

\$79,500  
CITY OF EUREKA SPRINGS, ARKANSAS  
HOSPITAL REVENUE BONDS, SERIES 1974  
DATED MARCH 1, 1974

# 963

THE FARMERS & MERCHANTS BANK  
Little Rock, Arkansas  
TRUSTEE

SMITH, WILLIAMS, FRIDAY, ELDREDGE & CLARK  
Attorneys at Law  
1100 Boyle Building  
Little Rock, Arkansas 72201

\$79,500  
CITY OF EUREKA SPRINGS, ARKANSAS  
HOSPITAL REVENUE BONDS, SERIES 1974  
DATED MARCH 1, 1974

Notice of and Consent to Meeting of Council, 3/25/74 . . . . . 1

Excerpts from Minutes of Meeting of Council, 3/25/74 . . . . . 2

Ordinance No. 963 (Bond Ordinance) . . . . . 6

    Form of Trust Indenture . . . . . 8

Proof of Publication, Ordinance No. 963 . . . . . 12

Certificate of Conversion . . . . . 13

Certificate of City Clerk . . . . . 15

Certificate of Incumbency of Officers, Absence  
    of Litigation and Identification of Signatures . . . . . 16

Certificate of Incumbency . . . . . 19

Certificate of Mayor . . . . . 20

Certificate of Mayor (as to facsimile signature) . . . . . 21

Arbitrage Certificate . . . . . 22

Acceptance of Trustee . . . . . 23

Title Opinion . . . . . 24

Specimen Bond . . . . . 25

Delivery Instructions . . . . . 26

Executed Copy of Trust Indenture . . . . . 27

city

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 March 25, 1974, at 2 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 Hospital Revenue Bonds and the Execution of a Trust Indenture

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. Huff

Mayor

Ernie Walsh

City Clerk

Alldice

Harry T. Hussey

Robin J. Good

Robert T. Bell

Donald W. [unclear]

James [unclear]

EXCERPTS FROM MINUTES OF MEETING OF THE  
EUREKA SPRINGS, ARKANSAS, CITY COUNCIL,  
HELD March 25, 19 74

The City Council of the City of Eureka Springs,

Arkansas met in special session at its regular meeting place in Eureka Springs, Arkansas, at 2 o'clock 8 .m., on the 25<sup>th</sup>

day of March, 1974. The following were present: Mayor Fred Naff,  
City Clerk Heine Walsh, and Alderman W.A.

Will, Harry Hussey, Calvin J. Dixon + Bobby L. Ball

Absent: Don Watson, James Short

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

This was a matter with which the Council was familiar and after a discussion, Alderman  
Ball introduced an ordinance entitled:

"AN ORDINANCE AUTHORIZING THE ISSUANCE OF HOSPITAL REVENUE BONDS, SERIES 1974, FOR THE PURPOSE OF FINANCING A PORTION OF THE COST TO THE CITY OF THE CONSTRUCTION AND EQUIPMENT OF A HOSPITAL EXTENSION TO SERVE THE MEDICAL AND HOSPITAL NEEDS OF ITS INHABITANTS; AUTHORIZING A TRUST INDENTURE SECURING THE BONDS; PRESCRIBING OTHER MATTERS PERTAINING THERETO; AND DECLARING AN EMERGENCY"

and the City Clerk read the ordinance in full.

Alderman Baer, seconded by Alderman

Alvin Lyson, 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:

- Bobby L. Baer
- Calvin J. Lyson
- Harry Hussey
- W. A. Hill

and the following voted nay: \_\_\_\_\_

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 \_\_\_\_\_.

Alderman Baer, seconded by Alderman

Lyson 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:

- Baer
- Lyson
- Hussey
- Hill

and the following voted nay: \_\_\_\_\_

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 \_\_\_\_\_.

Alderman Hussey, seconded by Alderman Lypson, 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:

Ball, Lypson, Hussey & Hill  
\_\_\_\_\_  
\_\_\_\_\_

and the following voted nay: \_\_\_\_\_

Alderman Hussey, seconded by Alderman Ball, moved that Section 6, the emergency clause, be adopted, and on roll call the following voted aye:

Ball, Lypson, Hussey & Hill  
\_\_\_\_\_  
\_\_\_\_\_

and the following voted nay: \_\_\_\_\_

The Mayor thereupon declared the ordinance and the emergency clause adopted and signed the ordinance, which was attested by the City Clerk \_\_\_\_\_ and sealed with the seal of the City. The ordinance was given No. 963.

(Matters not relating to the Ordinance authorizing the issuance of Hospital Revenue Bonds are omitted.)

There being no further business, the Council adjourned.

And L. Huff  
Mayor

ATTEST:  
Tracie Walsh  
City Clerk



ORDINANCE NO. 963

AN ORDINANCE AUTHORIZING THE ISSUANCE OF HOSPITAL REVENUE BONDS, SERIES 1974, FOR THE PURPOSE OF FINANCING A PORTION OF THE COST TO THE CITY OF THE CONSTRUCTION AND EQUIPMENT OF A HOSPITAL EXTENSION TO SERVE THE MEDICAL AND HOSPITAL NEEDS OF ITS INHABITANTS; AUTHORIZING A TRUST INDENTURE SECURING THE BONDS; PRESCRIBING OTHER MATTERS PERTAINING THERETO; AND DECLARING AN EMERGENCY.

WHEREAS, the City Council of the City of Eureka Springs, Arkansas (the "City"), has determined that it is essential to the meeting of the hospital and medical needs of the City and its inhabitants that there be constructed and equipped (including the acquisition of any necessary site or sites) an extension (the "extension") to the Hospital, all at an estimated cost to the City of \$100,000, including necessary expenses and necessary expenditures incidental thereto and to the issuance of bonds (the "construction"); and

WHEREAS, in order to finance a portion of the cost to the City, the City has determined that it would be in the best interest of the City and its citizens to issue and sell Hospital Revenue Bonds under the provisions of Act No. 175 of the Acts of Arkansas of 1961, as amended ("Act No. 175"), in the principal amount of \$75,000, with the balance of the costs to be obtained from available funds of the City; and

WHEREAS, the bonds have been sold to Powell & Satterfield, Inc., Little Rock, Arkansas (the "purchaser"), at a price of par and accrued interest for bonds bearing interest at the rate of 6% per annum, being the best terms available, and the purchaser has, pursuant to the terms of the contract of sale, elected to convert the bonds to an issue in the principal amount of \$79,500 bearing interest at lower rates of interest and described in detail hereinafter, and the City has examined the conversion and has found that it is in accordance with the provisions of the contract of sale and that by virtue thereof the City will receive no less and pay no more than it would receive and pay if the bonds were not converted; and

WHEREAS, it is necessary and appropriate in connection with the authorization and issuance of the bonds that the City execute and deliver a Trust Indenture (the "Indenture") to The Farmers & Merchants Bank, Stuttgart, Arkansas, in favor of the holders of the bonds;

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

Section 1. The construction and equipment of the extension to the Hospital (including the acquisition of any necessary site or sites) shall be accomplished.

Section 2. To provide for the authorization of and to secure the bonds and to prescribe the terms and conditions upon which the bonds are to be secured, executed, authenticated, accepted and held, and to provide for the sale and delivery of the bonds, the Mayor and City Clerk of the City are hereby authorized and directed to execute the Indenture and to affix the seal of the City thereto and to attest the Indenture, and the Mayor and City Clerk are hereby authorized and directed to cause the Indenture to be accepted, executed and acknowledged by the Trustee, with the Indenture, which constitutes and is hereby made a part of this Ordinance, to be in substantially the following form:

FORM OF TRUST INDENTURE APPEARS HERE  
BUT IS NOT INSERTED IN THIS TRANSCRIPT —  
SEE PAGE 27 FOR AN EXECUTED COPY OF THE FORM

Section 3. The Mayor and the City Clerk for and on behalf of the City are authorized and directed to do any and all things necessary to effect the execution and delivery of the Indenture, its execution and acceptance by the Trustee, the performance of all obligations of the City under the Indenture, the execution and delivery of the bonds, and the performance of all other acts of whatever nature necessary to effect and carry out the authority conferred by this Ordinance and the Indenture. The Mayor and City Clerk are further authorized and directed for and on behalf of the City to execute all papers, documents, certificates and other instruments that may be required for the accomplishment of the authority conferred by this Ordinance and the Indenture and to evidence that authority and its exercise.

Section 4. The provisions of this Ordinance are severable. If any provisions of this Ordinance shall for any reason be held invalid or inapplicable to any person or circumstance, such holding shall not affect the validity or applicability of the remainder of the Ordinance.

Section 5. All Ordinances and Resolutions or parts thereof in conflict herewith are hereby repealed to the extent of such conflict.

Section 6. It has been found and it is hereby declared that the need for adequate hospital facilities endangers the life, health and welfare of the inhabitants of the City, and that adequate facilities can be made available only by the issuance of the Series 1974 Bonds authorized by this Ordinance. Therefore, an emergency is declared to exist and this Ordinance being immediately

necessary for the preservation of the public peace, health and safety shall take effect and be in full force from and after its passage and approval.

PASSED this 25<sup>th</sup> day of March, 1974.

CITY OF EUREKA SPRINGS, ARKANSAS

ATTEST:

*Trine Walsh*  
City Clerk

By *Archie L. Craft*  
Mayor

(SEAL)

CERTIFICATE

The undersigned, City Clerk of the City of Eureka Springs, Arkansas, hereby certifies that the foregoing is a true and compared copy of an Ordinance passed at a special session of the City Council of the City of Eureka Springs, Arkansas, held at 2 o'clock p.m., on the 25<sup>th</sup> day of March, 1974, and that the Ordinance is now of record in the official records of the City in Book No. 3, page 510, in my possession as such City Clerk.

GIVEN under my hand and the seal of the City this 25<sup>th</sup> day of March, 1974.

Tracie Walsh  
City Clerk

# Affidavit of Publication

COUNTY OF CARROLL }  
STATE OF ARKANSAS } ss.

**ORDINANCE NO. 963**

**AN ORDINANCE AUTHORIZING THE ISSUANCE OF HOSPITAL REVENUE BONDS, SERIES 1974, FOR THE PURPOSE OF FINANCING A PORTION OF THE COST TO THE CITY OF THE CONSTRUCTION AND EQUIPMENT OF A HOSPITAL EXTENSION TO SERVE THE MEDICAL AND HOSPITAL NEEDS OF ITS INHABITANTS: AUTHORIZING A TRUST INDENTURE SECURING THE BONDS: PRESCRIBING OTHER MATTERS PERTAINING THERETO: AND DECLARING AN EMERGENCY.**

WHEREAS, the City Council of the City of Eureka Springs, Arkansas (the "City"), has determined that it is essential to the meeting of the hospital and medical needs of the City and its inhabitants that there be constructed and equipped (including the acquisition of any necessary site or sites) an extension (the "extension") to the Hospital, all at an estimated cost to the City of \$100,000, including necessary expenses and necessary expenditures incidental thereto and to the issuance of bonds (the "construction") and

WHEREAS, in order to finance a portion of the cost to the City, the City has determined that it would be in the best interest of the City and its citizens to issue and sell Hospital Revenue Bonds under the provisions of Act No. 175 of the Acts of Arkansas of 1961, as amended ("Act No. 175"), in the principal amount of \$75,000, with the balance of the costs to be obtained from available funds of the City; and

WHEREAS, the bonds have been sold to Powell & Satterfield, Inc., Little Rock, Arkansas (the "purchaser") at a price of par and accrued interest for bonds bearing interest at the rate of 6 percent per annum, being the best terms available, and the purchaser has, pursuant to the terms of the contract of sale, elected to convert the bonds to an issue in the principal

amount of \$79,500 bearing interest at lower rates of interest and described in detail hereinafter, and the City has examined the conversion and has found that it is in accordance with the provisions of the contract of sale and that by virtue thereof the City will receive no less and pay no more than it would receive and pay if the bonds were not converted; and

WHEREAS, it is necessary and appropriate in connection with the authorization and issuance of the bonds that the City execute and deliver a Trust Indenture (the "Indenture") to The Farmers & Merchants Bank, Stuttgart, Arkansas, in favor of the holders of the bonds;

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

**Section 1.** The construction and equipment of the extension to the Hospital (including the acquisition of any necessary site or sites) shall be accomplished.

**Section 2.** To provide for the authorization of and to secure the bonds and to prescribe the terms and conditions upon which the bonds are to be secured, executed, authenticated, accepted and held, and to provide for the sale and delivery of the bonds, the Mayor and City Clerk of the City are hereby authorized and directed to execute the Indenture and to affix the seal of the City thereto and to attest the Indenture, and the Mayor and City Clerk are hereby authorized and directed to cause the Indenture to be accepted, executed and acknowledged by the Trustee, with the Indenture, which constitutes and is hereby made a part of this Ordinance, to be in substantially the following form:

(Advice is hereby given that a copy of the form of Trust Indenture is on file in the office of the City Clerk and reference may be had thereto by any interested person.)

*Danny P. Smith*, do solemnly swear that I am (owner, proprietor, manager or chief accountant) of THE EUREKA TIMES-ECHO, and that the same is a weekly newspaper and of general and bona fide circulation in Carroll County, Arkansas printed and published at Eureka Springs, in Carroll County, Arkansas on THURSDAY of each week; that the advertisement hereto published and published in said newspaper for \_\_\_\_\_ times, weekly, and the dates of said publication are as follows:

58	19	74	_____	19	_____	19
_____	19	_____	_____	19	_____	19
_____	19	_____	_____	19	_____	19

*Danny P. Smith*

**Section 3.** The Mayor and the City Clerk for and on behalf of the City are authorized and directed to do any and all things necessary to effect the execution and delivery of the Indenture, its execution and acceptance by the Trustee, the performance of all obligations of the City under the Indenture, the execution and delivery of the bonds, and the performance of all other acts of whatever nature necessary to effect and carry out the authority conferred by this Ordinance and the Indenture. The Mayor and City Clerk are further authorized and directed for and on behalf of the City to execute all papers, documents, certificates and other instruments that may be required for the accomplishment of the authority conferred by this Ordinance and the Indenture and to evidence that authority and its exercise.

**Section 4.** The provisions of this Ordinance are severable. If any provisions of this Ordinance shall for any reason be held invalid or inapplicable to any person or circumstance, such holding shall not affect the validity or applicability of the remainder of the Ordinance.

**Section 5.** All Ordinances and Resolutions or parts thereof in conflict herewith are hereby repealed to the extent of such conflict.

**Section 6.** It has been found and it is hereby declared that the need for adequate hospital facilities endangers the life, health and welfare of the inhabitants of the City, and that adequate facilities can be made available only by the issuance of the Series 1974 Bonds authorized by this Ordinance. Therefore, an emergency is declared to exist and this Ordinance being immediately necessary for the preservation of the public peace, health and safety shall take effect and be in full force from and after its passage and approval.

PASSED this 25th day of March, 1974.

CITY OF  
EUREKA SPRINGS,  
ARKANSAS

By Fred L. Naff  
MAYOR

ATTEST:  
TRUEIE WALSH  
City Clerk

(SEAL)  
March 28, 1974.

**CERTIFICATE**

The undersigned, City Clerk of the City of Eureka Springs, Arkansas hereby certifies that the foregoing is a true and compared copy of an Ordinance passed at a special session of the City Council of the City of Eureka Springs, Arkansas, held at 2 o'clock p.m., on the 25th day of March, 1974, and that the Ordinance is now of record in the official records of the City in Book No. 3, page 510, in my possession as such City Clerk.

GIVEN under my hand and the seal of the City this 25th day of March, 1974.

Trueie Walsh  
City Clerk

March 28, 1974.

Subscribed and sworn to before me, this 28th day of March

My Commission expires July 8, 1976 *Jane D.* Notary

Publication Fees \$ 57.30

REMARKS:

CERTIFICATE OF CONVERSION

I, the undersigned, Don Pattillo of The Farmers & Merchants Bank, Stuttgart, Arkansas, which has been designated Trustee and Paying Agent for bonds issued by Eureka Springs, Arkansas, hereby certify that I have examined the computations whereby \$75,000 of 6% Eureka Springs, Arkansas Hospital Revenue Bonds, Series 1974, dated March 1, 1974, and maturing serially on November 1 of each year as follows:

<u>YEAR</u>	<u>RATE</u>	<u>AMOUNT</u>
1975		\$2,000
1976		2,000
1977		2,000
1978		2,000
1979		3,000
1980		3,000
1981		3,000
1982		3,000
1983		3,000
1984	6%	4,000
1985		4,000
1986		4,000
1987		4,000
1988		4,000
1989		5,000
1990		5,000
1991		5,000
1992		5,000
1993		6,000
1994		6,000

have been converted to an issue of \$79,500 of 4-1/2%, 4-3/4%, 5%, 5-1/4%, 5-1/2% and 5-3/4% Eureka Springs, Arkansas Hospital Revenue Bonds, Series 1974, dated March 1, 1974, and maturing serially on November 1 of each year as follows:

<u>YEAR</u>	<u>RATE</u>	<u>AMOUNT</u>
1975		\$2,500
1976		3,000
1977	4-1/2%	3,000
1978		3,000
1979		3,000
1980		3,000
1981	4-3/4%	3,000
1982		3,000
1983		4,000
1984	5%	4,000
1985		4,000
1986		4,000
1987	5-1/4%	4,000
1988		4,000
1989		5,000
1990	5-1/2%	5,000
1991		5,000
1992		5,000
1993	5-3/4%	6,000
1994		6,000

I find that the total cost of maturing the \$75,000 of 6% bonds is \$133,740.00, and that the total cost of maturing the \$79,500 of 4-1/2%, 4-3/4%, 5%, 5-1/4%, 5-1/2% and 5-3/4% bonds is \$133,256.67, or \$483.33 less than the cost of maturing the bonds before conversion.

CERTIFIED this 25 day of April, 1974.

THE FARMERS & MERCHANTS BANK  
Stuttgart, Arkansas

By Don Battalio  
Vice Pres. & T.D.  
(title)

CERTIFICATE OF CITY CLERK

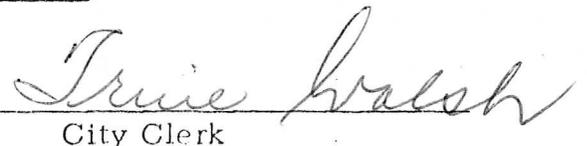
I, the undersigned, City Clerk of the City of Eureka Springs, Arkansas, hereby certify as follows:

1. The the foregoing transcript consisting of 14 pages, numbered from 1 to 14, inclusive, contains a true, correct and compared copy of all proceedings had by the Council of the City of Eureka Springs, Arkansas, relating to the issuance of its \$79,500 City of Eureka Springs, Arkansas Hospital Revenue Bonds, Series 1974, dated March 1, 1974, as the same appears upon the records of the Council in my possession. Bonds Nos. 1 to 15, inclusive, maturing in the years 1975 to 1979, inclusive, bear interest at the rate of 4-1/2% per annum; Bonds Nos. 16 to 24, inclusive, maturing in the years 1980 to 1982, inclusive, bear interest at the rate of 4-3/4% per annum; Bonds Nos. 25 to 36, inclusive, maturing in the years 1983 to 1985, inclusive, bear interest at the rate of 5% per annum; Bonds Nos. 37 to 48, inclusive, maturing in the years 1986 to 1988, inclusive, bear interest at the rate of 5-1/4% per annum; Bonds Nos. 49 to 63, inclusive, maturing in the years 1989 to 1991, inclusive, bear interest at the rate of 5-1/2% per annum; and Bonds Nos. 64 to 80, inclusive, maturing in the years 1992 to 1994, inclusive, bear interest at the rate of 5-3/4% per annum. The bonds mature on November 1 in each of the years 1975 to 1994, inclusive.

2. That no petition or petitions to the City Council of 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 said bonds has been filed in my office within thirty (30) days after the passage of any of said ordinances or resolutions.

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

4. IN TESTIMONY WHEREOF I have hereunto set my hand and the seal of the City on this 25th day of April, 1974.

  
City Clerk



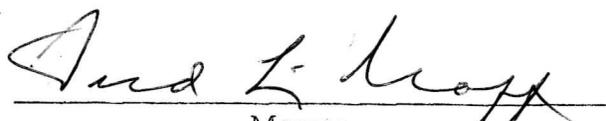
any nature is now pending or threatened restraining or enjoining the issuance and delivery of the bonds or in any manner questioning the proceedings and authority under which the same are made or affecting the validity of the bonds; that neither the corporate existence nor the boundaries of the City nor the title of the present officers to their respective offices are being contested, and that no authority or proceedings for the issuance of the bonds have been repealed, revoked or rescinded and no further proceedings related to said bonds have been taken since the 25th day of April, 1974, the date of the City Clerk's certificate to the transcript of the proceedings relating to the bonds.

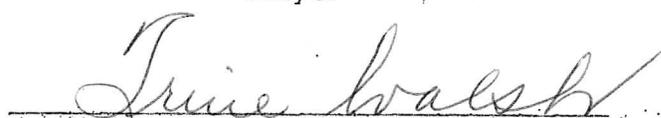
4. That W. A. Hill, James W. Short, Harry Hussey, C. J. Tyson, Don Watson and Robert Ball, are now and were, the duly chosen, qualified and acting members of the City Council of the City of Eureka Springs, Arkansas when all proceedings relating to the bonds were had and when the bonds were issued.

5. That the facsimile signature of the Mayor has been printed upon the bonds and the coupons of the bonds and the corporate seal of the City is impressed on all of the bonds.

6. That on the 25th day of April, 1974, we delivered all of the bonds to The Farmers & Merchants Bank, Stuttgart, Arkansas, with letter of instructions as authorized by and in compliance with Ordinance No. 963 of the City of Eureka Springs, Arkansas.

WITNESS our hand this 25th day of April, 1974.

  
\_\_\_\_\_  
Mayor

  
\_\_\_\_\_  
City Clerk

(SEAL)

Subscribed and sworn to before me the undersigned Notary Public within and for Canell County, Arkansas, this 25th day of April, 1974.

Tim E. Gley  
Notary Public

My Commission expires:

April 2, 1978

CERTIFICATE

I, the undersigned, certify that I am Tim E. Gley of Eureka Springs, located in Canell, Arkansas, and that I am personally acquainted with the Mayor and City Clerk of Eureka Springs, Arkansas, whose signatures appear above, and I do hereby identify the signatures, together with those on the above described bonds and coupons, as being in all respects true and genuine.

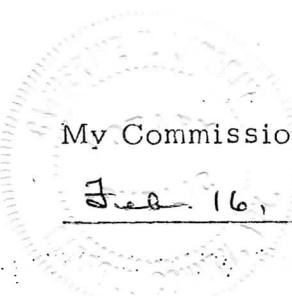
Tim E. Gley

Subscribed and sworn to before me, the undersigned Notary Public within and for the State of Arkansas and County of Canell this 25th day of April, 1974.

Catherine M. Lawrence  
Notary Public

My Commission expires:

Feb 16, 1976



CERTIFICATE OF INCUMBENCY

STATE OF ARKANSAS     )  
  )  
COUNTY OF CARROLL    )

I, the undersigned, City Clerk of Eureka Springs, Arkansas, hereby certify that the following officers are now, and were on all dates pertinent to the issuance of bonds for financing the cost to the City of constructing and equipping an extension to the Eureka Springs, Arkansas Hospital, the duly chosen, qualified and acting officers of Eureka Springs, Arkansas: Fred L. Naff, Mayor; and Truie Walsh, City Clerk and Treasurer.

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of the City this 25th day of April, 1974.

Truie Walsh  
City Clerk, Eureka Springs, Arkansas

(SEAL)

I, the undersigned, Mayor of Eureka Springs, Arkansas, hereby certify that Truie Walsh is, and was on all dates pertinent to the issuance of City of Eureka Springs, Arkansas Hospital Revenue Bonds, Series 1974, dated March 1, 1974, the duly chosen, qualified and acting City Clerk of Eureka Springs, Arkansas.

THIS 25th day of April, 1974.

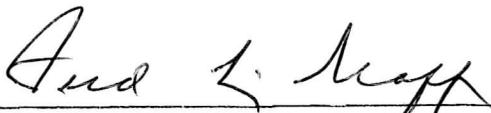
Fred L. Naff  
Mayor, Eureka Springs, Arkansas

CERTIFICATE

STATE OF ARKANSAS     )  
                                  )  
COUNTY OF CARROLL    )

I, the undersigned, Mayor of Eureka Springs, Arkansas, hereby certify that no event of default as defined in Article IX of a Trust Indenture by and between the City of Eureka Springs, Arkansas, and The Farmers & Merchants Bank, Stuttgart, Arkansas, Trustee, dated March 1, 1974, and recorded in the office of the Circuit Clerk and Ex Officio Recorder of Carroll County, Arkansas, in Book \_\_\_\_\_ at Page \_\_\_\_\_, securing an issue of \$79,500 Eureka Springs, Arkansas Hospital Revenue Bonds, Series 1974, dated March 1, 1974, has occurred or is continuing.

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of the City this 25th day of April, 1974.

  
\_\_\_\_\_  
Mayor of Eureka Springs, Arkansas

(SEAL)



ARBITRAGE CERTIFICATE

The undersigned, Mayor and City Clerk of the City of Eureka Springs, Arkansas, hereby certify that, based upon the facts, estimates and circumstances in existence on the date hereof, it is not expected that the proceeds of the City of Eureka Springs, Arkansas Hospital Revenue Bonds, Series 1974, dated March 1, 1974, in the aggregate principal amount of \$79,500 (the "bonds"), will be used in any manner that would cause the bonds to be arbitrage bonds under the provisions of Section 103(d) of the Internal Revenue Code of 1954, as amended, specifically:

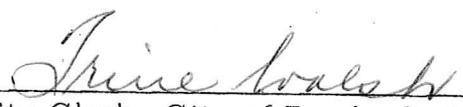
(1) The proceeds of the bonds do not exceed the total estimated cost of accomplishing the purpose for which the bonds are issued, less any other funds available for that purpose, as the purpose is set forth in the Trust Indenture by and between the City and The Farmers & Merchants Bank, Stuttgart, Arkansas, dated as of March 1, 1974, securing the bonds.

(2) The proceeds of the bonds will be expended for the cost of accomplishing the purpose for which the bonds have been issued prior to the end of three years from the date hereof, and substantial binding obligations to that end have been incurred.

(3) To the best of our knowledge and belief there are no facts, estimates or circumstances which would materially change the foregoing conclusions.

Dated this 25th day of April, 1974.

  
\_\_\_\_\_  
Mayor, City of Eureka Springs, Arkansas

  
\_\_\_\_\_  
City Clerk, City of Eureka Springs, Arkansas

(SEAL)

ACCEPTANCE OF TRUSTEE

The Farmers & Merchants Bank, Stuttgart, Arkansas, hereby accepts the Trusteeship for the City of Eureka Springs, Arkansas Hospital Revenue Bonds, dated March 1, 1974, pursuant to the provisions of Article X of the Trust Indenture, dated as of March 1, 1974, between the City of Eureka Springs, Arkansas, and The Farmers & Merchants Bank, Stuttgart, Arkansas.

Dated this 25 day of April, 1974.

THE FARMERS & MERCHANTS BANK  
Stuttgart, Arkansas

By Don Patton  
Vice Pres. & T.O.  
(title)

LEWIS E. EPLEY, JR.

ATTORNEY AT LAW

104 SPRING STREET

EUREKA SPRINGS, ARKANSAS 72632

TELEPHONE 501/253-8732

April 8, 1974

Mr. John C. Echols  
Smith, Williams, Friday, Eldredge & Clark  
Attorneys at Law  
Boyle Building  
Little Rock, Arkansas 72201

RE: Title Opinion - City of Eureka Springs Hospital Revenue Bonds,  
Series, 1974

Dear Mr. Echols:

I have at your request examined Abstract of Title No. 775-74  
compiled by Bromstad Abstractors, Eureka Springs, Arkansas,  
consisting of 55 pages, last certified to March 29, 1974 at 10:00  
A. M., and reflecting the title records to the following described lands in  
Carroll County, Arkansas, to-wit:

Lots 1 and 4, Block 20, Freeman's Addition to the City of Eureka Springs, and that certain alley that lies between Lot 1 and Lot 4, Block 20, Freeman's Addition to the City of Eureka Springs; more particularly described as follows: Beginning at a point 40.0 feet West of the point where the section line between Sections 15 and 16 crosses the South right-of-way line of Norris Street; thence West 100.00 feet; thence South 216.0 feet; thence East 100.0 feet; thence North 216.0 feet to the point of beginning.

It is my opinion, based upon my examination of the above numbered abstract of title that as of the date and time said abstract was last certified, marketable title was vested in The City of Eureka Springs, Arkansas

subject only to the liens and encumbrances on, objection to, or requirements of title as follows:

1. You should satisfy yourself as to the following matters which are not disclosed from my examination of the abstract.

(A) The location of the boundary lines of the property in order that you

Title Opinion - Page 2

may know whether any improvements which you have inspected are actually situated thereon and whether such improvements overlap any property claimed by anyone else;

(B) That there is no person, firm or corporation occupying said property claiming the ownership or the right of possession or use adversely to the record owners;

(C) If there has been any construction, excavation, clearing, or repair work done on the property within the past one hundred twenty days, that all materialmen and laborers have been paid in full and that the property is not subject to unrecorded Materialmen or laborers liens;

(D) If the property is located within the planning jurisdiction of any city or county having zoning regulations or building codes;

(E) That no conveyances or other title changes of record have occurred since the day and hour of the Abstractor's Certificate mentioned above;

(F) That no financing statements have been filed with the Circuit Clerk of the County in which the property is located under the Uniform Commercial Code covering the fixtures attached or to be attached to said property; and

(G) You should ascertain by visual inspection or otherwise, whether there are any roads, encroachments of fences, buildings, power lines, power poles, gas lines, or other structures on, over, across or under said lands which might give rise to a claim of title, right-of-way or easement to persons other than the record title holders. The abstract does not reflect this information unless same is placed of record.

(H) The new nursing home building (present hospital) was constructed on Lot 1, the 16 foot alley and a part of Lot 4. The new addition will be constructed on a part of said Lot 4.

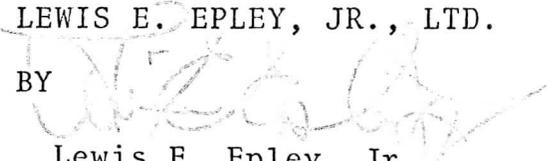
(I) There are no taxes due and payable as the property is owned by the City of Eureka Springs, Arkansas, and is tax exempt.

This opinion is prepared for use in connection with a Trust Indenture covering the City of Eureka Springs Hospital Revenue Bond issue, Series 1974.

Respectfully submitted,

LEWIS E. EPLEY, JR., LTD.

BY

  
Lewis E. Epley, Jr.

LLEEJR/p



000

\$ 1000

STATE OF ARKANSAS

COUNTY OF CARROLL

City of Eureka Springs

4¾% HOSPITAL REVENUE BOND, SERIES 1974

Know All Men By These Presents:

That the City of Eureka Springs, 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, on November 1, 1981, the principal sum of

ONE THOUSAND DOLLARS

In such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts, and to pay in like coin or currency interest on said principal amount from the date hereof until paid at the rate of four and three-fourths percent (4¾%) per annum, such interest to be payable November 1, 1974 and semiannually thereafter on May 1 and November 1 of each year. Payment of principal and interest coupons shall be made at the principal office of The Farmers & Merchants Bank, Stuttgart, Arkansas (the "Trustee" and "Paying Agent"). Payment of interest when registered as to interest may be by check or draft to the registered owner as shown on the bond registration book of the City maintained by the Trustee.

This bond and the series of which it forms a part are dated March 1, 1974, designated "City of Eureka Springs, Arkansas, Hospital Revenue Bonds, Series 1974," numbered from one (1) to eighty (80), inclusive, in the aggregate principal amount of Seventy-Nine Thousand Five Hundred Dollars (\$79,500), all of like tenor and effect except as to number, denomination, rate of interest, maturity and right of prior redemption (the "bonds"), and are issued for the purpose of providing the financing of a portion of the cost to the City of constructing and equipping an extension to the City Hospital (the "Hospital"), making necessary expenditures incidental thereto and paying the expenses of the issuance of the bonds (the "construction").

This bond and the series of which it forms a part are issued pursuant to and in full compliance with the Constitution and laws of the State of Arkansas, including particularly Act No. 175 of the Acts of Arkansas of 1961, as amended, and an Ordinance of the City, duly adopted and approved, which Ordinance (the "Authorizing Ordinance") sets forth in detail the terms and conditions upon which the bonds are issued. The bonds are not general obligations of the City, but are special obligations secured by a pledge of and payable solely from the gross revenues derived from the operation of the Hospital. An amount of Hospital revenues sufficient to pay the principal of and interest on the bonds has been duly pledged and set aside into the "City of Eureka Springs, Arkansas Hospital Revenue Bond Fund." The bonds do not constitute an indebtedness of the City within any constitutional or statutory limitation. The bonds are issued under and all of the bonds are equally and ratably secured by a Trust Indenture, authorized by the Authorizing Ordinance, by and between the City and the Trustee, dated March 1, 1974 (the "Indenture"), which sets forth the terms and conditions governing the issuance of the bonds, the conditions for the issuance of additional series of parity bonds, the nature and extent of the security (which includes a lien on and security interest in the properties described in the Indenture), the pledge of revenues, and the rights and obligations of the City, the Trustee, and the holders and registered owners of the bonds. A copy of the Indenture is recorded in the office of the Circuit Clerk and Ex Officio Recorder of Carroll County, Arkansas, and reference may be had thereto by any interested person. In the Indenture, the City covenants and agrees that it will operate the Hospital and will impose and collect, or will cause to be imposed and collected, such charges for the use of the Hospital facilities as will always produce revenues at least sufficient to provide for the payment of the principal of and interest on the bonds, as the same become due, and the Trustee's and Paying Agent's fees, and to provide for the payment of the reasonable expenses of operation and maintenance of the Hospital.

The bonds are subject to redemption prior to maturity at the option of the City, in whole or in part (with there to be no partial redemption of any bond) in inverse numerical order, at a price equal to the principal amount being redeemed plus accrued interest, as follows:

- (1) from proceeds of the bonds in excess of the costs of construction, on any interest payment date; and
- (2) from funds from any source on any interest payment date on and after May 1, 1979.

Notice of the call for redemption shall be published one time in a newspaper published in the City of Little Rock, Arkansas, and having a general circulation throughout the State of Arkansas, with the publication to be at least fifteen (15) days prior to the redemption date. In addition, notice of redemption shall be mailed by registered or certified mail to the registered owner of any bond registered as to principal or as to principal and interest at his registered address and placed in the mails not less than fifteen (15) days prior to the date fixed for redemption. In the event that all of the bonds are registered as to principal and interest, notice by registered or certified mail to the owner or owners thereof not less than fifteen (15) days prior to the date fixed for redemption shall be sufficient, and published notice of the call for redemption need not be given. Each notice shall specify the numbers and the maturities of the bonds being called and the date on which they shall be presented for payment. After the date specified in the call the bonds so called will cease to bear interest, provided funds for their payment are on deposit with the Paying Agent at that time, and, except for the purpose of payment, shall no longer be protected by the Indenture and shall not be deemed to be outstanding under the provisions of the Indenture.

This bond may be registered as to principal alone 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 and set forth in the Indenture. Subject to the provisions for registration endorsed hereon and contained in the Indenture, nothing contained in this bond or in the Indenture shall have the effect of impairing the negotiability of this bond. This bond is issued with the intent that the laws of the State of Arkansas shall govern the construction hereof.

The holder of this bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein or to take any action with respect to any event of default under the Indenture or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture. Modifications or alterations of the Indenture or of any Indenture supplemental thereto may be made only to the extent and in the circumstances permitted by the Indenture.

This bond shall not be valid until it shall have been authenticated by the Certificate hereon duly 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 this bond do exist, have happened and have been performed in due time, form and manner as required by law, that the indebtedness represented by this bond and the series of which it forms a part, together with all obligations of the City, does not exceed any constitutional or statutory limitations; and that the above referred to revenues pledged to the payment of the principal of and interest on this bond and the series of which it forms a part as the same become due and payable will be sufficient in amount for that purpose.

IN WITNESS WHEREOF, the City of Eureka Springs, Arkansas has caused this bond to be executed in its name by its Mayor and City Clerk, thereunto duly authorized (with the facsimile signature of the Mayor and the manual signature of the City Clerk), and its corporate seal to be affixed hereto, and has caused the interest coupons hereto attached to be executed by the facsimile signature of its Mayor, all as of the first day of March, 1974.

(SEAL)

CITY OF EUREKA SPRINGS, ARKANSAS

ATTEST:

By

City Clerk

Mayor





DELIVERY INSTRUCTIONS

The Farmers & Merchants Bank  
Stuttgart, Arkansas

Re: \$79,500 Eureka Springs, Arkansas Hospital Revenue  
Bonds, Series 1974, dated March 1, 1974

Gentlemen:

We hand you herewith 80 Eureka Springs, Arkansas Hospital Revenue Bonds, Series 1974, dated March 1, 1974, in the aggregate principal amount of \$79,500, more fully described in the transcript being furnished your Bank.

The bonds have been executed and the seal of the City affixed, and you are instructed to authenticate the bonds and deliver them to the purchaser, Powell & Satterfield, Inc., Little Rock, Arkansas, upon receipt of the purchase price of \$75,000, plus accrued interest from March 1, 1974, to date of delivery (the "total sale proceeds").

You are instructed to:

1. Deposit the accrued interest, plus the sum of \$2,741.67 to provide for the interest payment due November 1, 1974, in a special account in the name of the City designated "City of Eureka Springs, Arkansas Hospital Revenue Bond Fund." The depository of the Bond Fund shall be

Bank of Eureka Springs  
(Name of Bank)

2. Deposit the balance of the total sale proceeds in a special account in the name of the City designated "Construction Fund." The depository of the Construction Fund shall be

Bank of Eureka Springs  
(Name of Bank)

Moneys in the Construction Fund are to be held and disbursed in accordance with the provisions of Article VI of the Trust Indenture executed and delivered between the City and your Bank, dated as of March 1, 1974. Moneys in the Bond Fund and Construction Fund may be invested in accordance with the provisions of Article VII of the Trust Indenture.

Very truly yours,

CITY OF EUREKA SPRINGS, ARKANSAS

By

And L. Huff

Mayor

Dated: April 25, 1974

The above instructions are acknowledged and complied with this 25th day of April, 1974.

THE FARMERS & MERCHANTS BANK  
Stuttgart, Arkansas

26

By

Don Patrick

Authorized Signature

TRUST INDENTURE  
BETWEEN  
CITY OF EUREKA SPRINGS, ARKANSAS

and

THE FARMERS & MERCHANTS BANK

Stuttgart, Arkansas

TRUST INDENTURE

TABLE OF CONTENTS

Parties		1
Recitals		1
Bond Form		3
Granting Clauses		11
ARTICLE I DEFINITIONS		
Section 101	Definitions	16
Section 102	Use of Words	17
ARTICLE II THE BONDS		
Section 201	Authorized Amount of Bonds	18
Section 202	Details of Bonds	18
Section 203	Execution of Bonds; Limited Obligation	20
Section 204	Authentication	20
Section 205	Form of Bonds	21
Section 206	Issuance of Additional Bonds	21
Section 207	Registration of Principal or Principal and Interest	22
Section 208	Delivery of Bonds	24
Section 209	Indenture Superior to Laborer's, Etc. Liens	24
Section 210	Mutilated, Destroyed or Lost Coupons or Bonds	24
Section 211	Cancellation	25
ARTICLE III REDEMPTION OF BONDS BEFORE MATURITY		
Section 301	Redemption of Bonds	26
Section 302	Unpaid Coupons	26
ARTICLE IV GENERAL COVENANTS		
Section 401	Payment of Principal and Interest	27
Section 402	Performance of Covenants	27
Section 403	City Warrants Title; Instruments of Further Assurance	28
Section 404	Payment of Taxes, Charges, Etc.	28
Section 405	Obligation to Maintain and Repair	28
Section 406	Recordation of Trust Indenture	28
Section 407	Books of Record and Account; Inspection	28
Section 408	Covenant not to Sell or Dispose of Interest in Trust Estate and not to Encumber Except in Accordance with Trust Indenture	29
Section 409	Obligation to Insure	30
Section 410	Arbitrage	31
Section 411	Event of Default	31
Section 412	Withdrawal of Land Covered by Granting Clause	31
Section 413	List of Bondholders	32

ARTICLE V  
REVENUES AND FUNDS

Section 501	Maintenance of Adequate Charges	33
Section 502	Creation of Revenue Fund	33
Section 503	Creation of Bond Fund	33
Section 504	Creation of Operation and Maintenance Fund	35
Section 505	Application of Surplus Revenues	36
Section 506	Excess Funds Secured	36
Section 507	Cancellation of Bonds and Coupons	36
Section 508	Withdrawal of Moneys in Various Funds	36
Section 509	Non-presentment of Bonds or Coupons	36
Section 510	Moneys to be Held in Trust	37

ARTICLE VI  
CUSTODY AND APPLICATION OF PROCEEDS OF BONDS

Section 601	Deposit of Funds	39
Section 602	Disbursements from Construction Fund	40
Section 603	When All Project Costs are Paid Balance Transferred to Revenue Fund	40

ARTICLE VII  
INVESTMENTS

Section 701	Investment of Moneys in Construction Fund and Other Funds	41
-------------	---	----

ARTICLE VIII  
DISCHARGE OF LIEN

Section 801	Discharge of Lien	43
-------------	-------------------	----

ARTICLE IX  
DEFAULT PROVISIONS AND REMEDIES  
OF TRUSTEE AND BONDHOLDERS

Section 901	Events of Default	45
Section 902	Acceleration	46
Section 903	Trustee's Right to Enter and Take Possession	46
Section 904	Other Remedies; Rights and Obligations with Reference to Remedies	47
Section 905	Right of Majority of Bondholders to Take Charge	48
Section 906	Appointment of Receiver	48
Section 907	Waiver by City of Benefit of Laws and Rights of Appraisal and Redemption	48
Section 908	Application of Available Moneys	48
Section 909	Remedies Vested in Trustee	50
Section 910	Rights and Remedies of Bondholders	51
Section 911	Termination of Proceedings	52
Section 912	Waivers of Events of Default	52
Section 913	Rights and Remedies of Trustee and Bondholders Subject and Subordinate to Rights of Lessee in the Event the Hospital is Leased	52

ARTICLE X  
THE TRUSTEE

Section 1001	Acceptance of Trusts	53
Section 1002	Fees, Charges and Expenses of Trustee	56
Section 1003	Notice to Bondholders of Default	57
Section 1004	Intervention by Trustee	57
Section 1005	Successor Trustee	58
Section 1006	Resignation by Trustee	58
Section 1007	Removal of Trustee	58
Section 1008	Appointment of Successor Trustee; Temporary Trustee	58
Section 1009	Successor Trustee	59
Section 1010	Right of Trustee to Pay Taxes and Other Charges	60
Section 1011	Trustee Protected in Relying Upon Resolutions, etc.	60
Section 1012	Trustee Which Has Resigned or Been Removed Ceases to be Paying Agent	60
Section 1013	Paying Agent's Fee and Charges	61
Section 1014	Appointment of Co-Trustee or Separate Trustee	61

ARTICLE XI  
SUPPLEMENTAL INDENTURES

Section 1101	Supplemental Indentures Not Requiring Consent of Bondholders	63
Section 1102	Supplemental Indentures Requiring Consent of Bondholders	63

ARTICLE XII  
MISCELLANEOUS

Section 1201	Consents, etc. of Bondholders	66
Section 1202	Limitation of Rights	67
Section 1203	Severability	67
Section 1204	Notice	67
Section 1205	Arkansas Substantive Law Governs	68
Section 1206	Counterparts	68
	Signature Page	69
	Acknowledgments	70

## TRUST INDENTURE

This TRUST INDENTURE executed as of the first day of March, 1974, by and between the City of Eureka Springs, Arkansas, a city of the first class duly existing under the laws of the State of Arkansas (the "City"), as party of the first part, and The Farmers & Merchants Bank, Stuttgart, Arkansas, a banking institution organized and existing under the laws of the State of Arkansas with its principal office and post office address in Stuttgart, Arkansas (the "Trustee"), as party of the second part;

WITNESSETH:

WHEREAS, the City now owns a hospital (the "Hospital"); and

WHEREAS, it has been determined that it is essential to the meeting of the hospital and medical needs of the City and its inhabitants that there be constructed and equipped (including the acquisition of any necessary site or sites) an extension (the "extension") to the Hospital, all at an estimated cost to the City of \$100,000, including necessary expenditures incidental thereto and to the issuance of bonds (the "construction"); and

WHEREAS, in order to finance the cost to the City, the City has determined that it would be in the best interest of the City and its citizens to issue and sell Hospital Revenue Bonds under the provisions of Act No. 175 of the Acts of Arkansas of 1961, as amended ("Act No. 175"), in the principal amount of \$75,000, with the balance of the costs to be obtained from available funds of the City; and

WHEREAS, the bonds have been sold to Powell & Satterfield, Inc., Little Rock, Arkansas (the "purchaser") at a price of par and accrued interest for bonds bearing interest at the rate of 6% per annum, being the best terms available, and the purchaser has, pursuant to the terms of the contract of sale, elected to convert the bonds to an issue in the principal amount of \$79,500 bearing interest at lower rates of interest and described in detail hereinafter, and the City has examined the

conversion and has found that it is in accordance with the provisions of the contract of sale and that by virtue thereof the City will receive no less and pay no more than it would receive and pay if the bonds were not converted; and

WHEREAS, the execution and delivery of this Trust Indenture (the "Indenture") and the issuance of the bonds by the City have in all respects been duly authorized by Ordinance No. 963 of the City, adopted and approved March 25, 1974; and

WHEREAS, the bonds, the interest coupons to be attached thereto and the Trustee's Certificate to be endorsed thereon are to be in substantially the following form, with necessary and appropriate variations, omissions and insertions as permitted or required by this Indenture, to wit:

(Form of Bond)

UNITED STATES OF AMERICA  
STATE OF ARKANSAS  
COUNTY OF CARROLL  
CITY OF EUREKA SPRINGS, ARKANSAS  
\_\_\_\_\_% HOSPITAL REVENUE BOND, SERIES 1974

No. \_\_\_\_\_

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

KNOW ALL MEN BY THESE PRESENTS:

That the City of Eureka Springs, 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, on November 1, 19\_\_\_\_, the principal sum of

\_\_\_\_\_ DOLLARS

in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts, and to pay in like coin or currency interest on said principal amount from the date hereof until paid at the rate of \_\_\_\_\_ percent (\_\_\_\_%) per annum, such interest to be payable November 1, 1974 and semiannually thereafter on May 1 and November 1 of each year. Payment of principal and interest coupons shall be made at the principal office of The Farmers & Merchants Bank, Stuttgart, Arkansas (the "Trustee" and "Paying Agent"). Payment of interest when registered as to interest may be by check or draft to the registered owner as shown on the bond registration book of the City maintained by the Trustee.

This bond and the series of which it forms a part are dated March 1, 1974, designated "City of Eureka Springs, Arkansas, Hospital Revenue Bonds, Series 1974," numbered from one (1) to eighty (80), inclusive, in the aggregate principal amount of Seventy-Nine Thousand Five Hundred Dollars (\$79,500), all of like tenor and effect except as to number, denomination, rate of interest, maturity and right of prior redemption (the "bonds"), and are issued for the purpose of providing the financing of a portion of the cost to the City of constructing and

equipping an extension to the City Hospital (the "Hospital"), making necessary expenditures incidental thereto and paying the expenses of the issuance of the bonds (the "construction").

This bond and the series of which it forms a part are issued pursuant to and in full compliance with the Constitution and laws of the State of Arkansas, including particularly Act No. 175 of the Acts of Arkansas of 1961, as amended, and an Ordinance of the City, duly adopted and approved, which Ordinance (the "Authorizing Ordinance") sets forth in detail the terms and conditions upon which the bonds are issued. The bonds are not general obligations of the City, but are special obligations secured by a pledge of and payable solely from the gross revenues derived from the operation of the Hospital. An amount of Hospital revenues sufficient to pay the principal of and interest on the bonds has been duly pledged and set aside into the "City of Eureka Springs, Arkansas Hospital Revenue Bond Fund." The bonds do not constitute an indebtedness of the City within any constitutional or statutory limitation. The bonds are issued under and all of the bonds are equally and ratably secured by a Trust Indenture, authorized by the Authorizing Ordinance, by and between the City and the Trustee, dated March 1, 1974 (the "Indenture"), which sets forth the terms and conditions governing the issuance of the bonds, the conditions for the issuance of additional series of parity bonds, the nature and extent of the security (which includes a lien on and security interest in the properties described in the Indenture), the pledge of revenues, and the rights and obligations of the City, the Trustee, and the holders and registered owners of the bonds. A copy of the Indenture is recorded in the office of the Circuit Clerk and Ex Officio Recorder of Carroll County, Arkansas, and reference may be had thereto by any interested person. In the Indenture, the City covenants and agrees that it will operate the Hospital and will impose and collect, or will cause to be imposed and collected, such charges for the use of the Hospital facilities as will always produce revenues

at least sufficient to provide for the payment of the principal of and interest on the bonds, as the same become due, and the Trustee's and Paying Agent's fees, and to provide for the payment of the reasonable expenses of operation and maintenance of the Hospital.

The bonds are subject to redemption prior to maturity at the option of the City, in whole or in part (with there to be no partial redemption of any bond) in inverse numerical order, at a price equal to the principal amount being redeemed plus accrued interest, as follows:

- (1) from proceeds of the bonds in excess of the costs of construction, on any interest payment date; and
- (2) from funds from any source on any interest payment date on and after May 1, 1979.

Notice of the call for redemption shall be published one time in a newspaper published in the City of Little Rock, Arkansas, and having a general circulation throughout the State of Arkansas, with the publication to be at least fifteen (15) days prior to the redemption date. In addition, notice of redemption shall be mailed by registered or certified mail to the registered owner of any bond registered as to principal or as to principal and interest at his registered address and placed in the mail not less than fifteen (15) days prior to the date fixed for redemption. In the event that all of the bonds are registered as to principal and interest, notice by registered or certified mail to the owner or owners thereof not less than fifteen (15) days prior to the date fixed for redemption shall be sufficient, and published notice of the call for redemption need not be given. Each notice shall specify the numbers and the maturities of the bonds being called and the date on which they shall be presented for payment. After the date specified in the call the bonds so called will cease to bear interest, provided funds for their payment are on deposit with the Paying Agent at that time, and, except for the purpose of payment, shall no longer be protected by the Indenture and shall not be deemed to be outstanding under the provisions of the Indenture.

This bond may be registered as to principal alone 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 and set forth in the Indenture. Subject to the provisions for registration endorsed hereon and contained in the Indenture, nothing contained in this bond or in the Indenture shall have the effect of impairing the negotiability of this bond. This bond is issued with the intent that the laws of the State of Arkansas shall govern the construction hereof.

The holder of this bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein or to take any action with respect to any event of default under the Indenture or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture. Modifications or alterations of the Indenture or of any indenture supplemental thereto may be made only to the extent and in the circumstances permitted by the Indenture.

This bond shall not be valid until it shall have been authenticated by the Certificate hereon duly 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 this bond do exist, have happened and have been performed in due time, form and manner as required by law, that the indebtedness represented by this bond and the series of which it forms a part, 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 this bond and the series of which it forms a part as the same become due and payable will be sufficient in amount for that purpose.

IN WITNESS WHEREOF, the City of Eureka Springs, Arkansas has caused this bond to be executed in its name by its Mayor and City Clerk, thereunto duly authorized (with the facsimile signature of the Mayor and the manual signature of the City Clerk), and its corporate seal to be affixed hereto, and has caused the interest coupons hereto attached to be executed by the facsimile signature of its Mayor, all as of the first day of March, 1974.

CITY OF EUREKA SPRINGS, ARKANSAS

ATTEST:

By \_\_\_\_\_ (Facsimile Signature)  
Mayor

\_\_\_\_\_  
City Clerk

(SEAL)

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds described herein aggregating \$79,500 and dated March 1, 1974.

THE FARMERS & MERCHANTS BANK  
Stuttgart, Arkansas

By \_\_\_\_\_  
Authorized Signature

(Form of Interest Coupon)

No. \_\_\_\_\_ \$ \_\_\_\_\_

On the first day of (May) (November), 19\_\_\_\_, the City of Eureka Springs, Arkansas (unless the bond to which this coupon is attached shall have been previously called for redemption or shall have become due as provided in the Trust Indenture referred to in the bond) will pay to bearer, solely out of the revenues pledged by the Trust Indenture, at the principal office of The Farmers & Merchants Bank, Stuttgart, Arkansas, the sum of

DOLLARS

in such coin or currency as at the time of payment is legal tender for the payment of debts due the United States of America, being six (6) months interest then due on its Hospital Revenue Bond, Series 1974, dated March 1, 1974, and numbered \_\_\_\_\_.

CITY OF EUREKA SPRINGS, ARKANSAS

By \_\_\_\_\_ (Facsimile signature)  
Mayor

## PROVISIONS FOR REGISTRATION AND RECONVERSION

This bond may be registered as to principal on the registration book of the City, maintained 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 book 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 the Bond Registrar, a statement to that effect will be endorsed hereon by the Bond Registrar and thereafter interest evidenced by such surrendered coupons may be paid by check or draft at the times provided herein to the registered owner of this bond by mail to the address shown on the registration book. 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
:	:	:	:
:	:	:	:
:	:	:	:
:	:	:	:
:	:	:	:

and

WHEREAS, all things necessary to make the bonds, when authenticated by the Trustee and issued as in this Indenture provided, the valid, binding and legal obligations of the City according to the import thereof, and to constitute this Indenture a valid lien on the properties mortgaged and a valid pledge of the revenues herein made to the payment of the principal of and interest on the bonds, have been done and performed, and the creation, execution and delivery of this Indenture and the creation, execution and issuance of the bonds, subject to the terms hereof, have in all respects been duly authorized;

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS, THIS  
INDENTURE WITNESSETH:

That the City in consideration of the premises and the acceptance by the Trustee of the trusts hereby created and of the purchase and acceptance of the bonds by the holders and owners thereof, and of the sum of One Dollar (\$1.00), lawful money of the United States of America, to it duly paid by the Trustee, at or before the execution and delivery of these presents, and for other good and valuable considerations, the receipt of which is hereby acknowledged, and in order to secure the payment of the principal of and interest on the bonds according to their tenor and effect and the performance and observance by the City of all the covenants expressed or implied herein and in the bonds, does hereby grant, bargain, sell, convey, mortgage, assign and pledge, unto The Farmers & Merchants Bank, Stuttgart, Arkansas, Trustee, and unto its successor or successors in trust, and to them and their assigns forever, for the securing of the performance of the obligations of the City hereinafter set forth:

1.

All buildings, additions and improvements constructed by the City and paid for, in whole or in part, out of the Construction Fund and now or hereafter located on the following described real estate and premises situated in Carroll County, Arkansas (and, to the full extent that the County may lawfully mortgage the same, the following described real estate and premises and all other buildings, additions and improvements now or hereafter located thereon), together with the tenements, hereditaments, appurtenances, rights, privileges and immunities thereunto belonging or appertaining, and warrants the title to the same, to wit:

Lots 1 and 4, Block 20, Freeman's Addition to the City of Eureka Springs, and that certain alley that lies between Lot 1 and Lot 4, Block 20, Freeman's Addition to the City of Eureka Springs; more particularly described as follows: Beginning at a point 40.0 feet West of the point where the section line between Section 15 and 16 crosses the South right-of-way line of Norris Street; thence West 100.00 feet; thence South 216.0 feet; thence East 100.0 feet; thence North 216.0 feet to the point of beginning.

2.

All machinery, equipment, fixtures and other personal property of every kind and nature whatever acquired by the City and paid for out of the Construction Fund and placed in or on the land and improvements described in "1" above, including, without limitation, all replacements and substitutions. All such machinery, equipment, fixtures and other personal property shall be identified in a ledger, one copy of which shall be filed with the Trustee and one copy maintained by the City in the administrative office of the Hospital. All such machinery, equipment and other personal property shall be marked by an appropriate tag or other device as being subject to the security interest created by this Indenture. The City covenants that it will maintain the ledger on a current basis at all times to the end of the ledger reflecting all machinery, equipment, fixtures and other personal property which are a part of the mortgaged properties hereunder.

3.

All revenues and income derived by the City from the Hospital, including, without limitation, all revenues received from the imposition and collection of charges for the use of the facilities of the Hospital and lease rentals from the leasing of the Hospital or any portion thereof.

4.

The Bond Fund and the Construction Fund, and all moneys and investments therein but subject to the provisions of this Indenture pertaining thereto, including the making of disbursements therefrom.

5.

Any and all other property of every kind and nature from time to time hereafter by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred, as and for additional security hereunder by the City,

or by anyone in its behalf, or with its written consent to the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof.

The properties described in 1, 2, 3, 4 and 5 above will be herein called the "mortgaged properties."

TO HAVE AND TO HOLD all the same with all privileges and appurtenances hereby conveyed and assigned, or agreed or intended so to be, to the Trustee and its successors in said trusts and to them and their assigns forever:

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of all holders of all bonds issued under and pursuant to the provisions of this Indenture and interest coupons thereto attached without privilege, priority or distinction as to lien or otherwise of any of the bonds or coupons over any of the others of the bonds or coupons; provided, however, that if the City, its successors or assigns, shall well and truly pay, or cause to be paid, the principal of the bonds and the interest due or to become due thereon, at the times and in the manner provided in the bonds and the interest coupons appertaining to the bonds, respectively, according to the true intent and meaning thereof, and shall make the payments into the Bond Fund as required under the applicable provisions of this Indenture, or shall provide, as permitted thereby, for the payment thereof by depositing or causing to be deposited with the Trustee the entire amount due or to become due thereon, and shall well and truly keep, perform and observe all covenants and conditions pursuant to the terms of this Indenture to be kept, performed and observed by it, and shall pay to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions thereof, then upon such final payments this Indenture and the rights hereby granted shall cease, terminate and be void; otherwise, this Indenture shall be and remain in full force and effect.

THIS TRUST INDENTURE FURTHER WITNESSETH that, and it is expressly declared, all bonds issued and secured hereunder are to be issued, authenticated and delivered and all revenues and income hereby pledged are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the City has agreed and covenanted and does hereby agree and covenant, with the Trustee and with the respective holders and owners, from time to time, of the bonds or coupons or any part thereof, as follows, that is to say:

ARTICLE I

DEFINITIONS

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

"Act No. 175" - Act No. 175 of the Acts of Arkansas of 1961, as amended.

"basic rent" - Any rent payable under any lease agreement for the purpose of providing for payment of principal, interest and Trustee's and Paying Agent's fees on the bonds.

"bonds" - All City of Eureka Springs, Arkansas Hospital Revenue Bonds at any times issued under and secured by the Indenture, including Series 1974 Bonds.

"Bond Fund" or "City of Eureka Springs, Arkansas Hospital Revenue Bond Fund" - The fund created by Section 503 of this Indenture into which moneys are to be deposited and disbursements are to be made for paying the principal of and interest on the bonds in the manner and for the purpose specified in Article V of this Indenture.

"City" - The City of Eureka Springs, Arkansas, a city of the first class under the laws of the State of Arkansas, situated in Carroll County, Arkansas.

"City Clerk" or "Clerk" - The person holding the office and performing the duties of the Clerk of the City.

"Construction Costs" or "Costs of Construction" - The cost of acquisition, construction and equipment of the extension, and expenses incidental thereto and to the issuance of the bonds.

"Construction Fund" - The fund created by Section 601 of this Indenture into which the portion of the proceeds of the sale of the bonds specified in Section 601 is to be deposited and out of which disbursements are to be made for construction costs in the manner and for the purposes specified in Article VI of this Indenture.

"extension" - The land, improvements and other property, real, personal or mixed, the acquisition, construction and equipment of which is being financed by the bonds.

"holder" or "bondholder" - "owner of the bonds" - The bearer of any bond not registered as to principal and the registered owner of any bond registered as to principal or registered as to principal and interest.

"Hospital" - The hospital owned by the City, the extension of which is being financed by the bonds.

"Indenture" or "Trust Indenture" - This Trust Indenture together with all indentures supplemental hereto.

"Lease agreement" - Any lease and agreement pertaining to the Hospital or any portion thereof.

"mortgaged properties" or "mortgaged property" - The lands, improvements and personal property described and covered by the granting clauses of this Indenture, including all replacements, substitutions and all properties which are, or at any time become, subject to the lien of this Indenture by any of the terms of this Indenture.

"Series 1974 Bonds" - The initial series of bonds being issued under the Indenture, in the principal amount of \$79,500.

"Trustee" and "Paying Agent" - The Trustee and Paying Agent for the time being, whether original or successor, with the same institution to always occupy both positions, and with the original Trustee and Paying Agent being The Farmers & Merchants Bank, Stuttgart, Arkansas.

Section 102. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, the words "bond," "coupon," "owner," "holder" and "person" shall include the plural, as well as the singular number.

ARTICLE II

THE BONDS

Section 201. All of the bonds, regardless of series and regardless of when issued and delivered, are equally and ratably secured by this Indenture. All bonds issued under this Indenture and coupons attached thereto shall be issued substantially in the form set forth hereinabove in the recitals of this Indenture, with necessary and appropriate variations, omissions and insertions as permitted or required by this Indenture. The issuance of subsequent series is subject to compliance with the terms and conditions hereinafter set forth pertaining thereto and the bonds of each series shall be subject to the terms, conditions and provisions of this Indenture. The bonds of each series shall be in such denominations, shall be dated, interest thereon shall be payable on such dates, and the bonds shall mature on such dates, but shall be subject to redemption prior to maturity, all as shall be specified in the Ordinance of the City authorizing and directing the issuance of the bonds of the particular series.

The Series 1974 Bonds are the initial series being issued hereunder and are in the aggregate principal amount of \$79,500.

Section 202. The Series 1974 Bonds are dated March 1, 1974, and are in the aggregate principal amount of \$79,500. The Series 1974 Bonds are in the denomination of \$1,000 each, except Bond No. 3, which is in the denomination of \$500, and are numbered from 1 to 80, inclusive. The Series 1974 Bonds shall be numbered, shall mature (unless sooner redeemed in the manner set forth herein) annually on November 1 of each year, shall bear interest, and interest shall be payable November 1, 1974 and semiannually thereafter on May 1 and November 1 of each year as set forth in the following schedule:

YEAR	AMOUNT	BOND NOS.	INTEREST	INTEREST		TOTAL
			RATE	MAY 1	NOVEMBER 1	
1974					\$2,741.67	\$2,741.67
1975	\$2,500	1- 3		\$2,056.25	2,056.25	6,612.50
1976	3,000	4- 6		2,000.00	2,000.00	7,000.00
1977	3,000	7- 9	4-1/2%	1,932.50	1,932.50	6,865.00
1978	3,000	10-12		1,865.00	1,865.00	6,730.00
1979	3,000	13-15		1,797.50	1,797.50	6,595.00
1980	3,000	16-18		1,730.00	1,730.00	6,460.00
1981	3,000	19-21	4-3/4%	1,658.75	1,658.75	6,317.50
1982	3,000	22-24		1,587.50	1,587.50	6,175.00
1983	4,000	25-28		1,516.25	1,516.25	7,032.50
1984	4,000	29-32	5%	1,416.25	1,416.25	6,832.50
1985	4,000	33-36		1,316.25	1,316.25	6,632.50
1986	4,000	37-40		1,216.25	1,216.25	6,432.50
1987	4,000	41-44	5-1/4%	1,111.25	1,111.25	6,222.50
1988	4,000	45-48		1,006.25	1,006.25	6,012.50
1989	5,000	49-53		901.25	901.25	6,802.50
1990	5,000	54-58	5-1/2%	763.75	763.75	6,527.50
1991	5,000	59-63		626.25	626.25	6,252.50
1992	5,000	64-68		488.75	488.75	5,977.50
1993	6,000	69-74	5-3/4%	345.00	345.00	6,690.00
1994	6,000	75-80		172.50	172.50	6,345.00

Principal and interest coupons shall be payable at the principal office of the Trustee. Payment of interest when registered as to interest may be by check or draft mailed to the registered owner at his address on the bond registration book maintained by the Trustee.

Section 203. All bonds issued under this Indenture shall be executed on behalf of the City by the Mayor and City Clerk and shall have impressed thereon the seal of the City. The bonds may bear the facsimile signature of the Mayor, but shall bear the manual signature of the City Clerk. Interest coupons attached to each of the bonds shall have the facsimile signature of the Mayor lithographed or printed thereon. The facsimile signature of the Mayor on the bonds and on the coupons shall have the same force and effect as if he had personally signed each of the bonds and each of the coupons. In case any officer whose signature or facsimile of whose signature shall appear on the bonds or coupons shall cease to be such officer before the delivery of any bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes, the same as if he had remained in office until delivery. The bonds, together with interest thereon, shall be payable from the "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 (but in addition shall be secured by a lien on and security interest in the mortgaged properties), which revenues are hereby pledged and mortgaged for the equal and ratable payment of the bonds and shall be used for no other purpose than to pay the principal of and interest on the Bonds, and Trustee's and Paying Agent's fees, except as may be otherwise expressly authorized in this Indenture. The bonds and interest thereon shall not constitute an indebtedness of the City within the meaning of any constitutional or statutory provisions.

Section 204. Only such bonds as shall have endorsed thereon a certificate of authentication substantially in the form hereinabove set forth shall be entitled to any right or benefit under this Indenture. No bond

shall be valid or obligatory for any purpose unless and until such certificate of authentication shall have been duly executed, and such certificate upon any bond shall be conclusive evidence that such bond has been authenticated and delivered under this Indenture. The certificate of authentication on any bond shall be deemed to have been executed if signed by an authorized officer of the Trustee, but it shall not be necessary that the same officer sign the certificate of authentication on all of the bonds issued hereunder. Before authenticating or delivering any bonds, the Trustee shall detach and cancel all matured coupons, if any, appertaining thereto, and such canceled coupons shall be cremated or shredded by the Trustee.

Section 205. Subject to the provisions hereof pertaining to registration, all bonds issued under this Indenture shall be negotiable instruments under the laws of the State of Arkansas, and the City and the Trustee and the Paying Agent may deem and treat the bearer of any bonds and coupons as the absolute owner of such bonds and coupons, whether such bonds and coupons be overdue or not, for the purpose of receiving payment and for all other purposes whatsoever, and neither the City nor the Trustee nor the Paying Agent shall be affected by any notice to the contrary.

Section 206. The City shall have the right to issue additional series of bonds on a parity with the bonds issued hereunder, but only on the condition that a certificate is obtained and filed with the City Clerk, reciting that in the opinion of an independent certified public accountant the requirements of this section have been fully complied with. Such additional bonds may be issued from time to time secured by this Indenture upon authorization by an Ordinance of the City Council, and may be issued in separate series to be executed substantially in the form and manner hereinabove set forth and shall be deposited with the Trustee for authentication and delivery, but before such additional bonds shall be delivered by the Trustee, there must have been filed with the Trustee the following:

- (a) A copy, certified by the City Clerk, of the Ordinance authorizing the additional bonds and directing their delivery to or upon the order of purchasers therein named upon payment of the purchase price therein set forth which Ordinance shall also set forth the interest rates for the bonds, a schedule of principal and interest maturities for the bonds, provision if any for redemption of the bonds before maturity, and any other provisions which the City deems necessary or desirable;
- (b) A certificate of the Mayor stating that no event of default specified in this Indenture has happened and is then continuing;
- (c) Certificate of an independent certified public accountant certifying that gross revenues of the Hospital in any two of the three fiscal years immediately preceding the fiscal year in which it is proposed to issue such additional bonds were sufficient to provide for the reasonable expenses of operation and maintenance of the Hospital and to leave a balance equal to 150% of the maximum amount that will become due in any year thereafter for principal, interest and service charges on the bonds then outstanding and the bonds then proposed to be issued.

Section 207. Title to any bond, unless such bond is registered in the manner hereinafter provided, and to any interest coupon shall pass by delivery in the same manner as a negotiable instrument payable to bearer. The City shall cause a book for the registration and for the transfer of the bonds as provided for in this Indenture to be kept by the Trustee as bond registrar. At the option of the bearer, any coupon bond may be registered as to principal alone on such book, upon presentation thereof to the bond registrar, which shall make notation of such registration on the registration book and on the registration blank on the bond. Any bond registered as to principal may thereafter be transferred only upon an assignment duly executed by the registered owner or his attorney or his legal representative in such form as shall be satisfactory to the bond registrar, such transfer to be made on such books and endorsed on the bond by the bond registrar. Such transfer may be to bearer and thereafter transferability by delivery shall be restored, subject, however, to successive registrations and transfers as before. The principal of any bond registered as to principal, unless registered to bearer, shall

be payable only to or upon the order of the registered owner or his legal representative, but the coupons appertaining to any bond registered as to principal shall remain payable to bearer notwithstanding such registration, provided, that if upon registration of any such bond, or at any time thereafter while registered in the name of the owner, the unmatured coupons attached evidencing interest to be thereafter paid thereon shall be surrendered to the bond registrar, a statement to the effect will be endorsed on the bond and thereafter interest evidenced by such surrendered coupons may be paid by check or draft by the bond registrar at the times provided therein to the registered owner by mail at the address shown on the registration book. Each of the bonds when converted as aforesaid 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 the bond registrar. Upon such reconversion the coupons representing the interest to become due thereafter to the date of maturity will be attached to the bond and a statement will be endorsed thereon by the bond registrar in the registration blank on the back of the bond whether it is then registered as to principal or payable to bearer. No charge shall be made to any bondholder for the privilege of registration and transfer hereinabove granted, but any bondholder requesting any such registration or transfer shall pay any tax or other governmental charge required to be paid with respect thereto, if any be applicable under laws governing the particular registration or transfer. As to any bond registered as to principal, the person in whose name the same 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 of any such bond shall be made only to or upon the order of the registered owner thereof, or his legal representative, and neither the City, the Trustee, the Paying Agent nor the bond registrar shall be affected by any notice to the contrary, but such registration may be changed as herein provided. All such payment shall be valid and effectual to satisfy and discharge the liability upon such bond to the extent of the sum or sums

so paid. The City, the Trustee, the bond registrar and the Paying Agent may deem and treat the bearer of any bond which shall not at the time be registered as to principal, and the bearer of any coupon appertaining to any bond, whether such bond be registered as to principal or not, as the absolute owner of such bond or coupon, as the case may be, whether such bond or coupon shall be overdue or not, for the purpose of receiving payment thereof and for all other purposes whatsoever, and neither the City, the Trustee, the bond registrar nor the Paying Agent shall be affected by any notice to the contrary.

Section 208. Upon the execution and delivery of this Indenture, the City shall execute and deliver to the Trustee and the Trustee shall authenticate the Series 1974 Bonds and deliver them to the purchaser upon payment of the purchase price plus accrued interest from the date of the bonds to the date of delivery, and the Trustee shall be entitled to rely upon any certificate, ordinance or resolution as to the purchase price and the purchasers.

Section 209. This Indenture is given in order to secure funds to pay for new construction and by reason thereof, it is intended that this Indenture shall be superior to any laborers', machanics' or materialmen's liens which may be placed upon the Hospital.

Section 210. In case any bond issued hereunder shall become mutilated or be destroyed or lost, the City shall, if not then prohibited by law, cause to be executed and the Trustee may authenticate and deliver a new bond of like date, number, maturity and tenor in exchange and substitution for and upon cancellation of such mutilated bond and its interest coupons, or in lieu of and in substitution for such bond and its coupons destroyed or lost, upon the holder's or owner's paying the reasonable expenses and charges of the City and the Trustee in connection therewith, and, in case of a bond destroyed or lost, his filing with the Trustee evidence satisfactory to it that such bond and coupons were destroyed or lost, and of his ownership thereof, and furnishing the City and the Trustee with indemnity

satisfactory to them. In the event any such bonds or coupons shall have matured, instead of issuing a new bond or coupon, the City may pay the same without the surrender thereof.

Section 211. All bonds and coupons which are paid, either at maturity or upon redemption prior to maturity (including unmatured coupons to any bond which is redeemed), shall be canceled and, at the option of the Trustee, either (i) cremated, shredded or otherwise disposed of or (ii) returned to the City. In the case of cremating, shredding or other disposition pursuant to (i) above, the Trustee shall execute and forward to the City an appropriate certificate describing the bonds involved and of the manner of disposition.

### ARTICLE III

#### REDEMPTION OF BONDS BEFORE MATURITY

Section 301. The Series 1974 Bonds shall be callable for redemption prior to maturity in accordance with the terms set out in the bond form appearing in the recitals of this Indenture. Subsequent series of bonds issued under and secured by this Indenture shall be callable for redemption prior to maturity in accordance with the terms set out in the Ordinance authorizing and directing the issuance of the subsequent series of bonds.

Notice of the call for redemption shall be published one time in a newspaper published in the City of Little Rock, Arkansas, and having a general circulation throughout the State of Arkansas, with the publication to be at least fifteen (15) days prior to the redemption date. In addition, notice of redemption shall be mailed by registered or certified mail to the registered owner of any bond registered as to principal or as to principal and interest at his registered address and placed in the mail not less than fifteen (15) days prior to the date fixed for redemption. In the event that all of the bonds are registered as to principal and interest, notice by registered or certified mail to the owner or owners thereof not less than fifteen (15) days prior to the date fixed for redemption shall be sufficient and published notice of the call for redemption need not be given. Each notice shall specify the numbers and the maturities of the bonds being called and the date on which they shall be presented for redemption. After the date specified in the call, the bonds so called will cease to bear interest, provided funds for their payment are on deposit with the Paying Agent at that time, and, except for the purpose of payment, shall no longer be protected by this Indenture and shall not be deemed to be outstanding under the provisions of this Indenture.

Section 302. All unpaid coupons which appertain to bonds so called for redemption and which shall have become payable on or prior to the date of redemption shall continue to be payable to the bearers severally and respectively upon the presentation and surrender of such coupons.

ARTICLE IV

GENERAL COVENANTS

Section 401. The City covenants that it will promptly pay the principal of and interest on every bond issued under this Indenture at the place, on the dates and in the manner provided herein and in the bonds, and in the coupons appertaining thereto according to the true intent and meaning thereof. The principal and interest (except interest, if any, paid from the proceeds from the sale of the bonds and accrued interest) are payable solely from revenues derived from the operation of the Hospital, which revenues are hereby specifically pledged to the payment thereof in the manner and to the extent herein specified, and nothing in the bonds or coupons or in this Indenture should be considered as pledging any other funds or assets of the City (except the securing of the indebtedness evidenced by the bonds and coupons by a lien on and security interest in the mortgaged properties).

Section 402. The City covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Indenture, in any and every bond executed, authenticated and delivered under this Indenture and in all ordinances and resolutions pertaining thereto. The City covenants that it is duly authorized under the Constitution and laws of the State of Arkansas, including particularly and without limitation Act No. 175, to issue the bonds authorized hereby and to execute and deliver this Indenture, to mortgage the properties described and mortgaged herein and to pledge the income and revenues in the manner and to the extent herein set forth; that all action on its part for the issuance of the bonds and the execution and delivery of this Indenture has been duly and effectively taken; and that the bonds in the hands of the holders thereof are and will be valid and enforceable obligations of the City according to the import thereof.

Section 403. The City covenants that it lawfully owns and is lawfully possessed of the mortgaged properties and that it has good and indefeasible title and estate therein, subject only to the lien of this Indenture, and that it warrants and will defend the title thereto and every part thereof to the Trustee, its successors and assigns, for the benefit of the holders of the bonds against the claims and demands of all persons whomever.

Section 404. The City covenants that it will promptly cause to be paid all lawful taxes, charges, assessments and governmental charges at any time levied or assessed upon or against the mortgaged properties or any part thereof, that might impair or prejudice the lien and priority of this Indenture; provided, however, that nothing contained herein shall require the City to cause to be paid any such taxes, assessments or charges so long as the validity thereof is being contested in good faith and by appropriate legal proceedings, and provided, also that such delay in payment shall not subject the mortgaged properties or any part thereof to forfeiture or sale.

Section 405. The City covenants that it will at all times cause to be maintained, preserved and kept the mortgaged properties in good condition, repair and working order.

Section 406. The City covenants that it will cause this Indenture, and all indentures supplemental thereto, to be kept recorded and filed in such manner and in such places as may be required by law in order to fully preserve and protect the security of the holders of the bonds and the rights of the Trustee hereunder.

Section 407. The City covenants that so long as any bonds issued under and secured by this Indenture shall be outstanding and unpaid, the City will keep, or cause to be kept, proper books of record and account, in which full, true and correct entries will be made of all dealings or transactions of and in relation to the mortgaged properties and revenue and income of the Hospital. (When requested by the Trustee, the City agrees to have the books of record and account audited by an independent certified public accountant.) The audit shall contain, in addition to the usual matters, such information as the Trustee may desire.

Section 408. The City covenants that it will not sell or otherwise dispose of any of the mortgaged properties and that it will not encumber the same or any part thereof, or its interest therein or create or permit to be created any charge or lien on the Hospital revenues and income, except as may be expressly authorized in this Indenture; provided, however, the City may, from time to time:

(i) Sell, exchange or otherwise dispose of any properties or release, relinquish or extinguish any interest therein which is not needed or serves no useful purpose in connection with the maintenance and operation of the Hospital, by reason of having worn out, become obsolete or otherwise of no further use, and the proceeds, if any, derived therefrom shall be applied to the replacement of the property so sold or disposed of, if replacement is necessary or desirable, or if not so applied, shall be deemed to be revenues derived from the Hospital; provided, property having a fair market value at the time of disposition of \$2,500 or more may be disposed of only with the prior written consent of the Trustee which shall be freely given upon a showing as to the reason for disposition so long as no event of default has occurred or is threatened. The Trustee is hereby expressly authorized to take the necessary steps to release the lien of this Indenture as to any property so disposed of. All replacement property replacing or substituted for any of the mortgaged properties shall immediately upon acquisition and without any further act become and be subject to the lien and the provisions of this Indenture.

(ii) Lease the Hospital to a lessee for operation, if the City determines that such procedure will best serve the interests of the City and its inhabitants, upon such terms as the City, with the approval of the Trustee (which shall not be unreasonably withheld), shall determine, provided any such lease shall not release the City from its obligations under this Indenture concerning

which the City shall continue to be responsible to the Trustee and the bondholders, with performance, however, by the lessee to be considered performance pro tanto by the City, and, in any event, the lease agreement must provide that the lessee assumes responsibility for record keeping, operation and maintenance and insurance and provide for net rentals to the City at least sufficient to permit it to pay the principal of, interest on and Trustee's and Paying Agent's fees in connection with all bonds issued under and secured by this Indenture, to maintain the reserve fund at the required level and to meet all payment obligations of the City under this Indenture not assumed by the lessee under the lease.

Section 409. The City covenants that as long as any bonds authorized by and issued under this Indenture are outstanding, it will at all times insure and keep insured, to the full insurable value thereof or for such value as to avoid the co-insurance clauses of applicable policies, in a responsible insurance company or companies authorized and qualified under the laws of the State of Arkansas to assume the risk thereof all insurable improvements on and constituting part of the mortgaged properties, including fixtures, equipment, personal property and furnishings, at any time and from time to time, by fire and extended coverage insurance and by boiler or pressure vessel explosion insurance to the extent customarily undertaken by private companies owning properties with similar improvements. The insurance policies are to be taken with companies approved by the Trustee, are to carry a clause making them payable to the Trustee as its interest may appear, and are either to be placed in the custody of the Trustee or satisfactory evidence of such insurance shall be filed with the Trustee. In the event of loss, the proceeds of such insurance shall be applied solely toward the reconstruction, replacement or repair of the damaged properties, and in such event the City covenants that it will, with reasonable promptness cause to be commenced and completed the reconstruction, replacement and repair work, and the Trustee shall release to the City insurance moneys received by the Trustee to the extent necessary to pay for the reconstruction, replacement

and repair work or to reimburse the City if it shall have paid for the same. Any proceeds of insurance not required for such reconstruction, replacement and repair work shall be deposited in the Revenue Fund hereafter created.

Section 410. The City and the Trustee covenant that neither of them shall 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. Without limiting the generality of the foregoing, the City and the Trustee covenant that the proceeds of the sale of the bonds 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 103(d) of the Internal Revenue Code.

Section 411. The City shall not be required to spend funds from any source other than Hospital revenues in discharging the City's obligations under this Indenture, but nothing herein shall prohibit the City from doing so. This section shall not be construed to excuse any "event of default" or to prohibit the Trustee or bondholders from pursuing any remedies for default, as provided in Article IX.

Section 412. The City reserves the right to withdraw any portion of the lands covered in Granting Clause "1" of this Indenture which are not occupied by a Hospital building or improvement or are not needed for either adequate ingress and egress or for the proper operation of Hospital buildings and improvements for use by the City for any lawful purpose. Such withdrawal may be without any compensation being paid to the Trustee but there shall be a sufficient showing made to the Trustee that the land is not occupied or needed as specified above. The City shall file an appropriate certificate setting forth the facts justifying the withdrawal of the land and setting forth a legal description of the lands to be withdrawn. Upon receipt of such certificate and upon being satisfied that the conditions of this Section have been complied with, the Trustee shall execute and deliver to the City an appropriate instrument releasing the lien of this Indenture on the lands being withdrawn.

Section 413. To the extent that such information shall be made known to the City under the terms of this Section, it will keep on file at the office of the Trustee a list of names and addresses of the last known holders of all bonds payable to bearer and believed to be held by each of such last known holders. Any bondholder may request that his name and address be placed on the list by filing a written request with the City or with the Trustee, which request shall include a statement of the principal amount of bonds held by such holder and the numbers of such bonds. Neither the City nor the Trustee shall be under any responsibility with regard to the accuracy of the list. At reasonable times and under reasonable regulations established by the Trustee, the list may be inspected and copied by holders and/or owners (or a designated representative thereof) of ten percent (10%) or more in principal amount of bonds outstanding hereunder, such ownership and the authority of any such designated representative to be evidenced to the satisfaction of the Trustee.

ARTICLE V

REVENUES AND FUNDS

Section 501. The City covenants that it will at all times keep in effect charges for the use of the facilities of the Hospital sufficient to provide total revenues to maintain all funds provided for in this Article V. And the City covenants and agrees that, if necessary, it will, from time to time, increase the charges in amounts sufficient to provide adequate revenues to maintain all funds provided for in this Article V.

Section 502. Revenue Fund. There is hereby created the "Eureka Springs Hospital Revenue Fund" (the "Revenue Fund"). There shall be deposited in the Revenue Fund, as and when received, all revenues derived from the operation of the Hospital. All revenues at any time in the Revenue Fund shall be used solely as provided in this Indenture.

Section 503. Bond Fund. (1) A special fund is hereby established and created with a bank or banks, selected from time to time by the City, which are members of the Federal Deposit Insurance Corporation which shall be in the name of the City and designated "City of Eureka Springs, Arkansas Hospital Revenue Bond Fund" (the "Bond Fund") which shall be maintained for the purpose of providing for the payment of the principal of and interest on all bonds that may be issued under this Indenture as the same become due (and maintaining a debt service reserve). The debt service reserve shall be established in the Bond Fund and shall be built up as set out in subsection (2) hereof. There shall be deposited into the Bond Fund from the proceeds of the sale of the bonds such amounts as shall be specified in the letter of instructions delivered to the Trustee at the time of the closing, but which shall not be less than the amount necessary to insure the meeting of debt service requirements during construction in the light of available Hospital revenues. However, the Trustee shall be entitled to rely upon the letter of instructions and shall be fully protected in proceeding in accordance therewith.

(2) There shall be deposited out of the revenues in the Revenue Fund into the Bond Fund on or before the first business day of each month until all outstanding bonds issued under this Indenture, principal and interest, have been paid, or adequate 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 Trustee's and Paying Agent's fees, on all outstanding bonds as they become due; provided, however, that when there shall have been accumulated in the Bond Fund a debt service reserve in the amount of one year's average principal and interest requirements, so long as that 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 Trustee's and Paying Agent's fees, on all outstanding bonds.

(3) If for any reason the funds in the Bond Fund shall at any time be insufficient to meet any interest and/or principal payments the sum then held as a debt service reserve shall be used to the extent necessary to make such payment, but such debt service reserve shall be reimbursed from the first available moneys in the Revenue Fund not required for making the deposit into the Bond Fund and the deposit into the Operation and Maintenance Fund in accordance with the provisions of Section 504 hereof. The debt service reserve shall be continuously maintained in the required amount and shall be used solely as herein provided.

(4) When the sums in the Bond Fund, including the debt service reserve, shall be and remain sufficient to pay the principal of and interest on all outstanding bonds issued under this Indenture, and the Paying Agent's fees, there shall be no obligation to make any further payments into the Bond Fund.

(5) The Bond Fund shall be used solely for the payment of debt service requirements, and the Trustee's and Paying Agent's charges and expenses, and for no other purpose.

(6) The Treasurer of the City shall withdraw from the Bond Fund and remit to the Paying Agent, on or before each principal and interest payment date on the bonds, an amount sufficient to pay principal and interest on the bonds and Trustee's and Paying Agent's fees then due.

(7) If any surplus shall exist in the Bond Fund over and above the amount necessary to insure the prompt payment of the principal of and interest on the bonds (and any additional bonds issued under this Indenture) as the same become due and payable and over and above the amount of the debt service reserve, such surplus shall be transferred to the Revenue Fund.

Section 504. Operation and Maintenance Fund. After the required deposit has been made in the Bond Fund, there shall be paid from revenues in the Revenue Fund into a fund which is hereby created and designated "Operation and Maintenance Fund" on the first business day of each month while any bonds issued under this Indenture are outstanding, an amount sufficient to pay the reasonable monthly expenses of operation, repair and maintenance of the Hospital 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 that 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 costs of operation, repair and maintenance of the properties of the Hospital during the remainder of the then current fiscal year, such surplus shall be transferred to the Revenue Fund. The Operation and Maintenance Fund shall be deposited in a bank that is a member of the Federal Deposit Insurance Corporation.

Section 505. Any surplus remaining in the Revenue Fund, after making full provision for the funds hereinabove provided for, may be used, at the option of the City, for redeeming bonds prior to maturity in accordance with the applicable provisions pertaining to redemption prior to maturity or for constructing improvements to the Hospital or purchasing equipment for the Hospital, funding a depreciation fund, or any other Hospital purpose, including the payment of the principal of, interest on and Paying Agent's fees in connection with other bonds issued under this Indenture.

Section 506. All moneys in any of the above Funds in excess of the amount insured by the Federal Deposit Insurance Corporation shall be secured by bonds or other direct or fully guaranteed obligations of the United States of America unless invested as herein authorized.

Section 507. All bonds paid at maturity or at redemption prior to maturity, together with all unmatured coupons, if any, appertaining thereto, shall be canceled when such payment or redemption is made, and all interest coupons shall be canceled upon their payment.

Section 508. Payments from the various funds shall be made by requisition, check or voucher signed by a person designated by the City Council by resolution for such purchase, and each such requisition, check or voucher shall contain at least necessary information to reflect the name of the person to whom payment is made, the amount of the payment and the purpose for which the payment is made.

Section 509. In the event any bonds shall not be presented for payment when the principal thereof becomes due, either at maturity or otherwise, or at the date fixed for redemption thereof, or in the event any coupon shall not be presented for payment at the due date thereof, if there shall have been deposited

with the Paying Agent for the purpose, or left in trust if previously so deposited, funds sufficient to pay the principal thereof, together with all interest unpaid and due thereon, to the date of maturity thereof, or to the date fixed for redemption thereof, or to pay such coupon, as the case may be, for the benefit of the holder thereof, the obligation of the City to the holder thereof for the payment of the principal thereof and interest thereon, or to the holder of the overdue coupon for the payment thereof, as the case may be, shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Paying Agent to hold such fund or funds, without liability for interest thereon, for the benefit of the holder of such bond or coupon, as the case may be, who shall thereafter be restricted exclusively to such funds, for any claim of whatever nature on his part under this Indenture or with respect to the bond or coupon.

Section 510. All moneys required to be deposited with or paid to the Trustee and Paying Agent under any provision of this Indenture shall be held by the Trustee and Paying Agent in trust, and except for moneys deposited with or paid to the Trustee and Paying Agent for the redemption of bonds, notice of which redemption has been duly given, shall, while held by the Trustee and Paying Agent, constitute part of the mortgaged properties and be subject to the lien hereof. Any moneys received by or paid to the Trustee pursuant to any provision of a lease agreement calling for the Trustee to hold, administer and disburse the same in accordance with the specific provisions of the lease agreement shall be held, administered and disbursed pursuant to said provision, and where required by the provisions of the lease agreement the Trustee shall set the same aside in a separate account. The City agrees that if it shall receive any moneys pursuant to applicable provisions of the lease agreement, it will forthwith upon receipt thereof pay the same over to the Trustee to be held, administered and disbursed by the Trustee in accordance with the provisions of the lease agreement pursuant to which the City may have received the same. Furthermore, if for any reason

the lease agreement ceases to be in force and effect while any bonds are outstanding, the City agrees that if it shall receive any moneys derived from the lease agreement or due to the breach thereof, it will forthwith upon receipt thereof pay the same over to the Trustee to be held, administered and disbursed by the Trustee in accordance with applicable provisions of the lease agreement, and if there be no such provisions which would be so applicable, then the Trustee shall hold, administer and disburse such moneys solely for the discharge of the City's obligations under this Indenture.

ARTICLE VI

CUSTODY AND APPLICATION OF PROCEEDS OF BONDS

Section 601. The purchase price and accrued interest received upon delivery of the bonds ("total sale proceeds") shall be disbursed and handled as follows:

(a) The Trustee shall deposit in the Bond Fund the amount necessary to cover the debt service requirements of the bonds until revenues are or will be available in sufficient amounts to take care of the debt service requirements, as specified by letter of instructions from the City at the time of the delivery of the bonds; and

(b) The balance of the total sale proceeds shall be deposited in a special account of the City in a bank that is a member of the Federal Deposit Insurance Corporation, which account shall be designated "Construction Fund." The amount on deposit in the Construction Fund in excess of the amount insured by the Federal Deposit Insurance Corporation must be continuously secured by bonds or other direct or fully guaranteed obligations of the United States of America; provided, however, that any moneys in the Construction Fund invested in accordance with the provisions of Article VII hereof need not be secured.

(c) The City expressly reserves the right to reimburse the Construction Fund in the amount of any moneys deducted from the proceeds of the sale of the bonds pursuant to subsection (a) above to cover debt service during construction, and such reimbursement may be from the first available revenues of the Hospital after establishment of the debt service reserve at the required level as set forth in Section 503 hereof.

Section 602. Moneys in the Construction Fund shall be expended solely for payment of costs of construction. Such expenditures shall be in accordance with and pursuant to requisitions signed by one or more duly designated representatives of the City (which designations shall be in writing and filed with the depository of the Construction Fund and with the Trustee) and each such requisition shall specify at least the following:

- (a) The name of the person, firm or corporation to whom payment is to be made;
- (b) The amount of the payment; and
- (c) That the disbursement is for a proper item of construction costs.

In addition, each disbursement concerning expenses over which the architect employed by the City shall exercise supervision (which in general shall be all expenses except architectural fees, legal fees and expenses of issuing bonds) shall be supported by a certificate signed by the architect certifying that the disbursement is for a proper expense and approving the same. The depository of the Construction Fund shall keep records concerning and reflecting all disbursements from the Construction Fund and shall file an accounting of disbursements if and when requested by the City or the Trustee. In this regard, each requisition shall be executed in at least quadruplicate and one copy thereof shall be filed with the Trustee, one copy with the City, and one copy retained by the depository. The depository bank shall make payment from the Construction Fund pursuant to and in accordance with the requisitions.

Section 603. Any moneys at any time remaining in the Construction Fund after the acquisition and completion of the extension as certified by the representatives of the City shall be removed from the Construction Fund and deposited into the Revenue Fund.

ARTICLE VII  
INVESTMENTS

Section 701. (a) Moneys held for the credit of the Construction Fund shall be invested and reinvested by the depository in (i) direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States, (ii) certificates of deposit of banks or trust companies, including the Trustee, organized under the laws of the United States or any State thereof, having maturity dates, or subject to redemption by the holder at the option of the holder, on or prior to the dates the funds will be needed as reflected by a statement of the duly designated representative of the City which statement must be on file with the Trustee prior to any investment.

(b) Moneys held for the credit of the debt service reserve in the Bond Fund shall be invested and reinvested by the depository in direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States of America, which shall mature not later than ten (10) years after the date of investment.

(c) Moneys held for the credit of any other fund or account shall to the extent practicable be invested and reinvested by the depository in direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States, which will mature, or which will be subject to redemption by the holder thereof at the option of the holder, not later than the date or dates on which the money held for credit of the particular fund shall be required for the purposes intended.

(d) Obligations so purchased as an investment of moneys in any such fund or account shall be deemed at all times a part of such fund. Any profit or income realized from such investments shall be credited to the fund and any loss charged to such fund; provided, however, in the case of the debt service reserve any earnings on investments which increase the amount therein (valuing investments at face value) to an amount in excess of the required level of the debt service reserve shall, to the extent of such excess, be transferred to the Revenue Fund.

(e) All investments authorized by this Section 701 shall be as directed by the duly designated representative of the City.

ARTICLE VIII  
DISCHARGE OF LIEN

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

Bonds and coupons for the payment or redemption of which moneys or investment securities, as hereinafter defined in this Section, shall have been deposited with the Trustee (whether upon or prior to the maturity or the redemption date of such bonds) shall be deemed to be paid within the meaning of this Indenture; provided, however, that if such bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been duly given. "Investment securities" shall mean direct or fully guaranteed obligations of the United States of America maturing on or prior to the maturity or redemption date of the bonds and in determining the sufficiency of the deposit there shall be considered the principal amount of such investment securities and interest to be earned thereon until the maturity of such investment securities.

The City may at any time surrender to the Trustee for cancellation by it any bonds previously authenticated and delivered hereunder, together with any unpaid coupons thereto belonging, which the City may have acquired in any manner whatsoever, and such bonds and coupons, upon such surrender and cancellation, shall be deemed to be paid and retired.

ARTICLE IX  
DEFAULT PROVISIONS AND REMEDIES  
OF TRUSTEE AND BONDHOLDERS

Section 901. If any of the following events occur, subject to the provisions of Section 913 hereof, it is hereby defined as and declared to be and to constitute an "event of default;"

(a) Default in the due and punctual payment of any interest on any bond hereby secured and outstanding;

(b) Default in the due and punctual payment of the principal of, and premium, if any, on any bond hereby secured and outstanding, whether at the stated maturity thereof, or upon proceedings for redemption thereof, or upon the maturity thereof by declaration;

(c) Default in the due and punctual payment of any moneys required to be paid into the Bond Fund under the provisions of Article V hereof;

(d) Default in the performance or observance of any other of the covenants, agreements or conditions on its part in this Indenture, or in the bonds contained, and the continuance thereof for a period of sixty (60) days after written notice to the City by the Trustee or by the holders of not less than ten percent (10%) in aggregate principal amount of bonds outstanding hereunder.

The term "default" shall mean default by the City in the performance or observance of any of the covenants, agreements or conditions on its part contained in this Indenture, or in the bonds outstanding hereunder, exclusive of any period of grace required to constitute a default an "event of default" as hereinabove provided.

Section 902. Upon the occurrence of an event of default, the Trustee may, and upon the written request of the holders of twenty-five percent (25%) in aggregate principal amount of bonds outstanding hereunder, shall, by notice in writing delivered to the City, declare the principal of all bonds hereby secured then outstanding and the interest accrued thereon immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable.

Section 903. Upon the occurrence of an event of default, the City, upon demand of the Trustee, shall forthwith surrender to it the actual possession of, and it shall be lawful for the Trustee, by such officer or agent as it may appoint, to take possession of, all or any part of the mortgaged property with the books, papers and accounts of the City pertaining thereto and to hold, operate and manage the same, and from time to time to make all needful repairs and improvements as by the Trustee shall be deemed wise; and the Trustee, with or without such permission, may collect, receive and sequester the tolls, rents, revenues, issues, earnings, income, products and profits therefrom and out of the same and any moneys received from any receiver of any part thereof pay, and/or set up proper reserves for the payment of, all proper costs and expenses of so taking, holding and managing the same, including reasonable compensation to the Trustee, its agents and counsel, and any charges of the Trustee hereunder and any taxes, and assessments and other charges prior to the lien of this Indenture which the Trustee may deem it wise to pay, and all expenses of such repairs and improvements, and apply the remainder of the moneys so received by the Trustee in accordance with the provisions of Section 908 hereof. Whenever all that is due upon such bonds and installments of interest under the terms of this Indenture shall have been paid and all defaults made good, the Trustee shall surrender possession to the City, its successors or assigns; the same right of entry, however, to exist upon any subsequent event of default.

Section 904. Upon the occurrence of an event of default, the Trustee may, as an alternative, proceed either after entry or without entry, to pursue any available remedy by suit at law or in equity to enforce the payment of the principal of and interest on the bonds then outstanding hereunder, including, without limitation, foreclosure and mandamus.

If an event of default shall have occurred, and if it shall have been requested so to do by the holders of twenty-five percent (25%) in aggregate principal amount of bonds outstanding hereunder and shall have been indemnified as provided in Section 1001 hereof, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred upon it by this Section and by Section 903 as the Trustee, being advised by counsel, shall deem most expedient in the interests of the bondholders.

No remedy by the terms of this Indenture conferred upon or reserved to the Trustee (or to the bondholders) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

No delay or omission to exercise any right or power accruing upon any default or event of default shall impair any such right or power or shall be construed to be a waiver of any such default or event of default or acquiescence therein; and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default or event of default hereunder, whether by the Trustee or by the bondholders, shall extend to or shall affect any subsequent default or event of default or shall impair any rights or remedies consequent thereon.

Section 905. Anything in this Indenture to the contrary notwithstanding the holders of a majority in aggregate principal amount of bonds outstanding hereunder shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture, or for the appointment of a receiver or any other proceeding hereunder; provided that such direction shall not be otherwise than in accordance with the provisions of law and of this Trust Indenture.

Section 906. Upon the occurrence of an event of default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the bondholders under this Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the mortgaged property and of the tolls, rents, revenues, issues, earnings, income, products and profits thereof, pending such proceedings with such powers as the court making such appointment shall confer, all in accordance with the provisions of Section 7 of Act No. 175.

Section 907. In case of an event of default on its part, as aforesaid, to the extent that such rights may then lawfully be waived, neither the City nor anyone claiming through it or under it shall or will set up, claim, or seek to take advantage of any appraisement, valuation, stay, extension or redemption laws now or hereafter in force, in order to prevent or hinder the enforcement of this Indenture, but the City, for itself and all who may claim through or under it, hereby waives, to the extent that it lawfully may do so, the benefit of all such laws and all right of appraisement and redemption to which it may be entitled under the laws of the State of Arkansas.

Section 908. Available moneys shall be applied by the Trustee as follows:

(a) Unless the principal of all the bonds shall have become or shall have been declared due and payable, all such moneys shall be applied:

First: To the payment to the persons entitled thereto of all installments of interest then due, in the order of the maturity of the installments of such interest, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege;

Second: To the payment to the persons entitled thereto of the unpaid principal of any of the bonds which shall have become due (other than bonds called for redemption for the payment of which moneys or investment securities are held pursuant to the provisions of this Indenture), in the order of their due dates, with interest on such bonds from the respective dates upon which they become due, and, if the amount available shall not be sufficient to pay in full bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or privilege; and

Third: To the payment of the interest on and the principal of the bonds, and to the redemption of bonds, all in accordance with the provisions of Article V of this Indenture.

(b) If the principal of all the bonds shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal of and interest then due and unpaid upon the bonds, without preference or priority of principal over interest or of interest over principal, or of any bond over any other bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without discrimination or privilege.

(c) If the principal of all the bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of this Article then, subject to the provisions of subsection (b) of this Section in the event that the principal of all the bonds shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of subsection (a) of this Section.

Whenever moneys are to be applied by the Trustee pursuant to the provisions of this Section, such moneys shall be applied by it at such times, and from time to time, as it shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an interest payment date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date and shall not be required to make payment to the holder of any unpaid coupon or any bond until such coupon or such bond and all unmatured coupons, if any, appertaining to such bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Section 909. All rights of action (including the right to file proof of claim) under this Indenture or under any of the bonds or coupons may be enforced by the Trustee without the possession of any of the bonds or coupons or the production thereof in any trial or other proceeding relating thereto and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee, without the necessity of joining as plaintiffs or defendants any holders of the bonds hereby secured, and any recovery of judgment shall be for the equal benefit of the holders of the outstanding bonds and coupons.

Section 910. No holder of any bond or coupon shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of this Indenture or for the execution of any trust hereof or for the appointment of a receiver or any other remedy hereunder, unless a default has occurred of which the Trustee has been notified as provided in subsection (g) of Section 1001, or of which by said subsection it is deemed to have notice, nor unless such default shall have become an event of default and the holders of twenty-five percent (25%) in aggregate principal amount of bonds outstanding hereunder shall have made written request to the Trustee and shall have offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, nor unless also they have offered to the Trustee indemnity as provided in Section 1001 nor unless the Trustee shall thereafter fail or refuse to exercise the powers hereinbefore granted, or to institute such action, suit or proceeding in its own name; 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 Indenture, and to any action or cause of action for the enforcement of this Indenture or for the appointment of a receiver or for any other remedy hereunder; it being understood and intended that no one or more holders of the bonds or coupons shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of this Indenture by his or their action or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided for the equal benefit of the holders of all bonds and coupons outstanding hereunder. Nothing in this Indenture contained shall, however, affect or impair the right of any bondholders to enforce the payment of the principal of and interest on any bond at and after the maturity thereof, or the obligation of the City to pay the principal of and interest on each of the bonds issued hereunder to the respective holders thereof at the time and place in said bonds and the appurtenant coupons expressed.

Section 911. In case the Trustee shall have proceeded to enforce any right under this Indenture by the appointment of a receiver, by entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then and in every such case the City and the Trustee shall be restored to their former positions and rights hereunder with respect to the property herein conveyed, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken, except to the extent the Trustee is legally bound by such adverse determination.

Section 912. The Trustee may in its discretion waive any event of default hereunder and its consequences and rescind any declaration of maturity of principal and shall do so upon the written request of the holders of fifty percent (50%) in principal amount of all bonds outstanding hereunder, provided, however, that there shall not be waived (a) any event of default in the payment of the principal of any bonds issued hereunder and outstanding hereunder at the date of maturity specified therein or (b) any default in the payment of the interest unless prior to such waiver or rescission all arrears of principal (due otherwise than by declaration) and interest and all expenses of the Trustee and Paying Agent, shall have been paid or provided for, and in case of any such waiver or rescission the City, the Trustee and the bondholders shall be restored to their former positions and rights hereunder respectively; but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon.

Section 913. In the event the City leases the Hospital to a lessee for operation in accordance with the provisions of Section 408(ii) of this Indenture, the rights and remedies provided in favor of the Trustee and the holders of the bonds by the provisions of this Indenture are in each case subject to the proviso that each and every such right and remedy shall be and may be exercised only subject and subordinate to the rights of said Lessee.

ARTICLE X  
THE TRUSTEE

Section 1001. The Trustee hereby accepts the trusts imposed upon it by this Indenture, and agrees to perform said trust as an ordinarily prudent trustee under a corporate mortgage, but only upon and subject to the following expressed terms and conditions:

(a) The Trustee may execute any of the trusts or powers hereof and perform any duties required of it by or through attorneys, agents, receivers or employees, and shall be entitled to advice of counsel concerning all matters of trusts hereof and its duties hereunder, and may in all cases pay reasonable compensation to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the trusts hereof. The Trustee may act upon the opinion or advice of any attorney, surveyor, engineer or accountant selected by it in the exercise of reasonable care, or, if selected or retained by the City prior to the occurrence of a default of which the Trustee has been notified as provided in subsection (g) of this Section 1001, or of which by said subsection the Trustee is deemed to have notice, approved by the Trustee in the exercise of such care. The Trustee shall not be responsible for any loss or damage resulting from an action or non-action in accordance with any such opinion or advice.

(b) The Trustee shall not be responsible for any recital herein, or in the bonds (except in respect to the certificate of the Trustee endorsed on such bonds), or for the recording or re-recording, filing or re-filing of this Indenture, or for insuring the property herein conveyed or collecting any insurance moneys, or for the validity of the execution by the City of this Indenture or of any supplemental indentures or instrument of further assurance, or for the sufficiency of the security for the bonds issued hereunder or intended to be secured hereby, or for the value of the title of the property herein conveyed or otherwise as to the

maintenance of the security hereof; except that in the event the Trustee enters into possession of a part or all of the property herein conveyed pursuant to any provision of this Indenture, it shall use due diligence in preserving such property; and the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on the part of the City, except as hereinafter set forth; but the Trustee may require of the City full information and advice as to the performance of the covenants, conditions and agreements aforesaid as to the condition of the property herein conveyed.

(c) The Trustee may become the owner of bonds and coupons secured hereby with the same rights which it would have if not Trustee.

(d) The Trustee shall be protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document believed by it, in the exercise of reasonable care, to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken by the Trustee pursuant to this Indenture upon the request or authority or consent of the owner of any bond secured hereby, shall be conclusive and binding upon all future owners of the same bond and upon bonds issued in exchange therefor or in place thereof.

(e) As to the existence or nonexistence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a certificate of the City signed by its Mayor and attested by the City Clerk as sufficient evidence of the facts therein contained and prior to the occurrence of a default of which it has been notified as provided in subsection (g) of this Section 1001, or of which by said subsection it is deemed to have notice, shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion, at the reasonable expense of the City, in

every case secure such further evidence as it may think necessary or advisable but shall in no case be bound to secure the same. The Trustee may accept a certificate of the City Clerk of the City under its seal to the effect that a resolution or ordinance in the form therein set forth has been adopted by the City as conclusive evidence that such resolution or ordinance has been duly adopted, and is in full force and effect.

(f) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty of the Trustee, and the Trustee shall be answerable only for its own negligence or willful default.

(g) The Trustee shall not be required to take notice or be deemed to have notice of any default hereunder except a default under Section 901(a) or (b) or failure by the City to make or cause to be made any of the payments to the Trustee required to be made by Article V unless the Trustee shall be specifically notified in writing of such default by the City or by the holders of at least ten percent (10%) in aggregate principal amount of bonds outstanding hereunder and all notices or other instruments required by this Indenture to be delivered to the Trustee must, in order to be effective, be delivered to the office of the Trustee, and in the absence of such notice so delivered, the Trustee may conclusively assume there is no default except as aforesaid.

(h) The Trustee shall not be personally liable for any debts contracted or for damages to persons or to personal property injured or damaged, or for salaries or non-fulfillment of contracts during any period in which it may be in the possession of or managing the real and tangible personal property as in this Indenture provided.

(i) At any and all reasonable times the Trustee, and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right fully to inspect any and all of the property herein conveyed, including all books, papers and records of the City pertaining to the Project and the bonds, and to take such memoranda from and in regard thereto as may be desired.

(j) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

(k) Notwithstanding anything elsewhere in this Indenture contained, the Trustee shall have the right, but shall not be required, to demand, in respect of the authentication of any bonds, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of this Indenture, any showings, certificate, opinions, appraisals, or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required as a condition of such action by the Trustee, deemed desirable for the purpose of establishing the right of the City to the authentication of any bonds, the withdrawal of any cash, the release of any property, or the taking of any other action by the Trustee.

(l) Before taking such action hereunder, the Trustee may require that it be furnished an indemnity bond satisfactory to it for the reimbursement to it of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from the negligence or willful default of the Trustee, by reason of any action so taken by the Trustee.

Section 1002. 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 Indenture 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). In this regard, it is

understood that the City pledges no funds or revenues other than those derived from and the avails of the mortgaged property to the payment of any obligation of the City set forth in this Indenture, including the obligations set forth in this Section 1002, but nothing herein shall be construed as prohibiting the City from using any other funds and revenues for the payment of any of its obligations under this Indenture. Upon default by the City, but only upon default, pursuant to the provisions of this Indenture pertaining to default, the Trustee shall have a first lien with right of payment prior to payment on account of principal or interest of any bond issued hereunder upon the mortgaged property for the reasonable and necessary advances, fees, costs and expenses incurred by the Trustee.

Section 1003. If a default occurs of which the Trustee is by subsection (g) of Section 1001 hereof required to take notice or if notice of default be given it as in said subsection (g) provided, then the Trustee shall give written notice thereof by mail to the last known owners of all bonds outstanding hereunder shown by the list of bondholders required by the terms of Section 413 hereof to be kept at the office of the Trustee and to the registered owners of all bonds registered as to principal.

Section 1004. In any judicial proceeding to which the City is a party and which in the opinion of the Trustee and its counsel has a substantial bearing on the interests of owners of bonds issued hereunder, the Trustee may intervene on behalf of bondholders and shall do so if requested in writing by the owners of at least ten percent (10%) of the aggregate principal amount of bonds outstanding hereunder. The rights and obligations of the Trustee under this Section 1004 are subject to the approval of the court having jurisdiction in the premises.

Section 1005. Any bank or trust company into which the Trustee may be merged, or with which it may be consolidated, or to which it may sell or transfer its trust business and assets as a whole or substantially as a whole, or any bank or trust company resulting from any such sale, merger, consolidation or transfer to which it is a party, ipso facto, shall be and become successor trustee hereunder and vested with all of the title to the whole property or trust estate and all the trusts, powers, discretions, immunities, privileges, and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding; provided, however, that such successor trustee shall have capital and surplus of at least \$3,000,000.

Section 1006. The Trustee and any successor trustee may at any time resign from the trusts hereby created by giving thirty (30) days written notice to the City, and such resignation shall take effect at the end of such thirty (30) days, or upon the earlier appointment of a successor trustee by the bondholders or by the City. Such notice may be served personally or sent by registered mail.

Section 1007. The Trustee may be removed at any time by an instrument or concurrent instruments in writing delivered to the Trustee and to the City, and signed by the owners of a majority in aggregate principal amount of bonds outstanding hereunder.

Section 1008. In case the Trustee hereunder shall resign or be removed, or be dissolved, or shall be in course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case it shall be taken under the control of any public officer or officers, or of a receiver appointed by the court, a successor may be appointed by the owners of a majority in aggregate principal amount of bonds outstanding hereunder, by an instrument

or concurrent instruments in writing signed by such owners, or by their attorneys in fact, duly authorized; provided, nevertheless, that in case of such vacancy the City by an instrument executed and signed by its Mayor and attested by its City Clerk under its seal, shall appoint a temporary trustee to fill such vacancy until a successor trustee shall be appointed by the bondholders in the manner above provided; and any such temporary trustee so appointed by the City shall immediately and without further act be superseded by the trustee so appointed by such bondholders. Every such temporary trustee and every such successor trustee shall be a trust company or bank in good standing, having capital and surplus of not less than \$3,000,000.

Section 1009. Every successor or temporary trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the City an instrument in writing accepting such appointment hereunder, and thereupon such successor or temporary trustee, without any further act or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of the City or of its successor trustee, execute and deliver an instrument transferring to such successor all the estate, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor trustee shall deliver all securities, moneys and any other property held by it as trustee hereunder to its successor. Should any instrument in writing from the City be required by any successor trustee for more fully and certainly vesting in such successor the estate, rights, powers and duties hereby vested or intended to be vested in the predecessor trustee, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the City. The resignation of any trustee and the instrument or instruments removing any trustee and appointing a successor hereunder,

together with all other instruments provided for in this Article shall, at the expense of the City, be forthwith filed and/or recorded by the successor trustee in each recording office where the Indenture shall have been filed and/or recorded.

Section 1010. In case the City shall fail seasonably to pay or to cause to be paid any tax, assessment or governmental or other charge upon any part of the property herein conveyed, to the extent, if any, that the City may be liable for same, the Trustee may pay such tax, assessment or governmental charge, without prejudice, however, to any rights of the Trustee or the bondholders hereunder arising in consequence of such failure; and any amount at any time so paid under this Section shall be repaid by the City from the revenues derived from the mortgaged property upon demand, and shall become so much additional indebtedness secured by this Indenture, and the same shall be given a preference in payment over any of said bonds, and shall be paid out of the proceeds of revenues collected from the mortgaged property if not paid by the City; but the Trustee shall be under no obligation to make any such payment unless it shall have been requested to do so by the holders of at least ten percent (10%) of the aggregate principal amount of bonds outstanding hereunder and shall have been provided with adequate funds for the purpose of such payment.

Section 1011. The resolutions, opinions, certificates and other instruments provided for in this Indenture may be accepted and relied upon by the Trustee as conclusive evidence of the facts and conclusions stated therein and shall be full warrant, protection and authority to the Trustee for the payment and withdrawal of cash hereunder.

Section 1012. In the event of a change in the office of the Trustee, the old Trustee which has resigned or been removed shall cease to be Paying Agent.

Section 1013. There shall be paid the standard and customary Paying Agent's fees and charges of the Paying Agent for handling the payment of the principal of, premium (if any) and interest on the bonds, 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 1014. The City and the Trustee shall have power to appoint and upon the request of the Trustee the City shall for such purpose join with the Trustee in the execution of all instruments necessary or proper to appoint another corporation or one or more persons approved by the Trustee, either to act as co-trustee or co-trustees jointly with the Trustee of all or any of the property subject to the lien hereof, or to act as separate trustee or trustees of all or any such property, with such powers as may be provided in the instrument of appointment and to vest in such corporation or person or persons as such separate trustee or co-trustee any property, title, right or power deemed necessary or desirable. In the event that the City shall not have joined in such appointment within fifteen days after the receipt by it of a request so to do, the Trustee alone shall have the power to make such appointment. Should any deed, conveyance or instrument in writing from the City be required by the separate trustee or co-trustee so appointed for more fully and certainly vesting in and confirming to him or to it such properties, rights, powers, trusts, duties and obligations, any and all such deeds, conveyances and instruments in writing shall, on request, be executed, acknowledged and delivered by the City. Every such co-trustee and separate trustee shall, to the extent permitted by law, be appointed subject to the following provisions and conditions, namely:

- (1) The bonds shall be authenticated and delivered, and all powers, duties, obligations and rights conferred upon the Trustee in respect of the custody of all money and securities pledged or deposited hereunder, shall be exercised solely by the Trustee; and
- (2) The Trustee, at any time by an instrument in writing, may remove any such separate Trustee or co-trustee.

Every instrument, other than this Indenture, appointing any such co-trustee or separate trustee, shall refer to this Indenture and the conditions of this Article X expressed, and upon the acceptance in writing by such separate trustee or co-trustee, he, they or it shall be vested with the estate or property specified in such instrument, jointly with the Trustee (except insofar as local law makes it necessary for any separate trustee to act alone), subject to all the trusts, conditions and provisions of this Indenture. Any such separate trustee or co-trustee may at any time, by an instrument in writing, constitute the Trustee as his, their or its agent or attorney-in-fact with full power and authority, to the extent authorized by law, to do all acts and things and exercise all discretion authorized or permitted by him, them or it, for and on behalf of him, them or it and in his, their or its name. In case any separate trustee or co-trustee shall die, become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of said separate trustee or co-trustee shall vest in and be exercised by the Trustee until the appointment of a new trustee or a successor to such separate trustee or co-trustee.

ARTICLE XI

SUPPLEMENTAL INDENTURES

Section 1101. The City and the Trustee may, from time to time, without the approval of any bondholder, enter into such indentures supplemental hereto as shall not be inconsistent with the terms and provisions hereof (which supplemental indentures shall hereafter form a part hereof), (a) to cure any ambiguity or formal defect or omission in this Indenture or in any supplemental indenture, or (b) to grant to or confer upon the Trustee for the benefit of the bondholders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the bondholders or the Trustee or (c) to subject to the lien and pledge of this Indenture additional revenues, properties or collateral or (d) in connection with the issuance of additional bonds pursuant to the provisions of Section 206 hereof.

Section 1102. Subject to the terms and provisions contained in this Section, and not otherwise, the holders of not less than two-thirds (2/3) in aggregate principal amount of bonds then outstanding shall have the right, from time to time, anything contained in this Indenture to the contrary notwithstanding, to consent to and approve the execution by the City and the Trustee of such indenture or indentures supplemental hereto as shall be deemed necessary and desirable by the City for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture or in any supplemental indenture; provided, however, that nothing herein contained 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 upon the mortgaged property or a

pledge of revenues pledged to the bonds other than the lien and pledge created by this Indenture, 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 indenture. Nothing herein contained, however, shall be construed as making necessary the approval of bondholders of the execution of any supplemental indenture as provided in Section 1101 of this Article.

If at any time the City shall request the Trustee to enter into any supplemental indenture for any of the purposes of this Section, the Trustee shall, at the expense of the City, cause notice of the proposed execution of such supplemental indenture to be published one time in a daily newspaper of general circulation published in the City of Little Rock, Arkansas. Also a copy of the notice shall be mailed by first class mail to each registered owner at his address on the bond registration book maintained by the Trustee. Such notice shall briefly set forth the nature of the proposed supplemental indenture and shall state that copies thereof are on file at the principal office of the Trustee for inspection by bondholders. If all outstanding bonds are registered as to principal or as to principal and interest notice by first class mail only shall be required and it shall not be necessary to publish the notice. The Trustee shall not, however, be subject to any liability to any bondholder by reason of its failure to publish or mail such notice, and any such failure shall not affect the validity of such supplemental indenture when consented to and approved as provided in this Section. If the holders of not less than two-thirds (2/3) in aggregate principal amount of the bonds outstanding at the time of the execution of any such supplemental indenture shall have consented to and approved the execution thereof as herein provided, no holder of any bond shall have any right to object

to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the City from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such supplemental indenture, this Indenture shall be and be deemed to be modified and amended in accordance therewith.

ARTICLE XII

MISCELLANEOUS

Section 1201. Any request, direction, objection or other instrument required by this Indenture to be signed and executed by the bondholders may be in any number of concurrent writings of similar tenor and may be signed or executed by such bondholders in person or by agent appointed in writing. Proof of the execution of any such request, direction, objection or other instrument or of the writing appointing any such agent and of the ownership of bonds, if made in the following manner, shall be sufficient for any of the purposes of this Indenture, and shall be conclusive in favor of the Trustee with regard to any action taken by it under such request or other instrument, namely:

(a) The fact and date of the execution by any person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such writing acknowledged before him the execution thereof, or by an affidavit of any witness to such execution.

(b) The fact of holding by any person of bonds and/or coupons transferable by delivery and the amounts and numbers of such bonds, and the date of the holding of the same, may be proved by a certificate executed by any trust company, bank or bankers, wherever situated, stating that at the date thereof the party named therein did exhibit to an officer of such trust company or bank or to such banker, as the property of such party, the bonds and/or coupons therein mentioned if such certificate shall be deemed by the Trustee to be satisfactory. The Trustee may, in its discretion, require evidence that such bonds have been deposited with a bank, bankers or trust company, before taking any action based on such ownership.

For all purposes of the Indenture and of the proceedings for the enforcement thereof, such person shall be deemed to continue to be the holder of such bond until the Trustee shall have received notice in writing to the contrary.

Section 1202. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Indenture, or the bonds issued hereunder, is intended or shall be construed to give to any person or company other than the parties hereto, and the holders of the bonds and coupons secured by this Indenture, any legal or equitable rights, remedy or claim under or in respect to this Indenture or any covenants, conditions and provisions hereof, this Indenture being intended to be and being for the sole and exclusive benefit of the parties hereto and the holders of the bonds and coupons hereby secured as herein provided.

Section 1203. If any provision of this Indenture shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions or in all cases because it conflicts with any provisions of any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative or unenforceable to any extent whatever.

The invalidity of any one or more phrases, sentences, clauses or paragraphs in this Indenture contained shall not affect the remaining portions of this Indenture or any part thereof.

Section 1204. It shall be sufficient service of any notice, request, complaint, demand or other paper on the City if the same shall be duly mailed to the City by registered or certified mail addressed to the Mayor of the City, or to such address as the City may from time to time file with the Trustee.

Section 1205. This Indenture shall be considered to have been executed in the State of Arkansas and it is the intention of the parties that the substantive law of the State of Arkansas govern as to all questions of interpretation, validity and effect.

Section 1206. This Indenture may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the City of Eureka Springs, Arkansas, has caused these presents to be signed in its name and behalf by the Mayor and its seal to be hereunto affixed and attested by the City Clerk, and to evidence its acceptance of the trusts hereby created, The Farmers & Merchants Bank, Stuttgart, Arkansas, has caused these presents to be signed in its name and behalf by its Vice President & Trust Officer and its corporate seal to be hereunto affixed and attested by its Assistant Cashier, all as of the day and year first above written.

CITY OF EUREKA SPRINGS, ARKANSAS

ATTEST:

Lucie Walsh  
City Clerk

(SEAL)

By Anna L. Huff  
Mayor

THE FARMERS & MERCHANTS BANK  
Stuttgart, Arkansas

ATTEST:

Lela M. Karbus  
Assistant Cashier  
(Title)

(SEAL)

By Don Pothillo  
Vice President & Trust Officer  
(Title)

ACKNOWLEDGMENT

STATE OF ARKANSAS )

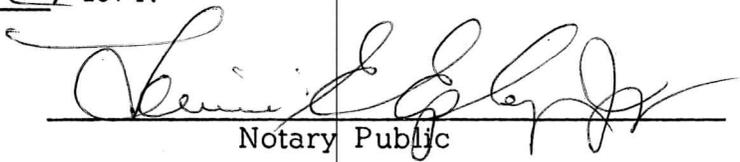
COUNTY OF CARROLL )

On this 25 day of March, 1974, before me, a Notary Public duly commissioned, qualified and acting within and for the State and County aforesaid, appeared in person the within named

Fred L. Naff and June Walsh

Mayor and City Clerk, respectively, of Eureka Springs, Arkansas, to me personally known, who stated that they were duly authorized in their respective capacities to execute the foregoing instrument for and in the name of the City, and further stated and acknowledged that they had signed, executed and delivered said foregoing instrument for the consideration, uses and purposes therein mentioned and set forth.

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal this 25<sup>th</sup> day of March, 1974.



Notary Public

My Commission expires:

April 2, 1974

(SEAL)

ACKNOWLEDGMENT

STATE OF ARKANSAS )  
COUNTY OF )

On this 5th day of April, 1974, before me, a Notary Public duly commissioned, qualified and acting within and for the State and County aforesaid, appeared in person the within named

Don Pattillo and Lela Karkur,  
and \_\_\_\_\_,

respectively, of The Farmers & Merchants Bank, Stuttgart, Arkansas, to me personally well known, who stated that they were duly authorized in thier respective capacities to execute the foregoing instrument for and in the name and behalf of the Bank, and further stated and acknowledged that they had so signed, executed and delivered the foregoing instrument for the consideration, uses and purposes therein mentioned and set forth.

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal this 5<sup>th</sup> day of April, 1974.

*[Handwritten Signature]*  
\_\_\_\_\_  
Notary Public

My Commission expires:  
JAN 11 1978

(SEAL)

Filed for record on the 25 day  
of April 1974, at 9:30  
o'clock A.M.

Sileen Harvey Clerk  
By Edna J Calvin  
D.C.

STATE OF ARKANSAS }  
COUNTY OF CARROLL } ss

I hereby certify that this instrument was filed for record in my office the 25 day of April 1974 at 9:30 o'clock A.M., and duly recorded in Mortgage Record Book 9 at page 172. Witness my hand and the Court Seal this 25

day of April, 1974.  
Sileen Harvey  
Circuit Clerk and Recorder  
By Edna J Calvin Deputy Clerk  
(SEAL)