

ORDINANCE NO. 1309

AN ORDINANCE AUTHORIZING THE ISSUANCE OF WATER AND SEWER REVENUE REFUNDING BONDS; PROVIDING FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS; PRESCRIBING VARIOUS MATTERS RELATING THERETO; AND DECLARING AN EMERGENCY.

WHEREAS, the City of Eureka Springs, Arkansas (the "City"), owns and operates water and sewer facilities, as a single, integrated municipal undertaking (the "System"); and

WHEREAS, the City has outstanding the following revenue bonds payable from System revenues: Water and Sewer Revenue Bonds, dated November 19, 1981 (the "1981 Bonds"), and Water and Sewer Revenue Bonds, dated August 7, 1986 (the "1986 Bonds"); and

WHEREAS, the City Council has determined that it is in the best interest of the City to retire the 1981 Bonds with available funds of the City and to refund the 1986 Bonds with the proceeds of City of Eureka Springs, Arkansas Water and Sewer Revenue Refunding Bonds, Series 1988 (the "Bonds") and available funds of the City; and

WHEREAS, the City has an outstanding loan (to which System revenues are pledged) from the Arkansas Soil and Water Conservation Commission (the "Loan"); and

WHEREAS, the City has made arrangements for the sale of \$600,000 in aggregate principal amount of the Bonds to Hill, Crawford & Lanford Incorporated and Stephens Inc. (the "Purchasers"), at a price of 98.25% of par plus accrued interest from the date of the Bonds to date of delivery pursuant to a Bond Purchase Agreement (the "Agreement") which has been presented to and is before this meeting; and

WHEREAS, the City has levied and is collecting a one percent (1%) sales and use tax pursuant to Title 26, Chapter 75, Subchapter 3 of the Arkansas Code of 1987 Annotated and pursuant to Ordinance No. 1120 adopted and approved on May 12, 1981, and the collections from such tax are hereinafter referred to as "Tax Revenues";

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

Section 1. That the refunding and retirement of the 1981 Bonds and the 1986 Bonds (the "refunding") shall be

accomplished. The Mayor and City Clerk are hereby authorized to take or cause to be taken, all action necessary to accomplish the refunding and to execute any contracts and documents necessary to that end.

Section 2. That the City Council hereby finds and declares that the period of usefulness of the System will be more than forty (40) years, which is longer than the term of the Bonds.

Section 3. That the offer of the Purchasers is hereby accepted for the purchase of \$600,000 in principal amount of Bonds from the City at a price of 98.25% of par plus accrued interest, for Bonds bearing interest at the rates, maturing and otherwise subject to the terms and provisions hereafter in this Ordinance set forth in detail be, and is hereby, accepted and the Bonds are hereby sold to the Purchasers. The Agreement is hereby approved and confirmed and the Mayor is hereby authorized 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 4. Under the authority of the Constitution and laws of the State of Arkansas, including particularly Title 14, Chapter 164, Subchapter 4 of the Arkansas Code of 1987 Annotated, Title 14, Chapter 234, Subchapter 2 of the Arkansas Code of 1987 Annotated, Title 14, Chapter 235, Subchapter 2 of the Arkansas Code of 1987 Annotated, and applicable decisions of the Supreme Court of the State of Arkansas, including particularly City of Harrison v. Braswell, 209 Ark. 1094, 194 S.W. 2d 12 (1946), City of Eureka Springs, Arkansas Water and Sewer Revenue Refunding Bonds, Series 1988, are hereby authorized and ordered issued in the principal amount of \$600,000 for the purpose of refunding the 1986 Bonds, paying necessary expenses incidental thereto and to the authorization and issuance of the Bonds and establishing a debt service reserve.

Section 5. That the Bonds shall bear interest at the rates and shall mature in principal amounts as follows:

<u>Year</u> <u>(June 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
1989	\$25,000	5.75%
1990	25,000	6.00
1991	30,000	6.10
1992	30,000	6.25
1993	30,000	6.50
1994	35,000	6.60
1995	35,000	6.75
1996	40,000	6.90
1997	40,000	7.00
1998	45,000	7.10
1999	45,000	7.25
2000	50,000	7.40
2001	55,000	7.50
2002	55,000	7.60
2003	60,000	7.75

The Bonds shall bear interest from their respective dates and the Bonds shall be issuable only as fully registered Bonds in denominations of \$5,000 or an integral multiple thereof. Unless the City shall otherwise direct, the Bonds shall be numbered from 1 upward in order of issuance.

Section 6. Bonds initially issued shall be dated June 1, 1988. Bonds issued upon transfer or exchange shall be dated as of the interest payment date to which interest has been paid as of the date on which delivered or, if delivered prior to a date on which interest has been paid, the date of the Bond for which exchanged. Interest on the Bonds shall be payable on December 1, 1988, 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 Bond is registered on the registration books of the City maintained by First National Bank in Stuttgart, Stuttgart, Arkansas (the "Trustee"), at the end of the fifteenth (15th) day of the month next preceding each interest payment date (the "Record Date"), irrespective of any transfer or exchange of any such Bond subsequent to such Record Date and prior to such interest payment date.

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 delivered 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 owner's paying the reasonable expenses and charges of the City in connection therewith, and, in the case of a Bond destroyed or lost, his filing with the City evidence satisfactory to it that such Bonds were destroyed or lost, and of his ownership thereof, and furnishing the City with indemnity satisfactory to it. In the event any such Bond shall have matured, instead of issuing a new Bond, the City may pay the same without the surrender thereof. Upon the issuance of a new Bond under this Section 6, 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 connected therewith.

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

No charge shall be made to any owner of any Bond for the privilege of transfer or exchange, but any owner of any Bond requesting any such transfer or exchange shall pay any tax or other governmental charge required to be paid with respect thereto. Except as otherwise provided in the immediately preceding sentence, the cost of preparing each new Bond upon each exchange or transfer and any other expenses of the City in connection therewith shall be paid by the City. The Trustee shall not be required (i) to issue, transfer or exchange any Bond for a period beginning at the opening of business 15 days before any selection of Bonds for redemption and ending at the close of business on the day of the first mailing of the relevant notice of redemption, or (ii) to transfer or exchange any Bonds selected for redemption in whole or in part.

The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal or premium, if any, or interest of any Bond shall be made only to or upon the order of the registered owner thereof or his legal representative, but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid. Neither the Trustee nor the City shall not be affected by any notice to the contrary.

In any case where the date of maturity of interest on or principal of the Bonds or the date fixed for redemption of any Bonds shall be a Saturday or Sunday or shall be in the State of Arkansas a legal holiday or a day on which banking institutions are authorized by law to close, then payment of interest or principal (and premium, if any) need not be made on such date but may be made on the next succeeding business day not a Saturday or Sunday or a legal holiday or a day upon which banking institutions are authorized by law to close with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest shall accrue for the period after the date of maturity or date fixed for redemption.

Section 7. The 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, imprinted, engraved or lithographed thereon the seal of the City. The Bonds, together with interest thereon, are secured by and are payable solely from revenues of the System. At the time of adoption of this Ordinance, a part of the Tax Revenues has been designated and appropriated for use in connection with the System. So long as the City continues to designate a portion of the Tax Revenues for use in connection with the System and such appropriation is not revoked, that part of the Tax Revenues so designated and appropriated shall be deemed revenues of the System. However, no part of the Tax Revenues is pledged for payment of the Bonds and the City shall have no obligation to the owners of the Bonds to continue the designation and appropriation of, or to use, any part of the Tax Revenues for the benefit of the System. System revenues are pledged and mortgaged for the equal and ratable payment of the Bonds subject to the pledge in favor of the Loan. In addition, the pledge of System revenues is subject to prior pledges to make Carroll-Boone Water District Contract Payments which are defined as fixed monthly payments the City is obligated to make to the Carroll-Boone Water District pursuant to a Contract dated May 28, 1977 as supplemented on December 5, 1980, December 15, 1982, December 13, 1983 and April 9, 1985. The required monthly payment is \$8,615.92, which will be required throughout the life of the Bonds. However, Carroll-Boone Water District Contract Payments are payable from System revenues only so long as the water and sewer facilities are operated as a single integrated entity; thereafter such payments are payable from revenues only of the water facilities. The Bonds and interest thereon shall not constitute an indebtedness of the City within any constitutional or statutory limitation.

Section 8. The Bonds 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:

This Bond is one of an issue of City of Eureka Springs, Arkansas Water and Sewer Revenue Refunding Bonds, Series 1988, aggregating Six Hundred Thousand Dollars (\$600,000) in principal amount (the "Bonds"), issued for the purpose of refunding certain prior bonds payable from revenues of the System (hereafter defined), establishing a debt service reserve and paying necessary expenses incidental thereto and to the authorization and issuance of the Bonds.

The Bonds are issued pursuant to and in full compliance with the Constitution and laws of the State of Arkansas, including particularly Title 14, Chapter 164, Subchapter 4 of the Arkansas Code of 1987 Annotated, Title 14, Chapter 234, Subchapter 2 of the Arkansas Code of 1987 Annotated, Title 14, Chapter 235, Subchapter 3 of the Arkansas Code of 1987 Annotated, and applicable decisions of the Supreme Court of Arkansas, including particularly City of Harrison v. Braswell, 209 Ark. 1094, 194 S.W. 2d 12 (1946), and pursuant to Ordinance No. 1309 duly adopted and approved on June 3, 1988 (the "Authorizing Ordinance"), and do not constitute an indebtedness of the City within any constitutional or statutory limitation. The Bonds are not general obligations of the City, but are special obligations payable solely from the revenues of the City's combined water and sewer system (the "System"). In this regard, the pledge of System revenues is subordinate to the pledge of System revenues to certain obligations of the City described in the Authorizing Ordinance. An amount of System revenues sufficient to pay the principal of and interest on the Bonds has been duly pledged and set aside into the 1988 Water and Sewer Revenue Bond Fund created by the Authorizing Ordinance. Reference is hereby made to the Authorizing Ordinance for a detailed statement of the terms and conditions upon which the Bonds are issued, of the nature and extent of the security for the Bonds, and the rights and obligations of the City and the bondholders. The City has fixed and has covenanted and agreed to maintain rates for the services of the System which shall, together with other available funds, be sufficient at all times to provide for the proper and reasonable expenses of operation and maintenance of the System and for the payment of the principal of and interest on all obligations payable from System revenues, as the same become due and payable, to establish and maintain any required debt service reserves and to make the required deposit for the depreciation of the System.

REFERENCE IS HEREBY MADE TO FURTHER PROVISIONS OF THIS BOND ON THE REVERSE SIDE HEREOF WHICH HAVE THE SAME EFFECT AS IF SET FORTH IN THIS PLACE.

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

IN WITNESS WHEREOF, the City of Eureka Springs, Arkansas has caused this Bond to be executed by its Mayor and City Clerk, by their manual or facsimile signatures thereunto duly authorized and its corporate seal to be impressed, lithographed or imprinted on this Bond, all as of the Dated Date shown above.

ATTEST:

(facsimile signature)
City Clerk

(SEAL)

CITY OF EUREKA SPRINGS, ARKANSAS

By (facsimile signature)
Mayor

(Reverse Side of Bond)

CITY OF EUREKA SPRINGS, ARKANSAS
WATER AND SEWER REVENUE REFUNDING BOND, SERIES 1988

FURTHER PROVISIONS

The Bonds or portions thereof are subject to redemption at the option of the City, in whole or in part, from funds from any source, in inverse order of maturity (Bonds or portions within a maturity shall be redeemed by lot in such manner as the Trustee may determine) on any interest payment date on or after June 1, 1993, at a redemption price equal to the principal amount being redeemed plus accrued interest to the redemption date.

Notice of redemption identifying the Bonds or portions thereof (which must be integral multiples of \$5,000) to be redeemed and the date on which they shall be presented for payment 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 (in whole or in part). Failure to mail an appropriate notice or any such notice to one or more registered owners of Bonds to be redeemed (in whole or in part) shall not affect the validity of the proceedings for redemption of other Bonds or portions thereof 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 hereof in person or by his attorney-in-fact duly authorized in writing at the 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 of Arkansas shall govern its construction.

The City may deem and treat the registered owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and premium, if any, hereon and interest due hereon and for all other purposes,

and the City shall not be affected by any notice to the contrary.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Authorizing Ordinance until the Certificate of Authentication hereon shall have been signed by the Trustee.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of the Bonds do exist, have happened and have been performed in due time, form and manner as required by law; that the indebtedness represented by the Bonds, together with all obligations of the City, does not exceed any constitutional or statutory limitation; and that the above referred to revenues pledged to the payment of the principal of and interest on the Bonds as the same become due and payable will be sufficient in amount for that purpose.

(Form of Trustee's Certificate)

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds designated Series 1988 and issued under the provisions of the within mentioned Authorizing Ordinance.

FIRST NATIONAL BANK IN STUTTGART
Stuttgart, 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 firm of the New York Stock Exchange or a commercial bank or a trust company.

Section 9. That the rates charged for services of the System heretofore fixed by ordinances of the City and the conditions, rights and obligations pertaining thereto, are hereby ratified, confirmed and continued. The City covenants and agrees that the rates charged for services of the System shall never be reduced while any of the Bonds are outstanding unless there is obtained from an independent certified public accountant a certificate that the net revenues of the System (net revenues being defined as gross revenues (exclusive of any part of the Tax Revenues) less the expenses of operation and maintenance of the System, including all expense items properly attributable to the operation and maintenance of the System under generally accepted accounting principles applicable to municipal water and sewer facilities), with the reduced rates, will always be equal to the amount required to be set aside for the Depreciation Fund and the debt service reserve for all bonds payable from the revenues of the System, and leave a balance equal to at least 125% of the aggregate average annual (a) principal and interest requirements on the Bonds, the Loan and the bonds of any other issue to which System revenues are pledged, plus (b) Carroll-Boone Water District Contract Payments (collectively, "System Obligations"). The City further covenants and agrees that the rates shall, if and when necessary, from time to time, be increased in such manner as will produce net revenues at least sufficient, together with other then available revenues, if any, to provide the required deposit into the Depreciation Fund and the debt service reserve, to leave a balance equal to 125% of the amount necessary for paying principal, premium, if any, and interest when due on outstanding System Obligations.

Section 10. That none of the facilities or services afforded by the 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 and services afforded by the System, the reasonable value of the services or facilities so afforded shall be charged against the City or such departments, agency or instrumentality and shall be paid for as the charges therefor accrue. The revenues so received shall be deemed to be revenues derived from the operation of the System and shall be used and accounted for in the same manner as any other revenues derived from the operation of the System. 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 System.

Section 11. That the Treasurer of the City shall be custodian of the gross revenues derived from the operation of the System and that officer shall give bond in the sum of System

revenues in his custody at any one time for the faithful discharge of his duties as such custodian. From and after the delivery of the Bonds, the System shall be continuously operated as a revenue-producing undertaking. All moneys received by the Treasurer shall be deposited by him in such depository or depositories for the City as may be lawfully designated from time to time by the City; subject, however, to the giving of security as now or as hereafter may be required by law and provided that such depository or depositories shall hold membership in the Federal Deposit Insurance Corporation ("FDIC"). All deposits shall be in the name of the City and shall be so designated as to indicate the particular fund to which the revenues belong. Any deposit in excess of the amount insured by FDIC shall be secured by bonds or other direct or fully guaranteed obligations of the United States of America unless invested as herein authorized.

Section 12. That the City covenants that it will continuously operate the System as a revenue-producing undertaking and will not sell or lease the same, or any substantial portion thereof; provided, however, that nothing herein shall be construed to prohibit the City from making such dispositions of properties of the System and such replacements and substitutions for properties of the System as shall be necessary or incidental to the efficient operation of the System as a revenue-producing undertaking.

Section 13. Water and Sewer Fund. That there is hereby created a special fund designated "Water and Sewer Fund," into which special fund the Treasurer shall pay monthly all water and sewer revenues derived from the operation of the System and, so long as a part of the Tax Revenues is designated for use in connection with the System, such designated part of the Tax Revenues. The revenues in the Water and Sewer Fund are hereby pledged and shall be applied to the payment of the reasonable and necessary expenses of operation and maintenance of the System, to the payment of the principal of and interest on the Bonds and other System Obligations, to the maintenance of any required debt service reserves at the required levels, and to the providing of an adequate depreciation fund and otherwise as described herein.

Section 14. Water and Sewer Operation and Maintenance Fund. That there shall be paid by the Treasurer from the Water and Sewer Fund into a special fund, which is hereby created and designated "Water and Sewer Operation and Maintenance Fund" (the "Operation and Maintenance Fund"), on the first business day of each month, an amount sufficient to pay the reasonable and necessary monthly expenses of operation, repair and maintenance of the 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 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 the Operation and Maintenance Fund, the amount of any deficiency shall be added to the amount otherwise required to be transferred and paid into the Operation and Maintenance Fund in the next succeeding month. If in any fiscal year a surplus shall be accumulated in the Operation and Maintenance Fund over and above the amount which shall be necessary to defray the reasonable and necessary cost of operation, repair and maintenance of the System during the remainder of the then current fiscal year and the next ensuing fiscal year, such surplus may be transferred and deposited in the Water and Sewer Fund.

Section 15. That after making the monthly deposit into the Operation and Maintenance Fund, the Treasurer shall pay on the first business day of each month the Carroll-Boone Water District Contract Payments to the Carroll-Boone Water District.

Section 16. That after making the deposit into the Operation and Maintenance Fund and the payment required by Section 15 hereof, there shall be transferred by the Treasurer from the Water and Sewer Fund into a fund which is hereby created and designated "Water and Sewer Loan Fund" (the "Loan Fund"), on or before (but not more than 30 days in advance) the dates the principal and interest on the Loan become due, an amount sufficient to pay the next principal and interest installment on the Loan.

Section 17. 1988 Water and Sewer Revenue Bond Fund.
(a) That after making the deposits in the Operation and Maintenance Fund and the Loan Fund and after making the payment required by Section 15 hereof, the Treasurer shall transfer from the Water and Sewer Fund into a special fund which is hereby created and designated "1988 Water and Sewer Revenue Bond Fund" (the "1988 Bond Fund"), the sums in the amounts and at the times hereinafter stated in Subsection (b) of this Section 17 for the purpose of providing funds for the payment of the principal of and interest on the Bonds as they mature.

(b) There shall be paid into the 1988 Bond Fund, beginning on the first business day of the month immediately following the month in which the Bonds are delivered, and continuing on the first business day of each month thereafter

until all outstanding Bonds of this issue with interest thereon have been paid in full, or provisions made for such payment, 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 on all outstanding Bonds until there has been accumulated in the 1988 Bond Fund a debt service reserve in the amount of \$58,950. When the debt service reserve has been accumulated, and so long as it remains, in the required 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 of all outstanding Bonds.

(c) The Trustee shall, from time to time, bill the City for its reasonable fees as trustee, paying agent and bond registrar for the Bonds. The City shall include the amount necessary to pay each such billing with its next monthly deposit into the 1988 Bond Fund. Deposits into the 1988 Bond Fund shall be at the sole risk of the City and shall not operate as a payment of principal, interest or fees until so applied.

(d) It shall be the duty of the Treasurer to withdraw from the 1988 Bond Fund at least ten (10) days before the due date of any principal of or interest on and of the Bonds issued hereunder and to deposit with the Trustee an amount equal to the amount of such principal or interest for the sole purpose of paying the same. It shall also be the duty of the Treasurer to withdraw moneys from the 1988 Bond Fund at times and in amounts necessary to pay as due all trustee, paying agent and bond registrar fees and to remit such fees to the Trustee. No withdrawal of funds from said 1988 Bond Fund shall be made for any other purpose except as otherwise authorized in this Ordinance.

(e) If the revenues of the System are insufficient to make the required payment on the first business day of any month into the 1988 Bond 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 1988 Bond Fund on the first business day of the next month.

(f) When the moneys held in the 1988 Bond Fund shall be and remain sufficient to pay the principal of and interest on all Bonds then outstanding, the Treasurer shall not be obliged to make any further payments into the 1988 Bond Fund, except payments pursuant to subsection (c).

(g) All moneys in the 1988 Bond Fund shall be used solely for the purpose of paying the principal of and interest on the Bonds, except as herein specifically provided. If a surplus shall exist in the 1988 Bond Fund over and above the

amount required for making all principal and interest payments due during the next twelve (12) months and over and above the required level for the debt service reserve, such surplus shall be paid into the Water and Sewer Fund.

(h) The Bonds shall be specifically secured by a pledge of all the revenues required to be placed into the 1988 Bond Fund. This pledge in favor of the Bonds is hereby irrevocably made according to the terms of this Ordinance, and the City and its officers and employees shall execute, perform and carry out the terms thereof in strict conformity with the provisions of this Ordinance.

Section 18. Water and Sewer Depreciation Fund. That after making the required deposits into the Operation and Maintenance Fund, the 1988 Bond Fund, the Loan Fund and the payment required by Section 15 hereof, there shall be paid by the Treasurer from the Water and Sewer Fund into a fund hereby created and designated "Water and Sewer Depreciation Fund" (the "Depreciation Fund"), on the first business day of each month 3% of the gross revenues of the System (exclusive of any part of the Tax Revenues) for the preceding month. The moneys in the Depreciation Fund shall be used solely for the purpose of paying the cost of replacements made necessary by the depreciation of the System; provided, however, in the event that no other funds are available therefor the moneys in the Depreciation Fund may be used to the extent necessary to prevent a default in the payment of principal and interest on the Bonds.

If in any fiscal year a surplus shall be accumulated in the Depreciation Fund over and above the amount necessary to defray the cost of the probable replacements during the next twelve months, such surplus shall be transferred and paid into the Water and Sewer Fund.

Section 19. That payments from the respective funds shall be made by check or voucher, signed by the Treasurer and one other person designated by the City and drawn on the depository with which the moneys in the fund shall have been deposited, and each such check or voucher shall briefly specify the purpose of the expenditure.

Section 20. That any surplus in the Water and Sewer Fund after making full provision for the other funds herein provided for may be used, at the option of the City, for any lawful municipal purpose.

Section 21. That all Bonds or portions thereof paid or purchased either at or before maturity shall be canceled when such payment or purchase is made, together with all interest

appertaining thereto, and held by the Treasurer and shall not be reissued. All unpaid interest maturing on or prior to the date of such payments or purchase shall continue to be payable to the respective registered owners thereof.

Section 22. That the Bonds authorized hereby and issued hereunder shall be subject to redemption prior to maturity in accordance with the terms set out in the Bond form.

Section 23. That as long as any of the Bonds are outstanding, the City shall not issue any Bonds claimed to be entitled to a priority of lien on the revenues of the System over the lien securing the Bonds of this issue.

The City reserves the right to issue additional Bonds to finance or pay the cost of constructing any future extensions, betterments and improvements to the System; provided, however, the City shall not authorize or issue any such additional bonds ranking on a parity with these Bonds, unless and until there shall have been procured and filed with the Trustee a statement by an independent certified public accountant not in the regular employ of the City reciting the opinion, based upon necessary investigation, that net revenues of the System (net revenues being gross revenues of the System less the amounts required to pay the costs of operation, maintenance and repair of the System) for the fiscal year immediately preceding the fiscal year in which it is proposed to issue such additional Bonds shall equal not less than 130% of the maximum annual principal and interest requirements on all the then outstanding bonds payable from System revenues (including these Bonds and any other bonds) and the additional bonds then proposed to be issued. In making the computation set forth above, the City, and the independent certified public accountant on behalf of the City, may, use Tax Revenues in calculating net revenues for the immediately preceding fiscal year only if the City has designated and appropriated the same percentage of Tax Revenues for use in connection with the System for the fiscal year in which the additional bonds are being issued, based upon the opinion or report of a registered professional engineer not in the regular employ of the City, ^{and may,} treat any increase in rates for the System enacted subsequent to the first day of such preceding fiscal year as having been in effect throughout such fiscal year and may include in gross revenues for such fiscal year the amount that would have been received, based on such opinion or report, had the increase been in effect throughout such fiscal year.

Section 24. That the City covenants that it will faithfully and punctually perform all duties with reference to the System required by the Constitution and laws of the State of

Arkansas, including making and collecting of reasonable and sufficient rates lawfully established for services rendered by the System, segregating the revenues of the System and applying them to the respective funds herein created.

Section 25. That the City shall cause proper books of accounts and records to be kept (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 System, and of all of the Tax Revenues made available for use in connection with the System, and such books shall be available for inspection by the owner of any of the Bonds at reasonable times and under reasonable circumstances. The City agrees to have these records audited by an independent certified public accountant at least once each year, and a copy of the audit shall be delivered to the Trustee and made available to the registered owners of the Bonds within 120 days after the end of the fiscal year. In the event the City fails or refuses to make the audit, any registered owner of the Bonds may have the audit made, and the cost thereof shall be charged against the Operation and Maintenance Fund.

Section 26. That the City covenants and agrees that it will maintain the System in good condition and operate the same in an efficient manner and at reasonable cost. While any 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 System, to the extent that such properties would be covered by insurance by private companies engaged in similar types of businesses against loss or damage thereto from fire and other perils included in extended coverage insurance in effect in Arkansas. 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 and Sewer Fund, and if such proceeds shall be insufficient for such purposes the deficiency shall be supplied, first, from moneys in the Depreciation Fund, and second, from moneys in the Operation and Maintenance Fund, and third, from available moneys in the Water and Sewer Fund. Nothing herein shall be construed as requiring the City to expend any funds for operation and maintenance of the System or for premiums on its insurance which are derived from sources other than the operation of the System, but nothing herein shall be construed as preventing the City from doing so.

Section 27. That any Bond shall be deemed to be paid within the meaning of this Ordinance when payment of the principal of and interest on such Bond (whether at maturity or upon redemption as provided herein, or otherwise), either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for by irrevocably depositing with the Trustee, in trust and irrevocably set aside exclusively for such payment (1) cash fully insured by FDIC sufficient to make such payment or (2) direct obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America ("Government Securities") (provided that such deposit will not affect the tax exempt status of the interest on any of the Bonds or cause any of the Bonds to be classified as "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986 (the "Code")), maturing as to principal and interest in such amounts and at such times as will provide sufficient moneys to make such payment, and all necessary and proper fees, compensation and expenses of the Trustee and Paying Agent pertaining to the Bonds with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Trustee.

On the payment of all the Bonds within the meaning of this Ordinance and if the Trustee has been paid its fees and expenses, the Trustee shall hold in trust, for the benefit of the owners of such Bonds, all such moneys and/or Government Securities.

When all the Bonds shall have been paid within the meaning of this Ordinance, and if the Trustee has been paid its fees and expenses, the Trustee shall take all appropriate action to cause (i) the pledge and lien of this Ordinance to be discharged and cancelled, and (ii) all moneys held by it pursuant to this Ordinance and which are not required for the payment of such Bonds to be paid over or delivered to or at the direction of the City. In determining the sufficiency of the deposit of Government Securities there shall be considered the principal amount of such investment securities and interest to be earned thereon until the maturity of such investment securities.

Section 28. 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 System or any part thereof or any revenues derived from the operation thereof, except as herein specifically provided, and will not sell, lease or otherwise dispose of any substantial portion of the same. Nothing herein shall be construed to prohibit the City from

disposing of worn out or obsolete System properties or from disposing of properties not being used and not useful in the operation of the System, provided that all revenues derived from the disposition of such properties shall be deposited in the Water and Sewer Fund.

Section 29. That there shall be a statutory mortgage lien upon the water facilities which are part of the System (including all extensions, improvements and betterments now or hereafter existing) which shall exist in favor of the holders of the Bonds, and each of them and such water facilities shall remain subject to such statutory mortgage lien, until payment in full of the interest on and principal of the Bonds; provided, however, that such statutory mortgage lien shall be interpreted according to the decision of the Supreme Court of the State of Arkansas in City of Harrison v. Braswell, supra.

Section 30. (a) That if there be any default in the payment of the principal of, premium, if any, or interest on any Bond, or if the City defaults in any 1988 Bond Fund requirement or in the performance of any of the other covenants contained and set forth in this Ordinance, the Trustee shall, and upon the written request of the owners of not less than ten percent (10%) in principal amount of Bonds then outstanding may, by proper suit, compel the performance of the duties of the officials of the City under the laws of Arkansas. And, in the case of a default in the payment of the principal of and interest on any of the outstanding Bonds, the Trustee may, and upon the written request of the owners of not less than ten percent (10%) in principal amount of Bonds then outstanding shall, apply in a proper action to a court of competent jurisdiction for the appointment of a receiver to administer the System on behalf of the City and the registered owners of the Bonds with power to charge and collect (or by mandatory injunction or otherwise to cause to be charged and collected) rates sufficient to provide for the payment of the expenses of operation, repair and maintenance and to pay any Bonds and interest outstanding to apply the revenue in conformity with the laws of Arkansas and with this Ordinance. When all defaults in principal and interest payments have been cured, the custody and operation of the System shall revert to the City.

(b) No registered owner of any of the outstanding Bonds shall have any right in any manner whatever by his action to affect, disturb or prejudice the security of this Ordinance, or to enforce any right hereunder, unless such owner previously shall have given to the Trustee written notice of the default on account of which such suit, action or proceeding is to be taken, and unless the owners of not less than ten percent (10%) in principal amount of the Bonds then outstanding shall have made

written request of the Trustee after the right to exercise such power or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers herein granted or granted by the laws of the State of Arkansas, or to institute such action, suit or proceeding in its name, and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby and the Trustee shall have refused or neglected to comply with such request within a reasonable time, and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of this Ordinance or to any other remedy hereunder.

(c) That all rights of action under this Ordinance or under any of the Bonds secured hereby, enforceable by the Trustee, may be enforced by it without the possession of any of the Bonds.

(d) The Trustee may, and upon the written request of the owners of not less than a majority in principal amount of 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 any subsequent default or defaults or impair any rights or remedies consequent thereon. All proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the benefit of all registered owners of the outstanding Bonds, and that any individual rights of action or other right given to one or more of such registered owners by law are restricted by this Ordinance to the rights and remedies herein provided.

(e) That no delay or omission of any registered owners of the Bonds to exercise any right or power accrued upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Ordinance to the registered owners of the Bonds may be exercised from time to time and as often as may be deemed expedient.

(f) In any proceeding to enforce the provisions of this Ordinance, the Trustee or any plaintiff bondholder shall be entitled to recover from the City all costs of such proceeding, including reasonable attorneys' fees.

Section 31. That when the Bonds have been executed, they shall be authenticated by the Trustee and the Trustee shall deliver the Bonds to the Purchasers upon payment in cash of the purchase price of 98.25% of the principal amount thereof plus accrued interest from June 1, 1988 ("total sale proceeds"). The accrued interest shall be remitted to the Treasurer for deposit into the Bond Fund in order to pay a portion of the interest on the Bonds due December 1, 1988. The Trustee's authentication fee shall be paid to the Trustee. The amount of the total sale proceeds necessary to refund the 1986 Bonds shall be applied for such purpose by making payment directly to the holder of such bonds. Next there shall be deposited in a special account of the City established with the Trustee designated "1988 Costs of Issuance Fund" (the "Costs of Issuance Fund") the sum necessary to pay the cost of issuing the Bonds. The balance, if any, shall be deposited into the debt service reserve in the Bond Fund.

The moneys in the Costs of Issuance Fund shall be disbursed solely in payment of the expenses of issuing the Bonds. Disbursements shall be on the basis of requisitions which shall contain at least the following information: The person, firm or corporation to whom payment is being made; the amount of the payment; and the purpose by general classification of the payment. Each requisition must be signed by the Mayor. The Trustee shall issue its check upon the Costs of Issuance Fund payable to the person, firm or corporation designated in the requisition. The Trustee shall be required to keep records as to all payments made.

All expenses of issuing the Bonds shall be paid within thirty (30) days after the Bonds have been delivered to the Purchasers. Upon receipt of notice from the Mayor that all expenses have been paid the Trustee shall pay any remaining balance to the Treasurer for deposit into the Water and Sewer Fund as reimbursement for the City's contribution to the refunding.

That all amounts remaining in the bond fund (including the debt service reserve therein) maintained in connection with the 1986 Bonds shall be used to pay interest on the 1986 Bonds to the date the refunding is accomplished and the balance shall be transferred by the Treasurer into the Water and Sewer Fund. All amounts in the bond fund (including the debt service reserve therein) maintained in connection with the 1981 Bonds shall be used to pay the principal of and interest on the 1981 Bonds on the date the refunding is accomplished and the balance shall be transferred by the Treasurer into the Water and Sewer Fund.

Section 32. (a) Moneys held for the credit of all funds created by this Ordinance may be invested and reinvested pursuant to the direction of the City in direct or fully guaranteed obligations of the United States of America (including any such securities issued or held in book-entry form on the books of the Department of the Treasury of the United States of America), in time deposits or certificates of deposit of banks, including the Trustee, which are insured by FDIC, or, if in excess of \$100,000, collateralized by Government Securities ("Permitted Investments").

(b) Permitted Investments from the debt service reserve in the 1988 Bond Fund shall mature within five (5) years or June 1, 2003, whichever is earlier. All other Permitted Investments shall mature, or 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 will be required for authorized expenditures.

(c) Obligations so purchased as an investment of moneys in any fund shall be deemed at all times to be a part of such fund and the interest accruing thereon and any profit realized from such investments shall be credited to such fund, and any loss resulting from such investment shall be charged to such fund. All moneys in the debt service reserve in the Bond Fund above the required amount shall be transferred therefrom into the Bond Fund.

Section 33. That in the event the office of Mayor, City Clerk, City Treasurer, or City Council shall be abolished, or any two or more of such offices shall be merged or consolidated, or in the event the duties of a particular office shall be transferred to another office or officer, or in the event of a vacancy in any such 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 34. That anything herein to the contrary notwithstanding, all rights of any holder of any Bond hereunder to or with respect to any moneys or investments held in any fund hereunder shall terminate at the expiration of five (5) years from the date of maturity of such Bond, whether by scheduled maturity or by call for redemption prior to maturity in accordance with the terms hereof.

Section 35. That the City covenants that it shall not take any action or suffer or permit any action to be taken or condition to exist which causes or may cause the interest payable on the Bonds to be subject to federal income taxation pursuant to existing laws on the date of issuance. Without limiting the generality of the foregoing, the City covenants that the proceeds of the sale of the Bonds and revenues of the System will not be used directly or indirectly in such manner as to cause the Bonds to be treated as "arbitrage bonds" within the meaning of Section 148 of the Code.

Section 36. That the City shall assure that (i) not in excess of ten percent (10%) of the "net proceeds" of the Bonds or the 1986 Bonds (being, in the case of the Bonds the principal amount originally issued less amounts deposited in the debt service reserve in the Bond Fund and in the case of the 1986 Bonds the principal amount thereof) is used for "private business use" (being used directly or indirectly in a trade or business carried on by a natural person or in any activity carried on by a person other than a natural person, excluding, however, use by a state or local government and use as a member of the general public) if, in addition, the payment of more than ten percent (10%) of the principal or ten percent (10%) of the interest due on the Bonds or the 1986 Bonds during the term thereof is, under the terms of the Bonds or the 1986 Bonds as originally issued or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a private business use or in payments in respect of property used or to be used for a private business use or is to be derived from payments, whether or not to the City, in respect of property or borrowed money used or to be used for a private business use; and (ii) that, in the event that both (A) in excess of five percent (5%) of the net proceeds of the Bonds or the 1986 Bonds are used for a private business use, and (B) an amount in excess of five percent (5%) of the principal or five percent (5%) of the interest due on the Bonds or the 1986 Bonds during the term thereof is, under the terms of the Bonds or the 1986 Bonds as originally issued or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said private business use or in payments in respect of property used or to be used for said private business use or is to be derived from payments, whether or not to the City, in respect of property or borrowed money used or to be used for said private business use, then said excess over said five percent (5%) of net proceeds of the Bonds or the 1986 Bonds used for a private business use shall be used for a private business use related to the governmental use of a portion of the project financed with the 1986 Bonds and shall not exceed the proceeds use for the governmental use of the portion of the

project financed with the 1986 Bonds to which such private business use relates.

The City shall also assure that not in excess of five percent (5%) of the net proceeds of the Bonds or the 1986 Bonds are used, directly or indirectly, to make or finance a loan to persons other than state or local governmental units.

Section 37. The Bonds are hereby designated as "qualified tax-exempt obligations" within the meaning of the Code. The City represents and covenants 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 1988 does not and will not exceed \$10,000,000.

The City further covenants and represents that (i) the aggregate principal amount of its tax-exempt obligations (not including "private activity bonds" within the meaning of Section 141 of the Code), including those of its subordinate entities, issued in calendar year 1988 will not exceed \$5,000,000, and (ii) at least 95% of the proceeds of the Bonds will be expended for the governmental activities of the City.

Section 38. (a) That the City covenants that it will take no action which would cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code; specifically, (A) the payment of any portion of principal or interest with respect to the Bonds will not be guaranteed (directly or indirectly) by the United States or any agency or instrumentality thereof, and (B) none of the proceeds of the Bonds (exclusive of proceeds invested for an initial temporary period until needed for the purpose for which the bonds were issued and proceeds deposited into the Bond Fund) will be invested (directly or indirectly) in federally insured deposits or accounts. Nothing in this Section 38 shall prohibit investments in bonds issued by the United States Treasury.

(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 Bonds are issued, a statement required by Section 149(e) of the Code.

Section 39. (a) That the terms of this Ordinance shall constitute a contract between the City and the registered owners of the Bonds and no variation or change in the

undertaking herein set forth shall be made while any of the Bonds are outstanding, except as hereinafter set forth in subsections (b) and (c), and the owner of any Bonds may at any time for and on his own behalf or for and on behalf of all Bondholders enforce the obligations of the City by a proper suit for that purpose.

(b) The Trustee may consent to any variation or change in this Ordinance to cure any ambiguity, defect or omission in this Ordinance or any amendment hereto without the consent of the owners of the outstanding Bonds.

(c) The owners of not less than seventy-five percent (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 contained in this Section shall permit or be construed as permitting (a) an extension of the maturity of the principal of or the interest on any Bond issued hereunder, or (b) a reduction in the principal amount of any Bond or the rate of interest thereon, or (c) the creation of a lien or pledge superior to the lien and pledge created by this Ordinance, or (d) 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 40. That the Trustee shall be First National Bank in Stuttgart, Stuttgart, Arkansas. The Trustee shall only be responsible for the exercise of good faith and reasonable prudence in the execution of its trust. The recitals in 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 owners of not less than ten percent (10%) in principal amount of the Bonds then outstanding and shall have been offered reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby. The Trustee may resign at any time by sixty (60) days notice in writing to the City and the owners of the Bonds, and the majority in value of the owners of the outstanding Bonds at any time, with or without cause, may remove the Trustee. The resignation or removal shall not be effecting until a successor Trustee is appointed. In the event of a resignation or removal, the majority in value of the owners of

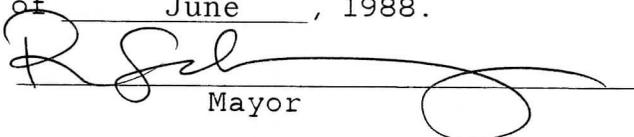
the outstanding Bonds may appoint a new Trustee, such appointment to be evidenced by a written instrument or instruments filed with the City Clerk. If the majority in value of the owners of the outstanding Bonds shall fail to fill a vacancy within forty-five (45) days after the same shall occur, then the City shall forthwith designate a new Trustee by a written instrument filed in the office of the City Clerk. 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 owners of the Bonds agree. Such written acceptance shall be filed with the City Clerk 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.

Section 41. That the Mayor is hereby directed to publish for one insertion in a newspaper which is published in the City, and of general circulation therein, this Ordinance, to which shall be attached a notice signed by him in substantially the following form:

NOTICE

Notice is hereby given that the City Council of the City of Eureka Springs, Arkansas, has adopted the Ordinance hereinafter set out; that the City contemplates the issuance of the Water and Sewer Revenue Refunding Bonds, Series 1988, described in the Ordinance; that any person interested may appear before the Council on the 3rd day of June, 1988, at 1:00 o'clock p.m., at the usual meeting place of the Council held in Eureka Springs, 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 3rd day of June, 1988.


Mayor

Section 42. 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 shall be issued and delivered.

Section 43. That the provisions of this Ordinance are hereby declared to be separable and if any provision shall for any reason be held illegal and invalid, it shall not affect the validity of the remainder of the Ordinance.

Section 44. That all ordinances and resolutions and parts thereof in conflict herewith are hereby repealed to the extent of such conflict.

Section 45. That 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 System revenues, and that the issuance of the Bonds and the taking of the other action authorized by this Ordinance is necessary for the accomplishment thereof. It is, therefore, declared that an emergency exists and this Ordinance, being necessary for the immediate preservaton of the public peace, health and safety, shall take effect and be in force from and after its passage.

PASSED: June 3, _____, 1988.

ATTEST:

Joanta Barber
City Clerk

APPROVED:

R. J. [Signature]
Mayor

(SEAL)

CERTIFICATE

STATE OF ARKANSAS)
)
COUNTY OF CARROLL)

The undersigned, City Clerk of the City of Eureka Springs, Arkansas, hereby certifies that the foregoing pages, numbered 1 to 30, inclusive, are a true and correct copy of Ordinance No. 1309 adopted at a special session of the City Council of the City of Eureka Springs, Arkansas, held at its regular meeting place in said City at 1:00 o'clock p.m., on the 3rd day of June, 1988, and that the said Ordinance is of record in Ordinance Record Book 5, Page _____, now in my possession.

Given under my hand and seal on this 3rd day of June, 1988.

Juanita Barner
City Clerk

(SEAL)