

AN ORDINANCE AUTHORIZING THE ISSUANCE OF CITY OF AMITY, ARKANSAS, WATERWORKS REVENUE BONDS, SERIES 1957; SETTING UP CERTAIN FUNDS; AND DECLARING AN EMERGENCY.

WHEREAS, the City of Amity, Arkansas, a city of the second class, does not own a municipal waterworks system but proposes to construct and operate such a system in order to supply the domestic and commercial needs of its inhabitants and to protect their health and safety; and

WHEREAS, the City has had Charles O. Thomas, a consulting engineer, of Hope, Arkansas, prepare plans, specifications, and estimates of cost for the improvement contemplated, which were filed with the City Recorder on or about 25th June, 1957, and show an estimated cost of the proposed improvements of \$85,000, which the City proposes to finance by the issuance of \$30,000 in bonds under the authority of Amendment No. 13 to the Constitution of the State of Arkansas, and the issuance of \$55,000 in waterworks revenue bonds; and the City has heretofore complied with all statutory and constitutional requirements for the issuance of the Amendment No. 13 bonds and is now ready to issue the revenue bonds; and

WHEREAS, the Housing and Home Finance Agency of the United States, at a public sale after due advertisement, submitted the best and highest bid for said revenue bonds, namely: par and accrued interest for bonds dated April 1, 1957, with interest payable semi-annually at the rate of $4 \frac{1}{4}\%$ per annum, and maturing on April 1 of each year as hereinafter set out, and the sale of the bonds was duly awarded to said Housing and Home Finance Agency; and

WHEREAS, the buyer of said bonds has agreed to name The Commercial National Bank of Little Rock, Arkansas, as Trustee and paying agent, and the buyer is ready to accept the bonds as soon as the City can legally make delivery; now, therefore,

BE IT ORDAINED by the City Council of the City of Amity, Arkansas:

SECTION 1. That the Council hereby finds and declares that there is immediate need for the construction of a municipal waterworks system

proposed improvements is: the construction of a waterworks system consisting of a well supply, necessary pumps and equipment, 50,000-gallon concrete reservoir, distribution lines, fire hydrants, and meters, and other auxiliary facilities -- at an estimated cost of \$85,000. (The waterworks system which is to be constructed is sometimes hereinafter referred to as "System.")

SECTION 2. The Council hereby further finds and declares that the offer of the Housing and Home Finance Agency for the purchase of the revenue bonds is at a fair price and one that is allowed by law, and therefore the bonds are hereby sold to said buyer.

SECTION 3. That under the authority of the general statutes of the State of Arkansas, and particularly Act No. 131 of the General Assembly of the State of Arkansas for the year 1933, as amended, revenue bonds be issued in the total amount of \$55,000, the proceeds of the sale of which shall be used to pay a part of the cost of the construction of the System, including engineering and legal fees, interest on the bonds during the period of construction and for six months after the completion thereof, and other necessary expenses; that said bonds be designated "City of Amity, Arkansas, Waterworks Revenue Bond, Series 1957," be dated as of April 1, 1957, numbered from 1 to 55, both inclusive, be sometimes hereinafter referred to as "bonds," be in the denomination of \$1000 each, be callable as hereinafter set out, and mature in numerical order on April 1 of each year as follows:

YEAR	BOND NOS.	AMOUNT
1960	1	\$ 1000
1961	2	1000
1962	3	1000
1963	4	1000
1964	5	1000
1965	6	1000
1966	7	1000
1967	8	1000
1968	9 and 10	2000
1969	11 and 12	2000
1970	13 and 14	2000
1971	15 and 16	2000
1972	17 and 18	2000
1973	19 and 20	2000
1974	21 and 22	2000
1975	23 and 24	2000
1976	25 and 26	2000
1977	27 and 28	2000
1978	29 and 30	2000
1979	31 and 32	2000
1980	33 and 34	2000
1981	35, 36 and 37	3000
1982	38, 39 and 40	3000
1983	41, 42 and 43	3000
1984	44, 45 and 46	3000
1985	47, 48 and 49	3000
1986	50, 51 and 52	3000
1987	53, 54 and 55	3000

The bonds shall be negotiable and shall bear interest payable semi-annually on April 1 and October 1 in each year, beginning October 1, 1957, at the rate of 4 1/4% per annum until the principal and interest shall have been fully paid. The bonds shall be signed by the Mayor and City Recorder and sealed with the corporate seal of the City; the interest upon the bonds shall be evidenced by coupons attached thereto, the coupons to be signed by said Mayor by his facsimile signature, and the Mayor shall by the execution of the bonds adopt as and for his own proper signature his facsimile signature appearing on said coupons. Both the principal and interest of said bonds shall be payable in any coin or currency which on the respective dates of payment of such principal and interest is legal tender for the payment of debts due the United States of America, at the office of The Commercial National Bank of Little Rock, Arkansas.

The bonds, together with interest thereon, shall be payable solely out of the Waterworks Revenue Bond and Interest Sinking Fund Account as hereinafter defined, and shall be a valid claim of the holder thereof only against such fund, and the amount of revenues pledged to said fund, which amount of said revenues is hereby pledged

and mortgaged for the equal and payable payment of the bonds and shall be used for no other purpose, except as hereinafter set out.

SECTION 4. Said bonds and coupons shall be in substantially the following form:

UNITED STATES OF AMERICA
STATE OF ARKANSAS
COUNTY OF CLARK
CITY OF AMITY

4 1/4% Waterworks Revenue Bond, Series 1957

No. _____

\$1000

KNOW ALL MEN BY THESE PRESENTS:

That the City of Amity, in the County of Clark, State of Arkansas, for value received hereby promises to pay, solely from the special fund provided therefor as hereinafter set forth, to bearer, the sum of

ONE THOUSAND DOLLARS

on the first day of April, 19___, with interest thereon at the rate of four and one-fourth per centum (4 1/4%) per annum payable on October 1, 1957, and semi-annually thereafter on the first day of April and the first day of October in each year until the principal hereof is paid, only upon presentation and surrender of the annexed coupons as they severally become due. Both the principal and interest of this bond shall be payable in any coin or currency which on the respective dates of payment of such principal and interest is legal tender for the payment of debts due the United States of America, at the office of The Commercial National Bank of Little Rock, Arkansas.

This bond is one of a series of bonds aggregating Fifty-five Thousand Dollars (\$55,000), all of like tenor and effect except as to number and maturity, numbered from 1 to 55, both inclusive, and issued for the purpose of paying part of the cost of constructing a waterworks system for said City. (The waterworks system will be hereinafter called the "System.")

This bond and the series of which it forms a part are issued pursuant to and in accordance with the provisions of the laws and Constitution of the State of Arkansas, and particularly Act No. 131 of the Acts of the General Assembly of the State of Arkansas for the

bonds are payable solely from a fixed amount of the revenues from the System, which amount shall be sufficient to pay the principal of and interest on the bonds as the same become due and payable. Said amount has been duly set aside and pledged as a special fund for that purpose and identified as the "Waterworks Revenue Bond and Interest Sinking Fund Account," created by the ordinance by which this bond is authorized to be issued, and the said City of Amity has fixed and has covenanted and agreed to maintain rates for water services which shall be sufficient at all times to provide for the payment of the reasonable expenses of operation, repair and maintenance of said System, to provide for adequate depreciation, and to provide for the payment of the principal of and interest on the bonds of this issue as the same become due and payable.

This bond is expressly made negotiable by the statutes under which it is issued, and is issued with the intent that the laws of the State of Arkansas shall govern the construction thereof.

The bonds of this issue are callable at the option of the City for payment prior to the stated maturities thereof, in whole or in part, in inverse numerical order on any interest payment date, at par plus accrued interest to the date of redemption. In the event the City elects to exercise the option to call any bonds for pre-payment, it must give notice of such intention by publication once a week for two weeks, the first publication to be at least thirty days prior to the date fixed for redemption, in some newspaper published in the English language in the City of Little Rock, Arkansas, with state-wide circulation, in which it will set out the numbers, denominations, and maturities of the bonds being called, and all bonds so called shall cease to bear interest on and after the date fixed for their redemption, provided funds for their payment are on deposit with the paying agent at the time fixed for redemption.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all conditions, acts and things required to exist, to be performed, and to happen precedent to and in the issuance of this bond do exist, have been performed, and have happened in the City of Amity, Arkansas.

required by law, and that sufficient of the income and revenue deemed to be derived from the operation of said System has been pledged to and will be set aside into said special fund for the payment of the principal of and interest on said bonds; and these bonds do not exceed any constitutional or statutory limitation.

This bond shall not be valid until it shall have been authenticated by the certificate hereon, duly signed by The Commercial National Bank of Little Rock, Arkansas.

IN WITNESS WHEREOF, the City of Amity, Arkansas, by its City Council, has caused this bond to be signed by the Mayor and City Recorder thereof and sealed with the corporate seal of said City, and has caused the coupons hereto attached to be executed by the facsimile signature of said Mayor, all as of the first day of April, 1957.

CITY OF AMITY, ARKANSAS

(Seal)

By _____
Mayor

Attest:

City Recorder

(Form of Coupon)

No. _____

\$21.25

On the first day of ~~October~~ ^{April}, 19____, unless the bond to which this coupon is attached is sooner called for payment, the City of Amity, Arkansas, promises to pay to bearer the sum of Twenty-one and 25/100 DOLLARS in any coin or currency which, on the date of payment, is legal tender for the payment of debts due the United States of America, solely out of the fund specified in the bond to which this coupon appertains, at the office of The Commercial National Bank of Little Rock, Arkansas, being interest then due on its Waterworks Revenue Bond, Series 1957, dated April 1, 1957, and numbered ____.

CITY OF AMITY, ARKANSAS

By _____
Mayor

(All coupons shall be for six months' interest. The Mayor's signature on the coupons may be lithographed or engraved.)

On the back of said bonds is to appear the following:

CERTIFICATE

This bond is one of the 55 Waterworks Revenue Bonds, Series 1957, aggregating \$55,000 described within.

THE COMMERCIAL NATIONAL BANK
OF LITTLE ROCK, ARKANSAS, Trustee

By _____

SECTION 5. In order to pay the bonds and the interest thereon as they mature, the City Council by Ordinance No. 60, passed and approved July 12th, 1957, fixed the rates to be charged for water service, and the Council hereby finds the rates so fixed to be reasonable and the necessary minimum rates to be charged, and said rates are hereby approved and confirmed. The Council further finds and declares that the said rates will produce a total revenue sufficient to pay the costs of the operation, repair, and maintenance of the System and to provide an annual net revenue, as hereinafter defined in this ordinance, equivalent to 150% of the average annual principal and interest maturities of the bonds. The rates so fixed shall never be reduced until all the bonds authorized by this ordinance and all interest thereon have been paid in full, and shall, when necessary, be increased in an amount sufficient to provide for the maintenance of the funds hereinafter described.

SECTION 6. Water Fund. From and after the completion of any revenue-producing part, the System shall be continuously operated as a revenue-producing undertaking. The income and revenues from such operation shall be set aside in a special and separate fund hereby created and designated "Water Fund" and deposited in a bank that is a member of the Federal Deposit Insurance Corporation. Such income and revenues are hereby pledged, and shall be applied, to the payment of all bonds, and the interest thereon, issued under this ordinance and secured hereby, the payment of the cost of operation, repair, and maintenance of the System, and to provide an adequate depreciation fund, in the manner hereinafter set out.

SECTION 7. Waterworks Revenue Bond and Interest Sinking Fund Account. (a) There is hereby created, and so long as any of the bonds hereby authorized are outstanding there shall be maintained with the Trustee, a special fund to be known as the "Waterworks Revenue Bond and Interest Sinking Fund Account" (sometimes hereinafter referred to as the "Bond Fund"), into which there shall be deposited all accrued interest received from the sale of said bonds and into which there shall be set aside and deposited from said Water Fund such portion

the same becomes due, to pay the necessary fiscal agency charges for paying bonds and interest, and to pay the principal of said bonds at or before maturity, as herein provided, and to create a margin of safety. It is hereby determined and agreed that the minimum amounts to be so set aside and paid into the Bond Fund each month for account of the bonds herein authorized shall be, in addition to the paying agent's fees, not less than one fifth of the amount of interest becoming due on the next succeeding interest payment date plus one tenth of the amount of principal becoming due on the next succeeding principal payment date, until a reserve of \$3500 has been accumulated.

Provided, however, that no further payments need be made into said Bond Fund after and so long as such amount of the bonds shall have been retired that the amount then held in such Bond Fund, including the reserve, is equal to the entire amount of the interest and principal that will have accrued and become due at the time of the retirement or maturity of all the bonds then remaining outstanding.

The undertaking to transfer and pay the prescribed amounts from said Water Fund into said Bond Fund shall be cumulative so that in the event the revenues during any month are inadequate to make the required transfer and payment, or if for any other reason there be a failure to make such transfer and payment, the amount of the deficiency shall be made up from the first available revenues thereafter received, and the same shall be in addition to the amounts otherwise required to be transferred and paid into said Bond Fund.

(b) Said Bond Fund shall be used solely and only and is hereby pledged for the purpose of paying the interest on and accomplishing the retirement of the bonds herein authorized. Withdrawals and remittances to the place of payment of the principal and interest shall be made in ample time to meet the respective annual and semi-annual payments of such principal and interest.

It shall be the duty of the City Treasurer to deposit with the Trustee on the first day of each month after the issuance of these bonds, the respective sums which are required to be withdrawn from the Water Fund and paid into the Bond Fund.

remain in and on deposit as a trust account until applied in payment of principal and interest of the bonds herein authorized. When the amount on deposit with the Trustee has accumulated a total reserve of \$3500 over and above the current year's bond and interest requirements, then the respective payments from the Water Fund into the Bond Fund shall be reduced to one sixth of the next installment of interest and one twelfth of the next installment of principal of the bonds, with the paying agent's fee.

It shall be the duty of the City Treasurer to deliver to the Trustee, not less than five days before the due date of any semi-annual payment of interest or annual payment of principal, a check or voucher drawn on the Bond Fund on deposit with the Trustee, to be used to meet the payment then due, together with the paying charges hereinafter set out.

(c) The reserve of \$3500 to be accumulated in the account with the Trustee in the manner hereinabove provided shall be designated "Reserve Fund," and whenever withdrawals are made from said Reserve Fund so as to reduce the balance therein to less than \$3500, the monthly payments of one fifth and one tenth above described shall be resumed and shall be continued as long as may be necessary to restore the amount in said Reserve Fund to \$3500. The funds in said Reserve Fund shall be held as a trust account. Withdrawals and disbursements may be made from said Reserve Fund to meet the payment of interest or principal to whatever extent funds in the Bond Fund are insufficient for that purpose or for meeting special and unforeseen emergencies or repair or replacement work which could not have been anticipated or which is essential for the continued operation of the System and for the payment of which there are no other funds available.

The depository bank shall give security, either by a corporate bond or by the escrow deposit of bonds or other direct or fully guaranteed obligations of the United States of America, for all sums on deposit with it in excess of \$10,000.

SECTION 8. Water Operation and Maintenance Fund. There shall be paid from the Water Fund into a fund, to be on deposit in a bank

is hereby created and designated "Water Operation and Maintenance Fund" (hereinafter sometimes called "Operation Fund"), on the first day of each month while any of the bonds issued under and secured by this ordinance shall be outstanding, sufficient money to pay all the operating expenses and to make reasonable provision for the repair and maintenance of the System. Fixed annual charges, such as insurance and the cost of major repair and maintenance expenses, may be computed and set up on an annual basis and one twelfth of the amount thereof may be accumulated in said Operation Fund each month. Disbursements from said Fund shall include salaries, wages, cost of maintenance, repair, and operation, materials and supplies, pumping costs, insurance, and other like expenses.

If any surplus shall be accumulated in the Operation Fund over and above the amount which shall be necessary to defray the cost of maintaining, repairing, and operating the System during the remainder of the then current fiscal year and the next ensuing fiscal year, such surplus or excess may be transferred and paid into the Water Depreciation Fund or into the Bond Fund; provided, however, that such transfer or payment into the Bond Fund shall be in addition to all other payments hereinabove required to be made into said Bond Fund.

SECTION 9. Water Depreciation Fund. There shall be paid from the Water Fund into a fund which is hereby created and designated "Water Depreciation Fund" (hereinafter sometimes called "Depreciation Fund"), on the first day of each month while any of the bonds issued under this ordinance shall be outstanding, five per centum (5%) of all revenues derived from the operation of the System. Moneys in the Depreciation Fund shall be used solely for the purpose of paying the cost of replacements made necessary by the depreciation of the System.

If any surplus shall be accumulated in the Depreciation Fund over and above the amount which shall be necessary to defray the cost of the probable replacements during the then current fiscal year and the next ensuing fiscal year, and which in the judgment of the City is not needed for replacement, such surplus or excess may be transferred and paid into the Bond Fund; provided, however, that such transfer or

payment into the Bond Fund shall be in addition to all other payments hereinabove required to be made into said Bond Fund.

SECTION 10. The revenue from the System which remains after making full provision for the funds hereinabove established is hereby declared to be surplus revenue, and must be used to call bonds of this issue for payment prior to maturity, to make improvements or extensions to the System, or to pay bonds and interest of the improvement bonds issued by the City under Amendment No. 13 to the Constitution of the State of Arkansas, dated as of April 1, 1957; provided, the City will not be required nor permitted to make partial payments on outstanding bonds.

SECTION 11. There shall be a statutory mortgage lien upon the waterworks system constructed from the proceeds of the revenue bond issue, which shall exist in favor of the holders of the bonds and each of them and to and in favor of the holders of the coupons attached to said bonds, and such improvements shall remain subject to such statutory mortgage lien until payment in full of the interest on and principal of the bonds; provided, however, that such statutory mortgage lien shall be interpreted according to the decision of the Supreme Court of Arkansas cited as City of Harrison v. Braswell, 209 Ark. 1094, 194 SW(2d) 12, and that said statutory lien shall not be asserted or enforced so as to result in a foreclosure or sale of any of the properties constituting the municipal waterworks, but said statutory mortgage lien shall be recognized and enforced only for the purpose of preventing the sale, attempted mortgage, lease, or disposal in any other manner, of an integral part of said System.

SECTION 12. Nothing in this ordinance shall be construed to prevent the issuance by the City of additional bonds on a parity as to lien on water revenues with the lien of the bonds of this issue, to finance or pay the cost of constructing any extensions, betterments, or additions to the System; provided, however, that the City shall not authorize or issue any such additional bonds so long as any of these bonds are outstanding unless such additional bonds be dated April 1, and unless the gross revenues derived from the System

provide for all costs of operation, repair, maintenance, and depreciation of the System and leave a balance equal to at least 150% of the aggregate of (a) principal and interest payments for such year on all bonds then outstanding and the fiscal agency charges therefor; (b) one year's interest on the total issue of such additional bonds then proposed to be issued; and (c) an amount of principal of such additional bonds for one year computed by dividing the total amount of such issue by the number of years to the final maturity date of such bonds. Provided, no bonds shall be issued having a lien on net revenues prior to the lien of the bond issue authorized by this ordinance, but nothing herein shall be construed to prevent the City from issuing bonds to secure funds for extensions or improvements to the System subject to the prior lien of the bonds authorized by this ordinance.

SECTION 13. The Mayor and City Recorder are hereby authorized and directed to execute the bonds and deliver them to the buyer upon the payment of the full purchase price and accrued interest to date of delivery. The money received for accrued interest shall be paid into the Bond Fund. The balance of the money received for the bond issue shall be deposited in a fund hereby created and designated "Construction Account," and shall be expended solely for such purposes as shall have been previously specified in a signed certificate of purposes filed with and approved by the Administrator of the Housing and Home Finance Agency. The Construction Account may be deposited in one or more banks, each of which shall be a member of the Federal Deposit Insurance Corporation, but each depository shall be required to give security for that part of the deposit which exceeds the amount guaranteed by said FDIC, said security to be either a surety bond executed by a corporation authorized to do business in Arkansas, or the escrow deposit of bonds issued by or fully guaranteed by the United States of America. In the event that any funds remain in the Construction Account after the completion of the construction of the System, such balance shall be promptly used for the redemption of bonds; provided, however, that if the funds remaining amount to less than \$1000, such funds shall then be deposited in the Bond Fund.

SECTION 14. The bonds of this issue are callable at the option of the City for payment prior to the stated maturities thereof, in whole or in part, in inverse numerical order on any interest payment date, at par plus accrued interest to the date of redemption. In the event the City elects to exercise the option to call any bonds for prepayment, it must give notice of such intention by publication once a week for two weeks, the first publication to be at least thirty days prior to the date fixed for redemption, in some newspaper published in the English language in the City of Little Rock, Arkansas, with state-wide circulation, in which it will set out the numbers, denominations, and maturities of the bonds being called, and all bonds so called shall cease to bear interest on and after the date fixed for their redemption, provided funds for their payment are on deposit with the paying agent at the time fixed for redemption.

SECTION 15 For and in consideration of the purchase and acceptance of the bonds authorized by this ordinance and to facilitate their payment, with interest, the City agrees to the following terms:

(a) None of the facilities or services afforded by the System shall be furnished without a reasonable charge being made therefor. In the event that the City or any department, agency, or instrumentality thereof shall avail itself of the facilities or services afforded by the System, the reasonable value of the services and facilities so afforded shall be charged against the City or such department, agency, or instrumentality, and shall be paid for as the charges therefor accrue. The revenues so received from the City shall be deemed to be revenues derived from the operation of the System; provided, however, that nothing herein shall be construed as requiring the City or any department, agency, or instrumentality thereof to avail itself of the facilities or services afforded by the System.

(b) The City will maintain the System in good condition and operate the same in an efficient manner and at a reasonable cost. So long as any of the bonds are outstanding, the City agrees to maintain fire, lightning and tornado insurance on the System in an amount which normally would be carried by a private company engaged in a similar type of business. These 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, are to be kept continuously in force, and either the original policies of insurance shall be placed in the custody of the Trustee or the Trustee shall be furnished evidence satisfactory to it that the policies have been issued and carry the loss payable to the Trustee clause. In the event of loss, the proceeds of such insurance are to be applied solely toward the reconstruction, replacement, or repair of the System. In such event the City will, with reasonable promptness, cause to be commenced and completed the reconstruction, replacement and repairs. Nothing herein shall be construed as requiring the City to expend any funds for premiums on its insurance on the System which are derived from sources other than the operation of the System.

(c) The City Treasurer shall be the custodian of the revenues derived from the System, and shall give bond as such custodian. Such bond shall be in an amount not less than \$ 2500 and shall be approved by the Trustee.

(d) All revenues from the System shall be deposited in such depository or depositories as may be lawfully designated from time to time, subject, however, to the giving of security by each such depository as now or as hereafter may be required, and provided each such depository shall hold membership in the Federal Deposit Insurance Corporation. All deposits shall be made in the name of the City and be so designated as to indicate the particular fund to which the revenues belong. Payments from each fund set out in this ordinance shall be made by check or voucher signed by two duly designated persons and drawn on the depository in which the moneys in said fund shall have been deposited, and each such check or voucher shall briefly specify the purpose of the expenditure.

(e) The bonds, together with interest thereon, are not general obligations of the City nor do they constitute an indebtedness of the City within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely out of the Bond Fund and shall be a valid claim of the holders thereof only against said Fund, and the amount of the revenues pledged to said Fund, which Fund is hereby pledged for the equal and ratable payment of the bonds issued by authority of this ordinance and shall be used for no other purpose than to pay the principal and interest of the bonds as the same mature, except as provided in this ordinance.

(f) The System shall be operated upon a fiscal year basis, beginning October 1st of each year and ending and including the following September 30th.

(g) It is covenanted and agreed by the City with the holder or holders of the bonds, or any of them, that it will faithfully and punctually perform all duties with reference to the System required by the Constitution and statutes of the State of Arkansas, including the making and collecting of reasonable and sufficient rates lawfully established for services rendered by the System and applying the revenues therefrom to the respective funds herein created.

(h) So long as any of the bonds are outstanding, the City will not mortgage, pledge, or otherwise encumber the System or any part thereof or any revenues therefrom, except as herein provided, and will not sell, lease, or otherwise dispose of any substantial portion of the same. The obligations of the City set out in this ordinance, the pledge of revenues, and the City's agreement not to mortgage, pledge, or otherwise encumber the System, shall be made a matter of public record by having a certified copy of this ordinance recorded as a mortgage in the office of the Circuit Clerk and ex-officio Recorder of Clark County, Arkansas.

(i) The City will keep proper books of records and accounts (separate from all other records and accounts) in which complete and correct entries shall be made of any transactions relating to the System. The City agrees to have these records audited by an independent certified public accountant at least once each year, and it shall furnish the Trustee a copy of this audit. In the event that the City fails or refuses to make the audit, the Trustee may have the audit made, the cost thereof to be charged to the cost of operation.

(j) If there be any default in the payment of either the principal of or the interest on any of the bonds, the holder or holders of any of the bonds may enforce any mortgage lien granted by statute and may by proper suit compel the performance of the duties of the officials of the City, as set forth in the statutes authorizing the bonds. If there be default in the payment of the principal of or interest on the bonds or if the City shall fail to keep any other obligation which it herein assumes, and such default shall continue for thirty days thereafter, any court having jurisdiction in any proper action, which may be instituted either by the Trustee on behalf of all the bondholders, or by the holder of a bond in default, may appoint a receiver to administer the System on behalf of the City, with power to charge and collect rates sufficient to provide for the expenses of the receivership, the payment of the bonds and interest thereon, and for the payment of the operating expenses, and to apply the income and revenues in conformity with said statutes and this ordinance providing for the issuance of said bonds, but when all defaults are cured, the receivership shall be ended and the management and control of the System restored to the City.

(k) The City further covenants and agrees that if default is made in the payment of any bond or coupon, or if the City fails to meet any sinking fund requirements, the holder of such bond may declare that bond immediately due and payable and in default, and either the Trustee on behalf of all the bondholders or any bondholder for himself may institute suit to enforce the pledge lien herein granted. The failure to exercise this option upon any default shall not be a waiver of the right to exercise it upon any subsequent default.

(l) The bonds authorized hereby shall be callable for payment before maturity according to the terms set out in the bond form.

(m) The charges for paying bonds and interest coupons shall be $\frac{1}{8}$ of 1% on principal and 5¢ per coupon provided, the minimum fee for any semi-annual payment shall be 5¢. No withdrawal from the Bond Fund shall be made for any purpose other than the payment of bonds and interest, and the monthly deposits in the Bond Fund or with the Trustee shall be at the sole risk of the City and shall not operate as a payment of the bonds or coupons until so applied.

(n) The City hereby agrees to make all payments on bonds and interest only through the designated paying agent. All bonds paid or purchased, either at or before maturity, shall be canceled when such payment or purchase is made, together with all unmatured coupons appertaining thereto, shall be returned to the City, and shall not be reissued. All unpaid interest coupons maturing on or prior to the date of such payment or purchase shall continue to be payable to the respective bearers thereof.

(o) It is hereby declared that the provisions of this ordinance are separable, and if any provision of this ordinance shall for any reason be held illegal or invalid, it shall not affect the validity of the remainder of the ordinance.

(p) It is hereby declared that the provisions of this ordinance constitute a contract by and between the City and the holders of the bonds and interest coupons issued by authority hereof; and after the bonds have been issued and paid for, the terms of said provisions shall not be changed except with the written consent of the holders of all bonds and coupons then outstanding.

(q) Wherever reference is made in this ordinance to a Trustee, it shall refer to

The Commercial National Bank of Little Rock, Arkansas.

The said Trustee shall be responsible only for wilful misconduct in the execution of this trust. The recitals of fact herein contained, and contained in the bonds, except the recitals in the Trustee's Certificate, are statements of the City and shall not be construed as being made by the Trustee. The Trustee shall not be required to effect insurance against fire or damage to mortgaged property, nor to advance any money to pay insurance premiums, nor to pay any charges or special assessments against said property, nor to see that this pledge of revenue is properly recorded and kept in force as a pledge, nor shall it be required to take notice or be deemed to have had notice of any default of the City in the failure to perform any of the conditions of this ordinance, unless said Trustee shall have been specifically notified in writing of said default; nor shall it be required to take any action hereunder until it shall have been indemnified to its satisfaction by the holders of the bonds herein mentioned, or some of them, against loss or damage on account thereof. The Trustee is authorized in its discretion to release any real or personal property no longer used in the operation of the System. The holder or holders of a majority in value of the bonds at any time outstanding may at their option remove the Trustee and appoint a successor trustee, by an instrument duly acknowledged and filed for record in the office of the Circuit Clerk and ex-officio Recorder of Clark County.

The Trustee may resign at any time upon ten days' written notice to the City Recorder. The successor trustee shall have all the rights and powers of the originally appointed Trustee.

SECTION 16. Because there is no newspaper published in the City of Amity, the Mayor and City Recorder are hereby directed to post a certified copy of this ordinance in at least three public places within the said City of Amity, attached to a notice signed by them, in substantially the following form:

NOTICE

Notice is hereby given that the City Council of the City of Amity, Arkansas, has adopted the ordinance hereinafter set out; that said City contemplates the issuance of the bonds described in said ordinance; that any person interested may appear before the Council on the 6th day of September, 1957, at 8: P.M. o'clock M. at the usual place of meeting in the City of Amity, and be heard. At such hearing all objections and suggestions will be heard and said Council will take such action as is deemed proper in the premises.

DATED this 6th day of August, 1957.

Armin T. Dussel
Mayor of Amity, Arkansas

Attest:

Gerald V. Neighbors
City Recorder

SECTION 17. It is hereby ascertained and declared that there is immediate need, in order to protect the health and property of the inhabitants of the City, for the construction of a waterworks system to serve the City of Amity, Arkansas; therefore, an emergency exists and this ordinance is necessary for the preservation of the public peace, health, and safety, and shall take effect and be in force without delay from and after its passage.

Passed: 6th Aug., 1957.

APPROVED:

Armin T. Dussel
Mayor

(Seal)

Attest:

Gerald V. Neighbors

CERTIFICATE

I, the undersigned, City Recorder of the City of Amity, Arkansas, hereby certify the foregoing to be a true copy of an ordinance (and of the minutes pertaining thereto) passed by the City Council at a duly called and constituted meeting at which more than two thirds of the total number of members-elect of the Council were present and voted for said ordinance, which is now of record in Book 2, page 314, of the records of said City.

CERTIFIED under my hand and the seal of said City, this 6th day of August, 1957.

(S) Guad V. Neighbors
City Recorder

