



BOND PURCHASE AGREEMENT

City of North Little Rock, Arkansas
City Hall
North Little Rock, Arkansas 72119

_____, 2016

Attention: Mayor Joe A. Smith

Ladies and Gentlemen:

Certain terms used in this Bond Purchase Agreement are defined as follows:

- Issuer:** City of North Little Rock, Arkansas
- Principal Amount:** \$ 30,000,000.00 (See Exhibit B)
- Interest Rate:** 1.25 percent
- Servicing Fee:** 1.00 percent
- Bond:** Sewer Revenue Bond, Series 2016
- Bond Counsel:** Hilburn, Calhoun, Harper, Pruniski & Calhoun, Ltd.
- Bond Ordinance:** Ordinance No. ____ of the Issuer, adopted _____, 2016, under which the Bond is to be issued and secured
- Rate Ordinance(s):** Ordinance No. 8768 of the Issuer, adopted October 26, 2015, pursuant to which the Rates are levied and System Revenues are collected
- System Revenues:** Revenues of the Issuer's Sewer System
- Administration Fee:** None
- Closing:** 10:00 a.m., prevailing local time, on October 15, 2016, or at such other time or on such later date as is mutually agreed upon, at the offices of Bond Counsel in North Little Rock, Arkansas
- Estimated Final Completion Date:** October 15, 2020
- Authorizing Legislation:** Amendment 65 of the Constitution of the State of Arkansas and Act No. 132 of 1933, as amended (A.C.A. § 14-235-201 *et. seq.*)

The Arkansas Natural Resources Commission (the "Commission") and the Arkansas Development Finance Authority (the "Authority") hereby offer to enter into this Bond Purchase Agreement (the "Agreement") with you, the Issuer, for the purchase by the Authority from moneys in the Construction Assistance Revolving Loan Fund, created by Arkansas Code Annotated Section 15-5-901, as the same may be amended from time to time (the "Revolving Loan Fund"), and the sale by you of the Bond of the Issuer more particularly described below. Upon approval by you and by the execution of the acceptance hereof by the Mayor of the Issuer, this Agreement shall be in full force and effect in accordance with its terms and shall be valid, binding, and enforceable upon the Issuer, the Commission, and the Authority.

Further terms of this Agreement are:

1. Upon the terms and conditions and upon the basis of the representations herein set forth, the Authority hereby agrees to purchase from the Issuer and the Issuer hereby agrees to sell to the Authority the entire Principal Amount of the Bond to be issued under and secured by the Bond Ordinance.
2. The Bond is being issued for the purpose of financing the planning, design, and construction of the wastewater treatment facilities of the Issuer's sewer system (the "System") described in the facilities plan furnished by the Issuer to and concurred with by the Commission (the "Project"), paying costs incidental thereto and paying approved expenses incurred in connection with the issuance of the Bond as set forth in **Exhibit B**.
3. The Bond and the Servicing Fee shall be secured by a pledge of and payable from the System Revenues, subject to a pledge in favor of certain outstanding bonds, if any, identified in the Bond Ordinance. Rates for usage of the System (the "Rates") have been levied and the System Revenues are collected pursuant to the Rate Ordinance(s).
4. The Bond shall be dated the date of the Closing. The Bond shall be authorized in an amount up to the Principal Amount identified above, and shall bear interest at the Interest Rate identified above. Principal and interest shall be amortized in accordance with the schedule set forth in **Exhibit A** attached hereto (which is based upon semiannual repayment of principal and interest commencing six months following the Estimated Completion Date and a 20 year amortization), and the Issuer shall pay to the authority on the first business day of each month, commencing six months prior to the first principal payment date set forth on Exhibit A, an amount equal to 1/6 of the next installment of interest and principal due on the Bond plus the Issuer shall pay to the Authority interest on the Bond on each April 15 and October 15 after the Bond is issued to and including the Estimated Final Completion Date. In addition to the payment of the principal and interest on the Bond, the Issuer shall be obligated to pay the Servicing Fee to the Authority. The Servicing Fee shall be payable in the same manner and on the same dates as interest on the Bond is due. The payment of the Servicing Fee is expressly made subordinate to the payment of the principal and interest on the Bond. The Issuer agrees that any delay in completion of the Project beyond the Estimated Final Completion Date shall not result in any extension of the date on which principal and interest payments are to be made on the Bond. The Bond shall be subject to redemption prior to maturity, shall

be payable, and shall be as otherwise described in the Bond Ordinance. Interest on the Bond shall not be excludable from gross income for federal income tax purposes.

5. The Issuer recognizes that in the event the actual costs of the Project exceed the amount of the Bond, the Authority and the Commission shall be under no obligation to provide any additional funds to the Issuer. If, for any reason, the Issuer does not utilize the entire Bond proceeds, then in such event the Principal Amount of the Bond will be reduced to the amount actually withdrawn. Any reduction of the Bond pursuant to this provision shall result in pro rata reductions of the remaining installments of principal so that the weighted average life of the Bond immediately following any such reduction shall be substantially equal to the weighted average life of the Bond immediately prior to such reduction. The Authority agrees to accept, or cause the registered owner of the Bond to accept, a new Bond from the Issuer reflecting the revised payment schedule.
6. Subject to the terms and conditions and upon the basis of the representations herein set forth, the Authority hereby agrees to purchase the Bond from the Issuer in installments from time to time from moneys in the Revolving Loan Fund in an amount up to the Principal Amount, and the Issuer hereby agrees to sell the Bond to the Authority at a price of 100 percent of the Principal Amount of the Bond purchased from time to time. The purchase price for the Bond shall be paid in a series of advances in accordance with the provisions of paragraph 7. The initial advance of the purchase price shall take place at the Closing. At the Closing, the Issuer will deliver, or cause to be delivered, to the Authority a single typewritten bond, duly executed and authenticated, together with the other documents herein required, and the Authority will accept delivery and make the initial advance of the purchase price of the Bond by wire transfer of immediately available funds or by certified or official bank cashier's check as directed by the Issuer. If Closing and the initial advance do not occur within 180 days from the date hereof, then the Authority's obligation to purchase the Bond is terminated.
7. So long as the Issuer is in compliance with the terms and provisions of this Agreement and the Bond Ordinance and the representations and warranties of the Issuer made herein remain true and correct, the Authority agrees to make, and the Commission agrees to approve, advances of the purchase price of the Bond ("Disbursements") from moneys in the Revolving Loan Fund as follows:
 - (a) Disbursements shall only be made based upon actual work completed;
 - (b) The Issuer may request reimbursement for costs not more often than monthly, provided, however, during the Project performance period requests for reimbursement shall be limited to quarterly;
 - (c) Disbursements shall be made for costs incurred prior to the Estimated Final Completion Date, and no Disbursements shall be made following the Estimated Final Completion Date;
 - (d) Disbursements shall be made for eligible work called for in the engineering services contract and in the plans and specifications approved by the Commission and Bond issuance costs eligible under Title XVI of the Commission, as now or hereafter amended ("Title XVI"); and

- (e) All requests for Disbursements must be made in accordance with Title XVI and shall be made by forwarding a completed copy of a Disbursement Request, in the form attached as **Exhibit C** hereto, to the Commission's Water Resources Division, along with the documentation for eligible Project Costs incurred since the last Disbursement Request and not previously submitted.
- 8. The Issuer agrees to pay the Authority at the Closing the Administration Fee.
- 9. The parties hereto acknowledge that the Authority intends to pledge the Bond to the trustee for a series of the Authority's revolving loan revenue bonds (the "ADFA Bonds"). The Authority agrees not to make any other transfer or attempt to transfer the Bond without the prior written consent of the Commission and without written disclosure to the transferee that the interest on the Bond is includable in gross income for federal income tax purposes. Upon transfer of the Bond, the Authority and the Commission may assign their rights hereunder to the new owner of the Bond without consent of the Issuer.
- 10. The Issuer represents and warrants to, and agrees with the Authority and the Commission that:
 - (a) The Issuer is a city of the first class, duly organized and existing under the laws of the State of Arkansas, and has, and at the date of Closing will have, full legal right, power, and authority
 - (i) to enter into this Agreement,
 - (ii) to adopt the Bond Ordinance and the Rate Ordinance(s) (collectively, the "Ordinances"),
 - (iii) to issue, sell, and deliver the Bond to the Authority as provided herein,
 - (iv) to levy the Rates and pledge the System Revenues, and
 - (v) to carry out and consummate the transactions contemplated by this Agreement and the Ordinances;
 - (b) The Issuer has complied, and will at the date of Closing be in compliance, in all respects, with the Authorizing Legislation;
 - (c) By adoption of the Bond Ordinance pursuant to the Authorizing Legislation, the Issuer has duly authorized and approved the execution and delivery of, and the performance by the Issuer of the obligations contained in, the Bond and this Agreement and, when delivered to and paid for by the Authority at the Closing in accordance with the provisions of this Agreement, the Bond will have been duly authorized, executed, issued, and delivered and will constitute a valid and binding obligation of the Issuer in accordance with its terms, in conformity with the Authorizing Legislation, entitled to the benefit and security of the Bond Ordinance;
 - (d) The financial statements of the System delivered to the Commission and the

Authority are true and correct in all respects, have been prepared in accordance with generally accepted government accounting principles for municipalities, consistently applied, and fairly present the financial condition of the System as of their respective dates;

- (e) The execution and delivery of this Agreement and the Bond, the adoption of the Bond Ordinance and the Rate Ordinance(s), the levy of the Rates, the pledge of the System Revenues to the Bond, and the carrying out and consummation of the transactions contemplated by this Agreement and the Bond Ordinance will not conflict with or constitute a breach of or default under any applicable law or administrative regulation of the State of Arkansas or the United States or any judgment or decree or any agreement or other instrument to which the Issuer is a party or is otherwise subject;
- (f) There is no action, suit, proceeding, or investigation involving the Issuer before or by any court, public board, or body pending or, to the knowledge of the Issuer, threatened wherein an unfavorable decision, ruling, or finding would:
 - (i) affect the creation, organization, existence, or powers of the Issuer or the titles of its officials to their offices,
 - (ii) enjoin or restrain the issuance, sale, and delivery of the Bond, the levy of the Rates, or collection of the System Revenues or the pledge thereof,
 - (iii) in any way question or affect any of the rights, powers, duties, or obligations of the Issuer with respect to the System Revenues,
 - (iv) in any way question or affect any authority for the issuance of the Bond or the validity or enforceability of the Bond or the Bond Ordinance and the Rate Ordinance(s), or
 - (v) in any way question or affect this Agreement or the transactions contemplated by this Agreement, or any other agreement or instrument relating thereto to which the Issuer is a party;
- (g) The Rates have been duly levied under the Authorizing Legislation and the Rate Ordinance(s), and the System Revenues have been duly pledged to the payment of the Bond under the Bond Ordinance pursuant to the authority granted by the Authorizing Legislation; and
- (h) The Issuer will promptly remit each Disbursement to the person or persons to whom payment is then due and owing.

11. The Issuer's covenants and agrees with the Authority as follows:

- (a) For purposes of this Paragraph 11, the following terms shall have the meanings set forth below.

"Rule 15c2-12" shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended

from time to time (17 C.F.R., Part 240 § 240.15c2-12).

"Obligated Person" shall mean any person who is committed by contract or other arrangement to support payments in a sum equal to ten percent (10%) or more of the aggregate payments of the loans, including the Bond, which comprise the Wastewater System Revolving Loan Fund administered by Authority, and which are pledged as security for ADFA Bonds, the proceeds of which fund a portion of the Bond.

- (b) If, during any fiscal year of Authority, the outstanding obligations of the Issuer under the terms of the Bond shall cause the Issuer to be deemed an Obligated Person, and unless in the opinion of bond counsel for the ADFA Bonds, an exemption from Rule 15c2-12 is then available, the Issuer shall, upon notice from Authority, within 120 days after the close of each fiscal year of Authority, furnish to Authority (i) a copy of the latest financial statements of the Issuer (or the System if separately audited) prepared in accordance with generally accepted government accounting standards and audited by its independent auditors (or, if not available as of such date, the latest unaudited financial statements of the Issuer (or the System if separately audited) and, as soon thereafter as available, the audited financial statements) and (ii) such financial information and operating data relating to the Issuer and the System as agreed to by the Issuer and Authority.
- (c) The Issuer shall provide to Authority, within ten (10) business days of the occurrence thereof, notice of any of the following events with respect to the Bond:
 - (1) any principal or interest payment delinquency with respect to the Bond;
 - (2) any non-payment related default under the Bond Ordinance, the Bond or this Agreement, if material;
 - (3) any event that would cause the Bond to be a "private activity bond" under the Internal Revenue Code of 1986, as amended;
 - (4) any defeasance of the Bond, in whole or in part;
 - (5) any release, substitution or sale of property securing repayment of the Bond, if material;
 - (6) bankruptcy, involvency, receivership or similar event of the Issuer; and
 - (7) the consummation of a merger, consolidation or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (d) The Issuer's obligations under this Paragraph 11 shall terminate upon the defeasance, prior redemption or payment in full of the Bond.

- (e) Nothing in this Paragraph 11 shall be deemed to prevent the Issuer from disseminating any other information, or including any other information in any notice or report made hereunder, in addition to that which is specifically required by this Paragraph 11. If the Issuer chooses to include any information in any report or notice made hereunder in addition to that which is specifically required by this Paragraph 11, the Issuer shall have no obligation hereunder to update such information or include it in any future report or notice.
 - (f) The reporting requirements set forth in this Agreement are in addition to the financial reporting requirements provided in the Bond Ordinance.
12. The Issuer covenants and agrees with the Commission:
- (a) To comply with all applicable Arkansas and federal statutes and regulations, including particularly, without limitation, the Commission's Title XVI;
 - (b) To utilize and expend the proceeds of the Bond in a timely and expeditious manner by:
 - (1) utilizing Bond proceeds for eligible Project Costs and approved issuance costs,
 - (2) proceeding expeditiously with and completing the Project, and
 - (3) completing all facilities recommended in the approved facilities plan;
 - (c) To establish and maintain adequate financial records for the Project in accordance with "generally accepted governmental accounting standards" defined as, but not limited to, those contained in the U.S. General Accounting Office (GAO) publication "Government Auditing Standards, July 2007 Revision (GAO-07-731G), and make these records available to the Commission, the EPA Inspector General, or their authorized representatives;
 - (d) To undertake the Project on its own responsibility and release and hold harmless the Commission and the Authority, and their officers, members, and employees, from any claim arising in connection with the design, construction, or operation of the Project or any other aspect of the wastewater treatment works of the Issuer, including any matter due solely to their own negligence;
 - (e) To comply with all terms and conditions of any construction contracts, architectural or engineering agreements, and other agreements affecting the Project, the premises of the wastewater treatment works of the Issuer, and its operations and to require its construction contractor to furnish both a performance bond and payment bond in the full amount of the construction contract for the Project;
 - (f) To become familiar with and comply with all federal and state laws pertaining to equal employment opportunities ensuring that all engineers and contractors for the Project do not discriminate against any person on the basis of race, color, religion, sex, age, national origin, or handicap;
 - (g) To provide complete (unaudited) financial statements and budget information for the

System to the Commission, within 30 days of a written request from the Commission, for any year(s) during which this Agreement is in effect; and

- (h) To maintain and operate the System in a sound and economical manner and in accordance with standards as may be required or prescribed by federal, state, or local regulatory agencies; and
13. The Authority and the Commission have entered into this Agreement in reliance upon the representations and agreements of the Issuer herein and the performance by the Issuer of its obligations hereunder, both as of the date hereof and as of the date of the Closing. The obligations of the Authority and the Commission under this Agreement are and shall be subject to the following further conditions:
- (a) At the Closing, the Bond Ordinance and the Rate Ordinance(s) shall be in full force and effect and shall not have been amended, modified, or supplemented after the date hereof except as may have been agreed to by the Authority and the Commission, and the Issuer shall have duly adopted and there shall be in full force and effect such other ordinances and resolutions as, in the opinion of Bond Counsel and the Commission, shall be necessary in connection with the transactions contemplated hereby.
 - (b) The representations and warranties of the Issuer contained herein shall be true, complete, and correct on the date hereof and on and as of the date of the Closing, as if made on and as of the date of the Closing.
 - (c) At or prior to the Closing, the Commission and the Authority shall have received the following:
 - (1) The Bond Ordinance and the Rate Ordinance(s), certified by the Issuer under its seal as having been duly adopted and as being in full force and effect, with only such amendments as may have been agreed to by the Commission and the Authority;
 - (2) An unqualified approving opinion, dated the date of the Closing, of Bond Counsel, in form and substance satisfactory to the Commission and the Authority, to the effect that:
 - (i) the Issuer is duly created and validly existing as a City of the first class of the State of Arkansas, with the power to adopt the Bond Ordinance and the Rate Ordinance(s), perform the agreements on its part contained in the Bond Ordinance, and issue the Bond;
 - (ii) the Bond has been duly authorized and issued by the Issuer and is a valid and binding special obligation of the Issuer enforceable in accordance with its terms;
 - (iii) the Bond is secured by an irrevocable pledge of and lien on the System Revenues as provided in the Bond Ordinance, which pledge is valid and enforceable; and
 - (iv) the interest on the Bond is exempt from all Arkansas state, county, and municipal taxes;

- (3) A supplemental opinion, dated the date of Closing, of Bond Counsel, in form and substance satisfactory to the Commission and the Authority, to the effect that
 - (i) the Bond and the Bond Ordinance conform in both form and tenor to the provisions relating thereto summarized in the Term Sheet for the Project attached hereto; and
 - (ii) if the Bond were being purchased on a tax-exempt basis, the Bond would not constitute a "private activity bond" within the meaning of Section 141 of the Internal Revenue Code of 1986, as amended, and covering such other matters as may be reasonably requested by the Authority and the Commission;
- (4) A certificate dated the date of the Closing and signed by the Mayor and the City Clerk or Recorder of the Issuer, and the manager of the System to the effect that:
 - (i) the representations and warranties of the Issuer contained herein are true and correct in all material respects on and as of the date of the Closing as if made on the date of the Closing,
 - (ii) the Issuer has complied with all agreements and covenants and satisfied all conditions on its part to be complied with or satisfied at or prior to the Closing, and
 - (iii) there has been no material adverse change in the business, property, or financial condition of the System, and the System has not incurred any material liabilities other than in the normal course of business which have not been disclosed in writing to the Commission and the Authority since the date of the latest financial statements submitted to the Authority and the Commission;
- (5) Two counterpart originals of a transcript of all proceedings relating to the authorization and issuance of the Bond;
- (6) Such additional legal opinions, certificates, proceedings, instruments, and other documents as the Commission, the Authority, and Bond Counsel may reasonably request to evidence compliance by the Issuer with legal requirements, the truth and accuracy, as of the time of Closing, of the representations of the Issuer herein contained, and the due performance or satisfaction by the Issuer at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Issuer.

All of the opinions, letters, certificates, instruments, and other documents mentioned above or elsewhere in this Agreement shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Commission and the Authority. The performance of any and all obligations of the Issuer under this Agreement and the performance of any and all conditions contained herein for the benefit of the Authority and the Commission may be waived by the Authority and the Commission in their sole discretion.

14. All notices, demands, and formal actions hereunder will be in writing mailed, telegraphed, or delivered to the parties at the following addresses:

The Issuer: City of North Little Rock, Arkansas
P.O. Box 5757
North Little Rock, Arkansas 72119
Attention: Mayor

The Commission: Arkansas Natural Resources Commission
101 East Capitol, Suite 350
Little Rock, Arkansas 72201
Attention: Water Resources Division

The Authority: Arkansas Development Finance Authority
Technology Center
900 West Capitol, Suite 310
Little Rock, Arkansas 72201
Attention: Vice President for Finance

15. All representations, warranties, and covenants of the Issuer contained herein shall remain operative and in full force and shall survive (a) the execution and delivery of this Agreement, (b) any investigation made by or on behalf of the Commission or the Authority, (c) the purchase of the Bond hereunder, and (d) any disposition of or payment for the Bond.
16. Any audit or review of plans and specifications and any inspection of the work shall be for the Commission's convenience only in order to determine that they are within the approved scope of the Project. No such review and inspection, approvals, and disapprovals shall be an undertaking by the Commission of responsibility for design or construction.
17. Neither the Commission nor the Authority is a partner, joint venturer, or in any other way a party to the Project or the operation of the wastewater treatment works of the Issuer. Neither the Commission nor the Authority shall in any way be liable or responsible by reason of the provisions hereof to the Issuer or any third party for the payment of any claims in connection therewith.
18. The Authority agrees that it will invest the monthly payments made by the Issuer until applied to the semiannual principal and interest payments due on the Bond, and semiannually to credit interest accruing on such monthly payments against the next six monthly principal and interest payments due from the Issuer and to notify the Issuer in writing of such credit.
19. This Agreement may be executed in any number of counterparts with each executed counterpart constituting an original but all of which together shall constitute one and the same instrument.
20. This Agreement will inure to the benefit of and be binding upon the parties hereto and

their successors and will not confer any rights upon any other person. This Agreement shall be governed by and construed in accordance with the laws of the State of Arkansas.

21. Required federal conditions for Clean Water State Revolving Loan Fund loans, attached hereto as **Exhibit D**, are incorporated herein by reference.

22. The provisions of the ANRC Revolving Loan Fund Programs Term Sheet attached hereto as **Exhibit E**, are incorporated herein by reference as if set forth word for word herein.

ARKANSAS NATURAL RESOURCES COMMISSION

By: _____

Title: _____

ARKANSAS DEVELOPMENT FINANCE AUTHORITY

By: _____

Title: _____

ACCEPTED this ____ day of _____, 2016.

ISSUER: CITY OF NORTH LITTLE ROCK, ARKANSAS

By: _____
Joe A. Smith, Mayor

EXHIBIT A

North Little Rock, Arkansas
 ANRC Loan#: 01068-CWRLF-L
 ANRC Project#: WRD-004-015
 Amortization Schedule - 20 Years - Semi-Annual Payments

as of date: Aug 9, 2016

Loan Closing Date	Disbursement Cut-off Date	First Payment Date	Repayment Length Years	Annual Lending Rate	Total Principal	Semi-Annual Payment
Oct 15, 2016	Oct 15, 2020	Apr 15, 2021	20	2.250%	\$30,000,000.00	\$ 935,505.00

Period	Date	Semi-Annual Payment				Outstanding Principal Balance
		Payment Amount	1.000% Servicing Fee	1.250% Interest	Principal	
						\$30,000,000.00
1	Apr 15, 2021	\$ 935,505.00	\$ 150,000.00	\$ 187,500.00	\$ 598,005.00	29,401,995.00
2	Oct 15, 2021	935,505.00	147,010.00	183,762.00	604,733.00	28,797,262.00
3	Apr 15, 2022	935,505.00	143,986.00	179,983.00	611,536.00	28,185,726.00
4	Oct 15, 2022	935,505.00	140,929.00	176,161.00	618,415.00	27,567,311.00
5	Apr 15, 2023	935,505.00	137,837.00	172,296.00	625,372.00	26,941,939.00
6	Oct 15, 2023	935,505.00	134,710.00	168,387.00	632,408.00	26,309,531.00
7	Apr 15, 2024	935,505.00	131,548.00	164,435.00	639,522.00	25,670,009.00
8	Oct 15, 2024	935,505.00	128,350.00	160,438.00	646,717.00	25,023,292.00
9	Apr 15, 2025	935,505.00	125,116.00	156,396.00	653,993.00	24,369,299.00
10	Oct 15, 2025	935,505.00	121,846.00	152,308.00	661,351.00	23,707,948.00
11	Apr 15, 2026	935,505.00	118,540.00	148,175.00	668,790.00	23,039,158.00
12	Oct 15, 2026	935,505.00	115,196.00	143,995.00	676,314.00	22,362,844.00
13	Apr 15, 2027	935,505.00	111,814.00	139,768.00	683,923.00	21,678,921.00
14	Oct 15, 2027	935,505.00	108,395.00	135,493.00	691,617.00	20,987,304.00
15	Apr 15, 2028	935,505.00	104,937.00	131,171.00	699,397.00	20,287,907.00
16	Oct 15, 2028	935,505.00	101,440.00	126,799.00	707,266.00	19,580,641.00
17	Apr 15, 2029	935,505.00	97,903.00	122,379.00	715,223.00	18,865,418.00
18	Oct 15, 2029	935,505.00	94,327.00	117,909.00	723,269.00	18,142,149.00
19	Apr 15, 2030	935,505.00	90,711.00	113,388.00	731,406.00	17,410,743.00
20	Oct 15, 2030	935,505.00	87,054.00	108,817.00	739,634.00	16,671,109.00
21	Apr 15, 2031	935,505.00	83,356.00	104,194.00	747,955.00	15,923,154.00
22	Oct 15, 2031	935,505.00	79,616.00	99,520.00	756,369.00	15,166,785.00
23	Apr 15, 2032	935,505.00	75,834.00	94,792.00	764,879.00	14,401,906.00
24	Oct 15, 2032	935,505.00	72,010.00	90,012.00	773,483.00	13,628,423.00
25	Apr 15, 2033	935,505.00	68,142.00	85,178.00	782,185.00	12,846,238.00
26	Oct 15, 2033	935,505.00	64,231.00	80,289.00	790,985.00	12,055,253.00
27	Apr 15, 2034	935,505.00	60,276.00	75,345.00	799,884.00	11,255,369.00
28	Oct 15, 2034	935,505.00	56,277.00	70,346.00	808,882.00	10,446,487.00
29	Apr 15, 2035	935,505.00	52,232.00	65,291.00	817,982.00	9,628,505.00
30	Oct 15, 2035	935,505.00	48,143.00	60,178.00	827,184.00	8,801,321.00
31	Apr 15, 2036	935,505.00	44,007.00	55,008.00	836,490.00	7,964,831.00
32	Oct 15, 2036	935,505.00	39,824.00	49,780.00	845,901.00	7,118,930.00
33	Apr 15, 2037	935,505.00	35,595.00	44,493.00	855,417.00	6,263,513.00
34	Oct 15, 2037	935,505.00	31,318.00	39,147.00	865,040.00	5,398,473.00
35	Apr 15, 2038	935,505.00	26,992.00	33,740.00	874,773.00	4,523,700.00
36	Oct 15, 2038	935,505.00	22,619.00	28,273.00	884,613.00	3,639,087.00
37	Apr 15, 2039	935,505.00	18,195.00	22,744.00	894,566.00	2,744,521.00
38	Oct 15, 2039	935,505.00	13,723.00	17,153.00	904,629.00	1,839,892.00
39	Apr 15, 2040	935,505.00	9,199.00	11,499.00	914,807.00	925,085.00
40	Oct 15, 2040	935,492.00	4,625.00	5,782.00	925,085.00	-
TOTALS		\$37,420,187.00	\$ 3,297,863.00	\$ 4,122,324.00	\$30,000,000.00	

EXHIBIT B

USES OF FUNDS

Issuer: City of North Little Rock

Loan Number: 01068-CWRF-L

<u>Item</u>	<u>Costs</u>
Planning and Design	\$-0-
Local Loan Expenses	\$ 20,000.00
Authority and Department Administrative Fee	- 0 -
Construction and Contingency	\$ 29,980,000.00
PRINCIPAL AMOUNT:	<u>\$30,000,000.00</u>

EXHIBIT C

DISBURSEMENT REQUEST

Arkansas Natural Resources Commission
Revolving Loan Fund

RLF-76

-04/07)

Project Name: _____

Request Number: _____

Project Number: _____

Percent Complete: _____

Employer Identification No.: _____

Cost Classification	Costs Incurred to Date	RLF Eligible Amount	Previous RLF Disbursements	RLF Payment Due this Request
a. Land Acquisition				
b. Administration Costs (Land)				
c. Construction - Plant				
d. Construction - Line work				
e. Administration Costs (Const.)				
f. A/E Basic Fees Bid Phase				
g. A/E Basic Fees Const. Phase				
h. Inspection Phase				
i. Start-Up Services				
j. Project Performance Fees				
k. O&M Manual				
l. Material Testing				
m. Project Performance Testing				
n. Equipment				
o. Allowance (Planning/Design)				
p. ADFA Fee				
q. Legal Fees				
r. Issuance Costs				
s.				
t.				
TOTAL				

I certify that to the best of my knowledge, that this disbursement request accurately reflects the total RLF amount due to date and that all costs requested are in accordance with the terms of the bond purchase agreement and RLF regulations. I further certify that all work has been inspected and performed in accordance with RLF program requirements.	Requested By	Signature of Authorized Certifying Official	Date Report Submitted
		Typed or Printed Name and Title	Telephone Number
	Prepared By	Signature of Engineering Consultant	Date Signed
		Typed or Printed Name and Title	Telephone Number
	Approved By	Signature of RLF Official	Date Signed
		Typed or Printed Name and Title	Telephone Number
	Signature of Project Engineer	Date Signed	
	Typed of Printed Name and Title	Telephone Number	

EXHIBIT D

REQUIRED FEDERAL CONDITIONS FOR SRF LOANS

Accounting Standards

The Borrower shall establish and maintain an accounting system and internal controls which will ensure the recording and safeguarding of all project activities in accordance with Generally Accepted Accounting Principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB). The Borrower shall maintain separate accounting records for the project accounts in accordance with the CWSRF regulation 40 CFR 35.3135(i) or the DWSRF regulation 40 CFR 35.3550(i) as appropriate.

OMB – Uniform Guidance Subpart F Audits

In accordance with OMB Uniform Guidance, Subpart F which implements the Single Audit Act, the recipient hereby agrees to obtain a single audit from an independent auditor, if it expends \$750,000 or more in total Federal funds in any fiscal year. Within nine months after the end of a recipient's fiscal year or 30 days after receiving the report from the auditor, the recipient shall submit the SF-SAC and a Single Audit Report Package. **The recipient MUST** submit the SF-SAC and a Single Audit Report Package, using the Federal Audit Clearinghouse's Internet Data Entry System. For complete information on how to accomplish the single audit submissions, you will need to visit the Federal Audit Clearinghouse Web site: <http://harvester.census.gov/fac/>

Wage Rate Requirements (Davis-Bacon Act):

The Borrower agrees to include in all agreements to provide assistance for any construction project carried out in whole or in part with such assistance made available by either a State water pollution control revolving fund as authorized by title VI of the Federal Water Pollution Control Act (33 U.S.C. 1381 et seq.) or with such assistance made available under section 205(m) of that Act (33 U.S.C. 1285(m)), or both, a term and condition requiring compliance with the requirements of section 513 of that Act (33 U.S.C. 1372); or a drinking water revolving loan fund as authorized by section 1452 of the Safe Drinking Water Act (42 U.S.C. 300j-12), a term and condition requiring compliance with the requirements of section 1450(e) of the Safe Drinking Water Act (42 U.S.C.300j-9(e)) in all procurement contracts and sub-grants, and require that loan recipients, procurement contractors and sub-grantees include such a term and condition in subcontracts and other lower tiered transactions. All contracts and subcontracts for any construction project carried out in whole or in part with assistance made available as stated herein shall insert in full in any contract in excess of \$2,000 the contract clauses as attached hereto entitled "Wage Rate Requirements Under The Clean Water Act, Section 513 and the Safe Drinking Water Act, Section 1450(e)." This term and condition applies to all agreements to provide assistance under the authorities referenced herein, whether in the form of a loan, bond purchase, grant, or any other vehicle to provide financing for a project, where such agreements are executed on or after October 30, 2009.

See "*Attachment A*" for the Davis Bacon wage rate requirements.

Responsibilities of Participants Regarding Doing Business with Other Persons (Debarment)

The Borrower shall fully comply with Subpart C of 2 CFR Part 180 entitled, "*Responsibilities of Participants Regarding Transactions Doing Business With Other Persons*," as implemented and supplemented by 2 CFR Part 1532. The Borrower is responsible for ensuring that any lower tier covered transaction, as described in Subpart B of 2 CFR Part 180, entitled "*Covered Transactions*," includes a term or condition requiring compliance with Subpart C. The Borrower is responsible for further requiring the inclusion

of a similar term or condition in any subsequent lower tier covered transactions. The Borrower acknowledges that failing to disclose the information required under 2 CFR 180.335 may result in the delay or negation of this loan, or pursuance of legal remedies, including suspension and debarment.

The Borrower may access the Excluded Parties List System at <http://www.epls.gov>. This term and condition supersedes EPA Form 5700-49, "*Certification Regarding Debarment, Suspension, and Other Responsibility Matters.*"

Utilization of Disadvantaged, Minority and Women's Business Enterprises

The Borrower agrees to comply with the requirements of EPA's Program for Utilization of Disadvantaged, Minority and Women's Business Enterprises (DBE/MBE/WBE) in procurement under assistance agreements, contained in 40 CFR Part 33. This includes the contract administration provisions of 40 CFR 33.302.

SIX GOOD FAITH EFFORTS, 40 CFR, Part 33, Subpart C

Pursuant to 40 CFR, Section 33.301, the Borrower agrees to make the following good faith efforts whenever procuring construction, equipment, services and supplies under an EPA financial assistance agreement, and to require that prime contractors also comply. Records documenting compliance with the six good faith efforts shall be retained.

- (a) Require DBEs are made aware of contracting opportunities to the fullest extent practicable through outreach and recruitment activities. For Indian Tribal, State and Local and Government recipients, this will include placing DBEs on solicitation lists and soliciting them whenever they are potential sources.
- (b) Make information on forthcoming opportunities available to DBEs and arrange time frames for contracts and establish delivery schedules, where the requirements permit, in a way that encourages and facilitates participation by DBEs in the competitive process. This includes, whenever possible, posting solicitations for bids or proposals for a minimum of 30 calendar days before the bid or proposal closing date.
- (c) Consider in the contracting process whether firms competing for large contracts could subcontract with DBEs. For Indian Tribal, State and local Government recipients, this will include dividing total requirements when economically feasible into smaller tasks or quantities to permit maximum participation by DBEs in the competitive process.
- (d) Encourage contracting with a consortium of DBEs when a contract is too large for one of these firms to handle individually.
- (e) Use the services and assistance of the SBA and the Minority Business Development Agency of the Department of Commerce.
- (f) If the prime contractor awards subcontracts, require the prime contractor to take the steps in paragraphs (a) through (e) of this section

MBE/WBE REPORTING, 40 CFR, Part 33, Sections 33.502 and 33.503

The Borrower agrees to complete and submit EPA Form 5700-52A, "MBE/WBE Utilization Under Federal Grants, Cooperative Agreements and Interagency Agreements" beginning with the Federal fiscal year reporting period the recipient receives the award, and continuing until the project is completed. Only procurements with certified MBE/WBEs are counted toward a recipient's MBE/WBE accomplishments.

DUNS AND CCR Requirements

Central Contractor Registration and Universal Identifier Requirements.

- A. Requirement for Central Contractor Registration (CCR). Unless you are exempted from this requirement under 2 CFR 25.110, you as the Borrower must maintain the

currency of your information in the CCR until you receive the final payment. This requires that you review and update the information at least annually after the initial registration, and more frequently if required by changes in your information or another loan is received.

- B. Requirement for Data Universal Numbering System (DUNS) numbers. If you are authorized to make subawards under this award, you:
1. Must notify potential subrecipients that no entity (see definition in paragraph C of this award term) may receive a subaward from you unless the entity has provided its DUNS number to you.
 2. May not make a subaward to an entity unless the entity has provided its DUNS number to you.
- C. Definitions. For purposes of this condition:
1. Central Contractor Registration (CCR)/System for Award Management (SAM) means the Federal repository into which an entity must provide information required for the conduct of business as a recipient. Additional information about registration procedures may be found at the System for Award Management (SAM) Internet site <http://www.sam.gov>.
 2. Data Universal Numbering System (DUNS) number means the nine-digit number established and assigned by Dun and Bradstreet, Inc. (D&B) to uniquely identify business entities. A DUNS number may be obtained from D&B by telephone (currently 866-705-5711) or the internet (currently at <http://fedgov.dnb.com/webform>).
 3. Entity, as it is used in this award term, means all of the following, as defined at 2 CFR Part 25, subpart C:
 - a. A Governmental organization, which is a State, local government, or Indian tribe;
 - b. A foreign public entity;
 - c. A domestic or foreign nonprofit organization;
 - d. A domestic or foreign for-profit organization; and
 - e. A Federal agency, but only as a subrecipient under an award or subaward to a non-Federal entity.
 4. Subaward:
 - a. This term means a legal instrument to provide support for the performance of any portion of the substantive project or program for which you received this award and that you as the recipient award to an eligible subrecipient.
 - b. The term does not include your procurement of property and services needed to carry out the project or program (for further explanation, see Sec. --.210 of the attachment to OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations").
 - c. A subaward may be provided through any legal agreement, including an agreement that you consider a contract.
 5. Subrecipient means an entity that:
 - a. Receives a subaward from you under this award; and
 - b. Is accountable to you for the use of the Federal funds provided by the subaward.

Equipment Purchase and Disposition

All equipment purchases under this Loan, as well as the disposition of such equipment, shall be in accordance with 40 CFR 31.32.

Compliance with Cross-cutting Authorities

The Borrower will comply with the applicable Federal cross-cutting authorities as specified under 40 CFR 35.3575. The State further agrees to inform EPA when consultation or coordination with other Federal agencies is necessary to resolve issues regarding compliance with cross-cutter requirements.

American Iron and Steel

- (1) *Definitions.* As used in this award term and condition —
 - (a) “iron and steel products” means the following products made primarily of iron or steel: lined or unlined pipes and fittings, manhole covers and other municipal castings, hydrants, tanks, flanges, pipe clamps and restraints, valves, structural steel, reinforced precast concrete, and construction materials.
 - (b) Steel means an alloy that includes at least 50 percent iron, between .02 and 2 percent carbon, and may include other elements.
- (2) *Domestic preference.*
 - (a) This award term and condition implements P.L. 113-76, Consolidated Appropriations Act, 2014, Section 436, by requiring that all iron and steel products used for a project for the construction, alteration, maintenance or repair of a public water system or treatment work are produced in the United States except as provided in paragraph (b)(2) and (b)(3) of this section and condition.
 - (b) This requirement does not apply with respect to a project if a State agency approves the engineering plans and specifications for the project, in that agency’s capacity to approve such plans and specifications prior to a project requesting bids, prior to January 17, 2014.
 - (c) This requirement shall not apply in any case or category of cases in which the Administrator of the Environmental Protection Agency finds that: —
 - (i) applying the requirement would be inconsistent with the public interest;
 - (ii) iron and steel products are not produced in the United States in sufficient and reasonably available quantities and of a satisfactory quality; or
 - (iii) inclusion of iron and steel products produced in the United States will increase the cost of the overall project by more than 25 percent.
- (3) *Request for a Waiver under (b)(3).*
 - (a) Any recipient request to use foreign iron or steel products in accordance with paragraph (b)(3) of this section shall include adequate information for Federal Government evaluation of the request, including —
 - (1) A description of the foreign and domestic iron, steel, and/or manufactured goods;
 - (2) Unit of measure;
 - (3) Quantity;
 - (4) Cost;
 - (5) Time of delivery or availability;
 - (6) Location of the project;
 - (7) Name and address of the proposed supplier; and
 - (8) A detailed justification of the reason for use of foreign iron or steel

- products cited in accordance with paragraph (b)(3) of this section.
- (b) If the Administrator receives a request for a waiver under this section, the waiver request shall be made available to the public for at least 15 days prior to making a finding based on the request.
 - (c) Unless the Administrator issues a waiver of this term, use of foreign iron and steel products is noncompliant with P.L. 113-76 Section 436 section 1605 of the American Recovery and Reinvestment Act.
 - (d) This term and condition shall be applied in a manner consistent with United States obligations under international agreements.

Signage

The Borrower agrees to comply with the SRF Signage Guidance in order to enhance public awareness of EPA assistance agreements nationwide.

EXHIBIT E

**ANRC REVOLVING LOAN FUND PROGRAMS
Term Sheet**

Borrower:	City of North Little Rock	ANRC Loan No.:	01068- CWRLF-L
Loan Amount:	\$30,000,000	Project Number:	WRD-004-015
Lending Rate:	2.25%	Primary Pledge:	Sewer Revenue
Interest Rate:	1.25%	Secondary Pledge:	N/A
Servicing Fee:	1.0%	Disbursement Cut Off Date:	
	Oct. 15, 2020		
Repayment Period:	20 years	Local Contribution:	N/A
Budget:	Loan Amount of		\$30,000,000
	Project Amount of:		\$30,000,000
	Including: Local Loan Expenses of:		\$20,000
	Construction Costs of:		\$29,980,000

*REQUIRED FEDERAL CONDITIONS FOR SRF LOANS must be included as an appendix to the Bond Purchase Agreement.

** Any expenses incurred in the Construction Costs beyond what is provided by the ANRC loan will be provided by the Borrower as a local contribution to the project. The Borrower will contribute the local contribution to the construction costs as they occur. At Loan closing, Borrower will provide satisfactory evidence of the available local contribution to ANRC.

1. **Principal Amount.** The Loan is approved in the Loan Amount. The Borrower recognizes that in the event the actual costs of the Project exceed the amount of the Loan Amount, ANRC shall be under no obligation to provide any additional funds to the Borrower.

If, for any reason, the Borrower does not utilize the entire Loan Amount, then in such event the Loan will be reduced to the amount of actual funds disbursed. Any reduction of the Loan Amount pursuant to this provision shall be prorata with respect to the remaining installments of principal so that the weighted average life of the Loan immediately

following any such reduction shall be substantially equal to the weighted average life of the Loan immediately prior to such reduction.

2. **Purpose.** The Loan is being made for the purpose of planning, design, and construction of the Project and payment of Local Loan Expenses. The Borrower agrees to use the proceeds of the Loan constituting the Project Amount solely for the purpose of planning, design and constructing the Project described in the plans and specifications furnished to and concurred with by ANRC, and paying Local Loan Expenses. If loan closing and the initial disbursement do not occur within 180 days of the date of the Bond Purchase Agreement between the Borrower and ANRC, then ANRC's obligation to make the Loan shall be terminated.
3. **Interest Rate.** Interest will be charged on the Loan outstanding balance at the per annum rate shown on page one, computed on the basis of a 360 day year of twelve consecutive 30 day months.
4. **Servicing Fee:** A Servicing Fee will be charged on the Loan outstanding balance at the per annum rate shown on page one, computed on the basis of a 360 day year of twelve consecutive 30 day months. The Servicing Fee shall be payable in the same manner and on the same dates as interest on the Loan.
5. **Disbursement Cut Off Date.** The Borrower certifies and acknowledges that the Disbursement Cut Off Date (DCD) is as shown on page one. No additional funds from the Loan Amount will be distributed after the DCD.
6. **Repayment Schedule.** The Loan will be repayable according to the amortization schedule delivered to the Borrower herewith, which is based upon semiannual payment of interest and Servicing Fee only during the Project construction period, semiannual repayment of principal, interest and Servicing Fee commencing six months following the DCD with a twenty (20) year amortization.

In order to make the semiannual payments of principal, interest and Servicing Fee on the Loan, commencing on the first business day of the first month following the DCD, the Borrower will be required to make monthly deposits into a special fund to be held by ADFA in an amount equal to 1/6 of the principal, interest and Servicing Fee due on the Loan on the next semiannual payment date.

The monthly payments will be invested and the earnings thereon shall be credited semiannually against the next six monthly payments due from the Borrower.

The Borrower agrees that any delay in completion of the Project beyond the DCD shall not result in any extension of the date on which payments are to be made with respect to the Loan.

7. **Security and Source of Repayment.** The Borrower shall identify the Revenues in writing, shall provide detailed information regarding all other debt to which the Revenues are pledged, and shall provide evidence satisfactory to ANRC that the Revenues shall equal not less than 100 percent of the Total Annual Debt Service payments coming due in any one year on the Loan.

8. **Depreciation Reserve Fund.** *[This information needs to be included in the Bond Ordinance as well as the Bond Purchase Agreement]*

The Borrower shall establish a Depreciation Reserve Fund to be accumulated to an amount equal to 10 percent of the principal amount of the bond (\$3,000,000). This fund is for the replacement or repairs to the system and may not be used without prior written consent from ANRC. The Depreciation Reserve Fund is to be accumulated at a rate equal to 3 percent of the gross monthly revenue of the system. Once the Fund reaches the specified amount, the Borrower can stop depositing into the Fund. When funds are taken out of the Fund, the monthly deposits will have to start again until the Fund reaches the specified amount.

9. **Prepayment.** The Borrower may prepay the Loan at any time on or after October 15, 2026, at par and accrued interest and Servicing Fee by giving ADFA not less than 90 days prior written notice of such prepayment. Defeasance of the Loan shall not be permitted.

If Revenues consist of:

- (i) sales and use taxes which cannot legally be used for any purpose other than payment of debt service or
- (ii) special assessments,

the Loan shall be subject to extraordinary mandatory prepayment in whole or in part at any time from such taxes or assessments collected in excess of annual principal, Servicing Fee and interest payments, the Borrower to give ADFA not less than 90 days prior written notice of such prepayment.

10. **Additional Debt.** The Borrower may not issue bonds secured by a lien on revenues superior to the lien on the Revenues securing the Loan. The Borrower may not issue bonds secured by a lien on revenues on a parity with the lien on the Revenues securing the Loan unless and until there shall have been procured and filed with ADFA a statement by an independent certified public accountant not in the regular employ of the Borrower reciting the opinion that

- (i) the Available Revenues for the fiscal year preceding the year in which such parity lien bonds are to be issued were not less than 110 percent of the Total Annual Debt Service requirements or
- (ii) Available Revenues for the fiscal year succeeding the year in which such parity lien bonds are to be issued are projected to be sufficient in amount, taking in

consideration any enacted increase in Revenues, to be not less than 110 percent of the Total Annual Debt Service requirements.

The Borrower may issue bonds, the security and source of payment of which are subordinate and subject to the priority of the Loan, without complying with the terms and conditions of this section.

The provisions of this section may be waived by the holders of 75 percent in principal amount of the Loan at any time outstanding.

11. **Legal Opinions.** The Borrower shall deliver an unqualified approving opinion of nationally recognized bond counsel to the effect
 - (i) that, if the Loan were being made on a tax-exempt basis, the Loan would not constitute a "private activity bond" within the meaning of Section 141 of the Internal Revenue Code of 1986, as amended, and
 - (ii) that the interest on the Loan is exempt from all Arkansas state county and municipal taxes; and
 - (iii) that the bond evidencing the Loan conforms as to form and tenor with the terms and provisions summarized herein.
12. **Evidence of SRF Loan.** The Loan shall be evidenced by a single typewritten bond, fully registered as to payment of principal, Servicing Fee and interest to the order of ADFA. The bond shall be purchased by ADFA in installments, and shall be dated the date of its delivery and payment of the first installment.
13. **Defaults.** Upon an event of default under the Loan and the ordinance or resolution of Borrower authorizing the Loan, including a failure to comply with any covenant, term, or condition therein, ADFA, or the bond insurer may exercise any remedy available at law or in equity in order to cause the Borrower to comply with the provisions of the Loan and the ordinance or resolution of Borrower authorizing the Loan.
14. **Continuing Disclosure.** In addition to Borrower's responsibility to provide financial information and operating data to ANRC under regulations of ANRC, the Borrower agrees that if ADFA notifies the Borrower that it is deemed to be an "obligated person" with respect to the ADFA Bonds, as defined in Securities and Exchange Commission Rule 15c2-12 of the Securities Exchange Act of 1934, as amended (17 CFR Part 240 §240.15c2-12) ("Rule 15c2-12"), it will
 - (i) provide to ADFA complete audited financial statements for itself or its water/sewer system (as ADFA shall request) within 120 days of the close of its fiscal year for each year while the Loan is outstanding, and

(ii) provide certain additional financial and operating data as requested by ADFA pursuant to the requirements of Rule 15c2-12.

15. **Accounting Standards.** The recipient will maintain their system in accordance with generally accepted government accounting standards, including standards relating to the reporting of infrastructure assets. In the case of privately-owned systems, the standards of the Financial Accounting Standards Board will be used.

16. **Definitions.** The words and terms used herein shall have the meanings set forth below.

"ADFA" means the Arkansas Development Finance Authority.

"ADFA Bonds" means the bonds issued or which may be issued to ADFA to provide all or a portion of the funds for the Loan.

"Allowable Costs" means costs that are eligible to be paid with proceeds of the Loan, as such costs are defined in ANRC's regulations.

"ANRC" means the Arkansas Natural Resources Commission

"Available Revenues" means:

- (i) with respect to water and sewer revenues, water revenues or sewer revenues, gross revenues of the water and sewer system or the water or sewer system, as the case may be, less operation and maintenance expenses, and
- (ii) with respect to sales and use taxes or special assessments, the gross amount of such taxes or assessments received by the Borrower.

"Bond Purchase Agreement" means the Agreement between the Borrower and ANRC, which specifies the terms of the bond sale to the Borrower.

"Borrower" means the entity identified herein as the bond issuer.

"Capitalized Interest" means an amount estimated to be equal to the Servicing Fee and interest accrued on the Loan Amount from the date of the Loan disbursements until the DCD.

"Code" means the Internal Revenue Code of 1986, as amended, and the regulations promulgated or proposed thereunder.

"Depreciation Reserve Fund" means the fund established by the Borrower for the repair and or replacement of the project. Any use of this fund will require the written consent of ANRC.

"Disbursement" means any payment to or on behalf of the Borrower.

"Disbursement Cut Off Date" means the date six (6) months prior to the first principal payment. Also means the last date that disbursements may be made from the Loan fund as shown on page one.

"Interest Rate" shall mean the rate of interest charged to Borrower on the Loan which shall be the per annum Interest Rate shown above, computed on the basis of a 360 day year of 12 consecutive 30 day months.

"Lending Rate" means the combination of the Interest Rate plus the Servicing Fee.

"Loan" means the loan made from the State Revolving Loan Fund to the Borrower.

"Loan Amount" means the amount of the Bonds as stated on page one.

"Local Contribution" means all other funds secured by the Borrower for the Project.

"Local Loan Expense" means the amount, if any, requested by the Borrower to be included in the Loan for payment of expenses incurred by the Borrower in obtaining the Loan.

"Project" means the construction and/or rehabilitation of the sewer treatment facilities described in the facilities plan furnished to and concurred with by ANRC.

"Project Amount" means the amount of proceeds of the Loan shown on page one which is to be used for payment of Allowable Costs.

"Repayment Period" means the time frame for repaying the principal on the loan beginning with the Disbursement Cut Off Date and continuing for the period as indicated on page one.

"Revenues" means the moneys which will be pledged by the Borrower to the payment of the Loan, being in the form of water and sewer revenues, water revenues, sewer revenues, sales and use taxes, and/or special assessments.

"Servicing Fee" means the fee charged to the Borrower by the ANRC at the per annum rate shown on page one, computed on the same basis as the Interest Rate on the Loan. The Servicing Fee shall be payable in the same manner and on the same dates as interest on the Loan.

"Total Annual Debt Service" means the maximum annual principal, interest and Servicing Fee on all outstanding bonds or other financial obligations to which the Revenues are pledged, including this Loan and the bonds proposed to be issued on parity with this Loan.