

ORDINANCE NO. 250

AN ORDINANCE AUTHORIZING THE ISSUANCE OF \$203,000 OF A SALES AND USE TAX CONSTRUCTION BOND FOR THE PURPOSE OF FINANCING THE COST TO THE CITY OF GREENLAND, ARKANSAS OF CONSTRUCTING IMPROVEMENTS TO THE SEWER SYSTEM OF THE CITY; PRESCRIBING OTHER MATTERS RELATING THERETO; AND DECLARING AN EMERGENCY.

WHEREAS, the City of Greenland, Arkansas, is a city of the second class (the "City"); and

WHEREAS, by Ordinance No. 181, duly passed and approved by the City Council of the City on the 23<sup>rd</sup> day of January, 1999, the City levied a one percent sales and use tax (the "Tax"), which Tax was approved by a majority of the voters of the City at a special election held February 23, 1999; and

WHEREAS, by Ordinance No. 181, duly passed and approved by the City Council of the City on the 23<sup>rd</sup> day of January, 1999, there was submitted to the qualified electors of the City the question of pledging the tax and issuing pursuant to Amendment No. 62 to the Constitution of the State of Arkansas and under Arkansas Code Annotated §§14-164-301, *et seq.* ("Act No. 871 of 1985"), Sales and Use Tax Bonds in the principal amount of up to \$500,000 (the "Bonds") for the purpose of financing the cost to construct improvements to the sewer system of the City (the "Sewer System"); and

WHEREAS, the City issued Bonds on May 28, 1999 in the amount of \$297,000 to construct betterments and improvements to the Sewer System, and the City reserved the right to issue Sales and Use Tax Bonds in the amount of \$203,000 at a later date (\$297,000 and \$203,000 equals \$500,000, the amount approved by the City's voters on February 23, 1999);

WHEREAS, the City has made arrangements for the sale of a Bond in the principal amount of \$203,000 to Simmons First Bank of Northwest Arkansas, Fayetteville, Arkansas (the "Purchaser"), at a price of \$203,000, plus accrued interest, pursuant to a Bond Purchase Agreement between the Purchaser and the City (the "Bond Purchase Agreement") which has been presented to and is before this meeting; and

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

Section 1. That the construction of improvements to the Sewer System be accomplished.

Section 2. That the offer of the Purchaser for the purchase price of \$203,000 in principal amount of a Bond from the City at a price of \$203,000, plus accrued interest, for a Bond bearing interest at the rate per annum, maturing and otherwise subject to the terms and provisions hereafter in this Ordinance set forth in detail be, and is hereby accepted and the Bond Purchase Agreement, in substantially the form submitted to this meeting, is approved and confirmed and the Bond is hereby sold to the Purchaser. The Mayor and City Recorder are hereby authorized and directed to execute and deliver the Bond Purchase Agreement on behalf of the City and to take all action required on the part of the City to fulfill its obligations under the Bond Purchase Agreement.

Section 3. That under the authority of the Constitution and laws of the State of Arkansas, including particularly Amendment No. 62 to the Constitution of the State of Arkansas, Act No. 871 of 1985, the City of Greenland, Arkansas Sales and Use Tax Construction Bond, Series 2006 is hereby authorized and ordered issued in the total principal amount of \$203,000, the proceeds of the sale of which are necessary to provide the funds for accomplishing the construction of improvements to the Sewer System, paying expenses incidental thereto, and paying expenses of issuing the Bond. The Bond shall mature on November 1 in the amount and in the year as follows:

<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>
2011	\$203,000	4.95%

The Bond shall bear interest from its date of issuance and the Bond shall be issuable only as one fully registered Bond without coupons in the denomination of \$203,000.

The Bond shall be dated as of the interest payment date to which interest has been paid, as of the date on which it is authenticated, or if it is authenticated prior to a date on which interest has been paid, it shall be dated November 1, 2006. Interest on the Bond shall be payable on May 1, 2007, and semiannually thereafter on May 1 and November 1 of each year. Payment of each installment of interest shall be made to Simmons First Bank of Northwest Arkansas, Rogers, Arkansas, as Purchaser (the "Purchaser"), 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 any such Bond subsequent to such Record Date and prior to such interest payment date, by check or draft mailed by the Trustee to such owner at his address on such registration books. Principal of the Bond shall be payable at the corporate trust office of the Purchaser in Rogers, Arkansas.

In case the 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 deliver a new Bond of like date, number, maturity and tenor in exchange and substitution for and

upon cancellation of such mutilated Bond, or in lieu of and in substitution for such Bond destroyed or lost, upon the owner paying the reasonable expenses and charges of the City and Purchaser in connection therewith, and, in the case of a Bond destroyed or lost, its filing with the City evidence satisfactory to it that the Bond is destroyed or lost, and of his ownership thereof, and furnishing the City with indemnity satisfactory to it. Upon the issuance of a new Bond under this Section 3, the City may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) connected therewith.

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

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

The person in whose name the Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal or premium, if any, or interest of the Bond shall be made only to or upon the order of the registered owner thereof or his legal representative, but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid. The City shall not be affected by any notice to the contrary.

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

Section 4. The Bond shall be executed on behalf of the City by the manual signatures of the Mayor and City Recorder and shall have impressed, imprinted, engraved or lithographed thereon the seal of the City.

Section 5. That the Bond shall be in substantially the following form and the Mayor and City Recorder are hereby expressly authorized and directed to make all recitals contained therein:

REGISTERED

REGISTERED

No.

UNITED STATES OF AMERICA  
STATE OF ARKANSAS  
CITY OF GREENLAND  
SALES AND USE TAX CONSTRUCTION BOND  
SERIES 2006

Interest Rate: 4.95% Maturity Date: November 1, 2011 Dated Date: November 1, 2006  
Registered Owner: Simmons First Bank of Northwest Arkansas  
Principal Amount: \$203,000

KNOW ALL MEN BY THESE PRESENTS:

That the City of Greenland, State of Arkansas (the "City"), for value received, hereby promises to pay to the Registered Owner shown above, or registered assigns, on the Maturity Date shown above, the Principal Amount shown above, 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 by check or draft to the Registered Owner shown above interest thereon, in like coin or currency from the Dated Date shown above at the Interest Rate per annum shown above, payable on each May 1 and November 1, commencing May 1, 2007, until payment of such principal sum or, if this Bond or a portion thereof shall be duly called for redemption, until the date fixed for redemption, and to pay interest on overdue principal and interest (to the extent legally enforceable) at the rate borne by this Bond. 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 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.

This Bond is the issue of City of Greenland, Arkansas Sales and Use Tax Construction Bond, Series 2006, aggregating Two Hundred Three Thousand Dollars (\$203,000) in aggregate principal amount (the "Bond"), and is issued for the purpose of constructing betterments and improvements to sewer system of the City, paying necessary expenses incidental thereto, establishing a debt service reserve fund, and paying expenses of authorizing and issuing the Bond. The Bond was approved by the electors of the City at a special election held February 23, 1999.

The Bond is issued pursuant to and in full compliance with the Constitution and laws of the State of Arkansas, particularly Amendment No. 62 of the Constitution of the State of Arkansas, Arkansas Code Annotated §§ 14-164-301, *et seq.*, and pursuant to

an ordinance of the City duly adopted (the "Authorizing Ordinance"). Reference is hereby made to the Authorizing Ordinance for the details of the nature and extent of the security and of the rights and obligations of the City and the registered owner of the Bond. The Bond is an obligation of the City, payable from the proceeds derived by the City from its 1% sales and use tax (the "Sales and Use Tax") levied by the City Council under the authority of the laws of the State of Arkansas, and an ordinance of the City duly adopted, and the City hereby pledges its collections of the Sales and Use Tax for the payment of this Bond.

The Bond is subject to optional and extraordinary redemption prior to maturity as follows:

Optional Redemption. The Series 2006 Bond or portions thereof may be redeemed prior to maturity, at the option of the City from funds from any source, in whole or in part, on any interest payment date on and after November 1, 2007, at par, at a redemption price equal to the principal amount being redeemed plus accrued interest to the redemption date.

Extraordinary Redemption. The Series 2006 Bond is subject to extraordinary redemption, in whole or in part, in inverse order of maturity, at the earliest practicable time notice can be given, from surplus monies in the Construction Fund not required to complete the Project (as defined herein); provided, however, that no such redemption shall be effected if the amount of such surplus monies in the Construction Fund is less than \$5,000.

In addition, Tax Receipts, if any, in the possession of the Purchaser in excess of the amount necessary to insure the prompt payments of the principal of and interest on the Series 2006 Bond as the same become due, shall be used to redeem the Bond, at a redemption price equal to the principal amount being redeemed plus accrued interest to the redemption date.

This Bond is transferable by the Registered Owner shown above in person or by his attorney-in-fact duly authorized in writing at the Greenland City Hall, but only in the manner, subject to the limitation and upon payment of the charges provided in the Authorizing Ordinance, and upon surrender and cancellation of this Bond. Upon such transfer a new fully registered Bond of the same maturity, of authorized denomination or denominations, for the same aggregate principal amount, will be issued to the transferee in exchange therefor. This Bond is issued with the intent that the laws of the State of Arkansas shall govern its construction.

The City may deem and treat the Registered Owner shown above as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and premium, if any, hereon and interest due hereon and for all other purposes, and the City shall not be affected by any notice to the contrary.

The Bond is issuable only as one fully registered Bond in the denomination of \$203,000. Subject to the limitations and upon payment of the charges provided in the Authorizing Ordinance, fully registered Bonds may be exchanged for a like aggregate principal amount of fully registered Bonds of the same maturity of other authorized denominations.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed, under the Constitution and laws of the State of Arkansas, particularly Amendment No. 62 to the Constitution of the State of Arkansas, Arkansas Code Annotated §§ 14-164-301, *et seq.*, 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 sales and use tax revenues sufficient to pay the Bond and interest thereon has been duly levied and pledged and made payable annually until the Bond and interest thereon have been fully paid and discharged.

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

CITY OF GREENLAND, ARKANSAS

By: \_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
City Recorder

SEAL)

Section 6. The City hereby covenants that the revenues derived by the City from the City's local 1% sales and use tax (the "Sales and Use Tax") levied by Ordinance No. 181 and pledged by Ordinance No. ~~250~~ (hereinafter are referred to as the "Pledged Revenues") shall be used monthly in the following order of priority as and when necessary:

- (1) to pay one-sixth of the interest on the Bond next due;
- (2) to pay one-sixtieth of the principal of the Bond next due at maturity; and
- (3) the monthly surplus of the Sales and Use Tax shall be utilized to prepay the Bond.

The City covenants that the Sales and Use Tax shall never be repealed or reduced while the Bond is outstanding. The City further covenants to use due diligence in collecting the Sales and Use Tax. Nothing herein shall prohibit the City from increasing the City Sales and Use Tax from time to time, to the extent permitted by law, and no part of the revenues derived from any such increase shall become part of the Pledged Revenues.

Section 7. (a) The City hereby designates Simmons First Bank of Northwest Arkansas, Rogers, Arkansas, as the bank which shall receive the Sales and Use Tax from the State Treasurer and the City and the City covenants to file a written designation thereof with the State Treasurer prior to the issuance of the Bond. The Trustee shall deposit all collections of the Sales and Use Tax as and when received, into a special fund of the City in the Trustee which is hereby created and designated "Sales and Use Tax Bond Fund" (the "Bond Fund"), plus any additional moneys from other available revenues necessary for the purpose of providing funds for the payment of principal of and interest on the Bond as it becomes due at maturity. Moneys in the Bond Fund shall be used on each interest payment date in the order of priority set forth in Section 6 above.

The Bond Fund shall, except as provided in Section 8 hereof, be depleted once a year except for a carryover amount not to exceed the greater of (i) one year's earnings on the Bond Fund or (ii) 1/12 of the annual debt service on the Bond. Any moneys in the Bond Fund shall, except as provided in Section 8 hereof, be spent for one of the above purposes within a thirteen-month period beginning on the date of deposit, and any amount received from investment of money held in the Bond Fund will be spent within a one-year period beginning on the date of receipt.

(b) When the moneys in the Bond Fund shall be and remain sufficient to pay the principal of and interest on all the principal amount of the Bond then outstanding, there shall be no obligation to make any further payments into the Bond Fund and any Pledged Revenues remaining in the Bond Fund after the principal of and interest on the Bond have been paid may be used by the City for any lawful purpose.



(c) All moneys in the Bond Fund shall be used solely for the purpose of paying the principal of and interest on the Bond, except that if at any time there shall be accumulated in the Bond Fund a surplus in excess of the amount necessary to insure the prompt payment of the principal of and interest on, expenses in connection with the Bond, as the same become due, such surplus may be used to prepay Bond.

(d) The Purchaser is authorized and directed to withdraw moneys from the Bond Fund from time to time as necessary for paying principal of and interest on the Bond when due at maturity and for making other authorized Bond Fund expenditures.

(e) The Bond shall be specifically secured by a pledge of the Pledged Revenues, which pledge in favor of the Bond is hereby irrevocably made according to the terms of this Ordinance, and the City, and the officers and employees of the City shall execute, perform and carry out the terms thereof in strict conformity with the provisions of this Ordinance.

(f) The City agrees that if moneys in the Bond Fund are not sufficient on any interest payment date to make the principal and interest payment then due, it will use for the payment of the principal of and interest on the Bond all other revenues of the City that may be legally used for that purpose and will pay such amount to the Purchaser for deposit into the Bond Fund for that purpose.

Section 8. The Bond shall be deemed paid when there has been deposited with the Purchaser in the Bond Fund an amount sufficient to pay the principal of and interest on the Bond to the date of maturity or redemption. The Bond shall also be deemed paid if there shall be deposited with the Purchaser in the Bond Fund Government Securities (hereinafter defined in Section 15) that mature according to their terms or are redeemable at the option of the holder of such investment on or prior to the date of maturity or redemption of the Bond and the principal or redemption price of and interest on which, together with any moneys on deposit with the Purchaser, will provide an amount sufficient to pay in full the principal or redemption price of any interest on the Bond when due.

On the payment of the Bond within the meaning of this Ordinance, the Purchaser shall hold in trust, for the benefit of the owners of such Bond, all such moneys and/or Government Securities.

When the Bond shall have been paid within the meaning of this Ordinance, the Purchaser shall take all appropriate action to cause (i) the pledge and lien of this Ordinance to be discharged and cancelled, and (ii) all moneys held by it pursuant to this Ordinance and which are not required for the payment of the Bond to be paid over or delivered to or at the direction of the City.

Section 9. The City covenants that it will not issue any other bonds, or incur any obligation, secured by a lien on or pledge of the Pledged Revenues. However, additional bonds may be issued on a parity of security with the Bond under the

provisions of this Ordinance, subject to the conditions hereinafter provided, for the purpose of paying all or any part of the cost of constructing improvements to the Sewer System. Before such additional bonds shall be issued, there shall have been filed with the Trustee a report showing that the maximum annual debt service requirement on the Series 2006 Bond and the proposed additional bonds will produce a coverage of 120% based on the sales and use tax collections for the preceding twelve months over the average annual debt service requirements for the payment of principal of, and interest on the Bond and the additional bonds.

Section 10. The principal installments on the Bond shall be callable for payment prior to maturity in accordance with the terms set out in the face of the bond form in Section 5 of this Ordinance.

Section 11. It is hereby covenanted and agreed by the City with the owners of the Bond that the City will faithfully and punctually perform all duties with reference to the Sales and Use Tax and the Bond, required by the Constitution and laws of the State of Arkansas and by this Ordinance, including the collection of the Sales and Use Tax, as herein specified and covenanted and the applying of the Pledged Revenues as herein provided.

Section 12. The City will keep or cause to be kept proper books of accounts and records (separate from all other accounts and records) in which complete and correct entries shall be made of all transactions relating to the Sales and Use Tax and such books shall be available for inspection by the owner of the Bond at reasonable times and under reasonable circumstances. The Purchaser shall furnish a report to the City on a monthly basis of all receipts and disbursements of the Pledged Revenues received by the Purchaser, which monthly report shall commence one month following the first month in which the Pledged Revenues are received by the Purchaser.

Section 13. (a) If there be any default in the payment of the principal of and interest on the Bond, or if the City defaults in the performance of any covenant contained in this Ordinance, the Purchaser may, by proper suit compel the performance of the duties of the officials of the City under the Constitution and laws of the State of Arkansas and under this Ordinance, and to take any action or obtain any proper relief in law or equity available under the Constitution and laws of the State of Arkansas.

(b) No owner of the Bond shall have any right to institute any suit, action, mandamus or other proceeding in equity or in law for the protection or enforcement of any right under this Ordinance or under the Constitution and laws of the State of Arkansas unless such holder previously shall have given to the Trustee written notice of the default on account of which such suit, action or proceeding is to be taken, and unless the owners of not less than ten percent (10%) in principal amount of the Bond of this issue then outstanding shall have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers herein granted or granted by the Constitution and laws of the State of

Arkansas, or to institute such action, suit or proceeding in its name, and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the cost, expense and liabilities to be incurred therein or thereby and the Trustee shall have refused or neglected to comply with such request within a reasonable time, and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trust of this Ordinance or to any other remedy hereunder. It is understood and intended that no one or more holders of the Bond hereby secured shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Ordinance, or to enforce any right hereunder except in the manner herein provided, that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the benefit of all owners of the outstanding Bonds, and that any individual rights of action or other right given to one or more of such owners by law are restricted by this Ordinance to the right and remedies herein provided.

(c) All rights of action under this Ordinance or under the Bond secured hereby, enforceable by the Purchaser, may be enforced by it without the possession of the Bond, and any such suit, action or proceeding instituted by the Purchaser shall be brought in its name, subject to the provisions of this Ordinance.

(d) No remedy herein conferred upon or reserved to the Purchaser is intended to be exclusive of any other remedy or remedies herein provided, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or given by any law or by the Constitution of the State of Arkansas.

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

(f) The Purchaser may waive any default which shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding of final judgment or decree in any suit, action or proceeding instituted under the provisions of this Ordinance or before the completion of the enforcement of any other remedy, but no such waiver shall extend to or affect any other existing or any subsequent default or defaults or impair any rights or remedies consequent thereon.

Section 14. That when the Bond herein authorized to be executed has been executed by the Mayor and City Recorder and the seal of the City impressed as herein provided, it shall be delivered to the Purchaser upon payment of the purchase price as provided herein ("total sale proceeds"). The accrued interest shall be deposited in the Bond Fund.

The balance of the total sale proceeds shall be deposited in a special account of the City hereby created and designated the "Construction Fund" in a bank or banks that are members of the Federal Deposit Insurance Corporation. The moneys in the Construction Fund shall be used for accomplishing the improvements, paying expenses incidental thereto and paying the expenses of issuing the Bond, with any unexpended balance to be deposited in the Bond Fund. Disbursement shall be made from the Construction Fund on the basis of checks or requisitions which shall specify: the name of the person, firm or corporation to whom payment is to be made; the amount of the payment; the purpose of the payment; and that payment is a proper charge on the Construction Fund. Each requisition must be signed by two individuals designated by the City Council. In the case of requisitions, the depository or depositories shall issue their check upon the Construction Fund payable to the person, firm or corporation designated in the requisition. The depository or depositories of the Construction Fund shall be required to keep records as to all payments made on the basis of requisitions.

When the construction has been completed and all required expenses paid and expenditures made from the Construction Fund for and in connection with the accomplishment of the improvements and the financing thereof, this fact shall be evidenced by a certificate signed by the Mayor of the City of Greenland, which certificate shall state, among other things, the date of the completion and that all obligations payable from the Construction Fund have been discharged. A copy of the certificate shall be filed with the depository of the Construction Fund, and a copy with the Purchaser, and upon receipt thereof the depository of the Construction Fund shall transfer any remaining balance to the Bond Fund.

Section 15. (a) Moneys held for the credit of the Construction Fund may, at the option of the City, be invested and reinvested pursuant to the direction of the City in direct or fully guaranteed obligations of the United States of America ("Government Securities"), in certificates of deposit of banks, including the Purchaser, which are members of the Federal Deposit Insurance Corporation, or other investments as may, from time to time, be permitted by law, which shall mature, or which shall be subject to redemption by the holder thereof, at the option of such holder, not later than the date or dates when such money will be required for the purposes intended.

(b) Moneys held for the credit of the Bond Fund shall be continuously invested and reinvested pursuant to the direction of the City in Government Securities, or certificates of deposit of banks, including the Purchaser, insured by the Federal Deposit Insurance Corporation, or, if in excess of insurance coverage, are collateralized by Government Securities which shall mature, at the option of such holder, not later than the date or date's when the moneys held for the credit of the particular fund will be required for purposes intended.

(c) Obligations so purchased as an investment of moneys in any fund shall be deemed at all times to be a part of such fund and the interest accruing thereon and any profit realized from such investment shall be credited to such fund, and any loss resulting from such investment shall be charged to such fund.

Section 16. In the event the office of Mayor, City Recorder, or City Council shall be abolished or any two or more of such offices shall be merged or consolidated or in the event the duties of a particular office shall be transferred to another office or offices, or in the event of a vacancy in any such office by reason of death, resignation, removal from office or otherwise, or in the event any such officer shall become incapable of performing the duties of his office by reason of sickness, absence from the City or otherwise, all powers conferred and all obligations and duties imposed upon such office or officer shall be performed by the office or officers succeeding to the principal functions thereof, or by the office or officer upon whom such powers, obligations and duties shall be imposed by law.

Section 17. (a) That the terms of this Ordinance shall constitute a contract between the City and the owner of the Bond and no variation or change in the undertaking herein set forth shall be made while this Bond is outstanding, except as hereinafter set forth in subsection (b), and the owner of the Bond may at any time for and on his own behalf enforce the obligations of the City by a proper suit for that purpose.

(b) Subject to the terms and provisions contained in this Section and not otherwise, the owner of the Bond shall have the right, from time to time, anything contained in this Ordinance to the contrary notwithstanding, to consent to and approve the adoption by the City of such ordinance supplemental hereto as shall be necessary or desirable for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Ordinance or in any supplemental ordinance; provided, however, that nothing 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 pledge of tax revenues other than the pledge created by this Ordinance, or (d) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (e) a reduction in the aggregate principal amount of the Bond required for consent to such supplemental ordinance.

Section 18. That the City covenants that it shall not take any action or suffer or permit any action to be taken or condition to exist which causes or may cause the interest payable on the Bond to be subject to federal income taxation. Without limiting the generality of the foregoing, the City covenants that the proceeds of the sale of the Bond will not be used directly or indirectly in such manner as to cause the Bond to be treated as an "arbitrage bond" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended.

Section 19. That the firm of Williams & Anderson PLC, Little Rock, Arkansas, is hereby appointed to serve as Bond Counsel on behalf of the City in connection with the sale and issuance of the Bond.

Section 20. The Bond is hereby designated a "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. The City does not reasonably expect to issue more than \$10 million of governmental and qualified 501(c)(3) obligations during calendar year 2006.

Section 21. That the provisions of this Ordinance are separable and in the event that any section or part hereof shall be held to be invalid, such invalidity shall not affect the remainder of this Ordinance.

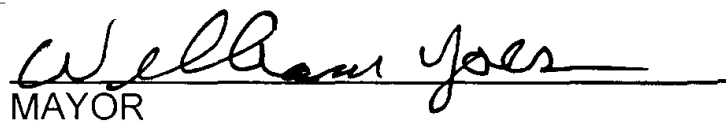
Section 22. That all ordinances and resolutions and parts thereof in conflict herewith are hereby repealed to the extent of such conflict.

Section 23. That this Ordinance shall not create any right of any character and no right of any character shall arise under or pursuant to it until the Bond authorized by this Ordinance shall be issued and delivered.

Section 24. That it is hereby ascertained and declared that the above described improvements to be financed by the bond authorized hereby are immediately needed for the preservation of the public peace, health and safety and to remove existing hazards thereto. The improvements cannot be acquired without the issuance of this Bond, and therefore, it is declared that an emergency exists and this Ordinance being necessary for the preservation of the public peace, health and safety shall be in force and take effect immediately upon and after its passage.

PASSED: October 30 2006

APPROVED:

  
MAYOR

ATTEST:

  
City Recorder

(S E A L)

CERTIFICATE

The undersigned, City Recorder of the City of Greenland, Arkansas, hereby certifies that the foregoing pages are a true and correct copy of Ordinance No. 250 passed at a special session of the City Council of the City, held at the regular meeting place of the City at 6:30 o'clock p.m. on the 30<sup>th</sup> day of October, 2006, and that the Ordinance is of record in Ordinance Record Book No. \_\_\_\_ at Page \_\_\_\_ now in my possession.

GIVEN under my hand and seal this 30<sup>th</sup> day of October, 2006.

  
\_\_\_\_\_  
CITY RECORDER

(SEAL)

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