

1 **WHEREAS**, the Continuing Disclosure Agreement between the City and Regions Bank, Little Rock,
2 Arkansas, as Dissemination Agent (the “Disclosure Agreement”), providing for the ongoing disclosure
3 obligations of the City with respect to the bonds has been presented to and is before this meeting; and,

4 **WHEREAS**, Build America Mutual Assurance Company (the “Reserve Insurer”) will be issuing a
5 Municipal Bond Debt Service Reserve Insurance Policy (the “Reserve Policy”) in order to provide a debt
6 service reserve for the Bonds; and,

7 **WHEREAS**, the Debt Service Reserve Agreement between the City and the Reserve Insurer (the
8 “Reserve Agreement”) has been presented to and is before this meeting; and,

9 **WHEREAS**, in addition to the Bonds Refunded, the City has outstanding (a) its Sewer Revenue
10 Bond, Series 2007B (the “Series 2007B Bond”), authorized by Ordinance No. 19,769, adopted June 19,
11 2007 (the “2007B Ordinance”); (b) its Sewer Revenue Bond, Series 2009A (the “Series 2009A Bond”),
12 authorized by Ordinance No. 20,074, adopted March 10, 2009 (the “2009A Ordinance”); (c) its Sewer
13 Refunding Revenue Bonds, Series 2011 (the “Series 2011 Bonds”) authorized by Ordinance No. 20,440,
14 adopted June 7, 2011 (the “2011 Ordinance”); (d) its Sewer Revenue Bonds, Series 2012 (the “Series
15 2012 Bonds”) authorized by Ordinance No. 20,604, adopted on July 17, 2012 (the “2012 Ordinance”);
16 (e) its Sewer Revenue Bond, Series 2013 (the “Series 2013 Bond”), authorized by Ordinance No. 20,711,
17 adopted April 2, 2013 (the “2013 Ordinance”); (f) its Sewer Refunding Revenue Bonds, Series 2014 (the
18 “Series 2014 Bonds”), authorized by Ordinance No. 20,937, adopted September 16, 2014 (the “2014
19 Ordinance”); (g) its Sewer Refunding Revenue Bonds, Series 2015 (the “Series 2015 Bonds”), authorized
20 by Ordinance No. 20,994, adopted February 24, 2015 (the “2015 Ordinance”); and (h) its Sewer Revenue
21 Bond, Series 2016A (the “Series 2016A Bond”) authorized by Ordinance No. 21,258, adopted June 28,
22 2016 (the “2016A Ordinance”); and,

23 **WHEREAS**, the coverage tests in the 2011 Ordinance, the 2012 Ordinance, the 2014 Ordinance and
24 the 2015 Ordinance for securing the Bonds with a lien on the net revenues of the System on a parity of
25 security with the Series 2011 Bonds, the Series 2012 Bonds, the Series 2014 Bonds and the Series 2015
26 Bonds (collectively, the “Parity Bonds”) have been or will be satisfied; and,

27 **WHEREAS**, the coverage tests in the 2007B Ordinance, the 2009A Ordinance, the 2013 Ordinance
28 and the 2016A Ordinance for securing the Bonds with a lien on the net revenues of the System prior to the
29 lien on System revenues in favor of the Series 2007B Bond, the Series 2009A Bond, the Series 2013
30 Bond and the Series 2016A Bond (collectively, the “Subordinate Bonds”) have been or will be satisfied;

31 **NOW, THEREFORE, BE IT ORDAINED** by the Board of Directors of the City of Little Rock,
32 Arkansas, that:

33 **Section 1.** The Refunding is hereby authorized. The Mayor and other Officials of the City are
34 hereby authorized to take, or cause to be taken, all action necessary to accomplish the Refunding and to
35 execute all required contracts. The Series 2008 Bonds maturing after October 1, 2018, shall be called for

1 redemption on October 1, 2018. The Series 2009B Bonds maturing after December 1, 2019, shall be
2 called for redemption on December 1, 2019.

3 **Section 2.** All moneys in the Bond Funds established by the 2008 Ordinance and the 2009A
4 Ordinance are hereby appropriated and shall be used as necessary for the accomplishment of the
5 Refunding, with any balance to be deposited into the 2016 Bond Fund (hereinafter identified).

6 **Section 3.** The offer of the Purchaser for the purchase of the bonds from the City at the Purchase
7 Price for Bonds bearing interest at the rates per annum, maturing and otherwise subject to the terms and
8 provisions hereafter in this ordinance set forth in detail is hereby accepted, and the Agreement, in
9 substantially the form submitted to this meeting, is approved and the bonds are hereby sold to the
10 Purchaser. The Mayor is hereby authorized and directed to execute and deliver the Agreement on behalf
11 of the City and to take all action required on the part of the City to fulfill its obligations under the
12 Agreement.

13 **Section 4.** The Preliminary Official Statement is hereby approved and the previous use of the
14 Preliminary Official Statement by the Purchaser in connection with the offer and sale of the Bonds is
15 hereby in all respects authorized and approved, and the Mayor be, and he is hereby authorized and
16 directed, for and on behalf of the City, to execute the Preliminary Official Statement and the final Official
17 Statement as set forth in the Agreement.

18 **Section 5.** The Disclosure Agreement, in substantially the form submitted to this meeting, is hereby
19 approved, and the Mayor is hereby authorized and directed to execute and deliver the Disclosure
20 Agreement on behalf of the City. The Mayor and the officers of the Little Rock Wastewater Utility (the
21 “Utility”) are each authorized and directed to take all action required on the part of the City to fulfill the
22 City’s obligations under the Disclosure Agreement.

23 **Section 6.** Under the authority of the Constitution and laws of the State of Arkansas (the
24 “State”), including particularly Title 14, Chapter 164, Subchapter 4, and Title 14, Chapter 235,
25 Subchapter 2 of the Arkansas Code of 1987 Annotated, City of Little Rock, Arkansas Sewer Refunding
26 Revenue Bonds, Series 2016B, are hereby authorized and ordered issued in the principal amount of
27 Eighteen Million, Five Hundred Eighty-Five Thousand (\$18,585,000 for the purpose of accomplishing
28 the Refunding, paying a premium for the Reserve Policy and paying expenses of issuing the bonds. The
29 bonds shall bear interest at the rates and shall mature on December 1st in the years and in the amounts as
30 follows:

31

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
<u>(December 1st)</u>		
2017	\$620,000	1.000%

2018	630,000	1.150
2019	635,000	2.000
2020	655,000	3.000
2021	670,000	3.000
2022	695,000	4.000
2023	725,000	4.000
2024	755,000	4.000
2025	780,000	4.000
2026	815,000	4.000
2027	850,000	4.000
2028	880,000	4.000
2029	910,000	4.000
2030	950,000	4.000
2032	2,010,000	3.000
2033	1,045,000	4.000
2034	1,090,000	4.000
2035	1,135,000	3.125
2036	1,170,000	3.125
2037	1,205,000	3.250
2038	360,000	3.250

1 _____

2 *Term Bonds

3 The Bonds shall be dated the date of their delivery to the Purchaser and shall be issuable only as fully
4 registered bonds, without coupons, in the denomination of Five Thousand Dollars (\$5,000.00) or any
5 integral multiple thereof. Unless the City shall otherwise direct, the Bonds shall be numbered from R-1
6 upward in order of issuance. Each Bond shall be assigned a CUSIP Number.

7 The Bonds shall be registered initially in the name of Cede & Co., as nominee for the Depository
8 Trust Company (“DTC”), which shall be considered to be the registered owner of the Bonds for all
9 purposes under this ordinance, including, without limitation, payment by the City of the principal of,
10 redemption price, premium, if any, and interest on the Bonds, and the receipt of notices and the exercise
11 of rights of registered owners. There shall be one (1) certificated, typewritten Bond for each stated
12 maturity date which shall be immobilized in the custody of DTC with the beneficial owners having no
13 right to receive the Bonds in the form of physical securities or certificates. DTC and its participants shall
14 be responsible for maintenance of records of the ownership of beneficial interests in the Bonds by book-
15 entry on the system maintained and operated by DTC and its participants, and transfers of ownership of

1 beneficial interests shall be made only by DTC and its participants, by book-entry, the City having no
2 responsibility therefor. DTC is expected to maintain records of the positions of participants in the Bonds,
3 and the participants and persons acting through participants are expected to maintain records of the
4 purchasers of beneficial interests in the Bonds. The Bonds as such shall not be transferable or
5 exchangeable, except for transfer to another securities depository or to another nominee of a securities
6 depository, without further action by the City.

7 If any securities depository determines not to continue to act as a securities depository for the bonds
8 for use in a book-entry system, the City may establish a securities depository/book-entry system
9 relationship with another securities depository. If the City does not or is unable to do so, or upon request
10 of the beneficial owners of all outstanding Bonds, the City and the Trustee (hereinafter identified), after
11 the Trustee has made provision for notification of the beneficial owners by the then securities depository,
12 shall permit withdrawal of the bonds from the securities depository, and shall authenticate and deliver
13 bond certificates in fully registered form (in denominations of Five Thousand Dollars (\$5,000.00) or
14 integral multiples thereof) to the assigns of the securities depository or its nominee, all at the cost and
15 expense (including costs of printing definitive bonds) of the City, if the City fails to maintain a securities
16 depository/book-entry system, or of the beneficial owners, if they request termination of the system.

17 Prior to issuance of the bonds, the City shall have executed and delivered to DTC a written agreement
18 (the "Representation Letter") setting forth (or incorporating therein by reference) certain undertakings and
19 responsibilities of the City with respect to the bonds so long as the bonds or any portion thereof are
20 registered in the name of Cede & Co. (or a substitute nominee) and held by DTC. Notwithstanding such
21 execution and delivery of the Representation Letter, the terms thereof shall not in any way limit the
22 provisions of this Section or in any other way impose upon the City any obligation whatsoever with
23 respect to persons having interests in the bonds other than the registered owners, as shown on the
24 registration books kept by the Trustee. The Trustee shall take all action necessary for all representations
25 of the City in the Representation Letter with respect to the Trustee to at all times be complied with.

26 The authorized Officers of the Trustee and the City shall do or perform such acts and execute all such
27 certificates, documents and other instruments as they or any of them deem necessary or advisable to
28 facilitate the efficient use of a securities depository for all or any portion of the Bonds; provided that
29 neither the Trustee nor the City may assume any obligations to such securities depository or beneficial
30 owners of the Bonds that are inconsistent with their obligations to any registered owner under this
31 ordinance.

32 Interest on the bonds shall be payable on June 1, 2017, and semiannually thereafter on June 1st and
33 December 1st of each year. Payment of each installment of interest shall be made to the person in whose
34 name the Bond is registered on the registration books of the City maintained by Regions Bank, Little
35 Rock, Arkansas, as trustee and paying agent (the "Trustee"), at the close of business on the fifteenth day

1 of the month (whether or not a business day) next preceding each interest payment date (the “Record
2 Date”), irrespective of any transfer or exchange of any such bond subsequent to such Record Date and
3 prior to such interest payment date.

4 Each Bond shall bear interest from the payment date next preceding the date on which it is
5 authenticated unless it is authenticated on an interest payment date, in which event it shall bear interest
6 from such date, or unless it is authenticated prior to the first interest payment date, in which event it shall
7 bear interest from their dated date, or unless it is authenticated during the period from the Record Date to
8 the next interest payment date, in which case it shall bear interest from such interest payment date, or
9 unless at the time of authentication thereof interest is in default thereon, in which event it shall bear
10 interest from the date to which interest has been paid.

11 Only such Bonds as shall have endorsed thereon a Certificate of Authentication substantially in the
12 form set forth in Section 8 hereof (the “Certificate”) duly executed by the Trustee shall be entitled to any
13 right or benefit under this ordinance. No Bond shall be valid and obligatory for any purpose unless and
14 until the Certificate shall have been duly executed by the Trustee, and the Certificate upon any such Bond
15 shall be conclusive evidence that such Bond has been authenticated and delivered under this ordinance.
16 The Certificate on any bond shall be deemed to have been executed if signed by an authorized Officer of
17 the Trustee, but it shall not be necessary that the same officer sign the Certificate on all of the Bonds.

18 In case and Bond shall become mutilated or be destroyed or lost, the City shall, if not then prohibited
19 by law, cause to be executed and the Trustee may authenticate and deliver a new Bond of like date,
20 number, maturity and tenor in exchange and substitution for and upon cancellation of such mutilated
21 Bond, or in lieu of and in substitution for such Bond destroyed or lost, upon the owner paying the
22 reasonable expenses and charges of the City and Trustee in connection therewith, and, in the case of a
23 Bond destroyed or lost, his filing with the Trustee evidence satisfactory to it that such bond was destroyed
24 or lost, and of his ownership thereof, and furnishing the City and Trustee with indemnity satisfactory to
25 them. The Trustee is hereby authorized to authenticate any such new Bond. In the event any such Bond
26 shall have matured, instead of issuing a new Bond, the City may pay the same without the surrender
27 thereof. Upon the issuance of a new bond under this Section, the City may require the payment of a sum
28 sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any
29 other expenses (including the fees and expenses of the Trustee) connected therewith.

30 The City shall maintain, or cause to be maintained, books for the registration and for the transfer of
31 the bonds, as provided herein and in the Bonds. The Trustee shall act as the Bond Registrar. Each Bond
32 is transferable by the registered owner thereof or by his attorney duly authorized in writing at the
33 principal office of the Trustee. Upon such transfer, a new fully registered Bond or Bonds of the same
34 maturity, of authorized denomination or denominations, for the same aggregate principal amount will be
35 issued to the transferee in exchange therefor.

1 No charge shall be made to any owner of any Bond for the privilege of transfer or exchange, but any
2 owner of any bond requesting any such transfer or exchange shall pay any tax or other governmental
3 charge required to be paid with respect thereto. Except as otherwise provided in the immediately
4 preceding sentence, the cost of preparing each new Bond upon each exchange or transfer and any other
5 expenses of the City or the Trustee incurred in connection therewith shall be paid by the City. The City
6 shall not be required to transfer or exchange any bonds selected for redemption in whole or in part.

7 The person in whose name any bond shall be registered shall be deemed and regarded as the absolute
8 owner thereof for all purposes, and payment of or on account of the principal or premium, if any, or
9 interest on any Bond shall be made only to or upon the order of the registered owner thereof or his legal
10 representative, but such registration may be changed as hereinabove provided. All such payments shall
11 be valid and effectual to satisfy and discharge the liability upon such bond to the extent of the sum or
12 sums so paid.

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

19 **Section 7.** The Bonds shall be executed on behalf of the City by the manual or facsimile signatures
20 of the Mayor and City Clerk, and shall have impressed or imprinted thereon the seal of the City. The
21 Bonds, together with interest thereon, are secured by and are payable solely from the net revenues derived
22 from the System (the "Net Revenues") which are hereby pledged and mortgaged for the equal and ratable
23 payment of the bonds. The pledge of Net Revenues in favor of the Bonds shall be (i) on a parity with the
24 pledge in favor of the Parity Bonds, and (ii) prior to the pledge in favor of the Subordinate Bonds. The
25 bonds and the interest thereon shall not constitute an indebtedness of the City within the meaning of any
26 constitutional or statutory limitation.

27 **Section 8.** The Bonds and the Certificate shall be in substantially the following form, and the Mayor
28 and City Clerk are hereby expressly authorized and directed to make all recitals contained therein:

29 (Form of Bond)
30

REGISTERED

REGISTERED

No. R-__

31

32

1 UNITED STATES OF AMERICA
2 STATE OF ARKANSAS
3 COUNTY OF PULASKI
4 CITY OF LITTLE ROCK
5 SEWER REFUNDING REVENUE BOND
6 SERIES 2016B
7

Maturity Date: December 1, 20__

Interest Rate: _____%

Dated Date: _____, 2016

CUSIP No.: _____

8
9 Registered Owner: CEDE & CO.

10 Principal Amount: _____ DOLLARS

11 KNOW ALL MEN BY THESE PRESENTS:

12 That the City of Little Rock, County of Pulaski, State of Arkansas (the "City"), for value received,
13 hereby promises to pay, but solely from the source as hereinafter provided and not otherwise, to the
14 Registered Owner shown above upon the presentation and surrender hereof at the Principal Corporate
15 Office of Regions Bank, Little Rock, Arkansas, or its successor or successors, as trustee and paying agent
16 (the "Trustee"), on the Maturity Date shown above, the Principal Amount shown above, in such coin or
17 currency of the United States of America as at the time of payment shall be legal tender for the payment
18 of public and private debts and to pay by check or draft interest thereon, but solely from the source as
19 hereinafter provided and not otherwise, in like coin or currency from the interest commencement date
20 specified below at the Interest Rate per annum shown above, payable June 1, 2017, and semiannually
21 thereafter on the first days of June and December of each year, until payment of such principal sum or, if
22 this Bond or a portion thereof shall be duly called for redemption, until the date fixed for redemption, and
23 to pay interest on overdue principal and interest (to the extent legally enforceable) at the rate borne by this
24 bond. Payment of each installment of interest shall be made to the person in whose name this Bond is
25 registered on the registration books of the City maintained by the Trustee at the close of business on the
26 fifteenth day of the month (whether or not a business day) next preceding each interest payment date (the
27 "Record Date"), irrespective of any transfer or exchange of this Bond subsequent to such Record Date
28 and prior to such interest payment date.

29 Unless this Bond is presented by an authorized representative of The Depository Trust Company, a
30 New York corporation ("DTC"), to the Trustee for registration of transfer, exchange or payment, and any
31 certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an
32 authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is

1 required by an authorized representative of DTC), any transfer, pledge or other use hereof for value or
2 otherwise by or to any person is wrongful inasmuch as the registered owner hereof, Cede & Co., has an
3 interest herein.

4 This Bond shall bear interest from the payment date next preceding the date on which it is
5 authenticated unless it is authenticated on an interest payment date, in which event it shall bear interest
6 from such date, or unless it is authenticated prior to the first interest payment date, in which event it shall
7 bear interest from the Dated Date shown above, or unless it is authenticated during the period from the
8 Record Date to the next interest payment date, in which case it shall bear interest from such interest
9 payment date, or unless at the time of authentication hereof interest is in default hereon, in which event it
10 shall bear interest from the date to which interest has been paid.

11 This bond is one of an issue of City of Little Rock, Arkansas Sewer Refunding Revenue Bonds,
12 Series 2016B aggregating Eighteen Million, Five Hundred Eighty-Five Thousand Dollars (\$18,585,000)
13 in principal amount (the "Bonds"), and is issued for the purposes of refunding the City's Sewer Revenue
14 Bonds, Series 2008 and 2009B, paying the premium for a debt service reserve insurance policy and
15 paying expenses incidental thereto and to the authorization and issuance of the bonds.

16 The Bonds are issued pursuant to and in full compliance with the Constitution and laws of the State of
17 Arkansas (the "State"), including particularly Title 14, Chapter 164, Subchapter 4 and Title 14, Chapter
18 235, Subchapter 2 of the Arkansas Code of 1987 Annotated, and pursuant to Ordinance No. 21,317, duly
19 adopted on October 18, 2016 (the "Authorizing Ordinance"), and do not constitute an indebtedness of the
20 City within the meaning of any constitutional or statutory limitation. The Bonds are not general
21 obligations of the City, but are special obligations payable solely from the net revenues (the "Net
22 Revenues") derived from the operation of the City's sewer system (the "System") on a parity of security
23 with the City's outstanding Sewer Refunding Revenue Bonds, Series 2011, Series 2014 and Series 2015
24 and Sewer Revenue Bonds, Series 2012, and prior to the pledge of Net Revenues in favor of the City's
25 Sewer Revenue Bonds, Series 2007B, Series 2009A, Series 2013 and Series 2016. An amount of Net
26 Revenues sufficient to pay the principal of and interest on the bonds has been duly pledged and set aside
27 into the 2016 Sewer Revenue Bond Fund created by the Authorizing Ordinance. Reference is hereby
28 made to the Authorizing Ordinance for a detailed statement of the terms and conditions upon which the
29 bonds are issued, of the nature and extent of the security for the Bonds, and the rights and obligations of
30 the City, the Trustee and the registered owners of the bonds. The City has fixed and has covenanted and
31 agreed to maintain rates for the services of the System which shall be sufficient at all times to provide for
32 the proper and reasonable expenses of operation and maintenance of the System and for the payment of
33 the principal of and interest on the bonds, including Trustee's fees, as the same become due and payable,
34 to establish and maintain a debt service reserve and to make the required deposit for the depreciation of
35 the System.

1 The Bonds shall be subject to optional and mandatory sinking fund redemption as follows:

2 (1) The Bonds are subject to redemption prior to maturity, at the option of the City, from
3 funds from any source, on and after December 1, 2024, at par, in whole at any time or in part on
4 any interest payment date, at a redemption price equal to the principal amount of the bonds being
5 redeemed, plus accrued interest to the redemption date. If fewer than all of the Bonds shall be
6 called for redemption, the particular maturities of the bonds to be redeemed shall be selected by
7 the City in its discretion.

8 (2) To the extent not previously redeemed, the bonds maturing on December 1, 2032, are
9 subject to mandatory sinking fund redemption by lot in such manner as the Trustee shall
10 determine, on December 1st in the years and in the amounts set forth below, at a redemption price
11 equal to the principal amount being redeemed plus accrued interest to the date of redemption:
12

Bonds Due December 1, 2032

Year	Amount
<u>(December 1st)</u>	
2031	\$990,000
2032 (Maturity)	1,020,000

13
14 In case any outstanding Bond is in a denomination greater than Five Thousand Dollars (\$5,000.00),
15 each Five Thousand Dollars (\$5,000.00) of face value of such bond shall be treated as a separate bond of
16 the denomination of Five Thousand Dollars (\$5,000.00).

17 Notice of redemption identifying the Bonds or portions thereof (which shall be Five Thousand
18 Dollars (\$5,000.00) or a multiple thereof) to be redeemed shall be given by the Trustee, not less than
19 thirty (30) nor more than sixty (60) days prior to the date fixed for redemption, by mailing a copy of the
20 redemption notice by First-Class Mail, postage prepaid, or sending a copy of the redemption notice via
21 other standard means, including electronic or facsimile communication, to all registered owners of bonds
22 to be redeemed. Failure to mail or send an appropriate notice or any such notice to one or more registered
23 owners of bonds to be redeemed shall not affect the validity of the proceedings for redemption of other
24 bonds as to which notice of redemption is duly given in proper and timely fashion. All such Bonds or
25 portions thereof thus called for redemption and for the retirement of which funds are duly provided in
26 accordance with the Authorizing Ordinance prior to the date fixed for redemption will cease to bear
27 interest on such redemption date.
28

Little Rock, Arkansas, Trustee

By: _____

Authorized Signature

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[A Form of Assignment will be attached to the bonds.]

Section 9. The rates charged for services of the System heretofore fixed by Ordinance No. 21,080 of the City, adopted August 4, 2015, and the conditions, rights and obligations pertaining thereto, as set out in those ordinances, are hereby ratified, confirmed and continued. None of the facilities or services afforded by the System shall be furnished without a charge being made therefor. In the event that the City or any department, agency or instrumentality thereof shall avail itself of the facilities and services afforded by the System, the reasonable value of the services or facilities so afforded shall be charged against the City or such Department, Agency or instrumentality and shall be paid for as the charges accrue. The revenues so received shall be deemed to be revenues derived from the operation of the System and shall be used and accounted for in the same manner as the other revenues derived from the operation of the System.

The City covenants and agrees that System rates shall never be reduced while any of the Bonds are outstanding unless there is obtained from an independent certified public accountant (“Accountant”) a certificate that the Net Revenues of the System (“Net Revenues” being defined as gross revenues of the System less the expenses of operation and maintenance of the System, including all expense items properly attributable to the operation and maintenance of the System under generally accepted accounting principles applicable to municipal sewer facilities, excluding depreciation, interest and amortization of deferred bond discount expenses), with the reduced rates, will always be equal to the amount required to be set aside for the Depreciation Fund (hereinafter identified), and leave a balance equal to at least 130% of the average annual principal and interest requirements on all outstanding bonds payable from System revenues (“System Bonds”). The City further covenants and agrees that the rates shall, if and when necessary, from time to time, be increased in such manner as will produce revenues at least sufficient to pay the principal and interest on all System Bonds when due, to pay the operation and maintenance expenses of the System, to deposit the amounts required to be paid into the Depreciation Fund and any debt service reserves, to pay insurers of System Bonds for any amounts owed in connection with debt service reserve fund insurance policies or surety bonds for System Bonds, and to reimburse the Reserve Insurer for any amounts owing with respect to the Reserve Policy in accordance with this ordinance.

1 The City covenants and agrees that the existing rates will produce total System revenues at least
2 sufficient to pay the operation and maintenance expenses of the System, to pay the principal of and
3 premium, if any, and interest on all outstanding System Bonds and trustee fees in connection therewith,
4 and to make the required deposits into the debt service reserves and the Depreciation Fund.

5 This Section 9 shall not apply to the type of sewer charges fixed by Ordinance No. 20,590, adopted
6 June 5, 2012.

7 **Section 10.** The System shall be continuously operated as a revenue producing undertaking and all
8 System revenues shall be paid into a special fund heretofore created and designated "Sewer Fund" (the
9 "Revenue Fund"). The System revenues so deposited in the Revenue Fund are hereby pledged and shall
10 be applied to the payment of the reasonable and necessary expenses of operation, repair and maintenance
11 of the System, to the payment of the principal of and premium, if any, and interest on System Bonds, to
12 the establishment and maintenance of debt service reserves, to the providing of a Depreciation Fund, to
13 pay insurers of System Bonds for any amounts owed in connection with Debt Service Reserve Fund
14 Insurance Policies or Surety Bonds for System Bonds, and to reimburse the Reserve Insurer for any
15 amounts owing with respect to the Reserve Policy as hereinafter set forth. The Revenue Fund, and the
16 other special funds hereinafter in this ordinance provided for or referred to, shall be maintained in such
17 depositories of the City as shall from time to time be designated by the Commission, with all such
18 depositories to hold membership in the Federal Deposit Insurance Corporation (the "FDIC"), to be
19 located in Little Rock, Arkansas, and to have a capital and surplus of not less than Fifteen Million Dollars
20 (\$15,000,000.00), and with all deposits in any depository in excess of the amount insured by the FDIC to
21 be secured by Bonds or other direct or fully guaranteed obligations of the United States of America unless
22 invested in accordance with Section 29 hereof.

23 **Section 11.** There shall be paid from the Revenue Fund into a fund heretofore created and designated
24 "Sewer Operation and Maintenance Fund" (the "Operation and Maintenance Fund") on or before the
25 tenth day of each month while any Bonds are outstanding, an amount sufficient to pay the reasonable and
26 necessary monthly expenses of operation, repair and maintenance of the System for such month and from
27 which disbursements shall be made only for those purposes. Fixed annual charges such as insurance
28 premiums and the cost of major repair and maintenance expenses may be computed and set up on an
29 annual basis, and one-twelfth (1/12) of the amount thereof may be paid into the Operation and
30 Maintenance Fund each month.

31 If in any month for any reason there shall be a failure to transfer and pay the required amount into
32 Operation and Maintenance Fund, the amount of any deficiency shall be added to the amount otherwise
33 required to be transferred and paid into such fund in the next succeeding month. If in any fiscal year a
34 surplus shall be accumulated in the Operation and Maintenance Fund over and above the amount which
35 shall be necessary to defray the reasonable and necessary costs of operation, repair and maintenance of

1 the System during the remainder of the then current fiscal year and the next ensuing fiscal year, such
2 surplus may be transferred and deposited in the Revenue Fund.

3 **Section 12.** After making the required monthly deposits into the Operation and Maintenance Fund,
4 there shall be paid from the Revenue Fund, pro rata, the required monthly deposits into the bond funds
5 (and debt service reserves therein) for the Parity Bonds and any additional bonds issued on a parity with
6 the bonds pursuant to Section 18 hereof (the "Parity Bond Funds") and into a special fund in the name of
7 the City which is hereby created and designated the "2016 Sewer Revenue Bond Fund" (the "2016 Bond
8 Fund" and collectively with the Parity Bond Funds, the "Senior Bond Funds"). Payments into the 2016
9 Bond Fund shall be made on or before the fifteenth day of each month, commencing in December 2016,
10 until all outstanding bonds, with interest thereon, have been paid in full or provision made for such
11 payment, a sum equal to 1/6 of the next installment of interest due on the bonds plus 1/12 of the next
12 installment of principal due on the bonds.

13 The City shall also pay into the 2016 Bond Fund such additional sums as necessary to provide for the
14 Trustee's fees and expenses, Reserve Policy Payments (as defined in Section 14 hereof) due the Reserve
15 Insurer, and any arbitrage rebate due the United States Treasury under Section 148(f) of the Internal
16 Revenue Code of 1986, as amended (the "Code"). The City shall realize a credit against monthly deposits
17 into the 2016 Bond Fund from bond proceeds deposited therein, if any, all interest earnings on moneys in
18 the 2016 Bond Fund, for transfers into the 2016 Bond Fund from funds held in connection with the Bonds
19 Refunded, and for transfers from the Cost of Issuance Fund pursuant to Section 25 hereof.

20 If Net Revenues are insufficient to make the required payment on the fifteenth day of the following
21 month into the 2016 Bond Fund, the amount of any such deficiency in the payment made shall be added
22 to the amount otherwise required to be paid into the 2016 Bond Fund on the fifteenth day of the next
23 month.

24 When the moneys held in the 2016 Bond Fund shall be and remain sufficient to pay the principal of
25 and interest on all of the bonds then outstanding plus Trustee's fees, Reserve Policy Payments due the
26 Reserve Insurer and any arbitrage rebate due as provided above, the City shall not be obligated to make
27 any further payments into the 2016 Bond Fund.

28 It shall be the duty of the City to cause to be withdrawn from the 2016 Bond Fund and deposited with
29 the Trustee at least five (5) business days before the due date of any principal and/or interest on any Bond,
30 at maturity or redemption prior to maturity, and deposited with the Trustee an amount equal to the amount
31 of such Bond and interest due thereon for the sole purpose of paying the same, together with the Trustee's
32 fee and any Reserve Policy Payments due the Reserve Insurer. There shall also be withdrawn and paid to
33 the United States Treasury any arbitrage rebate due at the times and in the amounts required by Section
34 148(f) of the Code. No withdrawal of funds from the 2016 Bond Fund shall be made for any other
35 purpose except as otherwise authorized in this ordinance.

1 The Bonds shall be specifically secured by a pledge of all Net Revenues remaining after the deposits
2 have been made to the Operation and Maintenance Fund. This pledge in favor of the Bonds is hereby
3 irrevocably made according to the terms of this Ordinance, and the City and its officers and employees
4 shall execute, perform and carry out the terms thereof in strict conformity with the provisions of this
5 Ordinance.

6 **Section 13.** There is hereby created, as part of the 2016 Bond Fund, a Debt Service Reserve the “Debt
7 Service Reserve”) which shall be maintained by the City. There shall be deposited into the Debt Service
8 Reserve the Reserve Policy issued by the Reserve Insurer, which shall be in an amount equal to the lesser
9 of (i) the maximum annual principal and interest requirement on the bonds or (ii) 10% of the principal
10 amount of the bonds (the “Required Level”). If for any reason the City should fail at any time to make
11 any of the required payments into the 2016 Bond Fund, the Debt Service Reserve shall be used to the
12 extent necessary for the payment of principal of and interest on the bonds. The City shall reimburse the
13 Reserve Insurer from the 2016 Bond Fund for all amounts drawn under the Reserve Policy in accordance
14 with the Reserve Agreement and as hereinafter provided. The repayment of Reserve Policy Payments (as
15 defined in Section 14 hereof) shall be made after the payment of debt service on the bonds, the Parity
16 Bonds and any additional parity bonds issued under Section 18 hereof.

17 **Section 14.** Notwithstanding any provision of this ordinance to the contrary:

18 (a) In the event that payment is required under the Reserve Policy, the Trustee shall
19 ascertain the necessity for a claim under the Reserve Policy in accordance with Subsection (b)
20 below and provide notice to the Reserve Insurer in accordance with the terms of the Reserve
21 Policy at least five (5) business days prior to each date upon which principal and interest is due on
22 the Bonds.

23 (b) The City shall repay any draws under the Reserve Policy and pay all related reasonable
24 expenses incurred by the Reserve Insurer. Interest shall accrue and be payable on such draws and
25 expenses from the date of payment by the Reserve Insurer at the Late Payment Rate. "Late
26 Payment Rate" means the lesser of (A) the greater of (i) the per annum rate of interest, publicly
27 announced from time to time by JPMorgan Chase Bank, at its principal office in the City of New
28 York, New York, as its prime or base lending rate ("Prime Rate") (any change in such Prime Rate
29 to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii)
30 the then applicable highest rate of interest on the Bonds and (B) the maximum rate permissible
31 under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be
32 computed on the basis of the actual number of days elapsed over a year of 360 days. In the event
33 JPMorgan Chase Bank ceases to announce its Prime Rate publicly, the Prime Rate shall be the
34 publicly announced prime or base lending rate of such other bank, banking association or trust
35 company bank as the Reserve Insurer, in its sole and absolute discretion, shall specify.

1 Repayment of draws under the Reserve Policy and accrued interest thereon at the Late
2 Payment Rate ("Reserve Policy Payments") shall commence in the first month following each
3 draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the
4 aggregate of Reserve Policy Payments and Administrative Expenses (collectively, "Reserve
5 Policy Costs") related to such draw.

6 Amounts in respect of Reserve Policy Costs paid to the Reserve Insurer shall be credited first
7 to interest due, then to the expenses due and then to principal due. As and to the extent that
8 payments are made to the Reserve Insurer on account of principal due, the coverage under the
9 Reserve Policy will be increased by a like amount, subject to the terms of the Reserve Policy.

10 All cash and investments, if any, in the Debt Service Reserve and all other Net Revenues
11 available to pay debt service on the bonds shall be transferred to the 2016 Bond Fund for payment
12 of the debt service on the bonds before any drawing may be made on the Reserve Policy or any
13 other credit facility on deposit in the Debt Service Reserve in lieu of cash (a "Reserve Fund
14 Credit Instrument").

15 Payment of any Reserve Policy Cost shall be made prior to replenishment of any cash
16 amounts in the Debt Service Reserve. Draws on all Reserve Fund Credit Instruments (including
17 the Reserve Policy) on which there is available coverage shall be made on a pro-rata basis
18 (calculated by reference to the coverage then available thereunder) after applying all available
19 cash and investments in the Debt Service Reserve. Payment of Reserve Policy Costs and
20 reimbursement of amounts with respect to other Reserve Fund Credit Instruments shall be made
21 on a pro-rata basis prior to replenishment of any cash drawn from the Debt Service Reserve. For
22 the avoidance of doubt, "available coverage" means the coverage then available for disbursement
23 pursuant to the terms of the applicable Reserve Fund Credit Instrument without regard to the legal
24 or financial ability or willingness of the provider of such instrument to honor a claim or draw
25 thereon or the failure of such provider to honor any such claim or draw.

26 (c) Draws under the Reserve Policy may only be used to make payments on the bonds.

27 (d) This ordinance shall not be discharged until all Reserve Policy Costs owing to the
28 Reserve Insurer shall have been paid in full. The City's obligation to pay such amount shall
29 expressly survive payment in full of the Bonds.

30 (e) The Reserve Policy shall expire and terminate on the earlier of the date the Bonds are no
31 longer outstanding and the final maturity of the Bonds.

32 (f) Upon a failure of the City to pay Reserve Policy Costs when due in accordance with the
33 requirements above or any other breach of the terms of this ordinance, the Reserve Insurer shall
34 be entitled to exercise any and all legal and equitable remedies available to it, including those
35 provided under this ordinance other than remedies which would adversely affect owners of the

1 bonds. In order to secure the City's payment obligations with respect to repayment of draws
2 under the Reserve Policy, there is hereby granted and perfected in favor of the Reserve Insurer a
3 security interest in Net Revenues and other collateral pledged as security for the bonds, which
4 security interest and payment obligations are subordinate in priority of payment to the payment of
5 debt service due on the bonds, Parity Bonds, and any other additional Parity Bonds issued under
6 Section 18 hereof. The City shall include any Reserve Policy Costs then due and owing the
7 Reserve Insurer in the calculations set forth in Section 9 and Section 18 hereof. Policy Costs
8 shall be paid to the Reserve Issuer immediately following the payment of the principal of an
9 interest on the bonds including following the occurrence of a default or an event of default under
10 this ordinance.

11 (g) The City agrees unconditionally that it will pay or reimburse the Reserve Insurer for any
12 and all reasonable charges, fees, costs, losses, liabilities and expenses that Reserve Insurer may
13 pay or incur, including, but not limited to, fees and expenses of the Reserve Insurer's agents,
14 attorneys, accountants, consultants, appraisers and auditors and reasonable costs of investigations,
15 in connection with the administration (including waivers and consents, if any), enforcement,
16 defense, exercise or preservation of any rights and remedies in respect of this ordinance and any
17 other Related Document ("Administrative Expenses"). For purposes of the foregoing, costs and
18 expenses shall include a reasonable allocation of compensation and overhead attributable to the
19 time of employees of the Reserve Insurer spent in connection with the actions described in the
20 preceding sentence. The City agrees that failure to pay any Administrative Expenses on a timely
21 basis will result in the accrual of interest on the unpaid amount at the Late Payment Rate,
22 compounded semi-annually, from the date that payment is first due to the Reserve Insurer until
23 the date the Reserve Insurer is paid in full.

24 (h) Any amendment, supplement, modification to, or waiver of, this ordinance or any other
25 document executed in connection with the Bonds (the "Related Documents") that requires the
26 consent of holders of the bonds or adversely affects the rights or interests of the Reserve Insurer
27 shall be subject to the prior written consent of the Reserve Insurer.

28 (i) The Reserve Insurer is hereby expressly made a third party beneficiary of this ordinance
29 and each other Related Document and may enforce the provisions of this ordinance and each
30 Related Document as if it were a party thereto.

31 (j) Payments made by the Reserve Insurer under the Reserve Policy with respect to claims
32 for interest on or principal of the bonds shall not discharge the obligation of the City with respect
33 to such bonds, and the Reserve Insurer shall become the owner of such unpaid Bonds and claims
34 for the interest thereon. The City, the Trustee and the owners of the bonds recognize and agree
35 that to the extent the Reserve Insurer makes payments directly or indirectly (e.g., by paying

1 through the Trustee), on account of principal of or interest on the Bonds, the Reserve Insurer will
2 be subrogated to the rights of such holders to receive the amount of such principal and interest
3 from the City, with interest on Bond principal (but not Bond interest); provided, however, that the
4 rights of the Reserve Insurer to receive principal and interest payments from the City obtained
5 through subrogation shall be subordinate to only the right of the holders of the Bonds, the Parity
6 Bonds and any additional parity bonds to receive principal and interest payments from the City.
7 The foregoing subordination shall be limited to principal and interest payments on the Bonds and
8 shall in no way limit the Reserve Insurer's other rights as an owner of a Bond or the rights
9 granted to the Reserve Insurer under the Related Documents. The Reserve Insurer shall only be
10 entitled to receive payments through subrogation to the extent not otherwise reimbursed by the
11 City under the Reserve Agreement.

12 (k) The City shall provide the Reserve Insurer with the following notices and other
13 information: (i) notice of any draw upon the Debt Service Reserve within two (2) business days
14 after knowledge thereof, other than in connection with withdrawals of amounts in excess of the
15 Required Level; (ii) prior written notice of the advance refunding or redemption of any of the
16 bonds, including the principal amount, maturities and CUSIP numbers thereof; (iii) all notices
17 and other information it is obligated to provide under the Disclosure Agreement and to the
18 holders of the bonds or the Trustee under this Ordinance or any other Related Document; and (iv)
19 such other information as the Reserve Insurer may reasonably request.

20 (l) Notices and other information to the Reserve Insurer shall be sent to the following address
21 (or such other address as the Reserve Insurer may designate in writing):

22 Build America Mutual Assurance Company
23 200 Liberty Street, 27th Floor
24 New York, NY 10281
25 Attention: Surveillance, Re: Policy No. _____
26 Telephone: (212) 235-2500
27 Telecopier: (212) 235-1542
28 Email: notices@buildamerica.com

29 **Section 15.** After making the deposits into the Operation and Maintenance Fund and the Senior Bond
30 Funds, there shall be transferred from the Revenue Fund into the bond funds for the Subordinate Bonds
31 (the "Subordinate Bond Funds"), the amounts required by the ordinances authorizing the Subordinate
32 Bonds, and the administration and servicing fees due in connection with the Subordinate Bonds.

33 **Section 16.** After making the required payments into the Operation and Maintenance Fund, the
34 Senior Bond Funds and the Subordinate Bond Funds, there shall be paid from the Revenue Fund into a
35 fund heretofore created and designated the "Sewer Depreciation Fund" (the "Depreciation Fund") on or

1 before the 15th day of each month while any bonds are outstanding, 3% of the System revenues which
2 remain after the required payment into the Operation and Maintenance Fund has been made. The moneys
3 in the Depreciation Fund shall be used solely for the purpose of paying the cost of replacements made
4 necessary by the depreciation of the System. If in any fiscal year a surplus shall be accumulated in the
5 Depreciation Fund over and above the amount necessary to defray the cost of the probable replacements
6 during the then current fiscal year and the next ensuing fiscal year, such surplus may be transferred and
7 paid into the Revenue Fund.

8 **Section 17.** Any surplus in the Revenue Fund, after making the required monthly deposits into all of
9 the funds as set forth above, including the repayment of the Reserve Policy Payments, shall be used to pay
10 all other amounts owed the Reserve Insurer, including the repayment of Administrative Expenses, and
11 may be used, at the option of the City, for any lawful purpose of the System, as approved by the
12 Commission.

13 **Section 18.** So long as any of the Bonds are outstanding, the City shall not issue or attempt to issue
14 any Bonds claimed to be entitled to a priority of lien on Net Revenues over the lien securing the Bonds
15 and the Parity Bonds, except as hereinafter provided. The City reserves the right to issue additional
16 Bonds to finance or pay the cost of making any future extensions, betterments or improvements to the
17 System, or to refund Bonds issued for such purposes, but the City shall not authorize or issue any such
18 additional bonds ranking on a parity with the bonds and the Parity Bonds unless and until there have been
19 procured and filed with the City Clerk and the Trustee a statement by an Accountant reciting the opinion,
20 based upon necessary investigation, that the Net Revenues of the System for the fiscal year immediately
21 preceding the fiscal year in which it is proposed to issue such additional Bonds shall equal not less than
22 120% of the average annual principal and interest requirements on all the then outstanding System Bonds
23 and the additional Bonds then proposed to be issued. The term "Net Revenues" means gross System
24 revenues less operation and maintenance expenses other than depreciation, interest and amortization of
25 deferred bond discount expenses, determined in accordance with generally accepted accounting
26 principles. In making the computation set forth above, the City, and the Accountant on behalf of the City,
27 may, based upon the opinion or report of a registered professional engineer not in the regular employ of
28 the City, treat any increase in rates for the System enacted subsequent to the first day of such preceding
29 fiscal year as having been in effect during or throughout such fiscal year and may include in gross System
30 revenues for such fiscal year the amount that would have been received, based on such opinion or report,
31 had the increase been in effect during or throughout such fiscal year.

32 **Section 19.** The City covenants and agrees that it will maintain the System in good condition and
33 operate the same in an efficient manner and at reasonable cost. While any of the Bonds are outstanding,
34 the City agrees that it will insure and at all times keep insured, in the amount of the full insurable value
35 thereof, in a responsible insurance company or companies selected by the Commission and authorized

1 and qualified under the laws of the State to assume the risk thereof, all aboveground structures of the
2 System, to the extent that such structures would be covered by insurance by private companies engaged in
3 similar types of businesses, against loss or damage thereto from fire, lightning, tornados, winds, riot,
4 strike, civil commotion, malicious damage, explosion and against any other loss or damage from any
5 other causes customarily insured against by private companies engaged in similar types of business. The
6 insurance policies are to carry a clause making them payable to the Commission and the Trustee as their
7 interests may appear, and satisfactory evidence of said insurance shall be filed with the Trustee. In the
8 event of loss, the proceeds of such insurance shall be applied solely toward the reconstruction,
9 replacement or repair of the System, and in such event the City will, with reasonable promptness, cause to
10 be commenced and completed the reconstruction, replacement and repair work. If such proceeds are
11 more than sufficient for such purposes, the balance remaining shall be deposited to the credit of the
12 Revenue Fund, and if such proceeds shall be insufficient for such purposes, the deficiency shall be
13 supplied first from moneys in the Depreciation Fund, second from moneys in the Operation and
14 Maintenance Fund, and third from surplus moneys in the Revenue Fund. Nothing shall be construed as
15 requiring the City to expend any moneys for operation and maintenance of the System or for premiums on
16 its insurance which are derived from sources other than the operation of the System, but nothing shall be
17 construed as preventing the City from doing so.

18 **Section 20.** The Bonds shall be subject to redemption prior to maturity in accordance with the terms
19 set out in the bond form hereinabove set forth.

20 **Section 21.** The Commission will keep proper books of accounts and records (separate from all other
21 records and accounts of the City) in which complete and correct entries shall be made of all transactions
22 relating to the operation of the System, and such books shall be available for inspection by the Trustee
23 and any registered owner of any of the bonds at reasonable times and under reasonable circumstances.
24 The City and the Commission agree to have these records audited by an Accountant at least once each
25 year, and a copy of the audit shall be delivered to the Trustee and made available to interested registered
26 owners requesting the same in writing. In the event that the City or the Commission fail or refuse to
27 make the audit, the Trustee, or any registered owner of the bonds, may have the audit made, and the cost
28 thereof shall be charged against the Operation and Maintenance Fund.

29 **Section 22.** Any Bond shall be deemed to be paid within the meaning of this Ordinance when
30 payment of the principal of and interest on such bond (whether at maturity or upon redemption as
31 provided herein, or otherwise), either (i) shall have been made or caused to be made in accordance with
32 the terms thereof, or (ii) shall have been provided for by irrevocably depositing with the Trustee, in trust
33 and irrevocably set aside exclusively for such payment (1) cash sufficient to make such payment and/or
34 (2) direct obligations of (including obligations issued or held in book entry form on the books of) the
35 Department of the Treasury of the United States of America (“Government Securities”) (provided that

1 such deposit will not affect the tax exempt status of the interest on any of the bonds or cause any of the
2 Bonds to be classified as “Arbitrage Bonds” within the meaning of Section 148 of the Code), maturing as
3 to principal and interest in such amounts and at such times as will provide sufficient moneys to make such
4 payment, and all necessary and proper fees, compensation and expenses of the Trustee pertaining to the
5 bonds with respect to which such deposit is made shall have been paid or the payment thereof provided
6 for to the satisfaction of the Trustee.

7 On the payment of any such Bonds within the meaning of this ordinance, the Trustee shall hold in
8 trust, for the benefit of the owners of such Bonds, all such moneys and/or Government Securities.

9 When all the Bonds shall have been paid within the meaning of this ordinance, if the Trustee has been
10 paid its fees and expenses, if any arbitrage rebate due the United States Treasury has been paid or
11 provided for to the satisfaction of the Trustee, and if there are not amounts due the Reserve Insurer with
12 respect to the Reserve Policy, the Trustee shall take all appropriate action to cause (i) the pledge and lien
13 of this ordinance to be discharged and cancelled, and (ii) all moneys held by it pursuant to this ordinance
14 and which are not required for the payment of such bonds to be paid over or delivered to or at the
15 direction of the City. In determining the sufficiency of the deposit of Government Securities, there shall
16 be considered the principal amount of such Government Securities and interest to be earned thereon until
17 the maturity of such Government Securities.

18 **Section 23.** If there be any default in the payment of the principal of or interest on any of the bonds,
19 or if the City defaults in any 2016 Bond Fund requirement or in the performance of any of the other
20 covenants contained in this ordinance and such failure continues unremedied for thirty (30) days, the
21 Trustee may, and upon the written request of the registered owners of not less than 10% in principal
22 amount of the then outstanding bonds, shall, by proper suit, compel the performance of the duties of the
23 officials of the City under the laws of Arkansas. And in the case of a default in the payment of the
24 principal of and interest on any of the bonds, the Trustee may and upon written request of the registered
25 owners of not less than 10% in principal amount of the then outstanding bonds, shall apply in a proper
26 action to a court of competent jurisdiction for the appointment of a receiver to administer the System on
27 behalf of the City and the registered owners of the bonds with power to charge and collect (or by
28 mandatory injunction or otherwise to cause to be charged and collected) rates sufficient to provide for the
29 payment of the expenses of operation, maintenance and repair and to pay any bonds and interest
30 outstanding and to apply the System revenues in conformity with the laws of Arkansas and with this
31 Ordinance. When all defaults in principal and interest payments have been cured, the custody and
32 operation of the System shall revert to the City.

33 No registered owner of any of the outstanding Bonds shall have any right to institute any suit, action,
34 mandamus or other proceeding in equity or at law for the protection or enforcement of any power or right
35 unless such owner previously shall have given to the Trustee written notice of the default on account of

1 which such suit, action or proceeding is to be taken, and unless the registered owners of not less than 10%
2 in principal amount of the Bonds then outstanding shall have made written request of the Trustee after the
3 right to exercise such power or right of action, as the case may be, shall have accrued, and shall have
4 afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted to the
5 Trustee, or to institute such action, suit or proceeding in its name, and unless, also, there shall have been
6 offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be
7 incurred therein or thereby and the Trustee shall have refused or neglected to comply with such request
8 within a reasonable time. Such notification, request and offer of indemnity are, at the option of the
9 Trustee, conditions precedent to the execution of any remedy. No one or more registered owners of the
10 Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the
11 security of this ordinance, or to enforce any right hereunder except in the manner herein described. All
12 proceedings at law or in equity shall be instituted, had and maintained in the manner herein described and
13 for the benefit of all registered owners of the outstanding Bonds.

14 No remedy conferred upon or reserved to the Trustee or to the registered owners of the Bonds is
15 intended to be exclusive of any other remedy or remedies, and every such remedy shall be cumulative and
16 shall be in addition to every other remedy given under this ordinance or by law.

17 The Trustee may, and upon the written request of the registered owners of not less than 50% in
18 principal amount of the Bonds then outstanding shall, waive any default which shall have been remedied
19 before the entry of final judgment or decree in any suit, action or proceeding instituted under the
20 provisions of this ordinance or before the completion of the enforcement of any other remedy, but no such
21 waiver shall extend to or affect any other existing or any subsequent default or defaults or impair any
22 rights or remedies consequent thereon.

23 All rights of action under this ordinance or under any of the Bonds, enforceable by the Trustee, may
24 be enforced by it without the possession of any of the Bonds, and any such suit, action or proceeding
25 instituted by the Trustee shall be brought in its name for the benefit of all the registered owners of such
26 bonds, subject to the provisions of this ordinance.

27 No delay or omission of the Trustee or of any registered owners of the Bonds to exercise any right or
28 power accrued upon any default shall impair any such right or power or shall be construed to be a waiver
29 of any such default or an acquiescence therein; and every power and remedy given by this ordinance to
30 the Trustee and to the registered owners of the Bonds, respectively, may be exercised from time to time
31 and as often as may be deemed expedient.

32 In any proceeding in which any plaintiff bondholder prevails to enforce the provisions of this
33 Ordinance, such plaintiff bondholder shall be entitled to recover from the City all costs of such
34 proceeding, including reasonable attorneys' fees.

1 **Section 24.** (a) The terms of this ordinance shall constitute a contract between the City and the
2 registered owners of the Bonds and no variation or change in the undertaking herein set forth shall be
3 made while any of the bonds are outstanding, except as hereinafter set forth in Subsections (b) and (c).

4 (b) The Trustee may consent to any variation or change in this ordinance without the consent
5 of the owners of the outstanding Bonds (a) in connection with the issuance of additional Parity
6 Bonds under this ordinance, (b) in order to cure any ambiguity, defect or omission herein or to
7 correct or supplement any defective or inconsistent provisions contained herein as the City may
8 deem necessary or desirable and not inconsistent herewith, or (c) in order to make any other
9 variation or change which the Trustee determines shall not adversely affect the interests of the
10 owners of the Bonds.

11 (c) The owners of not less than 75% in aggregate principal amount of the Bonds then
12 outstanding shall have the right, from time to time, anything contained in this ordinance to the
13 contrary notwithstanding, to consent to and approve the adoption by the City of such ordinance
14 supplemental hereto as shall be necessary or desirable for the purpose of modifying, altering,
15 amending, adding to or rescinding, in any particular, any of the terms or provisions contained in
16 this ordinance or in any supplemental ordinance; provided, however, that nothing contained in
17 this Section shall permit or be construed as permitting (a) an extension of the maturity of the
18 principal of or the interest on any bond, or (b) a reduction in the principal amount of any Bond or
19 the rate of interest thereon, or (c) the creation of a lien or pledge superior to the lien and pledge
20 created by this ordinance, or (d) a privilege or priority of any Bond or Bonds over any other Bond
21 or Bonds, or (e) a reduction in the aggregate principal amount of the Bonds required for consent
22 to such supplemental ordinance.

23 **Section 25.** When the Bonds have been executed and sealed as herein provided, they shall be
24 authenticated by the Trustee, and the Trustee shall deliver the bonds to or at the direction of the Purchaser
25 upon payment in cash of the Purchase Price. Unless paid by the Purchaser as part of the Purchase Price,
26 the amount necessary to pay the premium for the Reserve Policy shall be paid to the Reserve Insurer.

27 As set forth in the delivery instructions to the Trustee signed by the Mayor and City Clerk (the
28 “Delivery Instructions”), the amount of the Purchase Price necessary to accomplish the Refunding, along
29 with other funds of the System appropriated hereby, shall be deposited with the trustee for the Bonds
30 Refunded. The remainder of the Purchase Price shall be deposited into a special account of the City in the
31 Trustee designated “Sewer Refunding Revenue Bond Cost of Issuance Fund, Series 2016” (the “Cost of
32 Issuance Fund”). The moneys in the Cost of Issuance Fund shall be disbursed solely in payment of the
33 costs of accomplishing the Refunding, paying necessary expenses incidental thereto, and paying expenses
34 of issuing the Bonds. Disbursements shall be based on the Delivery Instructions or on requisitions which
35 shall contain at least the following information: the person to whom payment is being made; the amount

1 of the payment; and the purpose by general classification of the payment. Each requisition must be
2 signed by the Director of Finance of the Utility. The Trustee shall keep a record of all requisitions.

3 Any moneys remaining in the Cost of Issuance Fund on February 15, 2017, shall be transferred by the
4 Trustee to the 2016 Bond Fund.

5 **Section 26.** In the event any of the Offices of Mayor, City Clerk, Commission or Board of Directors
6 shall be abolished, or any two (2) or more of such offices shall be merged or consolidated, or in the event
7 the duties of a particular office shall be transferred to another office or officer, or in the event of a
8 vacancy in any such office by reason of death, resignation, removal from office or otherwise, or in the
9 event any such Officer shall become incapable of performing the duties of his office by reason of
10 sickness, absence from the City or otherwise, all powers conferred and all obligations and duties imposed
11 upon such office or officer shall be performed by the office or officer succeeding to the principal
12 functions thereof, or by the office or officer upon whom such powers, obligations and duties shall be
13 imposed by law.

14 So long as the System is under the control of the Commission, performance by the Commission of
15 any obligation of the City hereunder shall be deemed performance by the City. The Commission
16 presently consists of Marilyn Perryman, Richard L. Mays, Jr., Pete Hornibrook, Ganelle Blake, Bill
17 Flowers, Sonia Fonticiella Rios and Ken Griffey.

18 **Section 27.** (a) The City covenants that it shall not take any action or suffer or permit any action to
19 be taken or conditions to exist which causes or may cause the interest payable on the bonds to be included
20 in gross income for Federal Income Tax purposes. Without limiting the generality of the foregoing, the
21 City covenants that the proceeds of the sale of the Bonds and System revenues will not be used directly or
22 indirectly in such manner as to cause the bonds to be treated as "Arbitrage Bonds" within the meaning of
23 Section 148 of the Code.

24 (b) The City shall assure that (i) not in excess of 10% of the Net Proceeds of the Bonds is
25 used for Private Business Use if, in addition, the payment of more than 10% of the principal or
26 10% of the interest due on the Bonds during the term thereof is, under the terms of the Bonds or
27 any underlying arrangement, directly or indirectly secured by any interest in property used or to
28 be used for a Private Business Use or in payments in respect of, property used or to be used for a
29 Private Business Use or is to be derived from payments, whether or not to the City, in respect of
30 property or borrowed moneys used or to be used for a Private Business Use; and (ii) that, in the
31 event that both (A) in excess of 5% of the Net Proceeds of the Bonds are used for a Private
32 Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the
33 bonds during the term thereof is, under the terms of the bonds or any underlying arrangement,
34 directly or indirectly, secured by any interest in property used or to be used for said Private
35 Business Use or in payments in respect of property used or to be used for said Private Business

1 Use or is to be derived from payments, whether or not to the City, in respect of property or
2 borrowed money used or to be used for said Private Business Use, then said excess over said 5%
3 of Net Proceeds of the bonds used for a Private Business Use shall be used for a Private Business
4 Use related to the governmental use of the System.

5 The City shall assure that not in excess of 5% of the Net Proceeds of the Bonds are used,
6 directly or indirectly, to make or finance a loan to persons other than state or local governmental
7 units.

8 As used in this subsection (b), the following terms shall have the following meanings:

9 “Net Proceeds” means the face amount of the bonds, plus accrued interest and premium, if
10 any, less original issue discount, if any, less any amounts deposited into the Debt Service Reserve
11 from Bond proceeds.

12 “Private Business Use” means use directly or indirectly in a trade or business carried on by a
13 natural person or in any activity carried on by a person other than a natural person, excluding,
14 however, use by a state or local governmental unit and use as a member of the general public.

15 (c) The City covenants that it will take no action which would cause the bonds to be
16 “federally guaranteed” within the meaning of Section 149(b) of the Code. Nothing in this Section
17 shall prohibit investments in bonds issued by the United States Treasury.

18 (d) The City covenants that it will submit to the Secretary of the Treasury of the United
19 States, not later than the 15th day of the second calendar month after the close of the calendar
20 quarter in which the bonds are issued, the statement required by Section 149(e) of the Code.

21 (e) The City covenants that it will, in compliance with the requirements of Section 148(f) of
22 the Code, pay with moneys in the 2016 Bond Fund to the United States Government in
23 accordance with the requirements of Section 148(f) of the Code, from time to time, an amount
24 equal to the sum of (1) the excess of (A) the amount earned on all Non-purpose Investments (as
25 therein defined) attributable to the bonds, other than investments attributable to such excess, over
26 (B) the amount which would have been earned if such Non-purpose Investments attributable to
27 the bonds were invested at a rate equal to the Yield (as defined in the Code) on the bonds, plus (2)
28 any income attributable to the excess described in (1), subject to the exceptions set forth in
29 Section 148 of the Code. The City further covenants that in order to assure compliance with its
30 covenants herein, it will employ a qualified consultant to advise the City in making the
31 determination required to comply with this subsection (e). Anything herein to the contrary
32 notwithstanding, this provision may be modified or rescinded if in the opinion of Bond Counsel
33 such modification or rescission will not affect the tax-exempt status of the Bonds for Federal
34 Income Tax purposes.

1 **Section 28.** The Trustee shall only be responsible for the exercise of good faith and reasonable
2 prudence in the execution of its trust. The recitals in this ordinance and on the face of the Bonds are the
3 recitals of the City and not of the Trustee. The Trustee shall not be required to take any action as Trustee
4 unless it shall have been requested to do so in writing by the owners of not less than 10% in principal
5 amount of the Bonds then outstanding and shall have been offered reasonable security and indemnity
6 against the costs, expenses and liabilities to be incurred therein or thereby. The Trustee may resign at any
7 time by giving sixty (60) days' notice in writing to the City Clerk and to the registered owners of the
8 bonds and the majority in value of the registered owners of the outstanding Bonds or the City, if it is not
9 in default under this ordinance, at any time, with or without cause, may remove the Trustee. In the event
10 of a vacancy in the office of Trustee, either by resignation or by removal, the City shall appoint a new
11 Trustee, such appointment to be evidenced by a written instrument or instruments filed with the City
12 Clerk. Every successor Trustee appointed pursuant to this Section shall be a trust company or bank in
13 good standing, duly authorized to exercise trust powers and subject to examination by federal or state
14 authority. The original Trustee and any successor Trustee shall file a written acceptance and agreement to
15 execute the trust imposed upon it or them by this ordinance, but only upon the terms and conditions set
16 forth in this ordinance and subject to the provisions of this ordinance, to all of which the respective
17 owners of the bonds agree. Such written acceptance shall be filed with the City Clerk and a copy thereof
18 shall be placed in the bond transcript. Any successor Trustee shall have all the powers herein granted to
19 the original Trustee. The Trustee's resignation shall become effective upon the acceptance of the trusts
20 by the successor Trustee.

21 **Section 29.** (a) Moneys held for the credit of the 2016 Bond Fund shall be continuously invested and
22 reinvested pursuant to the direction of the Commission in Eligible Investments, all of which shall mature,
23 or which shall be subject to redemption by the holder thereof, at the option of such holder, not later than
24 the payment date for interest or principal and interest on the Bonds.

25 (b) Moneys held for the credit of any other fund shall be continuously invested and
26 reinvested pursuant to the direction of the Commission in Eligible Investments, which shall
27 mature, or which shall be subject to redemption by the holder thereof, at the option of such
28 holder, not later than the date or dates when the moneys held for the credit of the particular fund
29 will be required for purposes intended.

30 (c) "Eligible Investments" means any of the securities that are at the time legal for
31 investment of City funds pursuant to Resolution No. 12,520 of the City.

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

1 (e) Moneys so invested in Government Securities or in certificates of deposit of banks to the
2 extent insured by FDIC, need not be secured by the depository bank or banks.

3 (f) All investments and deposits shall have a par value (or market value when less than par),
4 exclusive of accrued interest, at all times at least equal to the amount of money credited to such
5 funds and shall be made in such a manner that the money required to be expended from any fund
6 will be available at the proper time or times.

7 (g) Investments of moneys in all funds shall be valued in terms of current market value as of
8 the last day of each year, except that direct obligations of the United States (State and Local
9 Government Series) in book-entry form shall be continuously valued at par or face principal
10 amount.

11 (h) The City covenants that it will make all arbitrage rebate payments to the United States in
12 accordance with Section 148(f) of the Code.

13 **Section 30.** It is covenanted and agreed by the City with the registered owners of the Bonds, or any
14 of them, that the City and the Commission will faithfully and punctually perform all duties with reference
15 to the System required by the Constitution and laws of the State, including the charging and collecting of
16 reasonable and sufficient rates lawfully established for services rendered by the System, the segregating
17 of System revenues as herein required, and the applying of System revenues to the respective funds herein
18 created or referred to.

19 **Section 31.** The City covenants that it will not sell or lease the System, or any substantial portion
20 thereof; provided, however, that nothing herein shall be construed to prohibit the City from making such
21 dispositions of properties of the System and such replacements and substitutions for properties of the
22 System as shall be necessary or incidental to the efficient operation of the System as a revenue-producing
23 undertaking. All revenues derived from such dispositions shall be deposited into the Revenue Fund.

24 **Section 32.** The requirements of Ordinance No. 15,249, as they may relate to the authorization and
25 sale of the Bonds, are hereby waived.

26 **Section 33.** The Reserve Agreement, in substantially the form submitted to this meeting is hereby
27 approved, and the Mayor and the City Clerk are hereby authorized and directed to execute and deliver the
28 Reserve Agreement on behalf of the City, and the Mayor and other officers of the City are authorized to
29 execute and deliver such undertakings as may be appropriate to the securing of the Reserve Policy.

30 **Section 34.** The provisions of this ordinance are hereby declared to be separable and if any provision
31 shall for any reason be held illegal or invalid, such holding shall not affect the validity of the remainder of
32 this Ordinance.

33 **Section 35.** All ordinances and resolutions or parts thereof, in conflict herewith are hereby repealed to
34 the extent of such conflict.

1 **Section 36.** It is hereby ascertained and declared that the Refunding must be accomplished as soon
2 as possible in order to take advantage of low interest rates for tax-exempt bonds, such as the bonds, that
3 will enable the City to reduce future rate increases as much as reasonably feasible. It is, therefore,
4 declared that an emergency exists and this ordinance being necessary for the immediate preservation of
5 the public peace, health and safety shall take effect and be in force from and after its passage.

6 **PASSED: October 18, 2016**

7 **ATTEST:**

APPROVED:

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10 _____
Susan Langley, City Clerk

_____ **Mark Stodola, Mayor**

11 **APPROVED AS TO LEGAL FORM:**

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14 _____
Thomas M. Carpenter, City Attorney

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