O-22- 24

ORDINANCE NO. _____

AN ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF $45,000,000 PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2022, BY THE CITY OF NORTH LITTLE ROCK, ARKANSAS FOR THE PURPOSE OF CONSTRUCTION OF EXTENSIONS, BETTERMENTS AND IMPROVEMENTS TO THE SEWER FACILITIES OF THE CITY ; PROVIDING FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE SERIES 2022 BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT PROVIDING FOR THE SALE OF THE SERIES 2022 BONDS; PRESCRIBING OTHER MATTERS RELATING THERETO; AND DECLARING AN EMERGENCY.

WHEREAS, the City of North Little Rock, Arkansas (the "City"), a city of the first class, presently owns and operates sewer treatment, storage and distribution facilities as part of the City's sewer system (the "System"); and

WHEREAS, the City is authorized and empowered under the provisions of the Constitution and laws of the State of Arkansas, including particularly Amendment 65, Arkansas Code Annotated Chapter 164, Subchapter 4, and Arkansas Code Annotated Chapter 235, Subchapter 2 (as from time to time amended, collectively, the "Act") to issue and sell its sewer revenue bonds for the purpose of financing and refinancing the cost of improvements to the System; and

WHEREAS, (i) pursuant to the provisions of Ordinance No. 7235 of the City, adopted and approved on December 11, 2000, the City has previously issued its Sewer Revenue Bonds, Series 2001, in the initial principal amount of $10,000,000 (the "Series 2001 Bonds"); (ii) pursuant to the provisions of Ordinance No. 8083 of the City, adopted and approved on June 23, 2008, the City has previously issued its Sewer Revenue Bonds, Series 2008 (ANRC), in the original principal amount of $14,000,000 (the "Series 2008 Bonds"); (iii) pursuant to the provisions of Ordinance No. 8480 of the City, adopted and approved on October 8, 2012, the City has previously issued its Sewer Revenue Bonds, Series 2012, in the original principal amount of $21,000,000 (the "Series 2012 Bonds"); and (iv) pursuant to the provisions of Ordinance No. 8837 of the City, adopted and approved on September 12, 2016, the City has previously issued its Sewer Revenue Bonds, Series 2016 (ANRC), in the original principal amount of $30,000,000 (the "Series 2016 Bonds", and collectively with the Series 2001 Bonds, the Series 2008 Bonds, and the Series 2012 Bonds, the "Prior Bonds"); and

WHEREAS, in order to provide funds necessary to acquire and construct necessary extensions, betterments, and improvements to the System (the "Improvements"), the City has made arrangements for the issuance and sale of its Sewer Revenue Bonds, Series 2022, in the aggregate principal amount of $45,000,000 (the "Series 2022 Bonds", or the "Bonds") to the Arkansas Development Finance Authority (the "Authority"); and

WHEREAS, the Bonds will be sold to the Authority at the price of par, which Bonds shall bear interest at the rates and pursuant to the terms of this Ordinance, pursuant to a Bond Purchase Agreement (the "Bond Purchase Agreement") between the City and the Authority; and

WHEREAS, the Authority will have a first priority statutory lien on the revenues of the System to secure the Bonds on a parity of security with the Prior Bonds, and the City will pledge the Revenues of the System to the Authority pursuant a Mortgage and Security Agreement (the "Mortgage") from the City to the Authority to secure the repayment of the Bonds.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF NORTH LITTLE ROCK, ARKANSAS THAT:

SECTION 1:

(a) That the sale to the Authority of the Bonds in the principal amount of $45,000,000 at a price of par, such Bonds to bear interest at the rate of 0.75% per annum and to be subject to a Servicing Fee of 1.00% per annum (the "Servicing Fee"), subject to the terms and provisions hereafter in this Ordinance set forth in detail be, and is hereby approved.

(b) That the Mayor is hereby authorized and directed to execute and deliver the Bond Purchase Agreement and the Mortgage on behalf of the City and to take all action required on the part of the City to fulfill its obligations under the Bond Purchase Agreement and the Mortgage. The Bond Purchase Agreement and the Mortgage are each hereby approved in substantially the form submitted to this meeting with such changes as may be approved by the Mayor, his execution to constitute complete evidence of such approval.

SECTION 2: That the City Council hereby finds and declares that the period of usefulness of the System after the issuance of the Bonds will be more than twenty (20) years, which is longer than the latest maturity of the Bonds.

SECTION 3: Under the authority of the Constitution and laws of the State of Arkansas, including particularly Amendment 65 to the Constitution of the State of Arkansas and the Act, that the City of North Little Rock, Arkansas Sewer Revenue Bonds, Series 2022 is hereby authorized to be issued in the total principal amount of $45,000,000, the proceeds of the sale of which are necessary to provide sufficient funds to acquire and construct the Improvements.

(a) That the Bonds shall be issued in the form of a single typewritten bond (the "Bond"), registered as to both principal and interest, payable to the Authority, or registered assigns, as set forth hereinafter in the bond form, and shall be numbered R-1.

(b) That the Bonds shall bear interest from the date of each advance at the rate of .75% per annum based upon a 360-day year of twelve consecutive 30-day months compounded semiannually. The Bond shall be dated the date of its delivery. Interest on the amounts advanced on the Bonds shall be payable on each October 15 and April 15 after the date of delivery of the Bond. Commencing on April 15, 2024, and on each April 15 and October

15 thereafter until the unpaid principal is paid in full, principal and interest shall be payable as follows:

Date	Principal[1]	Interest[1]	$1.00% Servicing Fee[1]	Payment Amount[1]
Apr 15, 2024	$944,451.00	$168,750.00	$225,000.00	$1,338,201.00
Oct 15, 2024	952,715.00	165,208.00	220,278.00	1,338,201.00
Apr 15, 2025	961,051.00	161,636.00	215,514.00	1,338,201.00
Oct 15, 2025	969,460.00	158,032.00	210,709.00	1,338,201.00
Apr 15, 2026	977,943.00	154,396.00	205,862.00	1,338,201.00
Oct 15, 2026	986,500.00	150,729.00	200,972.00	1,338,201.00
Apr 15, 2027	995,132.00	147,030.00	196,039.00	1,338,201.00
Oct 15, 2027	1,003,839.00	143,298.00	191,064.00	1,338,201.00
Apr 15, 2028	1,012,623.00	139,533.00	186,045.00	1,338,201.00
Oct 15, 2028	1,021,484.00	135,736.00	180,981.00	1,338,201.00
Apr 15, 2029	1,030,421.00	131,906.00	175,874.00	1,338,201.00
Oct 15, 2029	1,039,438.00	128,041.00	170,722.00	1,338,201.00
Apr 15, 2030	1,048,532.00	124,144.00	165,525.00	1,338,201.00
Oct 15, 2030	1,057,707.00	120,212.00	160,282.00	1,338,201.00
Apr 15, 2031	1,066,962.00	116,245.00	154,994.00	1,338,201.00
Oct 15, 2031	1,076,298.00	112,244.00	149,659.00	1,338,201.00
Apr 15, 2032	1,085,716.00	108,208.00	144,277.00	1,338,201.00
Oct 15, 2032	1,095,216.00	104,136.00	138,849.00	1,338,201.00
Apr 15, 2033	1,104,799.00	100,029.00	133,373.00	1,338,201.00

[1] Assumes principal is advanced on the Bond in the amount of $45,000,000. If the total advances on the Bond are less than $45,000,000, principal, interest, and Servicing Fee payments will be reduced proportionately by the Authority.

Oct 15, 2033	1,114,466.00	95,886.00	127,849.00	1,338,201.00
Apr 15, 2034	1,124,218.00	91,707.00	122,276.00	1,338,201.00
Oct 15, 2034	1,134,055.00	87,491.00	116,655.00	1,338,201.00
Apr 15, 2035	1,143,977.00	83,239.00	110,985.00	1,338,201.00
Oct 15, 2035	1,153,987.00	78,949.00	105,265.00	1,338,201.00
Apr 15, 2036	1,164,085.00	74,621.00	99,495.00	1,338,201.00
Oct 15, 2036	1,174,270.00	70,256.00	93,675.00	1,338,201.00
Apr 15, 2037	1,184,546.00	65,852.00	87,803.00	1,338,201.00
Oct 15, 2037	1,194,910.00	61,410.00	81,881.00	1,338,201.00
Apr 15, 2038	1,205,366.00	56,929.00	75,906.00	1,338,201.00
Oct 15, 2038	1,215,913.00	52,409.00	69,879.00	1,338,201.00
Apr 15, 2039	1,226,551.00	47,850.00	63,800.00	1,338,201.00
Oct 15, 2039	1,237,284.00	43,250.00	57,667.00	1,338,201.00
Apr 15, 2040	1,248,111.00	38,610.00	51,480.00	1,338,201.00
Oct 15, 2040	1,259,031.00	33,930.00	45,240.00	1,338,201.00
Apr 15, 2041	1,270,047.00	29,209.00	38,945.00	1,338,201.00
Oct 15, 2041	1,281,161.00	24,446.00	32,594.00	1,338,201.00
Apr 15, 2042	1,292,370.00	19,642.00	26,189.00	1,338,201.00
Oct 15, 2042	1,303,679.00	14,795.00	19,727.00	1,338,201.00
Apr 15, 2043	1,315,087.00	9,906.00	13,208.00	1,338,201.00
Oct 15, 2043	1,326,599.00	4,975.00	6,633.00	1,338,207.00

(c) That payment of principal, interest, and the Servicing Fee shall be by check or draft mailed to the Authority at its address shown on the registration books of the City which shall be maintained by the City Clerk or his designee as Bond Registrar, without presentation or

surrender of the Bond (except upon final payment), and such payments shall discharge the obligation of the City to the extent thereof. The City Clerk or her designee shall keep a payment record and make proper notations thereon of all payments of principal and interest.

(d) That payment of principal, interest, and the Servicing Fee shall be in any coin or currency of the United States of America which, as at the time of payment, shall be legal tender for the payment of debts due the United States of America. When the principal of and interest on the Bonds have been fully paid, it shall be delivered to the City Clerk and shall be canceled. The Bonds shall be subject to redemption prior to maturity as set forth in the form of the Bond in Section 5, below.

SECTION 4: That the Bonds shall be executed on behalf of the City by its Mayor and City Clerk, and shall have impressed thereon the seal of the City. In order to pay the principal of, interest on, and the Servicing Fees in connection with the Bonds, there is hereby pledged all of the revenues derived from the operation of the System (the "Revenues"). The pledge of the Revenues to the Authority with respect to the Bonds shall be on a parity with to the pledge in favor of the Prior Bonds. The City covenants and agrees that all Revenues will be accounted for separately as special funds on the books of the City, and receipts of said Revenues will be deposited and will be, used solely as provided herein. The Bonds are not the general obligations of the City but are special obligations, the principal of, the interest on, and the Servicing Fees in connection with the Bonds, are secured by the foregoing pledge of the Revenues. The principal of and interest on the Bonds shall not constitute an indebtedness of the City within the meaning of any constitutional or statutory debt limitation or restriction.

SECTION 5: That the Bond shall be in substantially the following form, and the Mayor and City Clerk are hereby authorized and directed to make all the recitals contained therein Exhibit A attached hereto.

SECTION 6: That the City has heretofore fixed rates for services of the System by Ordinance No. ____ adopted and approved on February 14, 2022 (the "Rate Ordinance"), which rates are hereby ratified and confirmed. The City covenants and agrees that the rates established by the Rate Ordinance will produce gross Revenues at least sufficient to pay monthly operation and maintenance expenses of the System, to pay the principal of and interest on all indebtedness to which Revenues are pledged as the same become due, and to create and maintain any required debt service reserves (collectively, the "Required Payments"). The City covenants always to maintain rates for System services (including increases as necessary) sufficient to provide for the Required Payments.

SECTION 7: That 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: That 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 Commission and the Authority; 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 substitutions for properties of the System as shall be necessary or incidental to the efficient operation of the System as a revenue-producing undertaking.

SECTION 9: That all revenues derived from the operation of the System shall be paid into a special fund previously established and designated by Ordinance of the City the "Sewer Revenue Fund" (the "Revenue Fund"). The revenues so deposited in the Revenue Fund are hereby pledged and shall be applied to the payment of the reasonable and necessary expenses of operation, repair and maintenance of the System, to the payment of the principal of and interest on the Bonds and the Prior Bonds, and to the providing of a Depreciation Reserve Fund, as hereafter set forth. The Revenue Fund, and the other special funds hereafter in this Authorizing Ordinance provided for or referred to, shall be maintained in such depositories of the City as shall from time to time be designated by the North Little Rock Water and Wastewater Commission (the "Commission"), with all such depositories to hold membership in the Federal Deposit Insurance Corporation (the "FDIC"), to be located in the State of Arkansas, and to have a capital and surplus of not less than Ten Million Dollars ($10,000,000), and with all deposits in any depository in excess of the amount insured by the FDIC to be secured by bonds or other direct or fully guaranteed obligations of the United States of America unless otherwise invested in accordance with the provisions of Arkansas law.

SECTION 10: That there shall be paid from the Revenue Fund into a fund which is hereby established and designated "Operation and Maintenance Fund," on or before the first business day of each month while any of the Bonds are outstanding, an amount sufficient to pay the reasonable and necessary monthly expenses of operation, repair, and maintenance of the System for such month and from which disbursements shall be made only for those purposes. Fixed annual charges such as insurance premiums and the cost of major repair and maintenance may be computed and set up on an annual basis, and one-twelfth (1/12) of the amount thereof may be paid into the Operation and Maintenance Fund each month.

(a) That if in any month for any reason there shall be a failure to transfer and pay the required amount into the Operation and Maintenance Fund, the amount of any deficiency shall be added to the amount otherwise required to be transferred and paid into said Fund in the next succeeding month. If in any fiscal year a surplus shall be accumulated in the Operation and Maintenance Fund over and above the amount which shall be necessary to defray the reasonable and necessary cost of operation, repair, and maintenance of the System during the remainder of the then current fiscal year and the next ensuing fiscal year, such surplus may be transferred and deposited in the Series 2022 Bond Fund (hereinafter created or referred to) or to the Depreciation Reserve Fund (hereinafter created or referred to) as the City may designate; provided, however, that any such transfer into the Series 2022 Bond Fund shall be in addition to all other payments required to be made into such Fund, if any.

SECTION 11:

(a) That after making the monthly deposits into the Operation and Maintenance Fund and, to the extent required, in the Depreciation Reserve Fund, there shall be transferred and paid from the Revenue Fund, the following amounts, on a parity of payment and security: (i) into a special fund, which is hereby established to be held by the Authority and designated "Series 2022 Sewer Revenue Bond Fund" (the "Series 2022 Bond Fund") the sums in the amounts and at the times hereafter stated in subsection (b) for the purpose of providing funds for the payment of the principal of, interest on, and Servicing Fees in connection with the Bonds as the same become due, and (ii) into the bond funds established in connection with the Prior Bonds (the "Prior Bond Funds") the sums in the amounts and at the times provided in connection with the Prior Bonds for the purpose of providing funds for the payment of the principal of, interest on, and Servicing Fees in connection with the Prior Bonds and such additional bonds as the same become due, and (iii) into the bond funds established in connection with any additional bonds issued pursuant to Section 15 hereof for the purpose of providing funds for the payment of the principal of, interest on, and Servicing Fees in connection with the such additional bonds as the same become due. The Series 2022 Bond Fund, the Prior Bond Funds, and any water and sewer revenue bond funds established in connection with additional bonds issued on a parity of security therewith, shall hereafter be collectively referred to as "Bond Funds."

(b)

(i) That in order to pay interest on the Bonds, there shall be deposited from moneys in the Revenue Fund, into the Series 2022 Bond Fund on each April 15 and October 15 after the Bonds are issued and delivered until and including October 15, 2043, the interest due on the Bonds on such dates. Commencing on the fifteenth business day of each month thereafter, there shall be deposited from moneys in the Revenue Fund into the Series 2022 Bond Fund an amount equal to 1/6 of the amount of interest on and principal of the Bonds next due.

(ii) That in order to pay the Servicing Fees in connection with the Bonds, there shall be transferred from the Revenue Fund to the Authority on each April 15 and October 15 after the Bonds are issued and delivered until and including October 15, 2043, the Servicing Fee in connection with the Bonds on such dates.

(c) That if moneys in the Revenue Fund are insufficient to make the required payment on or before the first business day of the following month into the Bond Funds, then the amount of any such deficiency in the payment made shall be added to the amount otherwise required to be paid into the Bond Funds on the first business day of the next month.

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

(e) That all moneys in the Bond Fund representing City Funds shall be used solely for the purpose of paying the principal of and interest on the Bonds and the City shall automatically receive a credit for the amount of such City Funds on hand in the Bond Fund and available for the payment of any principal and interest currently due on an interest or principal payment date irrespective of whether the Commission or the Authority has applied or caused to be applied such funds on that date for such purpose. The City shall receive a credit for all earnings and income derived from the investment of City Funds on each principal and interest payment date of the applicable bonds of the City and such earnings and income shall be credited against the next six monthly payments on such bonds in substantially equal amounts.

(f) That the Bonds shall be specifically secured by a pledge of all Revenues required to be placed into the Bond Fund. This pledge in favor of the Bonds is hereby irrevocably made according to the terms of this Ordinance, and the City and its officers and employees shall execute, perform and carry out the terms thereof in strict conformity with the provisions of this Ordinance.

SECTION 12: That the Servicing Fees with respect to the Bonds shall be payable on each date principal of the Bonds is due. The payment of the Servicing Fee is expressly made subordinate to the payment of the principal of and interest on the Bonds.

SECTION 13: That after making the payments required pursuant to Section 10 and Section 11 above, there shall be transferred and paid from the Revenue Fund on or before the first business day of each month into a fund to the held a depository of the System conforming to the requirements of Section 9 hereof which is hereby established and designated "Series 2022 Depreciation Reserve Fund," (the "Depreciation Reserve Fund") an amount equal to five percent 5.00% of the Revenues for the preceding month until such time as the amount on deposit in the Depreciation Reserve fund equals the sum of $4,500,000 (the "Depreciation Reserve Requirement"). Subject to the following paragraph, once the amount on deposit equals the Depreciation Reserve Requirement deposits into the Depreciation Reserve Fund shall no longer be required.

(a) That moneys in the Depreciation Reserve Fund shall be used for the purpose of paying the cost of maintenance, repairs, renewals, or replacements to the System or any part thereof, or premiums on insurance for the System carried pursuant to the provisions of this Ordinance. Moneys may only be withdrawn from the Depreciation Reserve Fund upon the consent of the Commission. If at any time moneys are withdrawn from the Depreciation Reserve Fund, deposits shall commence as provided in the preceding paragraph until such time as amount on

deposit in the Depreciation Reserve Fund are restored to the Depreciation Reserve Requirement.

SECTION 14: That the City shall assure that (i) not in excess of 10% of the proceeds of any Series of Bonds is used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Bonds during the term thereof is, under the terms of the Bonds or any underlying arrangement, directly or indirectly secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the City, in respect of property or borrowed moneys used or to be used for a Private Business Use; and (ii) that, in the event that both (A) in excess of 5% of the proceeds of the Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Bonds during the term thereof is, under the terms of the Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the City, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of proceeds of the Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Improvements.

(a) That the City shall assure that not in excess of 5% of the proceeds of the Bonds are used, directly or indirectly, to make or finance a loan to persons other than state or local governmental units.

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

(c) That the City covenants that it will not enter into any wholesale water contracts with non-governmental entities or modify existing wholesale water contracts with non-governmental entities if such contracts or modifications of existing contracts will cause a violation of this Section.

SECTION 15:

(a) That as long as the Bonds are outstanding, the City shall not issue or attempt to issue any bonds having or claimed to be entitled to a priority of lien on Revenues over the lien securing the Bonds.

(b) That the City may issue additional revenue bonds to finance or pay the cost of constructing extensions, betterments and improvements to the System or to refund outstanding obligations of the System on a parity with the lien on Revenues in favor of the Bonds if there shall have been procured and filed with the City Clerk and the Authority a statement by a certified public accountant not in the regular employ of the City ("Accountant") reciting the opinion that (i) the Available Revenues (Available Revenues being gross Revenues less operation and maintenance

expenses) for the fiscal year preceding the year in which such additional bonds are to be issued were not less than 115% of the average annual debt service requirements (including principal, interest and servicing and administrative fees) on all outstanding debt of the System to which revenues are pledged and the bonds then proposed to be issued plus the average annual Servicing Fee or (ii) the Available Revenues for the fiscal year succeeding the year in which such additional 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 115% of the Total Annual Debt Service requirements (including principal, interest and servicing and administrative fees) on all outstanding debt of the System to which Revenues are pledged, and the bonds then proposed to be issued plus the average annual Servicing Fee.

(c) That the additional bonds, the issuance of which is restricted and conditioned by this Section, shall not be deemed to mean bonds the security and source of payment of which are subordinate and subject to the priority of the Bonds and such additional bonds may be issued without complying with the terms and conditions of this Section. The provisions of this Section 15(b) may be waived by the Authority.

SECTION 16: That it is covenanted and agreed by the City that it will faithfully and punctually perform all duties with reference to the System required by the Constitution and laws of the State and by this Ordinance, including, without limitation, the making and collecting of reasonable and sufficient rates lawfully established for services rendered by the System, segregating Revenues and applying them to the respective funds maintained pursuant to this Ordinance.

(a) That the City covenants and agrees that the Commission and the Authority shall have the protection of all the provisions of the Act, and that the City will diligently proceed to enforce those provisions to the end of each registered owner of Bonds (a "Registered Owner") realizing fully upon its security. And, if the City shall fail to proceed within 30 days after written request shall have been filed by any Registered Owner, such Registered Owner may proceed to enforce all such provisions.

(b) That if there be any default in the payment of the principal of or interest on any Bond, or if the City defaults in any requirement or in the performance of any of the other covenants contained in this Ordinance, the Registered Owner of such Bond may, by proper suit, compel the performance of the duties of the officials of the City under the laws of the State. In the case of a default in the payment of the principal of and interest on any Bond, the Registered Owner of such Bond may apply in a proper action to a court of competent jurisdiction for the appointment of a receiver to administer the System on behalf of the City and the Registered Owners of all Bonds with power to charge and collect (or by mandatory injunction or otherwise to cause to be charged and collected) rates sufficient to provide for the payment of the expenses of operation, repair and maintenance and to pay the Bonds and interest outstanding and to apply Revenues in conformity with this Ordinance. When all defaults in principal and interest payments have been cured, the custody

and operation of the System shall revert to the City. No remedy herein conferred upon or reserved to the Registered Owners is intended to be exclusive of any other remedy or remedies herein provided or provided by law, and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or given by law. No delay or omission of the Registered Owners to exercise any right or power accrued upon any default shall impair any such right or power or shall be construed to be a waiver of any default or an acquiescence therein; and every power and remedy given by this Ordinance to the Registered Owners may be exercised from time to time and as often as may be deemed expedient.

(c) That no waiver of any default shall extend to or affect any other existing or any subsequent default or defaults or impair any rights or remedies consequent thereon. Any costs of enforcement of the Bonds or of any provision of this Ordinance, including reasonable attorney's fees, shall be paid by the City. The Authority may enforce all rights and exercise all remedies available to the Authority in the event the Servicing Fees are not paid when due.

SECTION 17: That the terms of this Ordinance shall constitute a contract among the City and the Registered Owners and no variation or change in the undertaking herein set forth shall be made while the any of the Bonds are outstanding unless consented to in writing by the Commission and the Authority.

SECTION 18: That the City agrees that it will keep proper records, books and accounts relating to the operation of the System, which shall be kept separate from all other records and accounts of the City, in which complete and correct entries shall be made of all transactions relating to the operation of the System in accordance with generally accepted government accounting standards. Such books shall be available for inspection by the Commission and the Authority, or the agent or the representative of either, at reasonable times and under reasonable circumstances. The City agrees to have these records audited by an Accountant selected by the City at least once each year. The City agrees that it shall also furnish to the Commission and the Authority (1) on or before 30 days after the close of each fiscal year a statement of the operations of the System for the past fiscal year in form and content in the manner hereinafter specified, and (2) on or before 120 days after the close of each fiscal year a copy of the audit report of the Accountant. The first report required by the last preceding sentence shall contain at least the following information:

(a) Statement of income and expense for the System;

(b) Balance sheet for the System;

(c) Schedule of insurance policies and fidelity bonds showing, with respect to each policy and bond, the amount and nature of risk covered, the expiration date, and the name of the insurer; and

(d) Schedule of the number of customers (connected and unconnected to the System) and showing the rate schedule currently in effect.

SECTION 19: That the reports referred to in Section 18 above shall cover the operations of the System for all of the last ensuing fiscal year. In the event the City fails or refuses to furnish

or cause such reports to be furnished, the Commission or the Authority may have the reports made, and the cost thereof shall be charged against the Operation and Maintenance Fund.

SECTION 20: That the City covenants and agrees that it will maintain the System in good condition and operate it in an efficient manner and at reasonable cost. While any of the Bonds are outstanding, the City agrees that to the extent comparable protection is not otherwise provided to the satisfaction of the Registered Owners, it will insure, and at all times keep insured in a responsible insurance company or companies selected by the City and authorized and qualified under the laws of the State to assume the risk thereof, all above-ground structures of the System against loss or damage thereto in amounts and against such risks as are customarily insured against in connection with similar facilities and undertakings as the System. In the event of loss, the proceeds of such insurance shall be applied solely toward the reconstruction, replacement or repair of the System, and in such event the City will, with reasonable promptness, cause to be commenced and completed the reconstruction, replacement and repair work. If such proceeds are more than sufficient for such purposes, the balance remaining shall be deposited to the credit of the Revenue Fund, and if such proceeds shall be insufficient for such purposes, the deficiency shall be supplied, first, from moneys in the Depreciation Reserve Fund, if any, second, from moneys in the Operation and Maintenance Fund, and third, from available moneys in the Revenue Fund. Nothing herein shall be construed as requiring the City to expend any funds for reconstruction, replacement or repair of the System or for operation and maintenance of the System or for premiums on its insurance which are derived from sources other than insurance proceeds or Revenues, but nothing herein shall be construed as preventing the City from doing so.

SECTION 21: That there shall be a statutory lien upon the Revenues of the System (including all extensions, improvements and betterments now or hereafter existing) which shall exist in favor of the Authority, and such Revenues shall remain subject to such statutory lien until payment in full of the interest on and principal of all of the Bonds.

SECTION 22: Continuing Disclosure. In addition to the City's responsibility to provide financial information and operating data to the Commission and the Authority under the regulations of the Commission and the Authority, the City agrees that if the Commission or the Authority notifies the City that it is deemed to be an "obligated person" with respect to any of the 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 the Commission and the Authority complete audited financial statements for the System within 120 days of the close of its fiscal year for each year while any of the Bonds are outstanding, and (ii) provide certain additional financial and operating data (including financial information of the City) as requested by Commission or the Authority pursuant to the requirements of Rule 15c2-12.

SECTION 23: That the provisions of this Ordinance are hereby declared to be separable, and if any provision shall for any reason be held illegal or invalid, it shall not affect the validity of the remainder of this Ordinance.

SECTION 24: All Ordinances and parts thereof in conflict herewith are hereby repealed to the extent of such conflict.

SECTION 25: It is hereby ascertained and declared that the planning, design and construction of betterments and improvements must be accomplished as soon as possible in order to provide debt service revenues for the System adequate for the needs of the City and its inhabitants, without which the life, health, safety and welfare thereof are jeopardized, and that the issuance of the bonds and the taking of the other action authorized by this ordinance is necessary for the accomplishment thereof. It is, therefore, declared that an emergency exists and this Ordinance, being necessary for the immediate preservation of the public peace, health and safety, shall take effect and be in force from and after its passage.

PASSED:

APPROVED:

Mayor Terry C. Hartwick

SPONSOR:

Terry C. Hartwick by AT

Mayor Terry C. Hartwick

ATTEST:

Diane Whitbey, City Clerk

APPROVED AS TO FORM:

Amy Beckman Fields, City Attorney

FORMATTED BY THE OFFICE OF THE CITY ATTORNEY

FILED 11:00 A.M. _____ P.M.
By A Fields City Atty
DATE 3/22/22

Diane Whitbey, City Clerk and Collector
North Little Rock, Arkansas

RECEIVED BY BTBM

Registered

EXHIBIT A

Registered

No. R-1

$45,000,000.00

United States of America

State of Arkansas

County of Pulaski

City of North Little Rock, Arkansas

Sewer Revenue Bonds, Series 2022

Registered Owner: ARKANSAS DEVELOPMENT FINANCE AUTHORITY

Principal Amount: FORTY-FIVE MILLION AND 00/100 DOLLARS

Know All Men By These Presents:

That the City of North Little Rock, Arkansas (the "City") hereby acknowledges itself to owe, and for value received promises to pay to the order of the Arkansas Development Finance Authority (the "Registered Owner"), or registered assigns, but solely from the special fund provided therefor as hereinafter set forth, in lawful money of the United States of America, the Principal Amount shown above, and to pay in like coin or currency interest thereon at the rate of 0.75% per annum from the date of each advance. A servicing fee of 1.00% per annum (the "Servicing Fee") shall also be payable by the City to the Registered Owner in the same manner and upon the same dates as principal and interest hereon.

Interest on the amounts advanced on the Bonds shall be payable on each October 15 and April 15 after the date hereof. Commencing on April 15, 2024, and on each April 15 and October 15 thereafter until the unpaid principal is paid in full, principal and interest shall be payable as follows:

Date	Principal[1]	Interest[1]	$1.00% Servicing Fee[1]	Payment Amount[1]
Apr 15, 2024	$944,451.00	$168,750.00	$225,000.00	$1,338,201.00
Oct 15, 2024	952,715.00	165,208.00	220,278.00	1,338,201.00
Apr 15, 2025	961,051.00	161,636.00	215,514.00	1,338,201.00
Oct 15, 2025	969,460.00	158,032.00	210,709.00	1,338,201.00

[1] Assumes principal is advanced on the Bond in the amount of $45,000,000. If the total advances on the Bond are less than $45,000,000, principal, interest, and Servicing Fee payments will be reduced proportionately by the Authority.

Apr 15, 2026	977,943.00	154,396.00	205,862.00	1,338,201.00
Oct 15, 2026	986,500.00	150,729.00	200,972.00	1,338,201.00
Apr 15, 2027	995,132.00	147,030.00	196,039.00	1,338,201.00
Oct 15, 2027	1,003,839.00	143,298.00	191,064.00	1,338,201.00
Apr 15, 2028	1,012,623.00	139,533.00	186,045.00	1,338,201.00
Oct 15, 2028	1,021,484.00	135,736.00	180,981.00	1,338,201.00
Apr 15, 2029	1,030,421.00	131,906.00	175,874.00	1,338,201.00
Oct 15, 2029	1,039,438.00	128,041.00	170,722.00	1,338,201.00
Apr 15, 2030	1,048,532.00	124,144.00	165,525.00	1,338,201.00
Oct 15, 2030	1,057,707.00	120,212.00	160,282.00	1,338,201.00
Apr 15, 2031	1,066,962.00	116,245.00	154,994.00	1,338,201.00
Oct 15, 2031	1,076,298.00	112,244.00	149,659.00	1,338,201.00
Apr 15, 2032	1,085,716.00	108,208.00	144,277.00	1,338,201.00
Oct 15, 2032	1,095,216.00	104,136.00	138,849.00	1,338,201.00
Apr 15, 2033	1,104,799.00	100,029.00	133,373.00	1,338,201.00
Oct 15, 2033	1,114,466.00	95,886.00	127,849.00	1,338,201.00
Apr 15, 2034	1,124,218.00	91,707.00	122,276.00	1,338,201.00
Oct 15, 2034	1,134,055.00	87,491.00	116,655.00	1,338,201.00
Apr 15, 2035	1,143,977.00	83,239.00	110,985.00	1,338,201.00
Oct 15, 2035	1,153,987.00	78,949.00	105,265.00	1,338,201.00
Apr 15, 2036	1,164,085.00	74,621.00	99,495.00	1,338,201.00
Oct 15, 2036	1,174,270.00	70,256.00	93,675.00	1,338,201.00
Apr 15, 2037	1,184,546.00	65,852.00	87,803.00	1,338,201.00

Oct 15, 2037	1,194,910.00	61,410.00	81,881.00	1,338,201.00
Apr 15, 2038	1,205,366.00	56,929.00	75,906.00	1,338,201.00
Oct 15, 2038	1,215,913.00	52,409.00	69,879.00	1,338,201.00
Apr 15, 2039	1,226,551.00	47,850.00	63,800.00	1,338,201.00
Oct 15, 2039	1,237,284.00	43,250.00	57,667.00	1,338,201.00
Apr 15, 2040	1,248,111.00	38,610.00	51,480.00	1,338,201.00
Oct 15, 2040	1,259,031.00	33,930.00	45,240.00	1,338,201.00
Apr 15, 2041	1,270,047.00	29,209.00	38,945.00	1,338,201.00
Oct 15, 2041	1,281,161.00	24,446.00	32,594.00	1,338,201.00
Apr 15, 2042	1,292,370.00	19,642.00	26,189.00	1,338,201.00
Oct 15, 2042	1,303,679.00	14,795.00	19,727.00	1,338,201.00
Apr 15, 2043	1,315,087.00	9,906.00	13,208.00	1,338,201.00
Oct 15, 2043	1,326,599.00	4,975.00	6,633.00	1,338,207.00

Payments of principal, interest, and the Servicing Fee due hereon shall be made except for final payment, without presentation and surrender of this Bond, directly to the Registered Owner at its address shown on the registration book of the City maintained by the City Clerk or her designee as Bond Registrar, and such payments shall fully discharge the obligation of the City to the extent of the payments so made.

The Bonds are subject to redemption at the option of the City from funds from any source, in whole at any time or in part on any interest payment date on and after October 15, 2032, at a redemption price equal to the principal amount being redeemed plus accrued interest to the redemption date. If fewer than all of the Bonds shall be called for redemption, the particular Bonds or portions thereof to be redeemed shall be selected by the Authority in its discretion.

This Bond is issued for the purpose of providing funds necessary to acquire and construct necessary extensions, betterments, and improvements to the sewer system of the City (the "System"), and is issued pursuant to and in full compliance with the Constitution and laws of the State of Arkansas, including particularly Amendment No. 65 to the Constitution of the State of Arkansas ("Amendment 65") and Arkansas Code Annotated Sections 14-234-201 *et seq.*, and Arkansas Code Annotated Sections 14-235-201 *et seq.* (as from time to time amended, collectively, the "Act"), and pursuant to Ordinance No. ___ of the City, duly adopted and approved

on March 28, 2022 (the "Authorizing Ordinance"). Reference is hereby made to the Authorizing Ordinance for the details of the nature and extent of the security and of the rights and obligations of the City and the Registered Owner of this Bond.

This Bond may be assigned only upon the written approval of the Arkansas Natural Resources Commission, and in order to effect such assignment, the assignor shall promptly notify the City Clerk by registered mail, and the assignee shall surrender this Bond along with a written assignment and written approval of the Registered Owner to the City Clerk for transfer on the registration records. Every assignee shall take this Bond subject to all payments and prepayments of principal and interest (as reflected on the Payment Record maintained by the City Clerk or her designee) prior to such surrender for transfer.

This Bond does not constitute an indebtedness of the City or the State of Arkansas within the meaning of any constitutional or statutory limitation or provision, and the taxing power of the City is not pledged to the payment of the principal of and interest on this Bond.

This Bond is not a general obligation of the City, but is a special limited obligation payable solely from the revenues derived from the operation of the System (the "Revenues"), on a parity of security with the Prior Bonds (as defined in the Authorizing Ordinance). The City has covenanted, and agreed that all Revenues will be accounted for separately as special funds on the books of the City, and receipts of said Revenues will be deposited and will be used solely as provided in the Authorizing Ordinance. Pursuant to the Authorizing Ordinance, an amount of Revenues sufficient to pay principal and interest on this Bond as due shall be set aside monthly in a special fund created for that purpose identified as the Series 2022 Bond Fund. The City has fixed and has covenanted and agreed in the Authorizing Ordinance to maintain rates for System services which shall be sufficient at all times to provide for the payment of the reasonable expenses of operation and maintenance of the System, to provide for the payment of principal and interest on all indebtedness to which Revenues are pledged as the same shall become due, and to establish and maintain any required debt service reserves. Reference is made to the Authorizing Ordinance for a detailed statement of the nature and extent of the security, and the rights and obligations of the City and Registered Owner of this Bond.

This Bond is issued with the intent that the laws of the State of Arkansas will govern its construction.

No recourse shall be had for the payment of the principal of or premium, if any, or interest on this Bond or for any claim based thereon or upon any obligation, covenant, or agreement contained in this Bond or in the Authorizing Ordinance against any past, present or future alderman officer or employee of the City, or any alderman, officer or employee of any successor of the City, as such, either directly or through the City or any successor of the City, under any rule of law of equity, statute, or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such alderman, officer or employee as such is hereby expressly waived and released as a condition of and consideration for the issuance of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by the Constitution and statutes of the State of Arkansas to exist, happen and be performed precedent to and in the issuance of this Bond do exist, have happened and have been

performed in due time, form and manner as required by law; that the indebtedness represented by this Bond does not exceed or violate any constitutional or statutory limitation of indebtedness; and that provision has been made for the payment of the principal of and interest on this Bond, as provided in the Authorizing Ordinance.

IN WITNESS WHEREOF, the City of North Little Rock, Arkansas has caused this Bond to be executed in its name by the manual signatures of its Mayor and City Clerk, thereunto duly authorize, and its corporate seal to be affixed hereto, all as of the 5th day of May, 2022

CITY OF NORTH LITTLE ROCK,
ARKANSAS

_____
Terry Hartwick, Mayor

ATTEST:

_____
Diane Whitby, City Clerk/Treasurer

Date of Registration	Name of Registered Owner	Signature of City Clerk
May 5, 2022	Arkansas Development Finance Authority	

RECORD OF PAYMENT OF ADVANCES

Date of Advance	Amount of Advance	Total Principal Outstanding	Authorized Signature

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