

ORDINANCE NO. 0-86-26

AN ORDINANCE AMENDING AND SUPPLEMENTING
ORDINANCE NO. 0-86-21 (PERTAINING TO THE
ISSUANCE OF WATER REVENUE BONDS).

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

Section 1. Amendments and Supplements to Ordinance
No. 0-86-21. Ordinance No. 0-86-21 of the City of Conway is
hereby amended and supplemented by:

A. Deleting the definition of "Interest Commencement
Date" in Section 1 thereof and substituting therefor the follow-
ing:

"Interest Commencement Date" means the date from which
interest accrues on a Bond. The Interest Commencement Date for
all Bonds initially issued shall be May 1, 1986. The Interest
Commencement Date for any Bond authenticated and delivered
thereafter in exchange or substitution for another Bond shall be
such that no gain or loss of interest results from such exchange
or substitution.

B. Deleting the definition of "Determination of
Taxability" in Section 1 thereof.

C. Deleting subsections (b) and (c) of Section 3
thereof and substituting therefor the following:

(b) The Bonds shall be dated May 1, 1986, and
shall mature (on May 1) and bear interest as follows:

<u>Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>
1993	\$ 35,000	6.750%
1994	110,000	7.000%
1995	115,000	7.100%
1996	125,000	7.200%
1997	135,000	7.300%
1998	150,000	7.400%
1999	165,000	7.500%
2000	180,000	7.600%
2001	195,000	7.700%
2007	1,545,000	7.800%
2011	1,745,000	8.000%

(c) The Bonds shall be sold to Stephens Inc. for
a purchase price of \$4,386,375 plus accrued interest from the

date of the Bonds until the date of delivery to Stephens Inc. Interest on each Bond shall be payable on each May 1 and November 1 after the Interest Commencement Date.

D. Deleting subsection (1) of Section 3 and substituting therefor the following:

(1) The Bonds shall be in substantially the following form:

(Face of Bond)

REGISTERED

REGISTERED

No. R- _____

\$ _____

STATE OF ARKANSAS
CITY OF CONWAY
WATER REVENUE BOND
SERIES 1986
DATED MAY 1, 1986

Interest Commencement Date: _____ Interest Rate: _____ %
Maturity Date: _____ CUSIP: _____
Registered Owner: _____
Principal Amount: _____

For value received, the City of Conway, Arkansas (the "City") promises to pay to the Registered Owner shown above, or registered assigns, the principal amount shown above, on the Maturity Date identified above and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on such principal amount from the Interest Commencement Date specified above until paid at the Interest Rate per annum set forth above. Interest is payable on each May 1 and November 1 after the Interest Commencement Date.

Principal of this Bond is payable to the registered owner, in lawful money of the United States of America, upon presentation when due at the principal corporate trust office of First State Bank & Trust Company (the "Trustee") in Conway, Arkansas. Payment of each installment of interest shall be made to the person in whose name this Bond is registered on the registration books of the City maintained by the Trustee at the close of business on the fifteenth day of the month (whether or not a business day) next preceding each interest payment date (the "Record Date"), irrespective of any transfer or exchange of this Bond subsequent to such Record Date and prior to such interest payment date. Such interest payments shall be by check of the Trustee mailed to such registered owner at the address appearing on such registration books.

This Bond is one of an issue of City of Conway, Arkansas Water Revenue Bonds, Series 1986, aggregating Four Million Five Hundred Thousand Dollars (\$4,500,000) in principal amount (the "Bonds"), issued for the purpose of acquiring and constructing additions and improvements to the City's Water System (the "System"), and paying necessary expenses incidental thereto. The Bonds are issuable as fully registered Bonds in denominations of \$5,000 or any integral multiple thereof.

THE BONDS ARE ISSUED PURSUANT TO AND IN FULL COMPLIANCE WITH THE CONSTITUTION AND LAWS OF THE STATE OF ARKANSAS, INCLUDING PARTICULARLY ACT NO. 131 OF THE ACTS OF ARKANSAS OF 1933, AS AMENDED (THE "ACT"), AND PURSUANT TO ORDINANCE NO. 0-86-21 OF THE CITY, AS AMENDED AND SUPPLEMENTED (THE "ORDINANCE"), AND DO NOT CONSTITUTE AN INDEBTEDNESS OF THE CITY WITHIN ANY CONSTITUTIONAL OR STATUTORY LIMITATION. THE BONDS ARE NOT GENERAL OBLIGATIONS OF THE CITY, BUT ARE SPECIAL OBLIGATIONS PAYABLE SOLELY FROM REVENUES DERIVED FROM THE OPERATION OF THE SYSTEM AND FROM FUNDS AND MONEYS PLEDGED TO THE PAYMENT OF THE BONDS UNDER THE ORDINANCE. THE BONDS ARE SECURED BY A PLEDGE OF THE REVENUES OF THE SYSTEM AND BY A STATUTORY MORTGAGE LIEN ON THE PROPERTIES OF THE SYSTEM, BUT SUCH LIEN AND PLEDGE ARE SUBJECT AND SUBORDINATE TO PRIOR LIENS AND PLEDGES IN FAVOR OF THREE (3) ISSUES OF SENIOR DEBT (IDENTIFIED IN THE ORDINANCE).

(SEE THE REVERSE SIDE FOR ADDITIONAL PROVISIONS AND DEFINITIONS WHICH HAVE THE SAME EFFECT AS IF FULLY SET FORTH IN THIS PLACE.)

IN WITNESS WHEREOF, the City has caused this Bond to be executed by its Mayor and City Clerk by their facsimile signatures and a facsimile of its corporate seal to be reproduced hereon.

/s/ (facsimile signature)
Mayor

/s/ (facsimile signature)
City Clerk

(FACSIMILE SEAL)

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within mentioned Ordinance and is one of the Water Revenue Bonds, Series 1986, dated May 1, 1986, of the City of Conway, Arkansas.

FIRST STATE BANK & TRUST
COMPANY
Conway, Arkansas
Trustee

By _____
Authorized Officer

(Back of Bond)

CITY OF CONWAY, ARKANSAS WATER REVENUE BOND
SERIES 1986

ADDITIONAL PROVISIONS

Reference is made to the Ordinance for a detailed statement of the terms and conditions upon which the Bonds are issued, of the nature and extent of the security for the Bonds, and the rights and obligations of the City, the Trustee and the registered owners of the Bonds. The City has fixed and has covenanted and agreed to maintain rates for the services of the System which shall provide Revenues in each Fiscal Year which will be sufficient to provide for the proper and reasonable expenses of operation and maintenance of the System and leave a balance equal to at least 130% of average annual debt service requirements for all bonds payable from System Revenues.

This Bond is transferable by the registered holder hereof in person or by his attorney duly authorized in writing at the principal corporate trust office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Ordinance, and upon surrender and cancellation of this Bond. Upon such transfer a new fully registered Bond or Bonds of the same series and the same maturity, of authorized denomination or denominations, for the same aggregate principal amount, will be issued to the transferee in exchange therefor.

The Issuer and the Trustee may deem and treat the registered holder hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and premium, if any, hereon and interest due hereon and for all other purposes, and neither the issuer nor the Trustee nor any paying agent shall be affected by any notice to the contrary.

This Bond may, upon surrender at the office of the Trustee, be exchanged for fully registered Bonds of the same maturity in like aggregate principal amount of any authorized denominations or for a like aggregate principal amount of coupon Bonds of the same maturity, upon the terms and conditions specified in the Ordinance.

The Bonds shall be subject to optional and mandatory redemption prior to maturity as follows:

1. The Bonds may be redeemed at the option of the City, in whole or in part in integral multiples of \$5,000, in

inverse order of maturities (less than all of the Bonds of a single maturity to be selected by lot by the Trustee in such manner as it may determine) on any interest payment date on or after May 1, 1996, at redemption prices (expressed as percentages of principal amount redeemed) set forth in the table below plus accrued interest to the date of redemption.

<u>Date of Redemption</u>	<u>Redemption Price</u>
May 1, 1996 or November 1, 1996	103%
May 1, 1997 or November 1, 1997	102½%
May 1, 1998 or November 1, 1998	102%
May 1, 1999 or November 1, 1999	101½%
May 1, 2000 or November 1, 2000	101%
May 1, 2001 or November 1, 2001	100½%
May 1, 2002 and thereafter	100%

2. The Bonds maturing May 1, 2007, shall be subject to Mandatory Redemption Requirements in integral multiples of \$5,000 (the Bonds or portions thereof to be redeemed to be selected by lot by the Trustee in such manner as it may determine) on May of the following years and in the following principal amounts, at a redemption price equal to the principal amount redeemed plus accrued interest to the redemption date:

<u>Year of Redemption</u>	<u>Amount to be Redeemed</u>
2002	\$205,000
2003	220,000
2004	240,000
2005	265,000
2006	295,000
2007 (maturity)	320,000

3. The Bonds maturing May 1, 2011, shall be subject to Mandatory Redemption Requirements in integral multiples of \$5,000 (the Bonds or portions thereof to be redeemed to be selected by lot by the Trustee in such manner as it may determine) on May 1 of the following years and in the following principal amounts, at a redemption price equal to the principal amount redeemed plus accrued interest to the redemption date:

<u>Year of Redemption</u>	<u>Amount to be Redeemed</u>
2008	\$380,000
2009	415,000
2010	450,000
2011 (maturity)	500,000

The Trustee shall select the Bonds or portions thereof to be redeemed in accordance with the provisions hereof and shall at the expense of the City give notice of the call for redemption by first class mail placed in the mails not less than thirty (30), nor more than sixty (60), days prior to the date fixed for redemption, to the registered owner of each Bond called for redemption, addressed to such registered owner's registered address. Each notice shall specify the numbers and the maturities of the Bonds or portion thereof being called, and the date on which they shall be presented for payment. After the date specified in such notice, the Bonds or portions thereof so called shall cease to bear interest, provided funds for their payment shall have been deposited with the Trustee. In the case of partial redemption of a Bond the City shall execute and the Trustee shall authenticate and deliver to the Bondholder a new Bond of the same maturity in principal amount equal to the unredeemed portion in substitution for the partially redeemed Bond.

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 have existed, have happened and have been performed in due time, form and manner, as required by law; that the indebtedness represented by this Bond and the issue of which it forms a part does not exceed any constitutional or statutory limitation; and that a sufficient amount of the revenues of the System will be set aside for, the payment of the principal of, premium, if any, and interest on the Bonds.

TRANSFER

FOR VALUE RECEIVED, _____
("Transferor") hereby sells, assigns and transfers unto

_____ "name and address of transferee"

(Social Security or Federal Employer Identification No. _____)

the within Bond and all rights thereunder, and hereby irrevocably _____ constitutes _____ and _____ appoints _____ ("Transferee") as attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Date: _____

(Transferor)

NOTICE: No transfer will be issued in the name of the Transferee, unless the signature to this assignment corresponds with the name as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever and the Social Security or Federal Employer Identification Number of the Transferee is supplied.

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or commercial bank or a trust company.

E. Deleting paragraphs (4) and (5) of subsection (a) of Section 7 thereof and substituting therefor the following:

(4) There shall be paid into the Series 1986 Bond Fund (hereby created), (a) beginning on the first business day of May, 1986, and continuing on the first business day of each month thereafter a sum equal to one-sixth (1/6) of the next installment of interest on all these (Series 1986) Bonds and Additional Parity Bonds, and (b) beginning on the first business day of the month that is twelve (12) months before the first principal maturity of such Bonds or Additional Parity Bonds, and continuing on the first business day of each month thereafter, a sum equal to one-twelfth (1/12) of the next installment of principal, whether due at maturity or in accordance with Mandatory Redemption Requirements, on all Bonds and Additional Parity Bonds. There shall also be paid into the Series 1986 Bond Fund from time to time such additional sums as are necessary to pay as due all fees and charges of the Trustee.

(5) There shall be paid from the proceeds of the Bonds into the Series 1986 Debt Service Reserve Fund (hereby created) the amount specified in Section 4(c). The balance of the Debt Service Reserve Fund Requirement (the lesser of maximum annual principal and interest requirements or 1.25 times average annual principal and interest requirements) will be paid from Revenues at the rate of one-sixtieth (1/60) per month. Monthly payments shall be made on the first business day of June, 1986, and on the first business day of each succeeding month until the fund balance is equal to the Debt Service Reserve Fund Requirement. Thereafter, in the event the amount in the Debt Service Reserve Fund is ever reduced to less than the Debt Service Reserve Fund Requirement, it shall be restored to an amount equal to the Debt Service Reserve Fund Requirement by payment from the Revenue Fund on the first business day of the next month.

F. Deleting Section 17 thereof and substituting therefor the following:

Section 17. Tax Exemption; Pending Federal Tax Legislation. (a) The City covenants that it will not take any action or suffer or permit any action to be taken or condition to exist which causes or may cause the interest payable on the Bonds to be subject to federal income taxation under existing law on the date of adoption of this Ordinance. Without limiting the generality of the foregoing, the City covenants 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(c) of the Internal Revenue Code of 1954, as amended.

(b) The City recognizes that several tax bills are now pending in Congress which might impose additional restrictions or requirements for tax exempt bonds. The City covenants to use its best efforts to preserve the federal income tax exemption for interest on the Bonds.

Section 2. Ordinance No. 0-86-21 Continues. Ordinance No. 0-86-21, as herein amended and supplemented, shall continue in full force and effect.

Section 3. Miscellaneous. (a) The City Clerk shall cause this Ordinance to be published once in a newspaper published in the City, with a notice to all persons concerned stating that it has been adopted, that the City contemplates the issuance of the Bonds and that any person interested may appear before the City Council at its regular meeting on May 13, 1986, and present protests. At such meeting a hearing will be held at which all objections and suggestions relating to this Ordinance shall be heard and the Council shall take any further action it deems proper.

(b) The original Trustee hereunder shall be First State Bank & Trust Company, Conway, Arkansas.

PASSED: April 22nd, 1986.

ATTEST:

Martha Hartwick
City Clerk

APPROVED:

Bill W. [Signature]
Mayor

(SEAL)