

1 **WHEREAS**, Build America Mutual Assurance Company (the “Reserve Insurer”) will be issuing a
2 municipal bond debt service reserve insurance policy (the “Reserve Policy”) in order to provide a debt
3 service reserve for the bonds; and

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

6 **WHEREAS**, the City has outstanding (a) its Sewer Revenue Bond, Series 2007B (the “Series 2007B
7 Bond”), authorized by Ordinance No. 19,769, adopted June 19, 2007 (the “2007B Ordinance”); (b) its
8 Sewer Revenue Bond, Series 2009A (the “Series 2009A Bond”), authorized by Ordinance No. 20,074,
9 adopted March 10, 2009 (the “2009A Ordinance”); (c) its Sewer Refunding Revenue Bonds, Series 2011
10 (the “Series 2011 Bonds”) authorized by Ordinance No. 20,440, adopted June 7, 2011 (the “2011
11 Ordinance”); (d) its Sewer Revenue Bonds, Series 2012 (the “Series 2012 Bonds”) authorized by
12 Ordinance No. 20,604, adopted on July 17, 2012 (the “2012 Ordinance”); (e) its Sewer Revenue Bond,
13 Series 2013 (the “Series 2013 Bond”), authorized by Ordinance No. 20,711, adopted April 2, 2013 (the
14 “2013 Ordinance”); (f) its Sewer Refunding Revenue Bonds, Series 2014 (the “Series 2014 Bonds”),
15 authorized by Ordinance No. 20,937, adopted September 16, 2014 (the “2014 Ordinance”); (g) its Sewer
16 Refunding Revenue Bonds, Series 2015 (the “Series 2015 Bonds”), authorized by Ordinance No. 20,994,
17 adopted February 24, 2015 (the “2015 Ordinance”); (h) its Sewer Revenue Bond, Series 2016 (the “Series
18 2016A Bond”) authorized by Ordinance No. 21,258, adopted June 28, 2016 (the “2016A Ordinance”) and
19 (i) its Sewer Refunding Revenue Bonds, Series 2016B (the “Series 2016B Bonds”) authorized by
20 Ordinance No. 21,317, adopted October 18, 2016 (the “2016B Ordinance”); and

21 **WHEREAS**, the coverage tests in the 2011 Ordinance, the 2012 Ordinance, the 2014 Ordinance, the
22 2015 Ordinance and the 2016B Ordinance for securing the bonds with a lien on the net revenues of the
23 System on a parity of security with the Series 2011 Bonds, the Series 2012 Bonds, the Series 2014 Bonds,
24 the Series 2015 Bonds and the Series 2016B Bonds (collectively, the “Parity Bonds”) have been or will
25 be satisfied; and

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

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

32 **Section 1.** The Improvements shall be accomplished. The accomplishment of the Improvements
33 shall be under the control and supervision of, and all details in connection therewith shall be handled by,
34 the Commission, and the Commission shall make all contracts and agreements necessary or incidental to

1 the performance of its duties and the execution of its powers. The Commission shall let all construction
2 contracts pursuant to and in accordance with existing laws and shall require such performance bonds and
3 insurance from the contractors as, in the judgment of the Commission, will fully insure the completion of
4 the Improvements in accordance with the plans and specifications therefor.

5 **Section 2.** The Board of Directors hereby finds and declares that the period of usefulness of the
6 Improvements will be more than thirty (30) years, which is longer than the term of the bonds.

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

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

19 **Section 5.** The Disclosure Agreement, in substantially the form submitted to this meeting, is hereby
20 approved, and the Mayor is hereby authorized and directed to execute and deliver the Disclosure
21 Agreement on behalf of the City. The Mayor, the CEO and the officers of the Authority and the City are
22 each authorized and directed to take all action required on the part of the City to fulfill the City's
23 obligations under the Disclosure Agreement.

24 **Section 6.** Under the authority of the Constitution and laws of the State of Arkansas (the "State"),
25 including particularly Title 14, Chapter 164, Subchapter 4, and Title 14, Chapter 235, Subchapter 2 of the
26 Arkansas Code of 1987 Annotated, City of Little Rock, Arkansas Water Reclamation System Revenue
27 Bonds, Series 2017, are hereby authorized and ordered issued in the principal amount of \$10,835,000 for
28 the purpose of financing all or a portion of the cost of the Improvements, paying a premium for the
29 Reserve Policy and paying expenses of issuing the bonds. The bonds shall bear interest at the rates and
30 shall mature on October 1 in the years and in the amounts as follows:

Year (October 1)	Principal Amount	Interest Rate
2018	\$185,000	1.150%

2019	215,000	2.000
2020	220,000	3.000
2021	225,000	3.000
2022	235,000	4.000
2023	245,000	4.000
2024	250,000	4.000
2025	265,000	4.000
2026	275,000	4.000
2027	285,000	4.000
2028	295,000	4.000
2029	305,000	4.000
2030	320,000	4.000
2031	330,000	4.000
2032	345,000	4.000
2033	360,000	4.000
2037*	1,570,000	3.125
2042*	2,255,000	3.250
2047*	2,655,000	3.375

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 \$5,000 or any integral multiple thereof. Unless
5 the City shall otherwise direct, the bonds shall be numbered from R-1 upward in order of issuance. Each
6 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 of
11 rights of registered owners. There shall be one certificated, typewritten bond for each stated maturity date
12 which shall be immobilized in the custody of DTC with the beneficial owners having no right to receive
13 the bonds in the form of physical securities or certificates. DTC and its participants shall be responsible
14 for maintenance of records of the ownership of beneficial interests in the bonds by book-entry on the
15 system maintained and operated by DTC and its participants, and transfers of ownership of beneficial
16 interests shall be made only by DTC and its participants, by book-entry, the City having no responsibility

1 therefor. DTC is expected to maintain records of the positions of participants in the bonds, and the
2 participants and persons acting through participants are expected to maintain records of the purchasers of
3 beneficial interests in the bonds. The bonds as such shall not be transferable or exchangeable, except for
4 transfer to another securities depository or to another nominee of a securities depository, without further
5 action by the City.

6 If any securities depository determines not to continue to act as a securities depository for the bonds
7 for use in a book-entry system, the City may establish a securities depository/book-entry system
8 relationship with another securities depository. If the City does not or is unable to do so, or upon request
9 of the beneficial owners of all outstanding bonds, the City and the Trustee (hereinafter identified), after
10 the Trustee has made provision for notification of the beneficial owners by the then securities depository,
11 shall permit withdrawal of the bonds from the securities depository, and shall authenticate and deliver
12 bond certificates in fully registered form (in denominations of \$5,000 or integral multiples thereof) to the
13 assigns of the securities depository or its nominee, all at the cost and expense (including costs of printing
14 definitive bonds) of the City, if the City fails to maintain a securities depository/book-entry system, or of
15 the beneficial owners, if they request termination of the system.

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

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

31 Interest on the bonds shall be payable on April 1, 2018, and semiannually thereafter on April 1 and
32 October 1 of each year. Payment of each installment of interest shall be made to the person in whose
33 name the bond is registered on the registration books of the City maintained by Regions Bank, Little
34 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 authenticated
5 unless it is authenticated on an interest payment date, in which event it shall bear interest from such date, or
6 unless it is authenticated prior to the first interest payment date, in which event it shall bear interest from
7 their dated date, or unless it is authenticated during the period from the Record Date to the next interest
8 payment date, in which case it shall bear interest from such interest payment date, or unless at the time of
9 authentication thereof interest is in default thereon, in which event it shall bear interest from the date to
10 w h i c h i n t e r e s t h a s b e e n p a i d .

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 the
17 Trustee, but it shall not be necessary that the same officer sign the Certificate on all of the bonds.

18 In case any 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 is
32 transferable by the registered owner thereof or by his attorney duly authorized in writing at the principal
33 office of the Trustee. Upon such transfer, a new fully registered bond or bonds of the same maturity, of

1 authorized denomination or denominations, for the same aggregate principal amount will be issued to the
2 transferee in exchange therefor.

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

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

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

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

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

31 (Form of bond)

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REGISTERED

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UNITED STATES OF AMERICA
STATE OF ARKANSAS
COUNTY OF PULASKI
CITY OF LITTLE ROCK

WATER RECLAMATION SYSTEM REVENUE BOND
SERIES 2017

Maturity Date: October 1, 20__

Interest Rate: _____%

Dated Date: _____, 2017

CUSIP No.: _____

Registered Owner: CEDE & CO.

Principal Amount: _____ DOLLARS

KNOW ALL MEN BY THESE PRESENTS:

That the City of Little Rock, County of Pulaski, State of Arkansas (the "City"), for value received, hereby promises to pay, but solely from the source as hereinafter provided and not otherwise, to the Registered Owner shown above upon the presentation and surrender hereof at the principal corporate office of Regions Bank, Little Rock, Arkansas, or its successor or successors, as trustee and paying agent (the "Trustee"), on the Maturity Date shown above, the Principal Amount shown above, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts and to pay by check or draft interest thereon, but solely from the source as hereinafter provided and not otherwise, in like coin or currency from the interest commencement date specified below at the Interest Rate per annum shown above, payable April 1, 2018 and semiannually thereafter on the first days of April and October of each year, until payment of such principal sum or, if this bond or a portion thereof shall be duly called for redemption, until the date fixed for redemption, and to pay interest on overdue principal and interest (to the extent legally enforceable) at the rate borne by this bond. Payment of each installment of interest shall be made to the person in whose name this bond is registered on the registration books of the City maintained by the Trustee at the close of business on the fifteenth day of the month (whether or not a business day) next preceding each interest payment date (the "Record Date"), irrespective of any transfer or exchange of this bond subsequent to such Record Date and prior to such interest payment date.

Unless this bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Trustee for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an 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 Water Reclamation System Revenue
12 Bonds, Series 2017 aggregating Ten Million Eight Hundred Thirty-Five Thousand Dollars (\$10,835,000)
13 in principal amount (the “bonds”), and is issued for the purposes of financing all or a portion of the costs
14 of betterments and improvements to the City’s sewer system which is now identified as a water
15 reclamation system (the “System”), paying the premium for a debt service reserve insurance policy and
16 paying expenses incidental thereto and to the authorization and issuance of the bonds.

17 The bonds are issued pursuant to and in full compliance with the Constitution and laws of the State of
18 Arkansas (the “State”), including particularly Title 14, Chapter 164, Subchapter 4 and Title 14, Chapter
19 235, Subchapter 2 of the Arkansas Code of 1987 Annotated, and pursuant to Ordinance No. _____
20 duly adopted on September 19, 2017 (the “Authorizing Ordinance”), and do not constitute an
21 indebtedness of the City within the meaning of any constitutional or statutory limitation. The bonds are
22 not general obligations of the City, but are special obligations payable solely from the net revenues (the
23 “Net Revenues”) derived from the operation of the System on a parity of security with the City’s
24 outstanding Sewer Refunding Revenue Bonds, Series 2011, Series 2014, Series 2015 and Series 2016B
25 and Sewer Revenue Bonds, Series 2012, and prior to the pledge of Net Revenues in favor of the City’s
26 Sewer Revenue Bonds, Series 2007B, Series 2009A, Series 2013 and Series 2016. An amount of Net
27 Revenues sufficient to pay the principal of and interest on the bonds has been duly pledged and set aside
28 into the 2017 Water Reclamation System Revenue Bond Fund created by the Authorizing Ordinance.
29 Reference is hereby made to the Authorizing Ordinance for a detailed statement of the terms and
30 conditions upon which the bonds are issued, of the nature and extent of the security for the bonds, and the
31 rights and obligations of the City, the Trustee and the registered owners of the bonds. The City has fixed
32 and has covenanted and agreed to maintain rates for the services of the System which shall be sufficient at
33 all times to provide for the proper and reasonable expenses of operation and maintenance of the System
34 and for the payment of the principal of and interest on the bonds, including Trustee’s fees, as the same

1 become due and payable, to establish and maintain a debt service reserve and to make the required deposit
2 for the depreciation of the System.

3 The bonds shall be subject to optional and mandatory sinking fund redemption as follows:

4 (1) The bonds are subject to redemption prior to maturity, at the option of the City, from funds
5 from any source, on and after October 1, 2025, at par, in whole at any time or in part on any interest
6 payment date, at a redemption price equal to the principal amount of the bonds being redeemed, plus
7 accrued interest to the redemption date. If fewer than all of the bonds shall be called for redemption, the
8 particular maturities of the bonds to be redeemed shall be selected by the City in its discretion.

9 (2) To the extent not previously redeemed, the bonds maturing on October 1 in the years 2037,
10 2042 and 2047 are subject to mandatory sinking fund redemption by lot in such manner as the Trustee
11 shall determine, on October 1 in the years and in the amounts set forth below, at a redemption price equal
12 to the principal amount being redeemed plus accrued interest to the date of redemption:

Bonds Due October 1, 2037

Year	
<u>(October 1)</u>	<u>Amount</u>
2034	\$375,000
2035	385,000
2036	400,000
2037 (maturity)	410,000

Bonds Due October 1, 2042

Year	
<u>(October 1)</u>	<u>Amount</u>
2038	\$425,000
2039	435,000
2040	450,000
2041	465,000
2042 (maturity)	480,000

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Bonds Due October 1, 2047

Year	
<u>(October 1)</u>	<u>Amount</u>

2043	\$495,000
2044	515,000
2045	530,000
2046	550,000
2047 (maturity)	565,000

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In case any outstanding bond is in a denomination greater than \$5,000, each \$5,000 of face value of such bond shall be treated as a separate bond of the denomination of \$5,000.

Notice of redemption identifying the bonds or portions thereof (which shall be \$5,000 or a multiple thereof) to be redeemed shall be given by the Trustee, not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption, by mailing a copy of the redemption notice by first class mail, postage prepaid, or sending a copy of the redemption notice via other standard means, including electronic or facsimile communication, to all registered owners of bonds to be redeemed. Failure to mail or send an appropriate notice or any such notice to one or more registered owners of bonds to be redeemed shall not affect the validity of the proceedings for redemption of other bonds as to which notice of redemption is duly given in proper and timely fashion. All such bonds or portions thereof thus called for redemption and for the retirement of which funds are duly provided in accordance with the Authorizing Ordinance prior to the date fixed for redemption will cease to bear interest on such redemption date.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of the bonds do exist, have happened and have been performed in due time, form and manner as required by law; that the indebtedness represented by the bonds, together with all obligations of the City, does not exceed any constitutional or statutory limitation; and that the above referred to Net Revenues pledged to the payment of the principal of and premium, if any, and interest on the bonds as the same become due and payable will be sufficient in amount for that purpose.

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Authorizing Ordinance until the Certificate of Authentication hereon shall have been signed by the Trustee.

IN WITNESS WHEREOF, the City of Little Rock, Arkansas has caused this bond to be executed by its Mayor and City Clerk and its corporate seal to be impressed or imprinted on this bond, all as of the Dated Date shown above.

CITY OF LITTLE ROCK, ARKANSAS

ATTEST:

By: _____

Mayor

City Clerk

(SEAL)

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(Form of Trustee’s Certificate)

TRUSTEE’S CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds designated Series 2017 in and issued under the provisions of the within mentioned Authorizing Ordinance.

Date of Authentication: _____

REGIONS BANK

Little Rock, Arkansas, Trustee

By: _____

Authorized Signature

[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

1 properly attributable to the operation and maintenance of the System under generally accepted accounting
2 principles applicable to municipal facilities, excluding depreciation, interest and amortization of deferred
3 bond discount expenses), with the reduced rates, will always be equal to the amount required to be set
4 aside for the Depreciation Fund (hereinafter identified), and leave a balance equal to at least 130% of the
5 average annual principal and interest requirements on all outstanding bonds payable from System
6 revenues (“System Bonds”). The City further covenants and agrees that the rates shall, if and when
7 necessary, from time to time, be increased in such manner as will produce revenues at least sufficient to
8 pay the principal and interest on all System Bonds when due, to pay the operation and maintenance
9 expenses of the System, to deposit the amounts required to be paid into the Depreciation Fund and any
10 debt service reserves, to pay insurers of System Bonds for any amounts owed in connection with debt
11 service reserve fund insurance policies or surety bonds for System Bonds, and to reimburse the Reserve
12 Insurer for any amounts owing with respect to the Reserve Policy in accordance with this Ordinance.

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

17 This Section 9 shall not apply to the type of charges fixed by Ordinance No. 20,590, adopted June 5,
18 2012.

19 **Section 10.** The System shall be continuously operated as a revenue producing undertaking and all
20 System revenues shall be paid into a special fund heretofore created and designated “Sewer Fund” (the
21 “Revenue Fund”). The System revenues so deposited in the Revenue Fund are hereby pledged and shall
22 be applied to the payment of the reasonable and necessary expenses of operation, repair and maintenance
23 of the System, to the payment of the principal of and premium, if any, and interest on System Bonds, to
24 the establishment and maintenance of debt service reserves, to the providing of a Depreciation Fund, to
25 pay insurers of System Bonds for any amounts owed in connection with debt service reserve fund
26 insurance policies or surety bonds for System Bonds, and to reimburse the Reserve Insurer for any
27 amounts owing with respect to the Reserve Policy as hereinafter set forth. The Revenue Fund, and the
28 other special funds hereinafter in this Ordinance provided for or referred to, shall be maintained in such
29 depositories of the City as shall from time to time be designated by the Commission, with all such
30 depositories to hold membership in the Federal Deposit Insurance Corporation (the “FDIC”), to be
31 located in Little Rock, Arkansas, and to have a capital and surplus of not less than \$15,000,000, and with
32 all deposits in any depository in excess of the amount insured by the FDIC to be secured by bonds or
33 other direct or fully guaranteed obligations of the United States of America unless invested in accordance
34 with Section 29 hereof.

1 **Section 11.** There shall be paid from the Revenue Fund into a fund heretofore created and designated
2 “Sewer Operation and Maintenance Fund” (the “Operation and Maintenance Fund”) on or before the
3 tenth day of each month while any bonds are outstanding, an amount sufficient to pay the reasonable and
4 necessary monthly expenses of operation, repair and maintenance of the System for such month and from
5 which disbursements shall be made only for those purposes. Fixed annual charges such as insurance
6 premiums and the cost of major repair and maintenance expenses may be computed and set up on an
7 annual basis, and one-twelfth (1/12) of the amount thereof may be paid into the Operation and
8 Maintenance Fund each month.

9 If in any month for any reason there shall be a failure to transfer and pay the required amount into
10 Operation and Maintenance Fund, the amount of any deficiency shall be added to the amount otherwise
11 required to be transferred and paid into such fund in the next succeeding month. If in any fiscal year a
12 surplus shall be accumulated in the Operation and Maintenance Fund over and above the amount which
13 shall be necessary to defray the reasonable and necessary costs of operation, repair and maintenance of
14 the System during the remainder of the then current fiscal year and the next ensuing fiscal year, such
15 surplus may be transferred and deposited in the Revenue Fund.

16 **Section 12.** After making the required monthly deposits into the Operation and Maintenance Fund,
17 there shall be paid from the Revenue Fund, pro rata, the required monthly deposits into the bond funds
18 (and debt service reserves therein) for the Parity Bonds and any additional bonds issued on a parity with
19 the bonds pursuant to Section 18 hereof (the “Parity Bond Funds”) and into a special fund in the name of
20 the City which is hereby created and designated the “2017 Water Reclamation System Revenue Bond
21 Fund” (the “2017 Bond Fund” and collectively with the Parity Bond Funds, the “Senior Bond Funds”).
22 Payments into the 2017 Bond Fund shall be made on or before the fifteenth day of each month,
23 commencing in November 2017, until all outstanding bonds, with interest thereon, have been paid in full
24 or provision made for such payment, a sum equal to 1/6 of the next installment of interest due on the
25 bonds plus 1/12 of the next installment of principal due on the bonds; provided, however, that monthly
26 payments through September 2018 shall be increased in order to provide sufficient funds to make the
27 interest payment due April 1, 2018 and the principal payment due October 1, 2018.

28 The City shall also pay into the 2017 Bond Fund such additional sums as necessary to provide for the
29 Trustee’s fees and expenses, Reserve Policy Payments (as defined in Section 14 hereof) due the Reserve
30 Insurer, and any arbitrage rebate due the United States Treasury under Section 148(f) of the Internal
31 Revenue Code of 1986, as amended (the “Code”). The City shall realize a credit against monthly deposits
32 into the 2017 Bond Fund from bond proceeds deposited therein, if any, all interest earnings on moneys in
33 the 2017 Bond Fund, and for transfers from the Construction Fund pursuant to Section 25 hereof.

1 If Net Revenues are insufficient to make the required payment on the fifteenth day of the following
2 month into the 2017 Bond Fund, the amount of any such deficiency in the payment made shall be added
3 to the amount otherwise required to be paid into the 2017 Bond Fund on the fifteenth day of the next
4 month.

5 When the moneys held in the 2017 Bond Fund shall be and remain sufficient to pay the principal of
6 and interest on all of the bonds then outstanding plus Trustee's fees, Reserve Policy Payments due the
7 Reserve Insurer and any arbitrage rebate due as provided above, the City shall not be obligated to make
8 any further payments into the 2017 Bond Fund.

9 It shall be the duty of the City to cause to be withdrawn from the 2017 Bond Fund and deposited with
10 the Trustee at least five (5) business days before the due date of any principal and/or interest on any bond,
11 at maturity or redemption prior to maturity, and deposited with the Trustee an amount equal to the amount
12 of such bond and interest due thereon for the sole purpose of paying the same, together with the Trustee's
13 fee and any Reserve Policy Payments due the Reserve Insurer. There shall also be withdrawn and paid to
14 the United States Treasury any arbitrage rebate due at the times and in the amounts required by Section
15 148(f) of the Code. No withdrawal of funds from the 2017 Bond Fund shall be made for any other
16 purpose except as otherwise authorized in this Ordinance.

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

22 **Section 13.** There is hereby created, as part of the 2017 Bond Fund, a debt service reserve (the "Debt
23 Service Reserve") which shall be maintained by the City. There shall be deposited into the Debt Service
24 Reserve the Reserve Policy issued by the Reserve Insurer, which shall be in an amount equal to the lesser
25 of (i) the maximum annual principal and interest requirement on the bonds or (ii) 10% of the principal
26 amount of the bonds (the "Required Level"). If for any reason the City should fail at any time to make
27 any of the required payments into the 2017 Bond Fund, the Debt Service Reserve shall be used to the
28 extent necessary for the payment of principal of and interest on the bonds. The City shall reimburse the
29 Reserve Insurer from the 2017 Bond Fund for all amounts drawn under the Reserve Policy in accordance
30 with the Reserve Agreement and as hereinafter provided. The repayment of Reserve Policy Payments (as
31 defined in Section 14 hereof) shall be made after the payment of debt service on the bonds, the Parity
32 Bonds and any additional parity bonds issued under Section 18 hereof.

33 **Section 14.** Notwithstanding any provision of this Ordinance to the contrary:

1 (a) In the event that payment is required under the Reserve Policy, the Trustee shall ascertain the
2 necessity for a claim under the Reserve Policy in accordance with subsection (b) below and provide
3 notice to the Reserve Insurer in accordance with the terms of the Reserve Policy at least five (5) business
4 days prior to each date upon which principal and interest is due on the bonds.

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

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

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

25 All cash and investments, if any, in the Debt Service Reserve and all other Net Revenues available to
26 pay debt service on the bonds shall be transferred to the 2017 Bond Fund for payment of the debt service
27 on the bonds before any drawing may be made on the Reserve Policy or any other credit facility on
28 deposit in the Debt Service Reserve in lieu of cash (a "Reserve Fund Credit Instrument").

29 Payment of any Reserve Policy Cost shall be made prior to replenishment of any cash amounts in the
30 Debt Service Reserve. Draws on all Reserve Fund Credit Instruments (including the Reserve Policy) on
31 which there is available coverage shall be made on a pro-rata basis (calculated by reference to the
32 coverage then available thereunder) after applying all available cash and investments in the Debt Service
33 Reserve. Payment of Reserve Policy Costs and reimbursement of amounts with respect to other Reserve
34 Fund Credit Instruments shall be made on a pro-rata basis prior to replenishment of any cash drawn from

1 the Debt Service Reserve. For the avoidance of doubt, "available coverage" means the coverage then
2 available for disbursement pursuant to the terms of the applicable Reserve Fund Credit Instrument
3 without regard to the legal or financial ability or willingness of the provider of such instrument to honor a
4 claim or draw thereon or the failure of such provider to honor any such claim or draw.

5 The Maximum Policy Limit (as defined in the Reserve Policy) shall automatically and irrevocably be
6 reduced from time to time by the amount of any reduction in the Required Level.

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

8 (d) This Ordinance shall not be discharged until all Reserve Policy Costs owing to the Reserve
9 Insurer shall have been paid in full. The City's obligation to pay such amount shall expressly survive
10 payment in full of the bonds.

11 (e) The Reserve Policy shall expire and terminate on the earlier of the date the bonds are no longer
12 outstanding and the final maturity of the bonds.

13 (f) Upon a failure of the City to pay Reserve Policy Costs when due in accordance with the
14 requirements above or any other breach of the terms of this Ordinance, the Reserve Insurer shall be
15 entitled to exercise any and all legal and equitable remedies available to it, including those provided under
16 this Ordinance other than remedies which would adversely affect owners of the bonds. In order to secure
17 the City's payment obligations with respect to Reserve Policy Costs, there is hereby granted and perfected
18 in favor of the Reserve Insurer a security interest in Net Revenues and other collateral pledged as security
19 for the bonds, which security interest and payment obligations are subordinate in priority of payment to
20 the payment of debt service due on the bonds, Parity Bonds, and any other additional parity bonds issued
21 under Section 18 hereof. The City shall include any Reserve Policy Costs then due and owing the
22 Reserve Insurer in the calculations set forth in Section 9 and Section 18 hereof. Reserve Policy Costs
23 shall be paid to the Reserve Issuer immediately following the payment of the principal of and interest on
24 the bonds including following the occurrence of a default or an event of default under this Ordinance.

25 (g) The City agrees unconditionally that it will pay or reimburse the Reserve Insurer for any and all
26 reasonable charges, fees, costs, losses, liabilities and expenses that Reserve Insurer may pay or incur,
27 including, but not limited to, fees and expenses of the Reserve Insurer's agents, attorneys, accountants,
28 consultants, appraisers and auditors and reasonable costs of investigations, in connection with the
29 administration (including waivers and consents, if any), enforcement, defense, exercise or preservation of
30 any rights and remedies in respect of this Ordinance and any other Related Document ("Administrative
31 Expenses"). For purposes of the foregoing, costs and expenses shall include a reasonable allocation of
32 compensation and overhead attributable to the time of employees of the Reserve Insurer spent in
33 connection with the actions described in the preceding sentence. The City agrees that failure to pay any
34 Administrative Expenses on a timely basis will result in the accrual of interest on the unpaid amount at

1 the Late Payment Rate, compounded semi-annually, from the date that payment is first due to the Reserve
2 Insurer until the date the Reserve Insurer is paid in full.

3 (h) Any amendment, supplement, modification to, or waiver of, this Ordinance or any other
4 document executed in connection with the bonds (the "Related Documents") that requires the consent of
5 holders of the bonds or adversely affects the rights or interests of the Reserve Insurer shall be subject to
6 the prior written consent of the Reserve Insurer.

7 (i) The Reserve Insurer is hereby expressly made a third party beneficiary of this Ordinance and
8 each other Related Document and may enforce the provisions of this Ordinance and each Related
9 Document as if it were a party thereto.

10 (j) Payments made by the Reserve Insurer under the Reserve Policy with respect to claims for
11 interest on or principal of the bonds shall not discharge the obligation of the City with respect to such
12 bonds, and the Reserve Insurer shall become the owner of such unpaid bonds and claims for the interest
13 thereon. The City, the Trustee and the owners of the bonds recognize and agree that to the extent the
14 Reserve Insurer makes payments directly or indirectly (e.g., by paying through the Trustee), on account of
15 principal of or interest on the bonds, the Reserve Insurer will be subrogated to the rights of such holders
16 to receive the amount of such principal and interest from the City, with interest on bond principal (but not
17 bond interest); provided, however, that the rights of the Reserve Insurer to receive principal and interest
18 payments from the City obtained through subrogation shall be subordinate to only the right of the holders
19 of the bonds, the Parity Bonds and any additional parity bonds to receive principal and interest payments
20 from the City. The foregoing subordination shall be limited to principal and interest payments on the
21 bonds and shall in no way limit the Reserve Insurer's other rights as an owner of a bond or the rights
22 granted to the Reserve Insurer under the Related Documents. The Reserve Insurer shall only be entitled
23 to receive payments through subrogation to the extent not otherwise reimbursed by the City under the
24 Reserve Agreement.

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

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

3 Build America Mutual Assurance Company

4 200 Liberty Street, 27th Floor

5 New York, NY 10281

6 Attention: Surveillance, Re: Policy No. _____

7 Telephone: (212) 235-2500

8 Telecopier: (212) 235-1542

9 Email: notices@buildamerica.com

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

14 **Section 16.** After making the required payments into the Operation and Maintenance Fund, the
15 Senior Bond Funds and the Subordinate Bond Funds, there shall be paid from the Revenue Fund into a
16 fund heretofore created and designated the "Sewer Depreciation Fund" (the "Depreciation Fund") on or
17 before the 15th day of each month while any bonds are outstanding, three percent (3%) of the System
18 revenues which remain after the required payment into the Operation and Maintenance Fund has been
19 made. The moneys in the Depreciation Fund shall be used solely for the purpose of paying the cost of
20 replacements made necessary by the depreciation of the System. If in any fiscal year a surplus shall be
21 accumulated in the Depreciation Fund over and above the amount necessary to defray the cost of the
22 probable replacements during the then current fiscal year and the next ensuing fiscal year, such surplus
23 may be transferred and paid into the Revenue Fund.

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

29 **Section 18.** So long as any of the bonds are outstanding, the City shall not issue or attempt to issue
30 any bonds claimed to be entitled to a priority of lien on Net Revenues over the lien securing the bonds and
31 the Parity Bonds, except as hereinafter provided. The City reserves the right to issue additional bonds to
32 finance or pay the cost of making any future extensions, betterments or improvements to the System, or to
33 refund bonds issued for such purposes, but the City shall not authorize or issue any such additional bonds
34 ranking on a parity with the bonds and the Parity Bonds unless and until there have been procured and

1 filed with the City Clerk and the Trustee a statement by an Accountant reciting the opinion, based upon
2 necessary investigation, that the Net Revenues of the System for the fiscal year immediately preceding the
3 fiscal year in which it is proposed to issue such additional bonds shall equal not less than 120% of the
4 average annual principal and interest requirements on all the then outstanding System Bonds and the
5 additional bonds then proposed to be issued. The term "Net Revenues" means gross System revenues less
6 operation and maintenance expenses other than depreciation, interest and amortization of deferred bond
7 discount expenses, determined in accordance with generally accepted accounting principles. In making
8 the computation set forth above, the City, and the Accountant on behalf of the City, may, based upon the
9 opinion or report of a registered professional engineer not in the regular employ of the City, treat any
10 increase in rates for the System enacted subsequent to the first day of such preceding fiscal year as having
11 been in effect during or throughout such fiscal year and may include in gross System revenues for such
12 fiscal year the amount that would have been received, based on such opinion or report, had the increase
13 been in effect during or throughout such fiscal year.

14 **Section 19.** The City covenants and agrees that it will maintain the System in good condition and
15 operate the same in an efficient manner and at reasonable cost. While any of the bonds are outstanding,
16 the City agrees that it will insure and at all times keep insured, in the amount of the full insurable value
17 thereof, in a responsible insurance company or companies selected by the Commission and authorized
18 and qualified under the laws of the State to assume the risk thereof, all aboveground structures of the
19 System, to the extent that such structures would be covered by insurance by private companies engaged in
20 similar types of businesses, against loss or damage thereto from fire, lightning, tornados, winds, riot,
21 strike, civil commotion, malicious damage, explosion and against any other loss or damage from any
22 other causes customarily insured against by private companies engaged in similar types of business. The
23 insurance policies are to carry a clause making them payable to the Commission and the Trustee as their
24 interests may appear, and satisfactory evidence of said insurance shall be filed with the Trustee. In the
25 event of loss, the proceeds of such insurance shall be applied solely toward the reconstruction,
26 replacement or repair of the System, and in such event the City will, with reasonable promptness, cause to
27 be commenced and completed the reconstruction, replacement and repair work. If such proceeds are
28 more than sufficient for such purposes, the balance remaining shall be deposited to the credit of the
29 Revenue Fund, and if such proceeds shall be insufficient for such purposes, the deficiency shall be
30 supplied first from moneys in the Depreciation Fund, second from moneys in the Operation and
31 Maintenance Fund, and third from surplus moneys in the Revenue Fund. Nothing shall be construed as
32 requiring the City to expend any moneys for operation and maintenance of the System or for premiums on
33 its insurance which are derived from sources other than the operation of the System, but nothing shall be
34 construed as preventing the City from doing so.

1 **Section 20.** The bonds shall be subject to redemption prior to maturity in accordance with the terms
2 set out in the bond form hereinabove set forth.

3 **Section 21.** The Commission will keep proper books of accounts and records (separate from all other
4 records and accounts of the City) in which complete and correct entries shall be made of all transactions
5 relating to the operation of the System, and such books shall be available for inspection by the Trustee
6 and any registered owner of any of the bonds at reasonable times and under reasonable circumstances.
7 The City and the Commission agree to have these records audited by an Accountant at least once each
8 year, and a copy of the audit shall be delivered to the Trustee at its request. In the event that the City or
9 the Commission fail or refuse to make the audit, the Trustee, or any registered owner of the bonds, may
10 have the audit made, and the cost thereof shall be charged against the Operation and Maintenance Fund.

11 **Section 22.** Any bond shall be deemed to be paid within the meaning of this Ordinance when
12 payment of the principal of and interest on such bond (whether at maturity or upon redemption as
13 provided herein, or otherwise), either (i) shall have been made or caused to be made in accordance with
14 the terms thereof, or (ii) shall have been provided for by irrevocably depositing with the Trustee, in trust
15 and irrevocably set aside exclusively for such payment (1) cash sufficient to make such payment and/or
16 (2) direct obligations of (including obligations issued or held in book entry form on the books of) the
17 Department of the Treasury of the United States of America (“Government Securities”) (provided that
18 such deposit will not affect the tax exempt status of the interest on any of the bonds or cause any of the
19 bonds to be classified as “arbitrage bonds” within the meaning of Section 148 of the Code), maturing as
20 to principal and interest in such amounts and at such times as will provide sufficient moneys to make such
21 payment, and all necessary and proper fees, compensation and expenses of the Trustee pertaining to the
22 bonds with respect to which such deposit is made shall have been paid or the payment thereof provided
23 for to the satisfaction of the Trustee.

24 On the payment of any such bonds within the meaning of this Ordinance, the Trustee shall hold in
25 trust, for the benefit of the owners of such bonds, all such moneys and/or Government Securities.

26 When all the bonds shall have been paid within the meaning of this Ordinance, if the Trustee has been
27 paid its fees and expenses, if any arbitrage rebate due the United States Treasury has been paid or
28 provided for to the satisfaction of the Trustee, and if there are not amounts due the Reserve Insurer with
29 respect to the Reserve Policy, the Trustee shall take all appropriate action to cause (i) the pledge and lien
30 of this Ordinance to be discharged and cancelled, and (ii) all moneys held by it pursuant to this Ordinance
31 and which are not required for the payment of such bonds to be paid over or delivered to or at the
32 direction of the City. In determining the sufficiency of the deposit of Government Securities, there shall
33 be considered the principal amount of such Government Securities and interest to be earned thereon until
34 the maturity of such Government Securities.

1 **Section 23.** If there be any default in the payment of the principal of or interest on any of the bonds,
2 or if the City defaults in any 2017 Bond Fund requirement or in the performance of any of the other
3 covenants contained in this Ordinance and such failure continues unremedied for thirty (30) days, the
4 Trustee may, and upon the written request of the registered owners of not less than 10% in principal
5 amount of the then outstanding bonds, shall, by proper suit, compel the performance of the duties of the
6 officials of the City under the laws of Arkansas. And in the case of a default in the payment of the
7 principal of and interest on any of the bonds, the Trustee may and upon written request of the registered
8 owners of not less than 10% in principal amount of the then outstanding bonds, shall apply in a proper
9 action to a court of competent jurisdiction for the appointment of a receiver to administer the System on
10 behalf of the City and the registered owners of the bonds with power to charge and collect (or by
11 mandatory injunction or otherwise to cause to be charged and collected) rates sufficient to provide for the
12 payment of the expenses of operation, maintenance and repair and to pay any bonds and interest
13 outstanding and to apply the System revenues in conformity with the laws of Arkansas and with this
14 Ordinance. When all defaults in principal and interest payments have been cured, the custody and
15 operation of the System shall revert to the City.

16 No registered owner of any of the outstanding bonds shall have any right to institute any suit, action,
17 mandamus or other proceeding in equity or at law for the protection or enforcement of any power or right
18 unless such owner previously shall have given to the Trustee written notice of the default on account of
19 which such suit, action or proceeding is to be taken, and unless the registered owners of not less than 10%
20 in principal amount of the bonds then outstanding shall have made written request of the Trustee after the
21 right to exercise such power or right of action, as the case may be, shall have accrued, and shall have
22 afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted to the
23 Trustee, or to institute such action, suit or proceeding in its name, and unless, also, there shall have been
24 offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be
25 incurred therein or thereby and the Trustee shall have refused or neglected to comply with such request
26 within a reasonable time. Such notification, request and offer of indemnity are, at the option of the
27 Trustee, conditions precedent to the execution of any remedy. No one or more registered owners of the
28 bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the
29 security of this Ordinance, or to enforce any right hereunder except in the manner herein described. All
30 proceedings at law or in equity shall be instituted, had and maintained in the manner herein described and
31 for the benefit of all registered owners of the outstanding bonds.

32 No remedy conferred upon or reserved to the Trustee or to the registered owners of the bonds is
33 intended to be exclusive of any other remedy or remedies, and every such remedy shall be cumulative and
34 shall be in addition to every other remedy given under this Ordinance or by law.

1 The Trustee may, and upon the written request of the registered owners of not less than 50% in
2 principal amount of the bonds then outstanding shall, waive any default which shall have been remedied
3 before the entry of final judgment or decree in any suit, action or proceeding instituted under the
4 provisions of this Ordinance or before the completion of the enforcement of any other remedy, but no
5 such waiver shall extend to or affect any other existing or any subsequent default or defaults or impair any
6 rights or remedies consequent thereon.

7 All rights of action under this Ordinance or under any of the bonds, enforceable by the Trustee, may
8 be enforced by it without the possession of any of the bonds, and any such suit, action or proceeding
9 instituted by the Trustee shall be brought in its name for the benefit of all the registered owners of such
10 bonds, subject to the provisions of this Ordinance.

11 No delay or omission of the Trustee or of any registered owners of the bonds to exercise any right or
12 power accrued upon any default shall impair any such right or power or shall be construed to be a waiver
13 of any such default or an acquiescence therein; and every power and remedy given by this ordinance to
14 the Trustee and to the registered owners of the bonds, respectively, may be exercised from time to time
15 and as often as may be deemed expedient.

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

19 **Section 24.** (a) The terms of this Ordinance shall constitute a contract between the City and the
20 registered owners of the bonds and no variation or change in the undertaking herein set forth shall be
21 made while any of the bonds are outstanding, except as hereinafter set forth in subsections (b) and (c).

22 (b) The Trustee may consent to any variation or change in this Ordinance without the consent
23 of the owners of the outstanding bonds (a) in connection with the issuance of additional parity bonds
24 under this Ordinance, (b) in order to cure any ambiguity, defect or omission herein or to correct or
25 supplement any defective or inconsistent provisions contained herein as the City may deem necessary or
26 desirable and not inconsistent herewith, or (c) in order to make any other variation or change which the
27 Trustee determines (in reliance on the advice of counsel (who may be counsel for the City) and/or such
28 other certificates or reports delivered in connection therewith) shall not adversely affect the interests of
29 the owners of the bonds.

30 (c) The owners of not less than 75% in aggregate principal amount of the bonds then
31 outstanding shall have the right, from time to time, anything contained in this Ordinance to the contrary
32 notwithstanding, to consent to and approve the adoption by the City of such ordinance supplemental
33 hereto as shall be necessary or desirable for the purpose of modifying, altering, amending, adding to or
34 rescinding, in any particular, any of the terms or provisions contained in this Ordinance or in any

1 supplemental ordinance; provided, however, that nothing contained in this Section shall permit or be
2 construed as permitting (a) an extension of the maturity of the principal of or the interest on any bond, or
3 (b) a reduction in the principal amount of any bond or the rate of interest thereon, or (c) the creation of a
4 lien or pledge superior to the lien and pledge created by this Ordinance, or (d) a privilege or priority of
5 any bond or bonds over any other bond or bonds, or (e) a reduction in the aggregate principal amount of
6 the bonds required for consent to such supplemental ordinance.

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

11 The expenses of issuing the bonds, as set forth in the delivery instructions to the Trustee signed by the
12 Mayor and City Clerk, shall also be paid from the Purchase Price. The remainder of the Purchase Price
13 shall be remitted to the City for deposit into an account of the City heretofore created and now designated
14 as the "Little Rock Water Reclamation Authority Construction Fund" ("Construction Fund"). The
15 moneys deposited into the Construction Fund, including earnings thereon, shall be disbursed in payment
16 of the costs of accomplishing the Improvements, paying necessary expenses incidental thereto, paying
17 interest on the bonds, and paying expenses of issuing the bonds. Disbursements shall be on the basis of
18 checks which shall contain at least the following information: the person to whom payment is being
19 made; the amount of the payment; and the purpose by general classification of the payment. Each check
20 must be signed by the CEO or such other person or persons designated by the Commission. The
21 Commission shall be required to keep accurate records of all payments from the Construction Fund.

22 **Section 26.** In the event any of the offices of Mayor, City Clerk, CEO, Commission or Board of
23 Directors shall be abolished, or any two or more of such offices shall be merged or consolidated, or in the
24 event the duties of a particular office shall be transferred to another office or officer, or in the event of a
25 vacancy in any such office by reason of death, resignation, removal from office or otherwise, or in the
26 event any such officer shall become incapable of performing the duties of his office by reason of sickness,
27 absence from the City or otherwise, all powers conferred and all obligations and duties imposed upon
28 such office or officer shall be performed by the office or officer succeeding to the principal functions
29 thereof, or by the office or officer upon whom such powers, obligations and duties shall be imposed by
30 law.

31 So long as the System is under the control of the Commission, performance by the Commission of
32 any obligation of the City hereunder shall be deemed performance by the City. The Commission
33 presently consists of Marilyn Perryman, Richard L. Mays, Jr., Pete Hornibrook, Ganelle Blake, Bill
34 Flowers and Chris Marsh. Debbie Shock has been appointed but not sworn into office as a commissioner.

1 **Section 27.** (a) The City covenants that it shall not take any action or suffer or permit any action to
2 be taken or conditions to exist which causes or may cause the interest payable on the bonds to be included
3 in gross income for federal income tax purposes. Without limiting the generality of the foregoing, the
4 City covenants that the proceeds of the sale of the bonds and System revenues will not be used directly or
5 indirectly in such manner as to cause the bonds to be treated as “arbitrage bonds” within the meaning of
6 Section 148 of the Code.

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

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

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

25 “Net Proceeds” means the face amount of the bonds, plus accrued interest and premium, if any,
26 less original issue discount, if any, less any amounts deposited into the Debt Service Reserve from bond
27 proceeds.

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

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

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

4 (e) The City covenants that it will, in compliance with the requirements of Section 148(f) of the Code,
5 pay with moneys in the 2017 Bond Fund to the United States Government in accordance with the
6 requirements of Section 148(f) of the Code, from time to time, an amount equal to the sum of (1) the
7 excess of (A) the amount earned on all Non-purpose Investments (as therein defined) attributable to the
8 bonds, other than investments attributable to such excess, over (B) the amount which would have been
9 earned if such Non-purpose Investments attributable to the bonds were invested at a rate equal to the
10 Yield (as defined in the Code) on the bonds, plus (2) any income attributable to the excess described in
11 (1), subject to the exceptions set forth in Section 148 of the Code. The City further covenants that in
12 order to assure compliance with its covenants herein, it will employ a qualified consultant to advise the
13 City in making the determination required to comply with this subsection (e). Anything herein to the
14 contrary notwithstanding, this provision may be modified or rescinded if in the opinion of Bond Counsel
15 such modification or rescission will not affect the tax-exempt status of the bonds for federal income tax
16 purposes.

17 (f) The City covenants that it will not reimburse itself from proceeds of the bonds for costs paid prior
18 to the date the bonds are issued except in compliance with United States Treasury Regulation Section
19 1.150-2 (the "Regulation"). This Ordinance shall constitute an "official intent" for the purpose of the
20 Regulation.

21 **Section 28.** The Trustee shall only be responsible for the exercise of good faith and reasonable
22 prudence in the execution of its trust. The recitals in this Ordinance and on the face of the bonds are the
23 recitals of the City and not of the Trustee. The Trustee shall not be required to take any action as Trustee
24 unless it shall have been requested to do so in writing by the owners of not less than 10% in principal
25 amount of the bonds then outstanding and shall have been offered reasonable security and indemnity
26 against the costs, expenses and liabilities to be incurred therein or thereby. The Trustee may resign at any
27 time by giving sixty (60) days' notice in writing to the City Clerk and to the registered owners of the
28 bonds and the majority in value of the registered owners of the outstanding bonds or the City, if it is not
29 in default under this Ordinance, at any time, with or without cause, may remove the Trustee. In the event
30 of a vacancy in the office of Trustee, either by resignation or by removal, the City shall appoint a new
31 Trustee, such appointment to be evidenced by a written instrument or instruments filed with the City
32 Clerk. Every successor Trustee appointed pursuant to this Section shall be a trust company or bank in
33 good standing, duly authorized to exercise trust powers and subject to examination by federal or state
34 authority. The original Trustee and any successor Trustee shall file a written acceptance and agreement to

1 execute the trust imposed upon it or them by this Ordinance, but only upon the terms and conditions set
2 forth in this Ordinance and subject to the provisions of this Ordinance, to all of which the respective
3 owners of the bonds agree. Such written acceptance shall be filed with the City Clerk and a copy thereof
4 shall be placed in the bond transcript. Any successor Trustee shall have all the powers herein granted to
5 the original Trustee. The Trustee's resignation shall become effective upon the acceptance of the trusts
6 by the successor Trustee.

7 **Section 29.** (a) Moneys held for the credit of the 2017 Bond Fund shall be continuously invested and
8 reinvested pursuant to the direction of the Commission in Eligible Investments, all of which shall mature,
9 or which shall be subject to redemption by the holder thereof, at the option of such holder, not later than
10 the payment date for interest or principal and interest on the bonds.

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

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

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

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

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

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

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

31 **Section 30.** It is covenanted and agreed by the City with the registered owners of the bonds, or any of
32 them, that the City and the Commission will faithfully and punctually perform all duties with reference to
33 the System required by the Constitution and laws of the State, including the charging and collecting of
34 reasonable and sufficient rates lawfully established for services rendered by the System, the segregating

1 of System revenues as herein required, and the applying of System revenues to the respective funds herein
2 created or referred to.

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

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

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

14 **Section 34. Severability.** In the event any title, subtitle, section, subsection, subdivision, paragraph,
15 subparagraph, item, sentence, clause, phrase, or work of this ordinance is declared or adjudged to be
16 invalid or unconstitutional, such declaration or adjudication shall not affect the remaining portions of the
17 ordinance which shall remain in full force and effect as if the portion so declared or adjudged invalid or
18 unconstitutional was not originally a part of this ordinance.

19 **Section 35. Repealer.** All ordinances, resolutions, or parts of the same that are inconsistent with the
20 provisions of this ordinance are hereby repealed to the extent of such inconsistency.

21 **Section 36. Emergency Clause.** *It is hereby ascertained and declared that the Improvements are*
22 *immediately needed for the preservation of the public peace, health and safety and to remove existing*
23 *hazards thereto. The Improvements cannot be accomplished without the issuance of the bonds, which*
24 *cannot be sold at the interest rates specified herein unless this Ordinance is immediately effective.*
25 *Therefore, it is declared that an emergency exists and this Ordinance being necessary for the*
26 *preservation of the public peace, health and safety shall be in force and take effect immediately upon and*
27 *after its passage.*

28 **PASSED: September 19, 2017**

29 **ATTEST:**

APPROVED:

31 _____
32 **Susan Langley, City Clerk**

_____ **Mark Stodola, Mayor**

33 **APPROVED AS TO LEGAL FORM:**

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2 **Thomas M. Carpenter, City Attorney**

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