.

When all required expenses have been paid from the 2002 Construction Fund, and if any funds remain therein at the time, this fact shall be evidenced by a certificate signed by the Mayor, which certificate shall state that all obligations payable from the 2002 Construction Fund have been discharged as of a specified date. A copy of the certificate shall be filed with the Trustee, and upon receipt thereof the depository of the 2002 Construction Fund shall transfer any remaining balance in the 2002 Construction Fund to the Trustee for deposit into the 1994 Bond Fund.

Section 10. Moneys held for the credit of the 2002 Construction Fund shall be invested and reinvested pursuant to the direction of the City by the depository bank in (i) direct or fully guaranteed obligations of the United States of America ("Government Securities"), (ii) time deposits or certificates of deposit of banks, including the Trustee, which are insured by the FDIC, or in (iii) other investments as may, from time to time, be permitted by law, which will mature, or which will be subject to redemption by the holder thereof at the option of the holder, not later than the date or dates on which such money will be required for the purposes intended.

Section 11. (a) The Series 2002 Bonds are hereby designated as "qualified tax-exempt obligations" within the meaning of Section 265 of the Internal Revenue Code of 1986, as amended (the "Code"). The City represents that the aggregate principal amount of its qualified tax-exempt obligations (excluding "private activity bonds" within the meaning of Section 141 of the Code which

are not "qualified 501(c)(3) bonds" within the meaning of Section 145 of the Code) , including those of its subordinate entities, issued in calendar year 2002 will not exceed \$10,000,000. The City further represents that it does not reasonably expect that it and all subordinate entities will issue tax-exempt obligations (not including "private activity bonds" within the meaning of Section 141 of the Code) in amounts exceeding \$5,000,000 in calendar year 2002.

(b) The City covenants that it will submit to the Secretary of the Treasury of the United States, not later than the 15th day of the second calendar month after the close of the calendar quarter in which the Series 2002 Bonds are issued, a statement concerning the Series 2002 Bonds which contains the information required by Section 149(e) of the Code.

(c) The City represents that it has not used or permitted the use of, and covenants that it will not use or permit the use of the 2002 Improvements, the 1991 Improvements or the proceeds of the bonds, in such manner as to cause the bonds to be "private activity bonds" within the meaning of Section 141 of the Code.

(d) The City covenants that it will not reimburse itself from Series 2002 Bond proceeds for any costs paid prior to the date the Series 2002 Bonds are issued except in compliance with United States Treasury Regulation No. 1.150-2 (the "Regulation"). This Ordinance is an "official intent" within the meaning of the Regulation.

Section 12. All moneys in the 1994 Bond Fund prior to the Series 2002 Bonds being issued that are allocated to the Series 1994 Bonds are hereby appropriated and shall be used as necessary to accomplish the refunding in accordance with the Delivery Instructions. In addition, the City also hereby appropriates such additional amounts as necessary to accomplish the refunding and to pay costs of issuing the Series 2002 Bonds related thereto from the City's General Fund - Capital Account.

Section 13. The Disclosure Agreement, in substantially the form submitted to this meeting, is approved, and the Mayor is hereby authorized and directed to execute and deliver the Disclosure Agreement for and on behalf of the City. The Mayor is authorized and directed to take all action required on the part of the City to fulfill the City's obligations under the Disclosure Agreement.

Section 14. The provisions of this Ordinance are separable and in the event that any section or part hereof shall be held to be invalid, such invalidity shall not affect the remainder of this Ordinance.

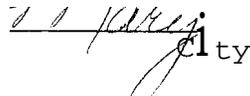
Section 15. Ordinance No. 1873 of the City adopted June 18, 2001 is hereby repealed. All other ordinances and resolutions and parts thereof in conflict herewith are hereby repealed to the extent of such conflict.

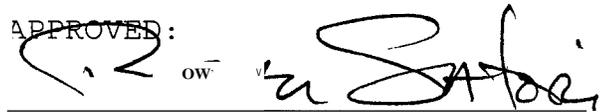
Section 16. It is hereby ascertained and declared that the refunding must be accomplished as soon as possible in order to lower the interest cost on obligations payable from the Taxes. The refunding cannot be accomplished without the issuance of the Series 2002 Bonds, and therefore, it is declared that 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: January 10, 2002.

ATTEST:

APPROVED:


City Clerk
(SEAL)


ow

CERTIFICATE

The undersigned, City Clerk of the City of Eureka Springs, Arkansas (the "City"), hereby certifies that the foregoing pages are a true and correct copy of Ordinance No. 1883, passed at a special session of the City Council of the City, held at the regular meeting place of the Council at 5:00 o'clock p.m on the 10th day of January, 2002, and that the Ordinance is of record in Ordinance Record Book No. _____ at Page _____, now in my possession.

GIVEN under my hand and seal this 2nd day of January, 2002.



City Clerk

(SEAL)