

\$75,950
CITY OF EUREKA SPRINGS, ARKANSAS
WATER AND SEWER REVENUE BONDS,
DATED APRIL 1, 1971

926

UNION NATIONAL BANK OF LITTLE ROCK
Little Rock, Arkansas
TRUSTEE

Ord
#926

WILLIAM J. SMITH
JOHN T. WILLIAMS
HERSCHEL H. FRIDAY
WILLIAM A. ELDREDGE, JR.
B. S. CLARK
WILLIAM L. TERRY
ROBERT V. LIGHT
WILLIAM H. SUTTON
JERRY T. LIGHT
BOYCE R. LOVE
GEORGE E. PIKE, JR.
JAMES W. MOORE
WILLIAM L. PATTON, JR.
BYRON M. EISEMAN, JR.
JOE D. BELL
MICHAEL G. THOMPSON
G. ROSS SMITH
JOHN C. ECHOLS
JAMES A. BUTTRY
KENNETH H. CASTLEBERRY
FREDERICK S. URSERY
MAX C. MEHLBURGER
H. T. LARZELERE, JR.
OSCAR E. DAVIS, JR.
JAMES C. CLARK, JR.
THOMAS P. LEGGETT
JOHN DEWEY WATSON

SMITH, WILLIAMS, FRIDAY, ELDREDGE & CLARK

ATTORNEYS AT LAW
BOYLE BUILDING
LITTLE ROCK, ARKANSAS 72201

TELEPHONE
AREA CODE 501
376-2011

September 7, 1971

Mr. Lewis E. Epley, Jr.
Attorney at Law
P. O. Box 415
Eureka Springs, Arkansas 72632

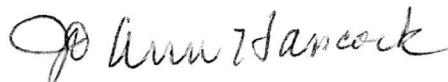
Re: City of Eureka Springs, Arkansas
Water and Sewer Revenue Bonds

Dear Mr. Epley:

At the request of Mr. Jay Hill, of Hill, Crawford & Lanford, Inc., I enclose a copy of a transcript covering the proceedings in connection with the above bond issue. Will you please deliver this to the City.

Thank you.

Sincerely yours,



(Mrs.) Jo Ann Hancock

Enclosure

WATER REVENUE BOND

NO. 1

EUREKA SPRINGS, ARKANSAS

\$ 7,200.00

MAY 11, 1970

FOR VALUE RECEIVED, the City of Eureka Springs, Arkansas, ("City"), hereby promises to pay to bearer the sum of Seven Thousand Two Hundred and 00/100 Dollars (\$7,200.00) in the following manner, to-wit:

\$900.00 on the 15th day of May, 1970, and \$900.00 on the 15th day of each and every month thereafter, with the entire unpaid balance being due on December 15, 1970, unless sooner prepaid. Interest on the bond from date until paid at the rate of six (6%) per cent per annum, interest payable monthly, commencing May 15, 1970. Principal and interest shall be payable at the office of the Bank of Eureka Springs, Eureka Springs, Arkansas.

This bond is the sole bond of an issue of Water Revenue Bonds ("bonds") issued and delivered under the provisions of the Constitution and laws of the State of Arkansas, particularly Act. No. 131 of the Acts of Arkansas of 1933, as amended, and Act No. 132 of the Acts of Arkansas of 1933, as amended, for the purpose of financing the cost of the purchase of a new water well pump and motor, other betterments and improvements to the Water Well belonging to the City. The bond does not constitute an indebtedness of the City within the meaning of any constitutional or statutory limitation. The bond is not a general obligation of the City but is a special obligation payable solely from revenues derived from the operation of the municipal Water System ("System"). The bond and the lien thereof and pledge thereon on System Revenues shall be subordinate to the lien and pledge in favor of the outstanding Water and Sewer Revenue Bonds of the City, dated January 24, 1963, but shall be superior to the lien and pledge in favor of any Water Revenue Bonds of the City issued after the date hereof. Reference is hereby made to the Ordinance authorizing the issuance of the bond for the details concerning the nature and extent of the security.

The City reserves the right to prepay all or any part of the principal of

WATER REVENUE BOND --- PAGE 2

this bond without penalty on any date.

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this bond have existed, have happened and have been performed in due time, form and manner as required by law, and that sufficient of the revenues to be derived from the operation of the System has been and is hereby pledged to the payment of the principal of and interest on this bond.

IN WITNESS WHEREOF, the City of Eureka Springs, Arkansas, by its City Council, has caused this bond to be executed by the Mayor and the City Recorder and sealed with the corporate seal of the City, as of the date above set forth.

CITY OF EUREKA SPRINGS, ARKANSAS

BY Charles B. Freeman
Mayor

ATTEST:

Hub. Jones
City Recorder

(SEAL)

\$75,950
CITY OF EUREKA SPRINGS, ARKANSAS
WATER AND SEWER REVENUE BONDS
DATED APRIL 1, 1971

Notice of and Consent to Meeting of Council, 7/6/71	1
Excerpts from Minutes of Meeting of Council, 7/6/71	2
Ordinance No. 926 (Bond Ordinance)	6
Proof of publication, Ordinance No. 926	31
Excerpts from Minutes of Meeting of Council (Protest Hearing) .	32
Certificate of City Recorder	34
Certificate of Conversion	35
Certificate of Mayor (Facsimile Signature)	37
Certificate of Incumbency of Officers, Absence of Litigation and Identification of Signatures	38
Delivery Instructions	41

NOTICE OF AND CONSENT TO MEETING OF COUNCIL

The undersigned hereby acknowledges receipt of official and timely notice of a meeting of the City Council of the City of Eureka Springs, Arkansas, to be held on July 6, 1971, at 8 o'clock p.m., at the regular meeting place of the Council in the City of Eureka Springs, Arkansas, the purpose of the meeting being:

To consider an Ordinance authorizing the issuance of Water and Sewer Revenue Bonds

and for the transaction of such other business as may properly come before the Council.

The undersigned further consent to the meeting at the time and place and for the purposes hereinabove set forth and hereby ratify all action taken at said meeting for said purposes.

David L. Neff
Mayor

Katherine Breen
City Clerk Recorder

Robert L. Ball
Paul J. Bandy
William J. Samuelson
Donald L. Thurman
Nancy S. Clark
Mary Louise Mitchell

EXCERPTS FROM MINUTES OF A MEETING OF THE
EUREKA SPRINGS, ARKANSAS CITY COUNCIL HELD

July 6, 19 71

The City Council of the City of Eureka Springs,
Arkansas met in Special session at its regular meeting place in
Eureka Springs, Arkansas at 8:00 o'clock p. .m., on the
6th day of July, 19 71. The following were present:
Mayor Fred L. Naff; City ~~Clk~~ Recorder
Katherine Green; and Aldermen Robert L. Ball,
Arvle L. Bandy, William J. Samuelson, Donald L. Thurman, Nancy
S. Clark and Mary Louise Mitchell.

Absent: None.

The Mayor stated that consideration should be given to an
ordinance authorizing the issuance of Water and Sewer Revenue Bonds

This was a matter with which the Council was familiar and after a discussion,
Alderman Nancy S. Clark introduced an ordinance entitled:

"AN ORDINANCE AUTHORIZING THE ISSUANCE OF WATER
AND SEWER REVENUE BONDS FOR THE PURPOSE OF
FINANCING THE COST OF CONSTRUCTING EXTENSIONS,
BETTERMENTS AND IMPROVEMENTS TO THE SYSTEM (DE-
SCRIBED IN THE ORDINANCE); PROVIDING FOR THE PAYMENT
OF THE BONDS; PRESCRIBING OTHER MATTERS RELATING
THERETO; AND DECLARING AN EMERGENCY"

and the City ~~Clk~~ Recorder read the ordinance in full.

Alderman Nancy S. Clark, seconded by Alderman Mary Louise Mitchell, moved that the rule requiring the reading of an ordinance or resolution in full on three different days be suspended and that the ordinance be placed on its second reading. The Mayor put the question on the adoption of the motion and the roll being called, the following voted aye:

Fred L. Naff, Robert L. Ball, Arvle L. Bandy,
William J. Samuelson, Donald L. Thurman, Nancy
S. Clark and Mary Louise Mitchell.

and the following voted nay: None.

Thereupon the Mayor declared that at least two-thirds of all members of the Council having voted in favor of the motion to suspend the rule, the motion was carried and the rule suspended. The ordinance was then read by the City ~~Clerk~~ Recorder.

Alderman Arvle L. Bandy, seconded by Alderman Robert L. Ball then moved that the rule requiring the reading of an ordinance in full on three different days be further suspended and that the ordinance be placed on its third reading. The Mayor put the question on the adoption of the motion and the roll being called the following voted aye:

Fred L. Naff, Robert L. Ball, Arvle L. Bandy,
William J. Samuelson, Donald L. Thurman, Nancy
S. Clark and Mary Louise Mitchell.

and the following voted nay: None.

The Mayor declared that at least two-thirds of all members elected to the Council having voted in favor of the motion to suspend the rule, the motion was carried and the rule suspended. The ordinance was then read by the City

~~Clerk~~ Recorder.

Alderman Robert L. Ball, seconded by Alderman William J. Samuelson, moved that the ordinance be adopted. The question was put by the Mayor on the adoption of the motion and the roll being called, the following voted aye:

Fred L. Naff, Robert L. Ball, Arvle L. Bandy,

William J. Samuelson, Donald L. Thurman, Nancy

S. Clark and Mary Louise Mitchell.

and the following voted nay: None.

Alderman Arvle L. Bandy, seconded by Alderman Donald L. Thurman, moved that Section 20, the emergency clause, be adopted, and on roll call the following voted aye:

Fred L. Naff, Robert L. Ball, Arvle L. Bandy,

William J. Samuelson, Donald L. Thurman, Nancy

S. Clark and Mary Louise Mitchell.

and the following voted nay: None.

The Mayor thereupon declared the ordinance and the emergency clause adopted and signed the ordinance, which was attested by the City ~~Clerk~~ Recorder and impressed with the seal of the City. The ordinance was given No. 926.

(Matters not relating to the Ordinance authorizing the issuance of bonds are omitted.)

There being no further business, the Council adjourned.

Fred L. Naff
Mayor

ATTEST:

Katherine Green
City ~~Clerk~~ Recorder

04

C E R T I F I C A T E

The undersigned, City ~~Clerk~~ **Recorder** of
Eureka Springs, Arkansas, hereby certifies that the foregoing
pages numbered 1 to 3, inclusive, are a true and correct copy of excerpts
of the minutes of a meeting of the City Council of Eureka Springs,
Arkansas at a Special session held at the regular meeting place of
the Council in said City at 8:00 o'clock p.m., on the 6th day
of July, 1971 and the time and place of the meeting was
furnished to each person who made a request therefor in accordance with the
provisions of Act No. 93 of the Acts of Arkansas of 1967.

Katherine Green
City ~~Clerk~~ **Recorder**

(SEAL)

ORDINANCE NO. 926

AN ORDINANCE AUTHORIZING THE ISSUANCE OF WATER AND SEWER REVENUE BONDS FOR THE PURPOSE OF FINANCING THE COST OF CONSTRUCTING EXTENSIONS, BETTERMENTS AND IMPROVEMENTS TO THE SYSTEM (DESCRIBED IN THE ORDINANCE); PROVIDING FOR THE PAYMENT OF THE BONDS; PRESCRIBING OTHER MATTERS RELATING THERETO; AND DECLARING AN EMERGENCY.

WHEREAS, the City of Eureka Springs, Arkansas (the "City") owns and operates waterworks facilities and sewer facilities as one interrelated municipal undertaking (all of the facilities will be herein sometimes referred to as the "System"); and

WHEREAS, the City has determined that extensions, betterments and improvements to the System are necessary and has caused to be prepared by qualified Consulting Engineers, plans and estimates of cost of constructing extensions, betterments and improvements to the System (the "improvements"), and a copy of the report and plans prepared by the Consulting Engineers is on file in the office of the City Recorder and reference may be made thereto by any interested party; and

WHEREAS, the estimated cost of the improvements, including necessary costs incidental thereto and to the issuance of bonds, is \$70,000, and the City can obtain the funds only by the issuance of Water and Sewer Revenue Bonds; and

WHEREAS, the City has made the necessary arrangements to sell Water and Sewer Revenue Bonds in the principal amount of \$70,000 to Hill, Crawford & Lanford, Inc., Little Rock, Arkansas, at a price of par and accrued interest for bonds bearing interest at the rate of 6-1/4% per annum; and

WHEREAS, pursuant to the terms of the sale, and as permitted by the laws of the State of Arkansas, the purchaser has elected to convert the \$70,000 in principal amount of bonds bearing interest at the rate of 6-1/4% per annum to an issue of \$75,950 in principal amount of bonds bearing interest at the rate of 4-3/4% per annum, with the details of the bonds being hereafter

in this Ordinance set forth, and the City has examined the conversion and found the same to be proper in that the City will receive no less and pay no more than it would have received and paid if the bonds had not been converted;

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

Section 1. That the improvements be accomplished. The City Council hereby finds and declares that the period of usefulness of the System after the completion of the improvements will be more than forty (40) years, which is longer than the term of the bonds.

Section 2. That the sale of \$70,000 in principal amount of bonds to Hill, Crawford & Lanford, Inc., Little Rock, Arkansas (the "purchaser") at the price of par and accrued interest for bonds bearing interest at the rate of 6-1/4% per annum, and the conversion thereof to an issue of \$75,950 in principal amount of bonds bearing interest at the rate of 4-3/4% per annum, maturing and otherwise subject to the terms and provisions hereafter in this Ordinance set forth in detail be, and the same are hereby, approved and confirmed.

Section 3. That the City has outstanding an issue of Water and Sewer Refunding and Improvement Revenue Bonds, dated April 1, 1963, authorized by and issued pursuant to the provisions of Resolution No. 58 (the "1963 Resolution") of the City adopted and approved on January 24, 1963 (the "1963 Bonds"). In this regard, the lien on and pledge of System revenues to, and the security for, the bonds are subordinate to the lien, pledge and security in favor of the 1963 Bonds. Nothing herein shall be construed to in any manner impair the security of the 1963 Bonds, but when the 1963 Bonds are paid (or the required provision made therefor), the lien, pledge and security in favor of the bonds now being issued shall be a first and prior lien, pledge and security on the System and on System revenues. Additionally, the City expressly covenants and agrees that

the City will not issue or attempt to issue bonds ranking or claimed to rank on a parity of security with the 1963 Bonds.

Section 4. That under the authority of the Constitution and laws of the State of Arkansas, including particularly Act No. 131 of the Acts of Arkansas of 1933, as amended, Act No. 132 of the Acts of Arkansas of 1933, as amended, and the applicable decisions of the Supreme Court of the State of Arkansas, and the decision of the Supreme Court of Arkansas in the case of City of Harrison v. Braswell, 209 Ark. 1094, 194 S.W.2d 12 (1946), Water and Sewer Revenue Bonds (the "bonds") are hereby authorized and ordered sold to the purchaser in the total principal amount of \$75,950, the proceeds of the sale of which are necessary to provide the costs of accomplishing the improvements, including engineering, legal and other necessary expenses incidental thereto and to the issuance of the bonds. The bonds shall be dated April 1, 1971, with interest thereon payable semiannually on April 1 and October 1 of each year, commencing October 1, 1971, and the bonds shall be numbered consecutively from 1 to 78, inclusive. The bonds shall be in the denomination of \$1,000 each, except Bond No. 7, which shall be in the denomination of \$450, and Bonds Nos. 14, 36 and 44, which shall be in the denomination of \$500 each. The bonds bear interest at the rate of 4-3/4% per annum, and mature on October 1 in each of the years 1972 to 1981, inclusive. The bonds shall be negotiable coupon bonds payable to bearer but shall be subject to registration as to principal or as to principal and interest. Payment of bearer bonds and interest coupons shall be made at the principal office of Union National Bank of Little Rock, Little Rock, Arkansas (the "Trustee" and "Paying Agent"). Payment of principal, when registered as to principal, and of interest when registered as to interest, shall be by check or draft mailed to the registered owner at the address shown on the registration book of the City maintained by the Trustee.

Section 5. That the bonds shall be executed on behalf of the City by the Mayor and City Recorder and shall have impressed thereon the seal of the City. The bonds may be executed by the facsimile signature of the Mayor and the interest coupons attached to the bonds may be executed by the facsimile signature of the Mayor. Any facsimile signature of the Mayor shall have the same force and effect as if personally signed by him. The bonds must be executed by the manual signature of the City Recorder. The bonds, together with interest thereon, shall be payable solely out of the 1971 Water and Sewer Revenue Bond Fund as hereinafter set forth, and shall be a valid claim of the holders thereof only against such fund and the revenues pledged to such fund, which revenues are hereby pledged and mortgaged for the equal and ratable payment of the bond, and shall be used for no other purpose than to pay the principal of and interest on the bonds, except as otherwise specifically provided in this Ordinance. The bonds and interest thereon shall not constitute an indebtedness of the City within any constitutional or statutory limitation.

Section 6. That the bonds and coupons shall be in substantially the following form, and the Mayor and City Recorder are hereby expressly authorized and directed to make all recitals contained therein:

UNITED STATES OF AMERICA
STATE OF ARKANSAS
COUNTY OF CARROLL
CITY OF EUREKA SPRINGS
4-3/4% WATER AND SEWER REVENUE BOND

No. _____

\$ _____

KNOW ALL MEN BY THESE PRESENTS:

That the City of Eureka Springs, in the County of Carroll and State of Arkansas (the "City"), acknowledges itself to owe, and for value received, hereby promises to pay to bearer, or if this bond be registered, to the registered owner hereof, solely from the special fund provided as hereafter set forth, the principal sum of

_____ DOLLARS

in lawful money of the United States of America on the first day of October, 19___, and to pay solely from said special fund interest hereon at the rate of four and three-fourths per cent (4-3/4%) per annum from date, semiannually on April 1 and October 1 of each year, commencing October 1, 1971, upon presentation and surrender of the annexed coupons as they severally become due. Payment of principal, when registered as to principal, and payment of interest, when registered as to interest, shall be by check or draft mailed to the registered owner at his address reflected on the registration book of the City. Payment of principal, when payable to bearer, and payment of interest when evidenced by coupons, shall be payable at the principal office of Union National Bank of Little Rock, Little Rock, Arkansas (the "Trustee" and "Paying Agent").

This bond is one of an issue of City of Eureka Springs, Arkansas, Water and Sewer Revenue Bonds, aggregating Seventy-Five Thousand Nine Hundred Fifty Dollars (\$75,950), dated April 1, 1971 (the "bonds"), all of like tenor and effect except as to number, denomination, maturity and right of prior redemption, and are issued for the purpose of constructing extensions, betterments and improvements (the "improvements") to the water and sewer

facilities of the City (which facilities are operated as one interrelated municipal undertaking and which are herein referred to as the "System").

The bonds are issued pursuant to and in full compliance with the Constitution and laws of the State of Arkansas, including particularly Act No. 131 of the Acts of Arkansas of 1933, as amended, Act No. 132 of the Acts of Arkansas of 1933, as amended, 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), and pursuant to an Ordinance of the City, duly adopted and approved, 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 revenues of the System. In this regard, the lien on and pledge of System revenues to, and the security for, the bonds are subordinate to the lien, pledge and security in favor of an issue of the City of Water and Sewer Refunding and Improvement Revenue Bonds, dated April 1, 1963 (the "1963 Bonds"), so long as the 1963 Bonds are outstanding. An amount of System revenues sufficient to pay the principal of and interest on the bonds and to create and maintain a debt service reserve is to be set aside in a special fund for that purpose identified as "1971 Water and Sewer Revenue Bond Fund," created by Ordinance No. 926, duly adopted and approved on the 6th day of July, 1971 ("Authorizing Ordinance"), under which the bonds are authorized to be issued and to which reference is hereby made for a statement of the nature and extent of the security and the rights and obligations of the City, the Trustee and holders and owners of the Bonds. The City has fixed and has covenanted and agreed to maintain rates for water and sewer services which shall be sufficient at all times to at least provide for the payment of the reasonable expenses of operation and maintenance of the System, provide for the payment, principal and interest, of all bonds to which revenues are pledged, including the bonds of this issue, and make the required payment into the Depreciation Fund.

The bonds will be subject to redemption prior to maturity, in whole or in part, at the option of the City, in inverse numerical order, at a price of par and accrued interest, as follows: (1) From the unexpended proceeds of the sale of the bonds not needed for accomplishing the improvements and from surplus System revenues on any interest payment date; and (2) from funds from any other source on any interest payment date on and after April 1, 1976.

Notice of the call for redemption shall be published one time in a newspaper published in the City of Little Rock, Arkansas, at least fifteen (15) days prior to the redemption date, giving the number and maturity of each bond being called, and after the date fixed for redemption each bond so called shall cease to bear interest, provided funds for its payment are on deposit with the Paying Agent at the time. In addition, notice by first class mail shall be mailed, fifteen (15) days prior to the redemption date, to the registered owner of each bond registered as to principal or as to principal and interest at the address of such owner reflected on the bond registration book of the Bond Registrar and if all outstanding bonds shall be registered as to principal and interest, then notice by first class mail to the registered owners thereof shall be sufficient, and it shall not be necessary to publish notice of the call.

This bond may be registered as to principal or as to principal and interest and may be discharged from such registration in the manner, with the effect and subject to the terms and conditions endorsed hereon. Subject to the provisions for registration endorsed hereon, nothing contained in this bond or in the Authorizing Ordinance shall affect or impair the negotiability of this bond and this bond shall be deemed a negotiable instrument under the laws of the State of Arkansas and is issued with the intent that the laws of the State of Arkansas will govern its construction.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and to be performed precedent to and in the issuance of the bonds, have existed, have happened and have been

performed in due time, form and manner, as required by law; that the indebtedness represented by the bonds does not exceed any constitutional or statutory limitations; and that sufficient revenues have been pledged to and will be set aside into the Bond Fund for the payment of the principal of and interest on the bonds.

This bond shall not be valid until the Certificate of Authentication hereon shall have been signed by the Trustee.

IN WITNESS WHEREOF, the City of Eureka Springs, Arkansas, by its City Council, has caused this bond to be signed by the Mayor and City Recorder thereof (with the facsimile signature of the Mayor and with the manual signature of the City Recorder) and sealed with the seal of the City, and has caused the interest coupons attached to be signed by the facsimile signature of the Mayor, all as of the first day of April, 1971.

CITY OF EUREKA SPRINGS, ARKANSAS

ATTEST:

By _____ (Facsimile Signature)
Mayor

City Recorder

(SEAL)

\$ _____

No. _____

April,

On the first day of October, 19____, the City of Eureka Springs, Carroll County, Arkansas, unless the bond to which this coupon is attached is paid prior thereto or unless the bond is registered as to interest in accordance with the provisions pertaining thereto set forth on the bond, hereby promises to pay to bearer solely out of the fund specified in the bond to which this coupon is attached

_____ DOLLARS

in lawful money of the United States of America, at the principal office of Union National Bank of Little Rock, Little Rock, Arkansas, being six (6) months interest then due on its Water and Sewer Revenue Bond, dated April 1, 1971, and numbered _____.

CITY OF EUREKA SPRINGS, ARKANSAS

By _____ (Facsimile Signature)
Mayor

On each bond shall appear the following:

CERTIFICATE OF AUTHENTICATION

This is one of the bonds of the issue of Water and Sewer Revenue Bonds, dated April 1, 1971, and aggregating \$75,950 in principal amount described in the bond to which this Certificate is attached.

UNION NATIONAL BANK OF LITTLE ROCK
Little Rock, Arkansas

By _____
Authorized Signature

PROVISIONS FOR REGISTRATION AND RECONVERSION

This bond may be registered as to principal alone on the books of the City, kept by the trustee as bond registrar, upon presentation hereof to the bond registrar, which shall make mention of such registration in the registration blank below, and this bond may thereafter be transferred only upon an assignment duly executed by the registered owner or his attorney or legal representative in such form as shall be satisfactory to the bond registrar, such transfer to be made on such books and endorsed hereon by the bond registrar. Such transfer may be to bearer, and thereafter transferability by delivery shall be restored, but this bond shall again be subject to successive registrations and transfers as before. The principal of this bond, if registered, unless registered to bearer, shall be payable only to or upon the order of the registered owner or his legal representative. Interest accruing on this bond will be paid only on presentation and surrender of the attached interest coupons as they respectively become due, and notwithstanding the registration of this bond as to principal, the appurtenant interest coupons shall remain payable to bearer and shall continue to be transferable by delivery; provided, that if upon registration of this bond, or at any time thereafter while this bond is registered in the name of the owner, the unmatured coupons attached evidencing interest to be thereafter paid hereon shall be surrendered to said bond registrar, a statement to that effect will be endorsed hereon by the bond registrar and thereafter interest evidenced by such surrendered coupons will be paid by check or draft of the bond registrar at the times provided herein to the registered owner of this bond by mail to the address shown on the registration books. This bond when so converted into a bond registered as to both principal and interest may be reconverted into a coupon bond at the written request of the registered owner and upon presentation at the office of said bond registrar. Upon such reconversion the coupons representing the interest to become due thereafter to the date of maturity will again be attached to this bond

and a statement will be endorsed hereon by the bond registrar in the registration blank below whether it is then registered as to principal or payable to bearer.

Date of Registration	Name of Registered Owner	Manner of Registration	Signature of Bond Registrar

Section 7. (a) That all of the provisions of the 1963 Resolution authorizing the issuance of the 1963 Bonds, except those provisions clearly inapplicable hereto, including, without limitation, the provisions pertaining to the collection and the handling of revenues and funds, to the operation, maintenance and care of the System, and the rights and remedies of the holders and registered owners of the bonds, are hereby made applicable hereto and are incorporated herein by reference as though fully set forth at this point; provided, however, that in all instances where provisions hereof deal with a particular subject matter which is dealt with in the 1963 Resolution in an inconsistent or different manner, the provisions hereof shall control to the exclusion of such provisions of the 1963 Resolutions. The effect of the above covenant shall be to continue the applicable provisions in full force and effect even after the payment of the 1963 Bonds, and until the bonds of this issue are paid, or provision made therefor. In this regard, nothing herein shall be construed to in any manner impair the security of the 1963 Bonds or the priority of the pledge on revenues in favor of the 1963 Bonds, but it is covenanted that when all of the 1963 Bonds are paid (or the required provision made therefor), that the bonds of this issue will become first lien bonds in the sense that the pledge of revenues derived from the operation of the System in favor of these bonds will become a first and prior pledge on the revenues. Furthermore, it is expressly covenanted and agreed that the City will not issue or attempt to issue bonds ranking, or claimed to rank, on a parity of security with the 1963 Bonds.

(b) 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, without the prior written approval of the Trustee for the bonds of this issue and the making of arrangements satisfactory to the Trustee, in the sole discretion of the Trustee, for the adequate protection of the holders and registered owners of the bonds; 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.

(c) The City covenants that it will at all times maintain rates and charges for the services of the System (including the increasing of the same if and as often as necessary) which will insure the prompt payment of all expenses of operation and maintenance, the prompt payment of the principal of, interest on and Paying Agent's fees in connection with the 1963 Bonds and the bonds of this issue and make prompt provision for the depreciation of the System (to the extent required by the provisions of the 1963 Resolution.

Section 8. That as long as any of the bonds are outstanding, the City will not issue or attempt to issue any bonds claimed to be entitled to a priority of lien on the revenues of the System over the lien securing the bonds, including, without limitation, bonds issued to finance any future extensions, betterments and improvements to the System. However, nothing in this Ordinance shall be construed to prevent the issuance by the City of additional bonds to finance the cost of future extensions, betterments and improvements to the System, but no such additional bonds shall rank on a parity of security with the 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 (in this paragraph defined as the gross revenues of the System less the required operation and maintenance expenses and the required depreciation deposits as determined by the independent certified public accountant) for the fiscal year immediately preceding the fiscal year in which it is proposed to issue such additional bonds shall be sufficient to provide for the payment of the principal

of, interest on and Paying Agent's fees in connection with the 1963 Bonds and the bonds of this issue and leave a balance equal to at least 200% of the maximum amount that will become due in any year thereafter for principal, interest and service charges on all the bonds then outstanding and on the bonds then proposed to be issued.

Section 9. That the bonds shall be subject to redemption prior to maturity in accordance with the provisions pertaining thereto set forth in the bond form.

Section 10. 1971 Water and Sewer Revenue Bond Fund. (a) That there shall be paid into a special fund in the name of the City which is hereby created and designated "1971 Water and Sewer Revenue Bond Fund" ("Bond Fund") the sums in the amounts and at the times hereafter stated in Subsection (b) for the purpose of providing funds for the payment of the principal of, interest on and Paying Agent's fees in connection with the bonds as the same become due according to the following schedule:

YEAR	BOND NOS.	PRINCIPAL	INTEREST		TOTAL
			APRIL 1	OCTOBER 1	
1971				\$1,803.81 ³	\$ 1,803.81
1972	1 - 7	\$6,450	\$1,803.82 ³	1,803.81 ³	10,057.63
1973	8 - 14	6,500	1,650.62 ⁴	1,650.63 ⁴	9,801.25
1974	15 - 21	7,000	1,496.25	1,496.25	9,992.50
1975	22 - 28	7,000	1,330.00	1,330.00	9,660.00
1976	29 - 36	7,500	1,163.75	1,163.75	9,827.50
1977	37 - 44	7,500	985.62	985.63	9,471.25
1978	45 - 52	8,000	807.50	807.50	9,615.00
1979	53 - 60	8,000	617.50	617.50	9,235.00
1980	61 - 69	9,000	427.50	427.50	9,855.00
1981	70 - 78	9,000	213.75	213.75	9,427.50

(b) That there shall be paid by the Treasurer from the Water and Sewer Fund into the 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 with interest thereon have been paid in full, or provision 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, and an amount sufficient to provide for the Paying Agent's fees on all outstanding bonds until there shall have been accumulated in the Bond Fund a debt service reserve in the amount of \$9,500 and so long as the debt service reserve is maintained in that amount, the monthly payments may be reduced to one-sixth ($1/6$) of the next installment of interest and one-twelfth ($1/12$) of the next installment of principal, and an amount sufficient to provide for the Paying Agent's fees on all outstanding bonds.

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

(d) If for any reason the Treasurer shall fail at any time to make any of the required payments into the Bond Fund, any sums then held as a debt service reserve shall be used to the extent necessary in the payment of the principal of and interest on the bonds, but such reserve shall be reimbursed from the Water and Sewer Fund before any of the moneys in the Water and Sewer Fund shall be used for any purpose except for making the payments hereinabove required to be made into the Water and Sewer Operation and Maintenance Fund and into the Bond Fund. The debt service reserve shall be used solely as herein provided.

(e) When the moneys held in the Bond Fund, including the debt service reserve shall be and remain sufficient to pay the principal of and interest on all the bonds then outstanding, and the Paying Agent's fees, the Treasurer shall not be obliged to make any further payments into the said Bond Fund.

(f) All moneys in the Bond Fund shall be used solely for the purpose of paying the principal of and interest on the bonds of this issue, and the Paying Agent's fees, except as herein specifically provided. If a surplus shall exist in the Bond Fund over and above the amount required for making all principal and interest payments during the succeeding twelve (12) months on all outstanding bonds, and the Paying Agent's fees, and over and above the debt service reserve, such surplus may be applied only to the payment of the principal of and interest on any bonds that may be called for redemption prior to maturity or for the construction of extensions, betterments and improvements to the System.

(g) It shall be the duty of the Treasurer to withdraw from the Bond Fund at least ten (10) days before the maturity date of any bond or interest coupon issued hereunder and to deposit with the Paying Agent an amount equal to the amount of such bond or coupon for the sole purpose of paying the same, together with the Paying Agent's fee, and no withdrawal of funds from the Bond Fund shall be made for any other purpose except as otherwise authorized in this Ordinance. Such deposit shall be at the sole risk of the City and shall not operate as a payment of the bonds or coupons until so applied.

(h) The bonds shall be specifically secured by a pledge of all revenues required to be placed into the Bond Fund. The 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 11. That any surplus in the Water and Sewer Fund, created and being maintained under and pursuant to the provisions of the 1963 Resolution, after making the required deposit in the other funds as set forth in the 1963 Resolution and as set forth herein, may be used, at the option of the City,

(a) for the redemption of outstanding 1963 Bonds or the bonds of this issue in the manner and upon the terms applicable to redemption prior to maturity; or

(b) for the construction of extensions, betterments and improvements to the System (including payment of the principal of and interest on bonds issued therefor but subject to the provisions herein set forth pertaining to parity bonds); or

(c) For any lawful municipal purpose.

Section 12. That the Trustee, on behalf of the holders of all outstanding bonds, or any holder of any outstanding bond on behalf of himself and all other holders in the event the Trustee declines to proceed after having been requested to do so and having been offered indemnity to the satisfaction of the Trustee, may either at law or in equity, by suit, action, mandamus, or other proceeding of whatever nature, enforce and compel performance by the City and its officers and agents of all duties imposed or required by law or by this Ordinance, in connection with the System, including, without limitation, the making and collecting of sufficient rates and the application of the revenues derived from the System. The above provisions shall be cumulative to any and all other rights and remedies as set forth in the 1963 Resolution and incorporated herein by reference or otherwise existing from time to time by law.

Section 13. That when the bonds herein authorized to be issued have been executed by the Mayor and City Recorder and the seal of the City impressed, as herein provided, they shall be delivered to the Trustee, which shall authenticate them and deliver them to the purchaser upon payment of the purchase price of

\$70,000, plus accrued interest from April 1, 1971, to the date of delivery ("total sale proceeds"). The Trustee shall handle the total sale proceeds as follows:

(1) Deposit the accrued interest, plus such amount necessary, if any, to provide for the October 1, 1971 interest payment, into the Bond Fund.

(2) Deposit the remainder of the total sale proceeds in a special account in the name of the City designated "1971 Water and Sewer Construction Fund" ("Construction Fund"), which shall be established and maintained in a bank that is a member of the Federal Deposit Insurance Corporation. The moneys in the Construction Fund in excess of the amount insured by the Federal Deposit Insurance Corporation shall be continuously secured by bonds or other direct or fully guaranteed obligations of the United States of America, except that any moneys invested as hereafter authorized need not be so secured. The moneys in the Construction Fund shall be disbursed solely in payment of the costs of accomplishing the improvements, paying necessary expenses incidental thereto and paying expenses of issuing the bonds not paid by the purchaser. Disbursements shall be on the basis of checks or requisitions which shall contain at least the following information: the person to whom payment is being made; the amount of the payment; and the purpose by general classification of the payment. Each check or requisition must be signed by the individual occupying the top managerial position of the System, and in the case of all items of expense over which the Consulting Engineers shall exercise supervision (which shall include all expenses except engineering fees, legal fees, and expenses pertaining to the issuance of the bonds) each check or requisition shall be accompanied by a certificate signed by the Consulting Engineers (or by a representative thereof designated by the Consulting Engineers) certifying approval thereof. In the case of requisitions, the depository shall issue its check upon the Construction Fund payable to the person, firm or corporation designated in the requisition. The depository of the Construction

Fund shall be required to keep records as to all payments made on the basis of requisitions, and the City shall keep records of all payments made on the basis of checks.

When the improvements have been completed and all required expenses paid and expenditures made from the Construction Fund for and in connection with the accomplishment of the improvements and the financing thereof, this fact shall be evidenced by a certificate signed by the person occupying the top managerial position of the System and by the Consulting Engineers, which certificate shall state, among other things, the date of the completion and that all obligations payable from the Construction Fund have been discharged. A copy of the certificate shall be filed with the Trustee. After completion, any remaining balance in the Construction Fund shall be transferred to the Bond Fund.

Section 14. That the Mayor is hereby directed to publish for one insertion in ~~Eureka Springs Times Echo~~ which is hereby found and declared to be a newspaper 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 Water and Sewer Revenue Bonds described in the Ordinance; that any person interested may appear before the City Council on the 19th day of July, 1971^{7:00 p.m.} at the usual meeting place of the City Council held in the City and present protests. At such hearing all objections and suggestions will be heard, and the City Council will take such action as is deemed proper in the premises.

DATED this 6th day of July, 1971.

Mayor

Section 15. The Trustee shall be entitled to payment and/or reimbursement for its reasonable fees for services rendered hereunder and all advances, counsel fees and other expenses reasonably and necessarily made or incurred by the Trustee in and about the execution of the trusts created by this Ordinance and in and about the exercise and performance by the Trustee of the powers and duties of the Trustee hereunder, and for all reasonable and necessary costs and expenses incurred in defending any liability in the premises of any character whatsoever (unless such liability is adjudicated to have resulted from the negligence or willful default of the Trustee).

Section 16. There shall be paid the standard and customary Trustee's and Paying Agent's fees and charges, and funds sufficient to pay the same shall be deposited with the Paying Agent prior to the dates on which payments are required to be made on principal and interest.

Section 17. 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 holders and registered owners of not less than ten per cent (10%) in principal amount of the bonds of this issue then outstanding and shall have been offered reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby. The Trustee may resign at any time by ten (10) days' notice in writing to the City Recorder and the majority in value of the holders and registered owners of the outstanding bonds of this issue at any time, with or without cause, may remove the Trustee. In the event of a vacancy in the office of Trustee, either by resignation or by removal, the majority in value of the holders and registered owners of the outstanding bonds of this issue may appoint a new Trustee, such appointment to be evidenced by a written instrument or instruments filed with the City Recorder. If the majority in value of the holders and registered

owners of the outstanding bonds of this issue shall fail to fill a vacancy within thirty (30) 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 Recorder. The original Trustee and any successor Trustee shall file a written acceptance and agreement to execute the trust imposed upon it or them by this Ordinance, but only upon the terms and conditions set forth in this Ordinance and subject to the provisions of this Ordinance, to all of which the respective holders and registered owners of the bonds agree. Such written acceptance shall be filed with the City Recorder and a copy thereof shall be placed in the bond transcript. Any successor Trustee shall have all the powers herein granted to the original Trustee. In the event of a change in the office of Trustee, the old Trustee which has resigned or been removed shall cease to be Paying Agent and the new Trustee shall also be Paying Agent.

Section 18. That the provisions of this ordinance are hereby declared to be separable and if any provision shall for any reason be held illegal or invalid, such holding shall not affect the validity of the remainder of the ordinance.

Section 19. That all ordinances and parts of ordinances in conflict herewith are hereby repealed to the extent of such conflict.

Section 20. That it is hereby ascertained and declared that the improvements must be accomplished as soon as possible in order to make the System adequate for the needs of the City and its inhabitants, without which the life, health, safety and welfare thereof are jeopardized, 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 preservation of the public peace, health and safety, shall take effect and be in force from and after its passage.

PASSED: July 6, 1971.

ATTEST:

APPROVED:

Katherine Green
City Recorder

Paul L. Woff
Mayor

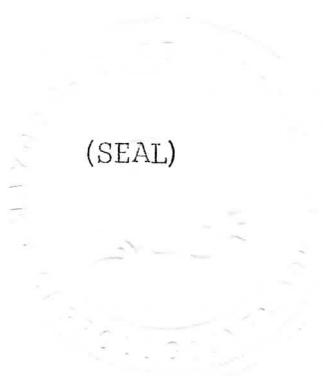
(SEAL)

CERTIFICATE

The undersigned, City Recorder of the City of Eureka Springs, Arkansas, hereby certifies that the foregoing pages are a true and correct copy of Ordinance No. 926, adopted at A Special session of the City Council of the City of Eureka Springs, Arkansas, held at the regular meeting place of the Commissioners in the City at 8:00 o'clock p.m., on the 6th day of July, 1971, and that the Ordinance is of record in Ordinance Record Book No. 3, page 439, now in my possession.

GIVEN under my hand and seal this 6th day of July, 1971.

Katherine Green
City Recorder



STATE OF ARKANSAS }
COUNTY OF CARROLL }

I hereby certify that this instrument was filed for record in my office the 27th day of Aug. 1971, at 10:30 o'clock A.M., and duly recorded in Deed Record Book 69 at page 325

Witness my hand and the Court Seal this 27th day of August, 1971
Eileen Harvey
Circuit Clerk and Recorder
By Edna J. White Deputy Clerk

Affidavit of Publication

COUNTY OF CARROLL
STATE OF ARKANSAS

} ss.

I, Lucille Wheeler, do solemnly swear that I am the (editor, proprietor, manager or chief accountant) of THE EUREKA SPRINGS TIMES-ECHO, and that the same is a weekly newspaper and that it has general and bona fide circulation in Carroll County, Arkansas and is printed and published at Eureka Springs, in Carroll County, Arkansas, on THURSDAY of each week; that the advertisement hereto was printed and published in said newspaper for one consecutive times, weekly, and the dates of said publication are as follows:

July 8 1961 _____ 196 _____ 196
_____ 196 _____ 196 _____ 196
_____ 196 _____ 196 _____ 196

Eureka Spring Times - Echo

Subscribed and sworn to before me, this 5th day of July, 1961

My Commission expires August 1, 1974 Margaret McBeal
Notary Public

Publication Fees \$ 331.45

REMARKS:

EXCERPTS FROM MINUTES OF MEETING OF EUREKA SPRINGS,
ARKANSAS, CITY COUNCIL, HELD JULY 19, 1971.

The City Council of the City of Eureka Springs, Arkansas, met in
Special session at its regular meeting place in Eureka Springs, Arkansas,
at 7:00 o'clock p.m., on the 19th day of July, 1971. There were
present Mayor Fred L. Naff; City Recorder Katherine Green;
and Aldermen Robert L. Ball, Nancy Sue Clark, Donald Thurman, Mary
Louise Mitchell, and William Samuelson.

Absent: Arvle Bandy

The Mayor announced that this was the time set for hearing protests,
objections and suggestions concerning Ordinance No. 926, passed and approved
July 6, 1971, concerning the issuance of Water and Sewer Revenue
Bonds authorized and ordered issued thereby. The Mayor also stated that a copy
of the Ordinance, together with notice of the adoption thereof, the contemplated
issuance of the bonds and of the meeting on this date for hearing protests had
been duly published as required by law. He then called upon anyone present
who desired to do so to present protests, objections or suggestions.

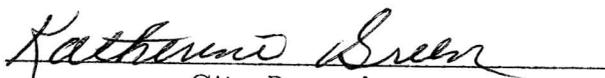
No protests, objections or suggestions were presented.
(Matters not relating to the bonds are omitted.)

There being no further business, the meeting adjourned.



Mayor

ATTEST:



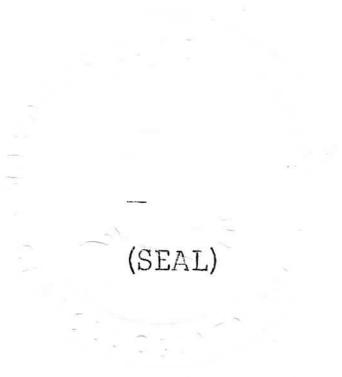
City Recorder

(SEAL)

CERTIFICATE

The undersigned, City Recorder of Eureka Springs, Arkansas, hereby certifies that the foregoing is a true and perfect copy of the minutes of a meeting of the City Council of Eureka Springs, Arkansas, at a Special session held at the regular meeting place of the Council in the City at 7 p.m. on the 19th day of July, 1971.

GIVEN under my hand and seal this 19th day of July, 1971.


Katherine Greer
City Recorder

(SEAL)

CERTIFICATE OF CITY RECORDER

STATE OF ARKANSAS X
X
COUNTY OF CARROLL X

I, Katherine Green, City Recorder of the City of Eureka Springs, Arkansas, hereby certify as follows:

1. The foregoing transcript consisting of 33 pages, numbered 1 to 33, inclusive, contains a true, correct and compared copy of all proceedings had by the City Council of Eureka Springs, Arkansas, relating to the issuance of its Water and Sewer Revenue Bonds, dated April 1, 1971 in the amount of \$75,950, as the same appears upon the records of the City Council in my possession.

2. No petition or petitions to the City Council or the City to refer to the people under Amendment No. 7 to the Constitution of the State of Arkansas any ordinance or resolution of the City Council relating to the bonds has been filed in my office within thirty (30) days after the passage of any of the ordinances or resolutions.

3. There is no litigation either threatened or pending affecting the legality of the bonds or the authority of the City to issue them.

IN TESTIMONY WHEREOF, I have hereunto set my hand and the seal of the City this 30th day of August, 1971.

Katherine Green
City Recorder

(SEAL)

CERTIFICATE OF CONVERSION

I, the undersigned, Corporate Trust Officer, of Union National Bank of Little Rock, Little Rock, Arkansas, which has been designated Trustee and Paying Agent for bonds issued by the City of Eureka Springs, Arkansas. hereby certify that I have examined the computation whereby \$70,000 6-1/4% City of Eureka Springs, Arkansas, Water and Sewer Revenue Bonds, dated April 1, 1971, and maturing annually on October 1 of each year as follows:

<u>YEAR</u>	<u>AMOUNT</u>
1972	\$ 5,000
1973	5,000
1974	6,000
1975	6,000
1976	7,000
1977	7,000
1978	8,000
1979	8,000
1980	9,000
1981	9,000

have been converted to an issue of \$75,950 of 4-3/4% City of Eureka Springs, Arkansas, Water and Sewer Revenue Bonds dated April 1, 1971, and maturing annually on October 1 of each year as follows:

<u>YEAR</u>	<u>AMOUNT</u>
1972	\$ 6,450
1973	6,500
1974	7,000
1975	7,000
1976	7,500
1977	7,500
1978	8,000
1979	8,000
1980	9,000
1981	9,000

I find that the total cost of maturing the \$70,000 of 6-1/4% bonds is \$98,746.44, and that the total cost of maturing the \$75,950 of 4-3/4% bonds is \$98,750.00 or \$3.56 less than the cost of maturing the bonds before conversion.

CERTIFIED this 26 day of August, 1971.

UNION NATIONAL BANK OF LITTLE ROCK
Little Rock, Arkansas

By Howard W. Evans
Corporate Trust Officer

of the City nor the title of the past or present officers to their respective offices are being contested; no authority or proceedings for the issuance of the bonds have been repealed, revoked or rescinded, and no further proceedings relating to the bonds have been taken since the 30th day of August, 1971, the date of the City Recorder's Certificate to the transcript of the proceedings relating to the bonds.

4. Arvie L. Bandy, William J. Samuelson, Donald L. Thurman, Nancy S. Clark and Mary Louise Mitchell were the duly chosen, qualified and acting members of the City Council of Eureka Springs, Arkansas, when all action relating to the above-described bonds were taken.

5. Katherine Green, the City Recorder, has manually signed the bonds, and the corporate seal of the City is impressed on all of the bonds.

6. On the 30th day of August, 1971, we delivered all of the bonds to Union National Bank of Little Rock, Little Rock, Arkansas, with letter of instructions as authorized by and in compliance with Ordinance No. 926 of the City of Eureka Springs, Arkansas.

Dred L. Huff
Mayor, Eureka Springs, Arkansas

Katherine Green
City Recorder, Eureka Springs, Arkansas

(SEAL)

Subscribed and sworn to before me, the undersigned Notary Public within and for Carroll County, Arkansas, this 30th day of August 1971.

Reba L. Pyatt
Notary Public

My commission expires:

7-1-72

I hereby certify that I am President of the Bank of Eureka Springs, Arkansas, and that I am personally acquainted with the Mayor and City Recorder of Eureka Springs, Arkansas, whose signatures appear above, and I do hereby identify the signatures, together with those on the above-styled bonds and coupons, as being in all respects true and genuine. I further certify that I am acquainted with the official seal of the City of Eureka Springs, Arkansas, and that an impression of the official seal is affixed to the bonds and that a correct impression of the same also appears upon this Certificate.

W. F. Cross

Subscribed and sworn to before me, the undersigned Notary Public within and for Carroll County, Arkansas, this 30th day of August, 1971.

Reba L. Lytt
Notary Public

My commission expires:

7-1-72

DELIVERY INSTRUCTIONS

Union National Bank of Little Rock
Little Rock, Arkansas

Gentlemen:

We hand you herewith 78 City of Eureka Springs, Arkansas, Water and Sewer Revenue Bonds, dated April 1, 1971, aggregating \$75,950 in aggregate principal amount, more fully described in the transcript being furnished your bank. The bonds have been executed by the City and the seal of the City affixed.

You are instructed to authenticate the bonds and deliver them to the purchaser, Hill, Crawford & Lanford, Inc., Little Rock, Arkansas, upon payment of the purchase price of \$70,000, plus accrued interest from April 1, 1971, to the date of delivery ("total sale proceeds").

You are to disburse the total sale proceeds as follows:

1. Deposit the accrued interest, plus the additional amount necessary to provide for the October 1, 1971 interest payment in a special account in the name of the City designated 1971 Water and Sewer Revenue Bond Fund ("Bond Fund"). The depository of the Bond Fund shall be

The Bank of Eureka Springs
(Name of Bank)

2. Deposit the remainder of the total sale proceeds in a special account in the name of the City designated 1971 Water and Sewer Construction Fund ("Construction Fund"). The depository of the Construction Fund shall be

The Bank of Eureka Springs
(Name of Bank)

The moneys in the Bond Fund and the Construction Fund are to be held, secured and disbursed in accordance with the provisions of Ordinance No. 926.

Sincerely yours,

CITY OF EUREKA SPRINGS, ARKANSAS

By Jacob L. Haff
Mayor

Dated: 8/30/71