

1 **ORDINANCE NO.**

2

3 **AN ORDINANCE AUTHORIZING THE CONSTRUCTION OF**
4 **BETTERMENTS AND IMPROVEMENTS TO THE SEWER SYSTEM OF**
5 **THE CITY OF LITTLE ROCK, ARKANSAS; AUTHORIZING THE**
6 **ISSUANCE OF A SEWER REVENUE BOND, SERIES 2016 FOR THE**
7 **PURPOSE OF FINANCING THE COST THEREOF; PROVIDING FOR**
8 **THE PAYMENT OF THE PRINCIPAL AND INTEREST ON THE BOND;**
9 **AND FOR OTHER PURPOSES.**

10

11 **WHEREAS**, the City of Little Rock, Arkansas (the “City”) owns a sewer system (the “System”), which
12 is operated by the Water Reclamation Commission of the City (the “Commission”), which was formerly
13 known as the Sewer Committee of the City; and

14 **WHEREAS**, the Commission has determined that betterments and improvements to the System (the
15 “Improvements”) are necessary in order to improve handling of wet weather flows and the quality of
16 sanitary sewer service in the City; and

17 **WHEREAS**, the Commission has caused to be prepared by the Engineering Staff of the Little Rock
18 Wastewater Utility a preliminary report containing a general description and estimates of cost for the
19 Improvements that have been examined and approved by the Commission and the Board of Directors and
20 a copy of which report is on file in the office of the City Clerk and the Chief Executive Officer of the
21 System (the “CEO”) where it may be inspected by any interested person; and

22 **WHEREAS**, the City does not have available funds to pay the estimated costs of the Improvements,
23 including bond issuance costs, contingencies and interest during construction, but can obtain the same by
24 the issuance of a Sewer Revenue Bond; and

25 **WHEREAS**, the City is making arrangements for the sale of a Sixty-One Million Dollars
26 (\$61,000,000) principal amount bond to the Arkansas Development Finance Authority, as purchaser (the
27 “Bondholder”), at a price of par for a bond bearing interest at the rate of 1.7210426% per annum pursuant
28 to a Bond Purchase Agreement (the “Agreement”) among the City, the Bondholder and the Arkansas
29 Natural Resources Commission (“ANRC”), which has been presented to and is before this meeting; and

30 **WHEREAS**, the City is authorized under Amendment No. 65 to the Arkansas Constitution and Title
31 14, Chapter 235, Subchapter 2 of the Arkansas Code of 1987 Annotated (the “Authorizing Legislation”),
32 to issue and sell the Bond; and

1 **WHEREAS**, the City has outstanding (a) its Sewer Revenue Bond, Series 2007B (the “Series 2007B
2 Bond”), authorized by Ordinance No. 19,769, adopted June 19, 2007 (the “2007B Ordinance”); (b) its
3 Sewer Revenue Bonds, Series 2008 (the “Series 2008 Bonds”), authorized by Ordinance No. 20,046,
4 adopted November 18, 2008; (c) its Sewer Revenue Bond, Series 2009A (the “Series 2009A Bond”),
5 authorized by Ordinance No. 20,074, adopted March 10, 2009 (the “2009A Ordinance”); (d) its Sewer
6 Revenue Bonds, Series 2009B (the “Series 2009B Bonds”) authorized by Ordinance No. 20,186, adopted
7 November 3, 2009 (the “2009B Ordinance”); (e) its Sewer Refunding Revenue Bonds, Series 2011 (the
8 “Series 2011 Bonds”) authorized by Ordinance No. 20,440, adopted June 7, 2011 (the “2011 Ordinance”);
9 (f) its Sewer Revenue Bonds, Series 2012 (the “Series 2012 Bonds”) authorized by Ordinance No. 20,604,
10 adopted July 17, 2012 (the “2012 Ordinance”); (g) its Sewer Revenue Bond, Series 2013 (the “Series 2013
11 Bond”) authorized by Ordinance No. 20,711, adopted April 2, 2013 (the “2013 Ordinance”); (h) its Sewer
12 Refunding Revenue Bonds, Series 2014 (the “Series 2014 Bonds”) authorized by Ordinance No. 20,937,
13 adopted September 16, 2014 (the “2014 Ordinance”); and (i) its Sewer Refunding Revenue Bonds, Series
14 2015 (the “Series 2015 Bonds”) authorized by Ordinance No. 20,994, adopted February 24, 2015 (the “2015
15 Ordinance”); and

16 **WHEREAS**, the Bondholder proposes to pledge the bond as collateral for the payment of its Revolving
17 Loan Fund Revenue Bonds (the “ADFA Bonds”) pursuant to its general bond resolution, as amended or
18 supplemented from time to time, to the bank or trust company to be named as trustee thereunder (the
19 “ADFA Trustee”); and

20 **WHEREAS**, the City is required to pay to the Arkansas Development Finance Authority, as servicer
21 (the “Authority”), a servicing fee equal to 1% per annum of the outstanding principal amount of the bond
22 (the “Servicing Fee”);

23 **NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF DIRECTORS OF THE CITY**
24 **OF LITTLE ROCK, ARKANSAS:**

25 **Section 1.** The Improvements shall be accomplished. The accomplishment of the Improvements shall
26 be under the control and supervision of, and all details in connection therewith shall be handled by, the
27 Commission, and the Commission shall make all contracts and agreements necessary or incidental to the
28 performance of its duties and the execution of its powers. The Commission shall let all construction
29 contracts pursuant to and in accordance with existing laws and shall require such performance bonds and
30 insurance from the contractors as, in the judgment of the Commission, will fully insure the completion of
31 the Improvements in accordance with the plans and specifications therefor.

32 **Section 2.** The sale to the Bondholder of up to Sixty-One Million Dollars (\$61,000,000) in principal
33 amount of a bond from the City at a price of par for a bond bearing interest at the rate of 1.7210426% per
34 annum and otherwise subject to the terms and provisions hereafter in this ordinance set forth in detail be,

1 and is hereby approved and the bond is hereby sold to the Bondholder. The Mayor is hereby authorized
 2 and directed to execute and deliver the Agreement on behalf of the City and to take all action required on
 3 the part of the City to fulfill its obligations under the Agreement. The Agreement is hereby approved in
 4 substantially the form submitted to this meeting with such changes as may be approved by the Mayor, his
 5 execution to constitute complete evidence of such approval.

6 **Section 3.** The Board of Directors hereby finds and declares that the period of usefulness of the
 7 Improvements will be more than thirty-five (35) years, which is longer than the term of the bond.

8 **Section 4.** Under the authority of the Constitution and laws of the State of Arkansas (the “State”),
 9 including particularly the Authorizing Legislation, City of Little Rock, Arkansas Sewer Revenue Bond,
 10 Series 2016 (the “Bond”) is hereby authorized and ordered issued in the principal amount of Sixty-One
 11 Million Dollars (\$61,000,000), the proceeds of the sale of which are necessary to provide sufficient funds
 12 for accomplishing the Improvements, paying expenses incidental thereto and expenses of issuing the bond,
 13 and funding interest during construction.

14 The bond shall bear interest at the rate of 1.7210426% per annum based upon a 360-day year of twelve
 15 (12) consecutive thirty (30)-day months. The bond shall be dated the date of delivery to the Bondholder.
 16 Interest shall be payable on October 15, 2016, and on each April 15th and October 15th thereafter. Principal
 17 shall be payable in installments on October 15, 2020, and each October 15th and April 15th thereafter until
 18 the unpaid principal is paid in full as follows:

19

<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>
10/15/20	\$ 983,854	10/15/35	\$ 1,475,691
04/15/21	997,239	04/15/36	1,495,769
10/15/21	1,010,807	10/15/36	1,516,120
04/15/22	1,024,559	04/15/37	1,536,746
10/15/22	1,038,498	10/15/37	1,557,654
04/15/23	1,052,628	04/15/38	1,578,846
10/15/23	1,066,949	10/15/38	1,600,327
04/15/24	1,081,465	04/15/39	1,622,099
10/15/24	1,096,179	10/15/39	1,644,169
04/15/25	1,111,092	04/15/40	1,666,538
10/15/25	1,126,209	10/15/40	401,409
04/15/26	1,141,531	04/15/41	406,871
10/15/26	1,157,062	10/15/41	412,407

04/15/27	1,172,804	04/15/42	418,018
10/15/27	1,188,760	10/15/42	423,705
04/15/28	1,204,934	04/15/43	429,469
10/15/28	1,221,327	10/15/43	435,312
04/15/29	1,237,943	04/15/44	441,234
10/15/29	1,254,786	10/15/44	447,237
04/15/30	1,271,858	04/15/45	453,323
10/15/30	1,289,161	10/15/45	459,490
04/15/31	1,306,701	04/15/46	465,742
10/15/31	1,324,479	10/15/46	472,078
04/15/32	1,342,499	04/15/47	478,501
10/15/32	1,360,764	10/15/47	485,011
04/15/33	1,379,277	04/15/48	491,609
10/15/33	1,398,043	10/15/48	498,298
04/15/34	1,417,063	04/15/49	505,078
10/15/34	1,436,342	10/15/49	511,949
04/15/35	1,455,884	04/15/50	518,603

1 The bond will be registered as to both principal and interest, payable to the Bondholder, or registered
2 assigns, as set forth hereinafter in the bond form, and shall be numbered R-1.

3 Payment of principal and interest shall be by check or draft mailed to the Bondholder at its address
4 shown on the bond registration books of the City which shall be maintained by the City Clerk as Bond
5 Registrar, without presentation or surrender of the bond (except upon final payment) and such payments
6 shall discharge the obligation of the City to the extent thereof. The City Clerk shall keep a payment record
7 and make proper notations thereon of all payments of principal and interest.

8 Payment of principal and interest shall be in any coin or currency of the United States of America
9 which, as at the time of payment, shall be legal tender for the payment of debts due the United States of
10 America. When the principal of and interest on the bond have been fully paid, it shall be canceled and
11 delivered to the City Clerk.

12 **Section 5.** The Bond shall be executed on behalf of the City by the Mayor and City Clerk and shall
13 have impressed thereon the seal of the City. The bond is not a general obligation of the City but is a special
14 obligation, the principal of and interest on which, and Servicing Fee in connection therewith, are secured
15 by a pledge of and are payable from revenues derived from the System (“Revenues”). The pledge of
16 Revenues is subordinate to the pledge in favor of the Series 2007B Bonds, the Series 2008 Bonds the Series
17 2009A Bond, the Series 2009B Bonds, the Series 2011 Bonds, the Series 2012 Bonds, the Series 2013

1 Bond, the Series 2014 Bonds and the Series 2015 Bonds (collectively, the “Prior Bonds”). The bond and
2 interest thereon shall not constitute an indebtedness of the City within any constitutional or statutory
3 limitation.

4 **Section 6.** The Bond shall be in substantially the following form and the Mayor and City Clerk are
5 hereby authorized and directed to make all the recitals contained therein:

6
7 **(form of bond)**

8
9 **UNITED STATES OF AMERICA**

10 **STATE OF ARKANSAS**

11 **COUNTY OF PULASKI**

12 **CITY OF LITTLE ROCK**

13 **1.7210426% SEWER REVENUE BOND, SERIES 2016**

14
15 **No. R-1**

\$61,000,000

16
17 **KNOW ALL MEN BY THESE PRESENTS:**

18
19 That the City of Little Rock, Pulaski County, Arkansas (the “City”), for value received,
20 hereby acknowledges itself to owe and promises to pay to the Arkansas Development Finance Authority,
21 or registered assigns, solely from the special fund provided as hereinafter set forth, the principal sum of

22
23 **SIXTY ONE MILLION DOLLARS**

24 **(or the total principal amount outstanding as reflected**

25 **by the Record of Payment of Advances attached hereto)**

26
27 with interest on the unpaid balance of the total principal amount at the rate of 1.7210426% per annum from
28 the date of each advance. The principal and interest shall be payable in such coin or currency of the United
29 States of America as at the time of payment shall be legal tender for the payment of debts due the United
30 States of America.

31 Interest on the unpaid balance of the total principal amount shall be payable on October 15, 2016,
32 and on each April 15th and October 15th thereafter. Principal shall be payable in installments on October
33 15, 2020, and on each April 15th and October 15th thereafter until the unpaid principal is paid as follows:

1 **Date** **Amount**

2 (There will be inserted the schedule set forth in Section 4 of this ordinance.)

3 Payments of the principal and interest installments due hereon shall be made, except for final payment,
4 without presentation and surrender of this bond, directly to the registered owner at his address shown on
5 the bond registration book of the City maintained by the City Clerk as Bond Registrar, and such payments
6 shall fully discharge the obligation of the City to the extent of the payments so made.

7 This bond is issued for the purpose of providing financing of the costs of constructing betterments and
8 improvements to the sewer system of the City (the "System"), interest during construction, and costs of
9 authorizing and issuing this bond, and is issued pursuant to and in full compliance with the Constitution
10 and laws of the State of Arkansas (the "State"), including particularly Title 14, Chapter 164, Subchapter 4
11 and Title 14, Chapter 235, Subchapter 2 of the Arkansas Code of 1987 Annotated, and pursuant to
12 Ordinance No. _____ of the City, duly adopted and approved on the ____ day of _____,
13 2016 (the "Authorizing Ordinance"). Reference is hereby made to the Authorizing Ordinance for the details
14 of the nature and extent of the security and of the rights and obligations of the City and the registered owner
15 of this bond. This bond may be assigned with the written approval of the Arkansas Natural Resources
16 Commission ("ANRC"), and in order to effect such assignment the assignor shall promptly notify the City
17 Clerk by registered mail, and the assignee shall surrender this bond along with a written approval of ANRC
18 to the City Clerk for transfer on the registration records. Every assignee shall take this bond subject to all
19 payments and prepayments of principal and interest (as reflected by the Payment Record maintained by the
20 City Clerk), prior to such surrender for transfer.

21 This bond may be prepaid at the option of the City from funds from any source, in whole but not in
22 part, at any time on and after October 15, 2026, at a prepayment price equal to the principal amount
23 outstanding, plus accrued interest to the prepayment date. Notice shall be given of such prepayment to the
24 owner of this bond or registered assigns at least ninety (90) days prior to the prepayment date. Such notice
25 shall be in writing mailed to the address of the owner of this bond or registered assigns at the address as
26 reflected on the bond registration books of the City Clerk.

27 This Bond does not constitute an indebtedness of the City within any constitutional or statutory
28 limitation or provision, and the taxing power of the City is not pledged to the payment of the principal of
29 or interest on this bond. This bond is a special obligation payable solely from the net revenues derived
30 from the operation of the System. In this regard, the pledge of net System revenues is subordinate to the
31 pledge of System revenues to Sewer Revenue Bonds, Series 2007B, 2008, 2009A, 2009B, 2012 and 2013,
32 Sewer Refunding Revenue Bonds, Series 2011, 2014 and 2015, so long as any of such bonds are
33 outstanding. A sufficient amount of System revenues to pay principal and interest has been duly set aside
34 and pledged as a special fund for that purpose, identified as the "2016 ADFA Bond Fund," in the

1 Authorizing Ordinance. The City has fixed and has covenanted and agreed to maintain rates for use of the
2 System which shall be sufficient at all times to at least provide for the payment of the reasonable expenses
3 of operation and maintenance of the System, provide for the payment of the principal of and interest on all
4 the outstanding bonds to which System revenues are pledged as the same become due, to establish and
5 maintain debt service reserves and to provide a depreciation fund, all as set forth in the Authorizing
6 Ordinance. This bond is issued with the intent that the laws of the State shall govern its construction.

7 **IT IS HEREBY CERTIFIED, RECITED AND DECLARED** that all acts, conditions and things
8 required by the Constitution and statutes of the State to exist, happen and be performed precedent to and in
9 the issuance of this bond do exist, have happened and have been performed in regular and due time, form
10 and manner as required by law; that this bond does not exceed any constitutional or statutory limitation of
11 indebtedness; and that provision has been made for the payment of the principal of and interest on this bond,
12 as provided in the Authorizing Ordinance.

13 **IN WITNESS WHEREOF**, the City of Little Rock, Arkansas has caused this bond to be executed in
14 its name by its Mayor and City Clerk, thereunto duly authorized, and its corporate seal to be affixed, all as
15 of the _____ day of _____, 2016.

16 **CITY OF LITTLE ROCK, ARKANSAS**

17
18 **ATTEST:**

By _____

Mayor

19
20 _____
21 **City Clerk**

22 **(SEAL)**

23 [A Registration Certificate and Record of Payment
24 of Advances shall be attached to the bond.]

25 **Section 7.** The City has heretofore fixed sewer rates by Ordinance No. 21,080, adopted on August 4,
26 2015. Reference is hereby made to such ordinance for the details thereof and other provisions pertaining
27 thereto, which sewer rates are hereby confirmed and continued as provided therein.

28 The City covenants and agrees that the rates established will produce gross Revenues at least sufficient
29 to pay monthly operation, maintenance and funded depreciation expenses of the System, pay the principal
30 of and interest on all outstanding bonds and notes to which Revenues are pledged (collectively, "System
31 Bonds"), as the same become due, pay the financing, servicing and administrative fees in connection
32 therewith as the same become due, and create and maintain any required debt service reserves ("Required
33 Payments"). The City covenants always to maintain rates (including increases as necessary) which will

1 provide for the Required Payments. The rates in effect for sewer service at this time shall not be reduced
2 without the prior written consent of ANRC and the Bondholder.

3 None of the facilities or services afforded by the System shall be furnished without a charge being made
4 therefor. In the event that the City or any department, agency or instrumentality thereof shall avail itself of
5 the facilities and services afforded by the System, the reasonable value of the service or facilities so afforded
6 shall be charged against the City or such department, agency or instrumentality and shall be paid for as the
7 charges accrue. The revenues so received shall be deemed to be revenues derived from the operation of the
8 System and shall be used and accounted for in the same manner as the other revenues derived from the
9 operation of the System.

10 **Section 8.** All of the provisions of the 2007B Ordinance, the 2008 Ordinance, the 2009A Ordinance,
11 the 2009B Ordinance, the 2011 Ordinance, the 2012 Ordinance, the 2013 Ordinance, the 2014 Ordinance
12 and the 2015 Ordinance (the “Prior Bond Ordinances”) (including those incorporated therein by reference),
13 as now in effect, and except those provisions clearly inapplicable hereto, including, without limitation, the
14 provisions pertaining to the collection, the investment and the handling of Revenues and funds, and to the
15 operation, maintenance and care of the System, are hereby made applicable hereto and are incorporated
16 herein by reference as though fully set forth at this point. The effect of the above covenant shall be to
17 continue the applicable provisions in full force and effect even after the payment of the Prior Bonds and
18 until the bond is paid, or provision made therefor.

19 **Section 9.** The City covenants that it will continuously operate the System as a revenue-producing
20 undertaking and will not sell or lease the same, or any substantial portion thereof, without the prior written
21 approval of the Bondholder and ANRC; provided, however, that nothing herein shall be construed to
22 prohibit the City from making such dispositions of properties of the System and such replacements and
23 substitutions for properties of the System as shall be necessary or incidental to the efficient operation of the
24 System as a revenue-producing undertaking.

25 **Section 10. (a)** After making the required payments into the special fund heretofore created and
26 designated “Sewer Operation and Maintenance Fund” and into the bond funds for the Prior Bonds and any
27 additional bonds having a priority on the pledge of Revenues over the pledge in favor of the bond and after
28 paying the financing, servicing and administrative fees in connection with the Prior Bonds, there shall be
29 paid from the special fund heretofore created and designated “Sewer Fund” into an account of the City in a
30 special fund to be created by the Bondholder (the “2016 ADFA Bond Fund”) for the purpose of paying the
31 principal of and interest on the bond the amounts specified in (b) below.

32 **(b)** There shall be deposited from proceeds of the bond or, at the direction of the
33 Commission, from moneys in the Sewer Fund, into the 2016 ADFA Bond Fund on October 15, 2016, and
34 on each April 15th and October 15th thereafter until April 15, 2020, the interest due on the bond on such

1 dates. Commencing on the first business day of each month thereafter, there shall be deposited from
2 moneys in the Sewer Fund into the 2016 ADFA Bond Fund an amount equal to 1/6 of the amount of interest
3 on and principal of the bond next due.

4 (c) If Revenues are insufficient to make the required payment on or before the first
5 business day of the following month into the 2016 ADFA Bond Fund, then the amount of any such
6 deficiency in the payment made shall be added to the amount otherwise required to be paid into the 2016
7 ADFA Bond Fund on the first business day of the next month.

8 (d) When the moneys held in the 2016 ADFA Bond Fund which represent payments
9 by the City and interest earnings thereon or proceeds of investments therefrom (collectively, "City Funds")
10 shall be and remain sufficient to pay in full the principal of and interest on the Bond, the City shall not be
11 obligated to make any further payments into the 2016 ADFA Bond Fund.

12 (e) All moneys in the 2016 ADFA Bond Fund representing City Funds shall be used
13 solely for the purpose of paying the principal of and interest on the Bond and the City shall automatically
14 receive a credit for the amount of such City Funds on hand in the 2016 ADFA Bond Fund and available for
15 the payment of any principal and interest currently due on an interest or principal payment date irrespective
16 of whether the Bondholder has applied or caused to be applied such funds on that date for such purpose.
17 The City shall receive a credit for all earnings and income derived from the investment of the City Funds
18 each April 15th and October 15th and such earnings and income shall be credited against the next six (6)
19 monthly payments.

20 (f) The bond shall be specifically secured by a pledge of all Revenues required to be
21 placed into the 2016 ADFA Bond Fund. This pledge in favor of the Bond is hereby irrevocably made
22 according to the terms of this ordinance, and the City and its officers and employees shall execute, perform
23 and carry out the terms thereof in strict conformity with the provisions of this ordinance.

24 **Section 11.** After making the payments into the 2016 ADFA Bond Fund required by Section 10 hereof,
25 there shall be paid from the Sewer Fund the Servicing Fee to the Authority. The Servicing Fee shall be
26 payable on each date interest on the bond is due and shall be calculated on the same basis as interest on the
27 Bond. The payment of the Servicing Fee is expressly made subordinate to the payment of the principal of
28 and interest on the Bond.

29 **Section 12.** After making the required payments in accordance with Sections 10 and 11 hereof, there
30 shall be paid from the Sewer Fund into a special fund heretofore created and designated the "Sewer
31 Depreciation Fund" on or before the 15th day of each month while the bond is outstanding, 3% of the
32 Revenues which remain after the required payment into the Sewer Operation and Maintenance Fund has
33 been made. Once the Sewer Depreciation Fund reaches an amount equal to Six Million, One Hundred
34 Thousand Dollars (\$6,100,000) (the "Required Level"), the City shall not be required to make further

1 deposits into the Sewer Depreciation Fund; provided, however, that monthly deposits must resume, if the
2 Sewer Depreciation Fund drops below the Required Level, until such time as the Required Level is again
3 reached. The moneys in the Sewer Depreciation Fund shall be used solely for the purpose of paying the
4 cost of replacements made necessary by the depreciation of the System. If in any fiscal year a surplus shall
5 be accumulated in the Sewer Depreciation Fund over and above the Required Level and over and above the
6 amount necessary to defray the cost of the probable replacements during the then current fiscal year and
7 the next ensuing fiscal year, such surplus may be transferred and paid into the Sewer Fund.

8 **Section 13.** The City shall assure that (1) not in excess of 10% of the proceeds of the bond is used for
9 Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest
10 due on the bond during the term thereof is, under the terms of the bond or any underlying arrangement,
11 directly or indirectly secured by any interest in property used or to be used for a Private Business Use or in
12 payments in respect of property used or to be used for a Private Business Use or is to be derived from
13 payments, whether or not to the City, in respect of property or borrowed moneys used or to be used for a
14 Private Business Use; and (2) that, in the event that both (A) in excess of 5% of the proceeds of the bond
15 are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest
16 due on the bond during the term thereof is, under the terms of the bond or any underlying arrangement,
17 directly or indirectly, secured by any interest in property used or to be used for said Private Business Use
18 or in payments in respect of property used or to be used for said Private Business Use or is to be derived
19 from payments, whether or not to the City, in respect of property or borrowed money used or to be used for
20 said Private Business Use, then said excess over said 5% of proceeds of the bond used for a Private Business
21 Use shall be used for a Private Business Use related to the governmental use of the Improvements.

22 The City shall assure that not in excess of 5% of the proceeds of the bond are used, directly or indirectly,
23 to make or finance a loan to persons other than state or local governmental units.

24 As used in this Section, "Private Business Use" means use directly or indirectly in a trade or business
25 carried on by a natural person or in any activity carried on by a person other than a natural person, excluding,
26 however, use by a state or local governmental unit and use as a member of the general public.

27 **Section 14.** The principal and interest installments shall be pre-payable prior to maturity as provided
28 in the bond form in Section 6 hereof.

29 **Section 15.** As long as the bond is outstanding, the City shall not issue or attempt to issue any bonds
30 having or claimed to be entitled to a priority of lien on Revenues over the lien securing the bond, including
31 any and all future extensions, betterments and improvements to the System except as provided in this
32 Section.

33 The City may issue additional revenue bonds having a priority on or on a parity with the lien on
34 Revenues in favor of the bond to finance or pay the cost of constructing betterments and improvements to

1 the System or to refund outstanding System Bonds, if there shall have been procured and filed with the City
2 Clerk and the Bondholder a statement by a certified public accountant not in the regular employ of the City
3 (the "Accountant") reciting the opinion that (i) in the case of parity bonds either (A) the Net Revenues (Net
4 Revenues being gross Revenues less operation and maintenance expenses, but not including depreciation)
5 for the fiscal year preceding the year in which such additional bonds are to be issued were not less than
6 110% of Total Annual Debt Service Requirements (Total Annual Debt Service Requirements being the
7 average annual debt service requirements (including principal, interest and financing, servicing and
8 administrative fees) on all outstanding System Bonds and the bonds then proposed to be issued) or (B) the
9 Net Revenues for the fiscal year succeeding the year in which such additional bonds are to be issued are
10 projected to be sufficient in amount, taking in consideration any enacted increase in Revenues, to be not
11 less than 110% of the Total Annual Debt Service Requirements, or (ii) in the case of the senior lien bonds,
12 either (A) the Net Revenues for the fiscal year preceding the year in which such additional bonds are to be
13 issued were not less than 120% of the Total Annual Debt Service Requirements or (B) the Net Revenues
14 for the fiscal year succeeding the year in which such additional bonds are to be issued are projected to be
15 sufficient in amount, taking into consideration any enacted increase in Revenues, to be not less than 120%
16 of the Total Annual Debt Service Requirements.

17 The additional bonds, the issuance of which is restricted and conditioned by this Section, shall not be
18 deemed to mean bonds the security and source of payment of which are subordinate and subject to the
19 priority of the bond and such additional bonds may be issued without complying with the terms and
20 conditions of this Section.

21 **Section 16.** It is covenanted and agreed by the City with the Bondholder, the Authority and ANRC
22 that it will faithfully and punctually perform all duties with reference to the System required by the
23 Constitution and laws of the State and by this Ordinance, including, without limitation, the making and
24 collecting of reasonable and sufficient rates lawfully established for services rendered by the System,
25 segregating Revenues and applying them to the respective funds maintained pursuant to the Prior Bond
26 Ordinances and this ordinance.

27 The City covenants and agrees that the Bondholder shall have the protection of all the provisions of the
28 Authorizing Legislation, and that the City will diligently proceed to enforce those provisions to the end of
29 the Bondholder realizing fully upon its security. And, if the City shall fail to proceed within 30 days after
30 written request shall have been filed by the Bondholder, the Bondholder may proceed to enforce all such
31 provisions.

32 If there be any default in the payment of the principal of or interest on the bond, or if the City defaults
33 in any 2016 ADFA Bond Fund requirement or in the performance of any of the other covenants contained
34 in this ordinance, the Bondholder may, by proper suit, compel the performance of the duties of the officials

1 of the City under the laws of the State. In the case of a default in the payment of the principal of and interest
2 on the Bond, the Bondholder may apply in a proper action to a court of competent jurisdiction for the
3 appointment of a receiver to administer the System on behalf of the City and the Bondholder with power to
4 charge and collect (or by mandatory injunction or otherwise to cause to be charged and collected) rates
5 sufficient to provide for the payment of the expenses of operation, repair and maintenance and to pay the
6 bond and interest outstanding and to apply Revenues in conformity with this ordinance. When all defaults
7 in principal and interest payments have been cured, the custody and operation of the System shall revert to
8 the City. No remedy herein conferred upon or reserved to the Bondholder is intended to be exclusive of
9 any other remedy or remedies herein provided or provided by law, and every such remedy shall be
10 cumulative and shall be in addition to every other remedy given hereunder or given by law. No delay or
11 omission of the Bondholder to exercise any right or power accrued upon any default shall impair any such
12 right or power or shall be construed to be a waiver of any default or an acquiescence therein; and every
13 power and remedy given by this ordinance to the Bondholder may be exercised from time to time and as
14 often as may be deemed expedient.

15 No waiver of any default shall extend to or affect any other existing or any subsequent default or
16 defaults or impair any rights or remedies consequent thereon. Any costs of enforcement of the bond or of
17 any provision of this ordinance, including reasonable attorney's fees, shall be paid by the City. The
18 Authority may enforce all rights and exercise all remedies available to the Bondholder in the event the
19 Servicing Fee is not paid when due.

20 **Section 17.** When the bond has been executed and sealed as herein provided, it shall be delivered to
21 the Bondholder upon payment of all or a portion of the purchase price in accordance with the Agreement.
22 Sale proceeds in the amount necessary to make all or a portion of the semiannual interest and Servicing Fee
23 payments due on each April 15th and October 15th to and including April 15, 2020, shall be applied, unless
24 otherwise directed by the Commission, to the payment of Servicing Fees and interest on the bond on such
25 dates. The balance of the sale proceeds shall be deposited, as and when received, in an account of the City
26 heretofore created and designated the "Little Rock Wastewater Utility Construction Fund" (the
27 "Construction Fund"). The proceeds of the bond in the Construction Fund shall be used for directly paying,
28 or reimbursing the City for, the costs paid in accomplishing the Improvements, expenses incidental thereto
29 and the expenses of issuing the bond approved in accordance with the Agreement. Payments from the
30 Construction Fund shall be by check or voucher signed by either the CEO or such other person or persons
31 designated by the Commission, and drawn on the depository. Each such check or voucher shall briefly
32 specify the purpose of the expenditure.

1 **Section 18.** The terms of this ordinance shall constitute a contract among the City, the Bondholder and
2 ANRC and no variation or change in the undertaking herein set forth shall be made while the bond is
3 outstanding unless consented to in writing by the Bondholder and ANRC.

4 **Section 19.** The Commission will keep proper records, books and accounts relating to the operation of
5 the System, which shall be kept separate from all other records and accounts of the City, in which complete
6 and correct entries shall be made of all transactions relating to the operation of the System in accordance
7 with generally accepted government accounting standards. Such books shall be available for inspection by
8 the Bondholder and ANRC, or the agent or the representative of either, at reasonable times and under
9 reasonable circumstances. The City agrees to have these records audited by an Accountant selected by the
10 Commission at least once each year.

11 In the event the Commission fails or refuses to furnish or cause such reports to be furnished, the
12 Bondholder may have the reports made, and the cost thereof shall be charged against the Sewer Operation
13 and Maintenance Fund.

14 **Section 20.** The City covenants and agrees that it will maintain the System in good condition and
15 operate it in an efficient manner and at reasonable cost. While the bond is outstanding, the City agrees that
16 it will insure, and at all times keep insured, in the amount of the actual value thereof, in a responsible
17 insurance company or companies selected by the Commission and authorized and qualified under the laws
18 of the State to assume the risk thereof, all above-ground structures of the System against loss or damage
19 thereto from fire, lightning, tornado, winds, riot, strike, civil commotion, malicious damage, explosion, and
20 against loss or damage from any other causes customarily insured against in connection with similar
21 facilities and undertakings as the System. In the event of loss, the proceeds of such insurance shall be
22 applied solely toward the reconstruction, replacement or repair of the System, and in such event the City
23 will, with reasonable promptness, cause to be commenced and completed the reconstruction, replacement
24 and repair work. If such proceeds are more than sufficient for such purposes, the balance remaining shall
25 be deposited to the credit of the Sewer Fund, and if such proceeds shall be insufficient for such purposes,
26 the deficiency shall be supplied, first, from moneys in the Sewer Depreciation Fund, second, from moneys
27 in the Sewer Operation and Maintenance Fund, and third, from available moneys in the Sewer Fund.
28 Nothing herein shall be construed as requiring the City to expend any funds for reconstruction, replacement
29 or repair of the System or for operation and maintenance of the System or for premiums on its insurance
30 which are derived from sources other than insurance proceeds or Revenues, but nothing herein shall be
31 construed as preventing the City from doing so.

32 **Section 21.** The City agrees that the Bondholder may pledge the bond as security for the ADFA Bonds,
33 and the ADFA Trustee and/or the municipal bond insurer for the ADFA Bonds may exercise any rights and
34 remedies available to the Bondholder under this ordinance or the Agreement while the bond is pledged

1 and/or the ADFA Bonds are insured. In addition, the City agrees that while the bond is pledged and/or the
2 ADFA Bonds are insured, copies of all financial information shall be furnished to the ADFA Trustee and/or
3 the municipal bond insurer.

4 **Section 22.** In the event the offices of Mayor, City Clerk, CEO, Board of Directors, or Commission
5 shall be abolished, or any two (2) or more of such offices shall be merged or consolidated, or in the event
6 the duties of a particular office shall be transferred to another office or officer, or in the event of a vacancy
7 in any such office by reason of death, resignation, removal from office, or otherwise, or in the event any
8 such officer shall become incapable of performing the duties of his office by reason of sickness, absence
9 from the City, or otherwise, all powers conferred and all obligations and duties imposed upon such office
10 or officer shall be performed by the office or officer succeeding to the principal function thereof, or by the
11 office or officer upon whom such powers, obligations, and duties shall be imposed by law.

12 **Section 23.** It is understood and agreed that the Commission, acting for and on behalf of the City, has
13 custody of and control over the System, operates, maintains and repairs the System and collects and handles
14 Revenues. Therefore, it is understood and agreed that even though there are some express references to the
15 Commission, all references herein to the City shall, when appropriate in view of the authority and
16 responsibility of the Commission, be construed to mean and include the Commission. So long as the
17 Commission operates the System for the City, performance by the Commission of any right or obligation
18 of the City hereunder shall be deemed performance by the City. The Commission presently consists of Pat
19 Miller, Ken Griffey, Marilyn Perryman, Pete Hornibrook, Richard L. Mays, Jr., Maurice Rigsby and Bill
20 Flowers.

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

23 **Section 25.** The provisions of this ordinance are hereby declared to be separable, and if any provision
24 shall for any reason be held illegal or invalid, it shall not affect the validity of the remainder of this
25 ordinance.

26 **Section 26.** Reference in this ordinance to “Bondholder” shall include the original Bondholder or any
27 registered assign thereof.

28 **Section 27. Severability.** In the event any title, subtitle, section, subsection, subdivision, paragraph,
29 subparagraph, item, sentence, clause, phrase, or work of this ordinance is declared or adjudged to be invalid
30 or unconstitutional, such declaration or adjudication shall not affect the remaining portions of the ordinance
31 which shall remain in full force and effect as if the portion so declared or adjudged invalid or
32 unconstitutional was not originally a part of this ordinance.

33 **Section 28. Repealer.** All ordinances, resolutions, or parts of the same that are inconsistent with the
34 provisions of this ordinance are hereby repealed to the extent of such inconsistency.

1 **ADOPTED: June 28, 2016**

2 **ATTEST:**

APPROVED:

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4 _____
5 **Susan Langley, City Clerk**

_____ **Mark Stodola, Mayor**

6 **APPROVED AS TO LEGAL FORM:**

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8 _____
9 **Thomas M. Carpenter, City Attorney**

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