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ORDINANCE NO. _____

AN ORDINANCE AUTHORIZING THE CONSTRUCTION OF BETTERMENTS AND IMPROVEMENTS TO THE WATER RECLAMATION SYSTEM OF THE CITY OF LITTLE ROCK, ARKANSAS; AUTHORIZING THE ISSUANCE OF A WATER RECLAMATION SYSTEM REVENUE BOND, SERIES 2019 FOR THE PURPOSE OF FINANCING THE COST THEREOF; PROVIDING FOR THE PAYMENT OF THE PRINCIPAL AND INTEREST ON THE BOND; AND PRESCRIBING OTHER MATTERS RELATING THERETO; AND FOR OTHER PURPOSES.

WHEREAS, the City of Little Rock, Arkansas (the "City") owns a sewer system (the "System"), which is now identified as a Water Reclamation System and is operated by the Water Reclamation Commission of the City (the "Commission"); and,

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

WHEREAS, the Commission has caused to be prepared by the Engineering Staff of the Little Rock Water Reclamation Authority a preliminary report containing a general description and estimates of cost for the Improvements that have been examined and approved by the Commission and the Board of Directors and a copy of which report is on file in the Office of the City Clerk and the Chief Executive Officer of the System (the "CEO") where it may be inspected by any interested person; and,

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

WHEREAS, the City is making arrangements for the sale of a Eighteen Million Dollars (\$18,000,000.00) principal amount bond to the Arkansas Development Finance Authority, as purchaser (the "Bondholder"), at a price of par for a bond bearing interest at the rate of 2% per annum pursuant to a Bond Purchase Agreement (the "Agreement") among the City, the Bondholder and the Arkansas Natural Resources Commission ("ANRC"), which has been presented to and is before this meeting; and

WHEREAS, the City is authorized under Amendment No. 65 to the Arkansas Constitution and Title 14, Chapter 164, Subchapter 4, and Title 14, Chapter 235, Subchapter 2 of the Arkansas Code of 1987 Annotated (the "Authorizing Legislation"), 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 Bond, Series 2009A (the "Series 2009A Bond"), authorized by Ordinance No. 20,074,
4 adopted March 10, 2009 (the "2009A Ordinance"); (c) its Sewer Refunding Revenue Bonds, Series 2011
5 (the "Series 2011 Bonds"), authorized by Ordinance No. 20,440, adopted June 7, 2011 (the "2011
6 Ordinance"); (d) its Sewer Revenue Bonds, Series 2012 (the "Series 2012 Bonds"), authorized by
7 Ordinance No. 20,604, adopted on July 17, 2012 (the "2012 Ordinance"); (e) its Sewer Revenue Bond,
8 Series 2013 (the "Series 2013 Bond"), authorized by Ordinance No. 20,711, adopted April 2, 2013 (the
9 "2013 Ordinance"); (f) its Sewer Refunding Revenue Bonds, Series 2014 (the "Series 2014 Bonds"),
10 authorized by Ordinance No. 20,937, adopted September 16, 2014 (the "2014 Ordinance"); (g) its Sewer
11 Refunding Revenue Bonds, Series 2015 (the "Series 2015 Bonds"), authorized by Ordinance No. 20,994,
12 adopted February 24, 2015 (the "2015 Ordinance"); (h) its Sewer Revenue Bond, Series 2016 (the "Series
13 2016A Bond"), authorized by Ordinance No. 21,258, adopted June 28, 2016 (the "2016A Ordinance"), (i)
14 its Sewer Refunding Revenue Bonds, Series 2016B (the "Series 2016B Bonds"), authorized by Ordinance
15 No. 21,317, adopted October 18, 2016 (the "2016B Ordinance"), (j) its Water Reclamation System
16 Revenue Bonds, Series 2017 (the "Series 2017 Bonds"), authorized by Ordinance No. 21,479, adopted
17 September 19, 2017 (the "2017 Ordinance"); and (k) its Water Reclamation System Revenue Bond, Series
18 2018 (the "Series 2018 Bond"), authorized by Ordinance No. 21,553, adopted February 20, 2018 (the
19 "2018 Ordinance"); and,

20 **WHEREAS**, the Bondholder proposes to pledge the bond as collateral for the payment of its
21 Revolving Loan Fund Revenue Bonds (the "ADFA Bonds") pursuant to its general bond resolution, as
22 amended or supplemented from time to time, to the bank or trust company to be named as trustee
23 thereunder (the "ADFA Trustee"); and,

24 **WHEREAS**, the City is required to pay to the Arkansas Development Finance Authority, as servicer
25 (the "Authority"), a servicing fee equal to 1% per annum of the outstanding principal amount of the bond
26 (the "Servicing Fee).

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

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

1 **Section 2.** The sale to the Bondholder of up to Eighteen Million Dollars (\$18,000,000.00) in
 2 principal amount of a bond from the City at a price of par for a bond bearing interest at the rate of 2% per
 3 annum and otherwise subject to the terms and provisions hereafter in this ordinance set forth in detail be,
 4 and is hereby approved and the bond is hereby sold to the Bondholder. The Mayor is hereby authorized
 5 and directed to execute and deliver the Agreement on behalf of the City and to take all action required on
 6 the part of the City to fulfill its obligations under the Agreement. The Agreement is hereby approved in
 7 substantially the form submitted to this meeting with such changes as may be approved by the Mayor, his
 8 execution to constitute complete evidence of such approval.

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

11 **Section 4.** Under the authority of the Constitution and laws of the State of Arkansas (the "State"),
 12 including particularly the Authorizing Legislation, City of Little Rock, Arkansas Water Reclamation
 13 System Revenue Bond, Series 2019 (the "bond") is hereby authorized and ordered issued in the principal
 14 amount of Eighteen Million Dollars (\$18,000,000.00), the proceeds of the sale of which are necessary to
 15 provide sufficient funds for accomplishing the Improvements, paying expenses incidental thereto and
 16 expenses of issuing the bond, and funding interest during construction.

17 The bond shall bear interest at the rate of 2% per annum based upon a 360-day year of twelve (12)
 18 consecutive thirty (30)-day months. The bond shall be dated the date of delivery to the Bondholder.
 19 Interest shall be payable on October 15, 2019, and on each April 15th and October 15th thereafter.
 20 Principal shall be payable in installments on April 15, 2023, and each October 15th and April 15th
 21 thereafter until the unpaid principal is paid in full as follows:

<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>
04/15/23	\$187,082	04/15/38	\$292,424
10/15/23	189,888	10/15/38	296,810
04/15/24	192,737	04/15/39	301,262
10/15/24	195,628	10/15/39	305,782
04/15/25	198,562	04/15/40	310,368
10/15/25	201,540	10/15/40	315,024
04/15/26	204,563	04/15/41	319,749
10/15/26	207,632	10/15/41	324,545
04/15/27	210,746	04/15/42	329,414
10/15/27	213,908	10/15/42	334,355
04/15/28	217,116	04/15/43	339,370

10/15/28	220,373	10/15/43	344,461
04/15/29	223,679	04/15/44	349,628
10/15/29	227,034	10/15/44	354,872
04/15/30	230,439	04/15/45	360,195
10/15/30	233,896	10/15/45	365,598
04/15/31	237,404	04/15/46	371,082
10/15/31	240,965	10/15/46	376,648
04/15/32	244,580	04/15/47	382,298
10/15/32	248,249	10/15/47	388,032
04/15/33	251,972	04/15/48	393,853
10/15/33	255,752	10/15/48	399,761
04/15/34	259,588	04/15/49	405,757
10/15/34	263,482	10/15/49	411,843
04/15/35	267,434	04/15/50	418,021
10/15/35	271,445	10/15/50	424,292
04/15/36	275,517	04/15/51	430,656
10/15/36	279,650	10/15/51	437,116
04/15/37	283,845	04/15/52	443,672
10/15/37	288,103	10/15/52	450,303

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

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

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

13 **Section 5.** The bond shall be executed on behalf of the City by the Mayor and City Clerk and shall
14 have impressed thereon the seal of the City. The bond is not a general obligation of the City but is a
15 special obligation, the principal of and interest on which, and Servicing Fee in connection therewith, are
16 secured by a pledge of and are payable from revenues derived from the System ("Revenues"). The pledge

1 of Revenues is subordinate to the pledge in favor of the Series 2007B Bond, the Series 2009A Bond, the
2 Series 2011 Bonds, the Series 2012 Bonds, the Series 2013 Bond, the Series 2014 Bonds, the Series 2015
3 Bonds, the Series 2016A Bond, the Series 2016B Bonds, the Series 2017 Bonds and the Series 2018 Bond
4 (collectively, the "Prior Bonds"). The bond and interest thereon shall not constitute an indebtedness of
5 the City within any constitutional or statutory limitation.

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

8
9 (form of bond)

10
11 UNITED STATES OF AMERICA
12 STATE OF ARKANSAS
13 COUNTY OF PULASKI
14 CITY OF LITTLE ROCK

15 2% WATER RECLAMATION SYSTEM REVENUE BOND, SERIES 2019

16
17 No. R-1

\$18,000,000

18
19 KNOW ALL MEN BY THESE PRESENTS:

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

24
25 EIGHTEEN MILLION DOLLARS
26 (or the total principal amount outstanding as reflected
27 by the Record of Payment of Advances attached hereto)

28
29 with interest on the unpaid balance of the total principal amount at the rate of 2% per annum from the date
30 of each advance. The principal and interest shall be payable in such coin or currency of the United States
31 of America as at the time of payment shall be legal tender for the payment of debts due the United States
32 of America.

1 Interest on the unpaid balance of the total principal amount shall be payable on October 15, 2019 and
2 on each April 15 and October 15 thereafter. Principal shall be payable in installments on April 15, 2023
3 and on each April 15 and October 15 thereafter until the unpaid principal is paid as follows:

4
5 Date Amount

6
7 (There will be inserted the schedule set forth in Section 4 of this
8 Ordinance.)
9

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

14 This bond is issued for the purpose of providing financing of the costs of constructing betterments
15 and improvements to the City's sewer system which is now identified as a water reclamation system (the
16 "System"), interest during construction, and costs of authorizing and issuing this bond, and is issued
17 pursuant to and in full compliance with the Constitution and laws of the State of Arkansas (the "State"),
18 including particularly Title 14, Chapter 164, Subchapter 4 and Title 14, Chapter 235, Subchapter 2 of the
19 Arkansas Code of 1987 Annotated, and pursuant to Ordinance No. _____ of the City, duly adopted and
20 approved on the ____ day of _____, 2019 (the "Authorizing Ordinance"). Reference is
21 hereby made to the Authorizing Ordinance for the details of the nature and extent of the security and of
22 the rights and obligations of the City and the registered owner of this bond.

23 This bond may be assigned with the written approval of the Arkansas Natural Resources Commission
24 ("ANRC"), and in order to effect such assignment the assignor shall promptly notify the City Clerk by
25 registered mail, and the assignee shall surrender this bond along with a written approval of ANRC to the
26 City Clerk for transfer on the registration records. Every assignee shall take this bond subject to all
27 payments and prepayments of principal and interest (as reflected by the Payment Record maintained by
28 the City Clerk), prior to such surrender for transfer.

29 This bond may be prepaid at the option of the City from funds from any source, in whole but not in
30 part, at any time on and after April 15, 2029, at a prepayment price equal to the principal amount
31 outstanding, plus accrued interest to the prepayment date. Notice shall be given of such prepayment to the
32 owner of this bond or registered assigns at least ninety (90) days prior to the prepayment date. Such
33 notice shall be in writing mailed to the address of the owner of this bond or registered assigns at the
34 address as reflected on the bond registration books of the City Clerk.

1 This bond does not constitute an indebtedness of the City within any constitutional or statutory
2 limitation or provision, and the taxing power of the City is not pledged to the payment of the principal of
3 or interest on this bond. This bond is a special obligation payable solely from the net revenues derived
4 from the operation of the System. In this regard, the pledge of net System revenues is subordinate to the
5 pledge of System revenues to Sewer Revenue Bonds, Series 2007B, 2009A, 2012, 2013 and 2016, Sewer
6 Refunding Revenue Bonds, Series 2011, 2014, 2015 and 2016B and Water Reclamation System Revenue
7 Bonds, Series 2017 and 2018, so long as any of such bonds are outstanding. A sufficient amount of
8 System revenues to pay principal and interest has been duly set aside and pledged as a special fund for
9 that purpose, identified as the "2019 ADFA Bond Fund," in the Authorizing Ordinance. The City has
10 fixed and has covenanted and agreed to maintain rates for use of the System which shall be sufficient at
11 all times to at least provide for the payment of the reasonable expenses of operation and maintenance of
12 the System, provide for the payment of the principal of and interest on all the outstanding bonds to which
13 System revenues are pledged as the same become due, to establish and maintain debt service reserves and
14 to provide a depreciation fund, all as set forth in the Authorizing Ordinance. This bond is issued with the
15 intent that the laws of the State shall govern its construction.

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

22 IN WITNESS WHEREOF, the City of Little Rock, Arkansas has caused this bond to be executed in
23 its name by its Mayor and City Clerk, thereunto duly authorized, and its corporate seal to be affixed, all as
24 of the _____ day of _____, 2019.

25
26 CITY OF LITTLE ROCK, ARKANSAS

27
28 ATTEST:

By _____

29 Mayor

30 _____
31 City Clerk

32
33 (SEAL)

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

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

The City covenants and agrees that the rates established will produce gross Revenues at least sufficient to pay monthly operation, maintenance and funded depreciation expenses of the System, pay the principal of and interest on all outstanding bonds and notes to which Revenues are pledged (collectively, "System Bonds"), as the same become due, pay the financing, servicing and administrative fees in connection therewith as the same become due, and create and maintain any required debt service reserves ("Required Payments"). The City covenants always to maintain rates (including increases as necessary) which will provide for the Required Payments. The rates in effect for sewer service at this time shall not be reduced without the prior written consent of ANRC and the Bondholder.

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 service 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.

Section 8. All of the provisions of the 2007B Ordinance, the 2009A Ordinance, the 2011 Ordinance, the 2012 Ordinance, the 2013 Ordinance, the 2014 Ordinance, the 2015 Ordinance, the 2016A Ordinance, the 2016B Ordinance, the 2017 Ordinance and the 2018 Ordinance (the "Prior Bond Ordinances") (including those incorporated therein by reference), as now in effect, and except those provisions clearly inapplicable hereto, including, without limitation, the provisions pertaining to the collection, the investment and the handling of Revenues and funds, and to the operation, maintenance and care of the System, are hereby made applicable hereto and are incorporated herein by reference as though fully set forth at this point. The effect of the above covenant shall be to continue the applicable provisions in full force and effect even after the payment of the Prior Bonds and until the bond is paid, or provision made therefor.

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

1 substitutions for properties of the System as shall be necessary or incidental to the efficient operation of
2 the System as a revenue-producing undertaking.

3 **Section 10.** (a) After making the required payments into the special fund heretofore created and
4 designated "Sewer Operation and Maintenance Fund" and into the bond funds for the Prior Bonds and any
5 additional bonds having a priority on the pledge of Revenues over the pledge in favor of the bond and
6 after paying the financing, servicing and administrative fees in connection with the Prior Bonds, there
7 shall be paid from the special fund heretofore created and designated "Sewer Fund" into an account of the
8 City in a special fund to be created by the Bondholder (the "2019 ADFA Bond Fund") for the purpose of
9 paying the principal of and interest on the bond the amounts specified in (b) below.

10 (b) There shall be deposited from proceeds of the bond or, at the direction of the Commission, from
11 moneys in the Sewer Fund, into the 2019 ADFA Bond Fund on October 15, 2019, and on each April 15th
12 and October 15th thereafter until October 15, 2022, the interest due on the bond on such dates.
13 Commencing on the first business day of each month thereafter, there shall be deposited from moneys in
14 the Sewer Fund into the 2019 ADFA Bond Fund an amount equal to 1/6 of the amount of interest on and
15 principal of the bond next due.

16 (c) If Revenues are insufficient to make the required payment on or before the first business day of
17 the following month into the 2019 ADFA Bond Fund, then the amount of any such deficiency in the
18 payment made shall be added to the amount otherwise required to be paid into the 2019 ADFA Bond
19 Fund on the first business day of the next month.

20 (d) When the moneys held in the 2019 ADFA Bond Fund which represent payments by the City and
21 interest earnings thereon or proceeds of investments therefrom (collectively, "City Funds") shall be and
22 remain sufficient to pay in full the principal of and interest on the bond, the City shall not be obligated to
23 make any further payments into the 2019 ADFA Bond Fund.

24 (e) All moneys in the 2019 ADFA Bond Fund representing City Funds shall be used solely for the
25 purpose of paying the principal of and interest on the bond and the City shall automatically receive a
26 credit for the amount of such City Funds on hand in the 2019 ADFA Bond Fund and available for the
27 payment of any principal and interest currently due on an interest or principal payment date irrespective
28 of whether the Bondholder has applied or caused to be applied such funds on that date for such purpose.
29 The City shall receive a credit for all earnings and income derived from the investment of the City Funds
30 each April 15th and October 15th and such earnings and income shall be credited against the next six (6)
31 monthly payments.

32 (f) The bond shall be specifically secured by a pledge of all Revenues required to be placed into the
33 2019 ADFA Bond Fund. This pledge in favor of the bond is hereby irrevocably made according to the
34 terms of this ordinance, and the City and its officers and employees shall execute, perform and carry out
35 the terms thereof in strict conformity with the provisions of this ordinance.

1 **Section 11.** After making the payments into the 2019 ADFA Bond Fund required by Section 10
2 hereof, there shall be paid from the Sewer Fund the Servicing Fee to the Authority. The Servicing Fee
3 shall be payable on each date interest on the bond is due and shall be calculated on the same basis as
4 interest on the bond. The payment of the Servicing Fee is expressly made subordinate to the payment of
5 the principal of and interest on the bond.

6 **Section 12.** After making the required payments in accordance with Sections 10 and 11 hereof, there
7 shall be paid from the Sewer Fund into a special fund heretofore created and designated the "Sewer
8 Depreciation Fund" on or before the 15th day of each month while the bond is outstanding, 3% of the
9 Revenues which remain after the required payment into the Sewer Operation and Maintenance Fund has
10 been made. Once the Sewer Depreciation Fund reaches an amount equal to the greater of (a) the amount
11 required by the Prior Bond Ordinances or (b) One Million, Eight Hundred Thousand Dollars
12 (\$1,800,000.00) (the "Required Level"), the City shall not be required to make further deposits into the
13 Sewer Depreciation Fund; provided, however, that monthly deposits must resume, if the Sewer
14 Depreciation Fund drops below the Required Level, until such time as the Required Level is again
15 reached. The moneys in the Sewer Depreciation Fund shall be used solely for the purpose of paying the
16 cost of replacements made necessary by the depreciation of the System. If in any fiscal year a surplus
17 shall be accumulated in the Sewer Depreciation Fund over and above the Required Level and over and
18 above the amount necessary to defray the cost of the probable replacements during the then current fiscal
19 year and the next ensuing fiscal year, such surplus may be transferred and paid into the Sewer Fund.

20 **Section 13.** The City shall assure that (1) not in excess of 10% of the proceeds of the bond is used for
21 Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest
22 due on the bond during the term thereof is, under the terms of the bond or any underlying arrangement,
23 directly or indirectly secured by any interest in property used or to be used for a Private Business Use or
24 in payments in respect of property used or to be used for a Private Business Use or is to be derived from
25 payments, whether or not to the City, in respect of property or borrowed moneys used or to be used for a
26 Private Business Use; and (2) that, in the event that both (A) in excess of 5% of the proceeds of the bond
27 are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the
28 interest due on the bond during the term thereof is, under the terms of the bond or any underlying
29 arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private
30 Business Use or in payments in respect of property used or to be used for said Private Business Use or is
31 to be derived from payments, whether or not to the City, in respect of property or borrowed money used
32 or to be used for said Private Business Use, then said excess over said 5% of proceeds of the bond used
33 for a Private Business Use shall be used for a Private Business Use related to the governmental use of the
34 Improvements.

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

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

6 **Section 14.** The principal and interest installments shall be prepayable prior to maturity as provided
7 in the bond form in Section 6 hereof.

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

12 The City may issue additional revenue bonds having a priority on or on a parity with the lien on
13 Revenues in favor of the bond to finance or pay the cost of constructing betterments and improvements to
14 the System or to refund outstanding System Bonds, if there shall have been procured and filed with the
15 City Clerk and the Bondholder a statement by a certified public accountant not in the regular employ of
16 the City (the "Accountant") reciting the opinion that (i) in the case of parity bonds either (A) the Net
17 Revenues (Net Revenues being gross Revenues less operation and maintenance expenses, but not
18 including depreciation) for the fiscal year preceding the year in which such additional bonds are to be
19 issued were not less than 110% of Total Annual Debt Service Requirements (Total Annual Debt Service
20 Requirements being the average annual debt service requirements (including principal, interest and
21 financing, servicing and administrative fees) on all outstanding System Bonds and the bonds then
22 proposed to be issued) or (B) the Net Revenues for the fiscal year succeeding the year in which such
23 additional bonds are to be issued are projected to be sufficient in amount, taking in consideration any
24 enacted increase in Revenues, to be not less than 110% of the Total Annual Debt Service Requirements,
25 or (ii) in the case of the senior lien bonds, either (A) the Net Revenues for the fiscal year preceding the
26 year in which such additional bonds are to be issued were not less than 120% of the Total Annual Debt
27 Service Requirements or (B) the Net Revenues for the fiscal year succeeding the year in which such
28 additional bonds are to be issued are projected to be sufficient in amount, taking into consideration any
29 enacted increase in Revenues, to be not less than 120% of the Total Annual Debt Service Requirements.

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

34 **Section 16.** It is covenanted and agreed by the City with the Bondholder, the Authority and ANRC
35 that it will faithfully and punctually perform all duties with reference to the System required by the

1 Constitution and laws of the State and by this Ordinance, including, without limitation, the making and
2 collecting of reasonable and sufficient rates lawfully established for services rendered by the System,
3 segregating Revenues and applying them to the respective funds maintained pursuant to the Prior Bond
4 Ordinances and this ordinance.

5 The City covenants and agrees that the Bondholder shall have the protection of all the provisions of
6 the Authorizing Legislation, and that the City will diligently proceed to enforce those provisions to the
7 end of the Bondholder realizing fully upon its security. And, if the City shall fail to proceed within thirty
8 (30) days after written request shall have been filed by the Bondholder, the Bondholder may proceed to
9 enforce all such provisions.

10 If there be any default in the payment of the principal of or interest on the bond, or if the City defaults
11 in any 2019 ADFA Bond Fund requirement or in the performance of any of the other covenants contained
12 in this ordinance, the Bondholder may, by proper suit, compel the performance of the duties of the
13 officials of the City under the laws of the State. In the case of a default in the payment of the principal of
14 and interest on the bond, the Bondholder may apply in a proper action to a court of competent jurisdiction
15 for the appointment of a receiver to administer the System on behalf of the City and the Bondholder with
16 power to charge and collect (or by mandatory injunction or otherwise to cause to be charged and
17 collected) rates sufficient to provide for the payment of the expenses of operation, repair and maintenance
18 and to pay the bond and interest outstanding and to apply Revenues in conformity with this ordinance.
19 When all defaults in principal and interest payments have been cured, the custody and operation of the
20 System shall revert to the City. No remedy herein conferred upon or reserved to the Bondholder is
21 intended to be exclusive of any other remedy or remedies herein provided or provided by law, and every
22 such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or given
23 by law. No delay or omission of the Bondholder to exercise any right or power accrued upon any default
24 shall impair any such right or power or shall be construed to be a waiver of any default or an acquiescence
25 therein; and every power and remedy given by this ordinance to the Bondholder may be exercised from
26 time to time and as often as may be deemed expedient.

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

32 **Section 17.** When the bond has been executed and sealed as herein provided, it shall be delivered to
33 the Bondholder upon payment of all or a portion of the purchase price in accordance with the Agreement.
34 Sale proceeds in the amount necessary to make all or a portion of the semiannual interest and Servicing
35 Fee payments due on each April 15th and October 15th to and including October 15, 2022, shall be

1 applied, unless otherwise directed by the Commission, to the payment of Servicing Fees and interest on
2 the bond on such dates. The balance of the sale proceeds shall be deposited, as and when received, in an
3 account of the City heretofore created and now designated as the "Little Rock Water Reclamation
4 Authority Construction Fund" (the "Construction Fund"). The proceeds of the bond in the Construction
5 Fund shall be used for directly paying, or reimbursing the City for, the costs paid in accomplishing the
6 Improvements, expenses incidental thereto and the expenses of issuing the bond approved in accordance
7 with the Agreement. Payments from the Construction Fund shall be by check or voucher signed by either
8 the CEO or such other person or persons designated by the Commission, and drawn on the depository.
9 Each such check or voucher shall briefly specify the purpose of the expenditure.

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

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

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

23 **Section 20.** The City covenants and agrees that it will maintain the System in good condition and
24 operate it in an efficient manner and at reasonable cost. While the bond is outstanding, the City agrees
25 that it will insure, and at all times keep insured, in the amount of the actual value thereof, in a responsible
26 insurance company or companies selected by the Commission and authorized and qualified under the
27 laws of the State to assume the risk thereof, all above-ground structures of the System against loss or
28 damage thereto from fire, lightning, tornado, winds, riot, strike, civil commotion, malicious damage,
29 explosion, and against loss or damage from any other causes customarily insured against in connection
30 with similar facilities and undertakings as the System. In the event of loss, the proceeds of such insurance
31 shall be applied solely toward the reconstruction, replacement or repair of the System, and in such event
32 the City will, with reasonable promptness, cause to be commenced and completed the reconstruction,
33 replacement and repair work. If such proceeds are more than sufficient for such purposes, the balance
34 remaining shall be deposited to the credit of the Sewer Fund, and if such proceeds shall be insufficient for
35 such purposes, the deficiency shall be supplied, first, from moneys in the Sewer Depreciation Fund,

1 second, from moneys in the Sewer Operation and Maintenance Fund, and third, from available moneys in
2 the Sewer Fund. Nothing herein shall be construed as requiring the City to expend any funds for
3 reconstruction, replacement or repair of the System or for operation and maintenance of the System or for
4 premiums on its insurance which are derived from sources other than insurance proceeds or Revenues, but
5 nothing herein shall be construed as preventing the City from doing so.

6 **Section 21.** The City agrees that the Bondholder may pledge the bond as security for the ADFA
7 Bonds, and the ADFA Trustee and/or the Municipal Bond Insurer for the ADFA Bonds may exercise any
8 rights and remedies available to the Bondholder under this ordinance or the Agreement while the bond is
9 pledged and/or the ADFA Bonds are insured. In addition, the City agrees that while the bond is pledged
10 and/or the ADFA Bonds are insured, copies of all financial information shall be furnished to the ADFA
11 Trustee and/or the Municipal Bond Insurer.

12 **Section 22.** In the event the offices of Mayor, City Clerk, CEO, Board of Directors, or Commission
13 shall be abolished, or any two or more of such offices shall be merged or consolidated, or in the event the
14 duties of a particular office shall be transferred to another office or officer, or in the event of a vacancy in
15 any such office by reason of death, resignation, removal from office, or otherwise, or in the event any
16 such officer shall become incapable of performing the duties of his office by reason of sickness, absence
17 from the City, or otherwise, all powers conferred and all obligations and duties imposed upon such office
18 or officer shall be performed by the office or officer succeeding to the principal function thereof, or by the
19 office or officer upon whom such powers, obligations, and duties shall be imposed by law.

20 **Section 23.** It is understood and agreed that the Commission, acting for and on behalf of the City, has
21 custody of and control over the System, operates, maintains and repairs the System and collects and
22 handles Revenues. Therefore, it is understood and agreed that even though there are some express
23 references to the Commission, all references herein to the City shall, when appropriate in view of the
24 authority and responsibility of the Commission, be construed to mean and include the Commission. So
25 long as the Commission operates the System for the City, performance by the Commission of any right or
26 obligation of the City hereunder shall be deemed performance by the City. The Commission presently
27 consists of Chris Marsh, Ganelle Holman, Debbie Shock, Schawnee Hightower, Lauren Ward, Richard L.
28 Mays, Jr., and Bill Flowers.

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

31 **Section 25.** Reference in this ordinance to "Bondholder" shall include the original Bondholder or any
32 registered assign thereof.

33 **Section 26. Severability.** In the event any title, section, paragraph, item, sentence, clause, phrase, or
34 word of this ordinance is declared or adjudged to be invalid or unconstitutional, such declaration or
35 adjudication shall not affect the remaining portions of the ordinance which shall remain in full force and

1 effect as if the portion so declared or adjudged invalid or unconstitutional was not originally a part of the
2 ordinance.

3 **Section 27. Repealer.** All laws, ordinances, resolutions, or parts of the same, that are inconsistent
4 with the provisions of this ordinance, are hereby repealed to the extent of such inconsistency.

5 **PASSED: February 19, 2019**

6 **ATTEST:**

APPROVED:

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9 _____
Susan Langley, City Clerk

_____ **Frank Scott, Jr., Mayor**

10 **APPROVED AS TO LEGAL FORM:**

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13 _____
Thomas M. Carpenter, City Attorney

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