ORDINANCE NO. _____

AN ORDINANCE AUTHORIZING THE CONSTRUCTION OF BETTERMENTS AND IMPROVEMENTS TO THE WATER FACILITIES OF THE CITY OF BRYANT, ARKANSAS; AUTHORIZING THE ISSUANCE OF A WATER AND SEWER REVENUE BOND FOR THE PURPOSE OF FINANCING ALL OR A PORTION OF THE COST OF CONSTRUCTION; PROVIDING FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE BOND; AND PRESCRIBING OTHER MATTERS RELATING THERETO.

WHEREAS, the City of Bryant, Arkansas (the "City") owns and operates a water and sewer system (the "System"); and

WHEREAS, the City Council has determined that betterments and improvements to the water facilities of the System (the "Improvements") are necessary in order to make the services of the System adequate for the needs of the City; and

WHEREAS, a preliminary report, general plans and estimates of cost for the Improvements have been examined and approved by the City Council and a copy of such general plans are on file at the offices of the City where they may be inspected by any interested person; and

WHEREAS, in order to finance all or a portion of the costs of the Improvements, including bond issuance costs, the City is making arrangements for the sale of a bond in the principal amount of $3,548,810 to the Arkansas Development Finance Authority, as purchaser (the "Bondholder"), at a price of par for a bond bearing interest at the rate of 0% per annum pursuant to a Bond Purchase Agreement (the "Agreement") among the City, the Bondholder and the Arkansas Natural Resources Commission ("ANRC"), which has been presented to and is before this meeting; and

WHEREAS, the City has outstanding its Water and Sewer Revenue Bond, Series 2011 (the "2011 Bond"), authorized by Ordinance No. 2011-1, adopted January 13, 2011, as amended by Ordinance No. 2021-25, adopted November 16, 2021 (collectively, the "2011 Ordinance"); and

WHEREAS, the City has outstanding its Water and Sewer Refunding Revenue Bonds, Series 2017 (the "2017 Bonds"), authorized by Ordinance No. 2017-26, adopted October 24, 2017 (the "2017 Ordinance"); and

WHEREAS, the City has outstanding its Water and Sewer Revenue Bond, Series 2012 (the "Parity Bond"), authorized by Ordinance No. 2012-14, adopted May 31, 2012, as amended by Ordinance No. 2021-26, adopted November 16, 2021 (collectively, the "Parity Ordinance"); and

WHEREAS, the City is authorized, under the provisions of Amendment No. 65 to the Arkansas Constitution, Title 14, Chapter 234, Subchapter 2 of the Arkansas Code of 1987 Annotated (the "Code"), Title 14, Chapter 164, Subchapter 4 of the Code and Title 14, Chapter 235, Subchapter 2 of the Code (collectively, the "Authorizing Legislation"), to issue and sell the bond; and

WHEREAS, the Bondholder may pledge the bond as collateral for the payment of its revolving loan fund revenue bonds (the "ADFA Bonds"), which may be issued from time to time, to the bank or trust company to be named as trustee for the ADFA Bonds (the "ADFA Trustee"); and

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

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Bryant, Arkansas:

Section 1. The Improvements shall be accomplished and shall be a part of the System. The Mayor and City Clerk are hereby authorized to take, or cause to be taken, all action necessary to accomplish the Improvements and to execute all required contracts.

Section 2. The sale to the Bondholder of up to $3,548,810 in principal amount of a bond from the City at a price of par for a bond bearing interest at the rate of 0% per annum and otherwise subject to the terms and provisions hereafter in this Ordinance set forth in detail is hereby approved and the bond is hereby sold to the Bondholder. The Mayor is hereby authorized and directed to execute and deliver the Agreement on behalf of the City and to take all action required on the part of the City to fulfill its obligations under the Agreement. The Agreement is 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 3. The City Council hereby finds and declares that the period of usefulness of the System after completion of the Improvements will be more than 15 years, which is longer than the term of the bond.

Section 4. Under the authority of the Constitution and laws of the State of Arkansas (the "State"), including particularly the Authorizing Legislation and applicable decisions of the Supreme Court of the State, including particularly City of Harrison v. Braswell, 209 Ark. 1094, 194 S.W.2d 12 (1946), a City of Bryant, Arkansas Water and Sewer Revenue Bond, Series 2024 (the "bond") is hereby authorized and ordered issued in the principal amount of $3,548,810, the proceeds of the sale of which will be used to finance all or a portion of the costs of the Improvements, pay expenses incidental thereto and pay expenses of issuing the bond.

The bond shall bear interest at the rate of 0% per annum based upon a 360-day year of twelve consecutive 30-day months. The bond shall be dated the date of delivery to the

Bondholder. Interest shall be payable on the first day of each month after the bond is issued. Commencing on September 1, 2026, principal shall be payable in monthly installments as set forth in Exhibit A to the Agreement which is structured for the bond to be repaid in equal amortized monthly installments of principal and interest over a 10 year period with the final payment due on August 1, 2036.

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

Payment of principal and interest shall be by check or draft to the Bondholder at its address shown on the bond registration books of the City which shall be maintained by the City Clerk 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 shall keep a payment record and make proper notations thereon of all payments of principal and interest.

Payment of principal and interest 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 bond have been fully paid, it shall be canceled and delivered to the City Clerk.

Section 5. The bond shall be executed on behalf of the City by the Mayor and City Clerk and shall have impressed thereon the seal of the City. The bond is not a general obligation of the City but is a special obligation, the principal of and interest on which, and Servicing Fee in connection therewith, are secured by a pledge of and are payable from revenues derived from the System ("Revenues"). The pledge of Revenues in favor of the bond is (a) subordinate to the pledge of Revenues in favor of the 2011 Bond and the 2017 Bonds (collectively, the "Senior Bonds") and (b) on a parity with the pledge of Revenues in favor of the Parity Bond. The bond and interest thereon shall not constitute an indebtedness of the City within any constitutional or statutory limitation.

Section 6. 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:

(form of single registered bond)
(To be typewritten)

UNITED STATES OF AMERICA
STATE OF ARKANSAS
COUNTY OF SALINE
CITY OF BRYANT
0% WATER AND SEWER REVENUE BOND, SERIES 2024

No. R-1 $3,548,810

KNOW ALL MEN BY THESE PRESENTS:

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

THREE MILLION FIVE HUNDRED FORTY-EIGHT THOUSAND
EIGHT HUNDRED TEN DOLLARS
(or the total principal amount outstanding as reflected
by the Record of Payment of Advances attached hereto)

with interest on the unpaid balance of the total principal amount at the rate of 0% per annum from the date of each advance. The principal and interest shall be payable in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of debts due the United States of America.

No interest shall be payable. Principal shall be payable in installments on September 1, 2026 and on the first day of each month thereafter until the unpaid principal is paid in full as shown on Exhibit A attached hereto.

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

This bond is issued to finance all or a portion of the costs of constructing betterments and improvements to the water facilities of the water and sewer system of the City (the "System") and pay costs of authorizing and issuing this bond, and is issued pursuant to and in full compliance with the Constitution and laws of the State of Arkansas (the "State"), including particularly Title 14, Chapter 234, Subchapter 2, Title 14, Chapter 164, Subchapter 4, and Title 14, Chapter 235, Subchapter 2, of the Arkansas Code of 1987 Annotated and applicable decisions of the Supreme Court of Arkansas, including particularly City of Harrison v. Braswell, 209 Ark. 1094, 194 S.W.2d 12 (1946), and pursuant to Ordinance No. _____ of the City, duly

adopted and approved on the 27th day of August, 2024 (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.

31 This bond may be assigned with the written approval of the Arkansas Natural Resources Commission ("ANRC") 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 approval of ANRC 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 by the Payment Record maintained by the City Clerk), prior to such surrender for transfer.

This bond may be prepaid at the option of the City from funds from any source, in whole but not in part, at any time on and after October 15, 2034, at a prepayment price equal to the principal amount outstanding, plus accrued interest and servicing fee to the prepayment date. Notice shall be given of such prepayment to the owner of this bond or registered assigns at least 90 days prior to the prepayment date. Such notice shall be in writing mailed to the address of the owner of this bond or registered assigns at the address as reflected on the bond registration books of the City Clerk.

This bond does not constitute an indebtedness of the City within any constitutional or statutory limitation or provision. This bond is a special obligation payable solely from the revenues derived from the operation of the System. In this regard, the pledge of System revenues in favor of this bond is (a) subordinate to the pledge of System revenues in favor of the City's Water and Sewer Revenue Bond, Series 2011 and the City's Water and Sewer Refunding Revenue Bonds, Series 2017 and (b) on a parity with the pledge of System revenues in favor of the City's Water and Sewer Revenue Bond, Series 2012. A sufficient amount of System revenues to pay principal and interest has been duly set aside and pledged as a special fund for that purpose, identified as the "ADFA Bond Fund," in the Authorizing Ordinance. The City has fixed and has covenanted and agreed to maintain rates for use of the System which shall be sufficient at all times to at least provide for the payment of the reasonable expenses of operation and maintenance of the System, to provide for the payment of the principal of and interest on all the outstanding obligations to which System revenues are pledged as the same become due, to establish and maintain debt service reserves and to provide a depreciation fund, all as set forth in the Authorizing Ordinance.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by the Constitution and statutes of the State to exist, happen and be performed precedent to and in the issuance of this bond do exist, have happened and have been performed in regular and due time, form and manner as required by law; that this bond does not exceed 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 Bryant, Arkansas has caused this bond to be executed in its name by its Mayor and City Clerk, thereunto duly authorized, and its corporate seal to be affixed, all as of the _____ day of _____, 2024.

CITY OF BRYANT, ARKANSAS

By _____
Mayor

ATTEST:

_____
City Clerk

(SEAL)

[A Registration Certificate and Record of Payment
of Advances shall be attached to the bond along with an
Exhibit A setting forth the monthly principal amounts to be paid.]

Section 7. The rates charged for services of the System heretofore fixed by ordinances of the City and the conditions, rights and obligations pertaining thereto, as set out in these ordinances, are hereby ratified, confirmed and continued.

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

Section 8. The Treasurer of the City shall be the statutory custodian of the Revenues. Each employee of the City handling Revenues shall give bond for the faithful discharge of his or her duties in such amounts as approved by the City Council. All Revenues shall at all times be accounted for separately and distinctly from other moneys of the City and shall be used and applied only as provided herein. Except as hereinafter provided, all Revenues shall be deposited in such depository or depositories for the City as may be lawfully designated from time to time by the City; subject, however, to the giving of security as now or hereafter may be required by law, and provided that such depository or depositories shall hold membership in the Federal Deposit Insurance Corporation ("FDIC") or any successor entity. All deposits shall be in the name of the City and shall be so designated as to indicate the particular fund to which the Revenues belong. Except as hereinafter provided, all payments from the respective funds

shall be by check or voucher, signed by two persons designated by the City Council and drawn on the depository with which the moneys in the fund shall have been deposited and each such check or voucher shall briefly specify the purpose of the expenditure.

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

Section 10. All Revenues shall be deposited into a special fund heretofore created and designated "Water and Sewer System Revenue Fund" (the "Revenue Fund"). Moneys in the Revenue Fund shall be applied to the payment of the expenses of operation and maintenance of the System, to the payment of the principal of and interest on outstanding System Obligations, to the establishment and maintenance of any required debt service reserves and to the providing of any required depreciation fund.

Section 11. There shall first be paid from the Revenue Fund into a fund heretofore created and designated "Water and Sewer System Operation and Maintenance Fund" (the "Operation and Maintenance Fund"), on or before the first business day of each month, 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 expenses 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.

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 the deficiency shall be added to the amount otherwise required to be transferred and paid into the fund 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 necessary to meet the requirements thereof during the remainder of the then current fiscal year and the next ensuing fiscal year, such surplus may be transferred into the Revenue Fund.

Section 12. (a) After making the required payments into the Operation and Maintenance Fund and into the bond funds for the Senior Bonds, there shall be paid, contemporaneously with the required payment into the bond fund for the Parity Bond, from the Revenue Fund into a special fund in the name of the City to be created by the Bondholder and designated "Series 2024" (the "ADFA Bond Fund") for the purpose of paying the principal of and interest on the bond the amounts specified in (b) below.

(b) Commencing on September 1, 2026, there shall be deposited from moneys in the Revenue Fund into the ADFA Bond Fund an amount equal to the principal of and interest on the bond due on such date. Moneys in the ADFA Bond Fund shall be used to pay the principal of and interest on the bond when due.

(c) When the moneys held in the ADFA Bond Fund shall be and remain sufficient to pay in full the principal of and interest on the bond, the City shall not be obligated to make any further payments into the ADFA Bond Fund.

(d) The bond shall be specifically secured by a pledge of all Revenues required to be placed into the ADFA Bond Fund. This pledge in favor of the bond 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 13. After making the payments and deposits described in Sections 11 and 12, there shall be paid from the Revenue Fund the Servicing Fee to the Authority. The Servicing Fee shall be payable on each date interest on the bond is due and shall be calculated on the same basis as interest on the bond. The payment of the Servicing Fee is expressly made subordinate to the payment of the principal of and interest on the bond.

Section 14. After making the payments and deposits described in Section 11, 12 and 13, there shall be paid from the Revenue Fund into a special fund heretofore created and designated "Water and Sewer System Depreciation Fund" (the "Depreciation Fund"), an amount equal to (a) 5% of the gross Revenues for the preceding month or (b) such other amount required by State law. The moneys in the Depreciation Fund shall be used for the purpose of paying the costs of repairs or replacements made necessary by the depreciation of the System.

Section 15. The City shall assure that (i) not in excess of 10% of the proceeds of the bond 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 bond during the term thereof is, under the terms of the bond 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 bond 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 bond during the term thereof is, under the terms of the bond 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 bond used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Improvements.

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

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.

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 for the sale of water by the City if such contracts or modifications of existing contracts will cause a violation of this Section.

Section 16. The principal and interest installments shall be prepayable prior to maturity as provided in the bond form in Section 6 hereof.

Section 17. (a) The City may issue additional bonds senior to the lien on Revenues in favor of the bond to finance or pay the cost of constructing extensions, betterments and improvements to the System or to refund other outstanding System Obligations if there shall have been procured and filed with the City Clerk and the Bondholder a statement by a certified public accountant not in the regular employ of the City ("Accountant") reciting the opinion that (i) the Net Revenues (Net Revenues being gross Revenues less operation and maintenance expenses, but not including interest and depreciation) for the fiscal year preceding the year in which such additional bonds are to be issued were not less than 120% of the maximum annual debt service requirements (including principal, interest and servicing and administrative fees) on all outstanding System Obligations and the bonds then proposed to be issued or (ii) the Net 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 120% of the maximum annual debt service requirements (including principal, interest and servicing and administrative fees) on all outstanding System Obligations and the bonds then proposed to be issued.

(b) The City may issue additional bonds on a parity with the lien on Revenues in favor of the bond to finance or pay the cost of constructing extensions, betterments and improvements to the System or to refund other outstanding System Obligations if there shall have been procured and filed with the City Clerk and the Bondholder a statement by an Accountant reciting the opinion that (i) the Net Revenues for the fiscal year preceding the year in which such additional bonds are to be issued were not less than 110% of the maximum annual debt service requirements (including principal, interest and servicing and administrative fees) on all outstanding System Obligations and the bonds then proposed to be issued or (ii) the Net 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 110% of the maximum annual debt service requirements (including principal, interest and servicing and administrative fees) on all outstanding System Obligations and the bonds then proposed to be issued.

(c) 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 bond and such additional bonds may be issued without complying with the terms and conditions of this Section.

Section 18. It is covenanted and agreed by the City with the Bondholder and ANRC 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 the 2011 Ordinance, the 2017 Ordinance, the Parity Ordinance and this Ordinance.

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

If there be any default in the payment of the principal of or interest on the bond, or if the City defaults in any ADFA Bond Fund requirement or in the performance of any of the other covenants contained in this Ordinance, the Bondholder 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 the bond, the Bondholder 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 Bondholder 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 bond 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 Bondholder 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 Bondholder 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 Bondholder may be exercised from time to time and as often as may be deemed expedient.

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 bond 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 Bondholder in the event the Servicing Fee is not paid when due.

Section 19. When the bond has been executed and sealed as herein provided, it shall be delivered to the Bondholder upon payment of all or a portion of the purchase price in accordance with the Agreement. The sale proceeds shall be deposited, as and when received, in a special account of the City hereby created in a bank selected by the City that is a member of the FDIC and designated the "2024 Water Construction Fund" (the "Construction Fund"). The moneys in the Construction Fund shall be used for directly paying, or reimbursing the City for, the costs of accomplishing the Improvements, expenses incidental thereto and the expenses of issuing the bond approved in accordance with the Agreement. Payments from the Construction Fund shall be by check or voucher signed by two persons designated by the City Council and drawn on the depository. Each such check or voucher shall briefly specify the purpose of the expenditure.

When the Improvements have been completed and all required expenses paid and expenditures made from the Construction Fund for and in connection with the accomplishment of the Improvements and the financing thereof, this fact shall be evidenced by a certificate signed by the Mayor and by the consulting engineer, which certificate shall state, among other things, the date of the completion and that all obligations payable from the Construction Fund have been discharged. A copy of the certificate shall be filed with the depository bank, the Bondholder and ANRC.

Section 20. The terms of this Ordinance shall constitute a contract among the City, the Bondholder and ANRC and no variation or change in the undertaking herein set forth shall be made while the bond is outstanding unless consented to in writing by the Bondholder and ANRC.

Section 21. 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 Bondholder and ANRC, 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 at least once each year and a copy of the audit report shall be furnished to ANRC and the Bondholder. In the event the City fails or refuses to furnish or cause such reports to be furnished, the Bondholder may have the reports made, and the cost thereof shall be charged against the Operation and Maintenance Fund.

Section 22. 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. The City agrees that, to the extent comparable protection is not otherwise provided to the satisfaction of the Bondholder and ANRC, 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.

Section 23. In the event the office of Mayor, City Clerk, City Treasurer or City Council shall be abolished, or any two or more of such offices shall be merged or consolidated, or in the event the duties of a particular office shall be transferred to another office or officer, or in the event of a vacancy in any such office by reason of death, resignation, removal from office or otherwise, or in the event any such officer shall become incapable of performing the duties of his office by reason of sickness, absence from the City or otherwise, all powers conferred and all obligations and duties imposed upon such office or officer shall be performed by the office or officer succeeding to the principal functions thereof, or by the office or officer upon whom such powers, obligations and duties shall be imposed by law.

Section 24. There shall be a statutory mortgage lien upon the water facilities which are part of the System (including all extensions, improvements and betterments now or hereafter existing) which shall exist in favor of the owner of the bond, and such water facilities shall remain subject to such statutory mortgage lien until payment in full of the principal of and interest on the bond, provided, however, that such statutory mortgage lien shall be interpreted according to the decision of the Supreme Court of the State in City of Harrison v. Braswell, supra.

Section 25. (a) Moneys held for the credit of all funds created hereby shall be continuously invested and reinvested in direct obligations of, or obligations the principal of and interest on which are fully guaranteed by, the United States Government ("Government Obligations"), or other investments as may be from time to time authorized by law, which mature or which shall be subject to redemption by the holder, at the option of such holder, not later than the date or dates when the moneys will be needed for the purposes intended.

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

(c) Moneys so invested in Government Obligations need not be secured by the depository bank.

Section 26. The references to the payment of interest in this Ordinance are not intended to impute or imply that interest is payable on the bond. The City acknowledges that the interest rate for the bond is 0%. The references to the payment of interest are included for purposes of calculating the amount of the Servicing Fee and determining the dates that the Servicing Fee is due.

Section 27. The City agrees that the Bondholder may pledge the bond as security for the ADFA Bonds, and the ADFA Trustee and/or the municipal bond insurer for the ADFA Bonds may exercise any rights and remedies available to the Bondholder under this Ordinance or the Agreement while the bond is pledged and/or the ADFA Bonds are insured. In

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

Section 28. A copy of the Agreement shall be filed in the office of the City Clerk where it may be inspected by any interested person.

Section 29. 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 30. References in this Ordinance to "Bondholder" shall include the original Bondholder or any registered assign thereof.

Section 31. All ordinances and resolutions and parts thereof in conflict herewith are hereby repealed to the extent of such conflict.

PASSED: August 27, 2024

APPROVED:

_____
Mayor

ATTEST:

_____
City Clerk

(SEAL)

CERTIFICATE

The undersigned, City Clerk of the City of Bryant, Arkansas (the "City"), hereby certifies that the foregoing pages are a true and perfect copy of Ordinance No. _____, adopted at a regular session of the City Council of the City, held at the regular meeting place in the City at 6:30 o'clock p.m., on the 27th day of August, 2024, and that the Ordinance is of record in the Ordinance Record Book of the City, now in my possession.

GIVEN under my hand and seal on this 27th day of August, 2024.

_____

City Clerk

(SEAL)