

The balance of the Purchase Price shall be deposited in a special account of the City in a depository acceptable to the City hereby created and designated the "Construction Fund" (the "2012 Construction Fund"). The amounts credited to the 2012 Construction Fund shall be expended to accomplish the purpose for which the account was created. Issuance costs and other expenses shall be paid from the 2012 Construction Fund. Disbursements shall be made from the 2012 Construction Fund on the basis of requisitions which shall specify: the name of the person, firm or corporation to whom payment is to be made; the amount of the payment; the purpose of the payment; and that the payment is a proper charge. Each requisition must be signed by the City's Mayor and City Recorder/Treasurer. The City shall issue its check upon the 2012 Construction Fund to the person, firm or corporation designated in the requisition. The City shall keep records as to all payments made from the 2012 Construction Fund.

Moneys in the 2012 Construction Fund shall be transferred to the Trustee to be used to pay the principal of and interest on the Series 2012 Bonds when due on a pro rata basis if moneys in the Bond Fund are not sufficient for that purpose.

When all required expenses have been paid and expenditures made from the 2012 Construction Fund for and in connection with the accomplishment of the 2012 Improvements and the financing thereof, this fact shall, if moneys remain in the 2012 Construction Fund, be evidenced by a certificate signed by the Mayor, which certificate shall state, among other things, that all obligations payable from the 2012 Construction Fund have been discharged. A copy of the certificate shall be filed with the Trustee, and upon receipt thereof the City shall transfer any remaining balance to the Trustee for deposit into the Bond Fund for purposes of redeeming the Series 2012 Bonds.

Section 17. (a) Moneys held for the credit of the 2012 Construction Fund shall be invested and reinvested by the City in Permitted Investments (hereinafter defined) or other investments permitted by Arkansas law which shall mature, or which shall be subject to redemption by the holder thereof, at the option of such holder, not later than the date or dates when such money will be required for the purposes intended.

(b) Moneys held for the credit of the Debt Service Reserve Account shall be invested and reinvested in Permitted Investments, which shall mature, or which shall be subject to redemption by the holder thereof, at the option of such holder, not later than five years from the date of the investment or the final maturity date of the bonds that are outstanding on the date of the investment, whichever is earlier.

(c) Moneys held for the credit of the Bond Fund (other than the Debt Service Reserve Account) shall be invested and reinvested in Permitted Investments, which will mature, or which will be subject to redemption by the holder thereof at the option of the holder, not later than the date or dates on which the money shall be required for the payment of the principal of and interest on the bonds when due.

(d) Obligations purchased as an investment of any fund or account shall be deemed at all times a part of such fund. Any profit or loss realized on investments of moneys in any fund shall be charged to said fund.

(e) The Trustee shall so invest and reinvest moneys in the Bond Fund pursuant to the direction of the City and in the Trustee's discretion in the absence of any direct instructions from the City.

(f) "Permitted Investments" are defined as (i) direct or fully guaranteed obligations of the United States of America ("Government Securities"), (ii) direct obligations of an agency, instrumentality or government-sponsored enterprise created by an act of the United States Congress and authorized to issue securities or evidences of indebtedness, regardless of whether the securities or evidences of indebtedness are guaranteed for repayment by the United States Government, (iii) certificates of deposit or time deposits of banks, including the Trustee, which are insured by Federal Deposit Insurance Corporation or, if in excess of insurance coverage, collateralized by Government Securities or other securities authorized by Arkansas law to secure public funds or (iv) money market funds invested exclusively in Government Securities and the obligations described in (ii) above.

Section 18. Simmons First Trust Company, N.A., Pine Bluff, Arkansas is hereby appointed to act as Trustee and Paying Agent pursuant to this Ordinance. The Trustee shall be responsible for the exercise of good faith and reasonable prudence in the execution of its trusts. The recitals in this Ordinance and in the bonds are the recitals of the City and not of the Trustee. The Trustee shall not be required to take any action as Trustee unless it shall have been requested to do so in writing by the owners of not less than 25% in principal amount of bonds then outstanding and shall have been offered reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby. The Trustee may resign by giving 60 days' notice in writing to the City Recorder/Treasurer and the owners of the bonds, and either the City, so long as it is not in default hereunder, or the majority in principal amount of the owners of the outstanding bonds at any time, with or without cause, may remove the Trustee. In the event of a vacancy in the office of Trustee either by resignation or removal, the City shall forthwith designate a new Trustee by a written instrument filed in the office of the City Recorder/Treasurer. The new Trustee shall be a bank or a trust company in good standing, duly authorized to exercise trust powers and subject to examination by federal or state authority, having a reported capital and surplus of not less than \$50,000,000. The preceding criteria may be met by a parent corporation if the parent corporation has guaranteed the obligations of the successor trustee. The Trustee and any successor Trustee shall file a written acceptance and agreement to execute the trusts imposed upon it by this Ordinance, but only upon the terms and conditions set forth in this Ordinance and subject to the provisions of this Ordinance, to all of which the respective owners of the bonds agree. Such written acceptance shall be filed with the City Recorder/Treasurer and a copy thereof shall be placed in the bond transcript. Any successor Trustee shall have all the powers herein granted to the original Trustee. Notwithstanding the above, no removal, resignation or termination of the Trustee shall take effect until a successor shall be appointed.

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

(b) The Trustee may consent to any variation or change in this Ordinance that the Trustee determines is not to the material prejudice of the owners of the bonds, in order to cure any ambiguity, defect or omission in this Ordinance or any amendment hereto or in connection with the issuance of the Additional Parity Bonds, without the consent of the owners of the bonds.

(c) The owners of not less than 75% in aggregate principal amount of the bonds then outstanding shall have the right, from time to time, anything contained in this Ordinance to the contrary notwithstanding, to consent to and approve the adoption by the City of such ordinance supplemental hereto as shall be necessary or desirable for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Ordinance or in any supplemental ordinance; provided, however, that nothing contained in this Section shall permit or be construed as permitting (1) an extension of the maturity of the principal of or the interest on any bond, or (2) a reduction in the principal amount of any bond or the rate of interest thereon, or (3) the creation of a pledge of the Pledged Revenues superior to the pledge created by this Ordinance, or (4) a privilege or priority of any bond or bonds over any other bond or bonds, or (5) a reduction in the aggregate principal amount of the bonds required for consent to such supplemental ordinance.

Section 20. (a) The City covenants that it shall not take any action or suffer or permit any action to be taken or condition to exist which causes or may cause the interest payable on the bonds to be included in gross income for federal income tax purposes. Without limiting the generality of the foregoing, the City covenants that the proceeds of the sale of the bonds and the Pledged Revenues will not be used directly or indirectly in such manner as to cause the bonds to be treated as "arbitrage bonds" within the meaning of Section 148 of the Code.

(b) The City represents that it has not used or permitted the use of, and covenants that it will not use or permit the use of, the improvements being financed or the proceeds of the bonds, in such manner as to cause the bonds to be "private activity bonds" within the meaning of Section 141 of the Code.

(c) The City covenants that it will not reimburse itself from Series 2012 Bond proceeds for any costs paid prior to the date the Series 2012 Bonds are issued except in compliance with United States Treasury Regulation No. 1.150-2 (the "Regulation"). This Ordinance shall constitute an "official intent" for the purpose of the Regulation.

(d) The City covenants that it will, in compliance with the requirements of Section 148(f) of the Code, pay with moneys in the Bond Fund to the United States Government in accordance with the requirements of Section 148(f) of the Code, from time to time, an amount equal to the sum of (1) the excess of (A) the amount earned on all Non-purpose Investments (as therein defined) attributable to the Series 2012 Bonds, other than investments attributable to such excess over (B) the amount which would have been earned if such Non-purpose Investments attributable to the Series 2012 Bonds were invested at a rate equal to the Yield (as defined in the Code) on the Series 2012 Bonds, plus (2) any income attributable to the excess described in (1), subject to the exceptions set forth in Section 148 of the Code. The City further covenants that in order to assure compliance with its covenants herein, it will employ a qualified consultant to advise the City in making the determination required to comply with this subsection (d). Anything herein to the contrary notwithstanding this provision may be modified or rescinded if in the opinion of Bond Counsel such modification or rescission will not affect the tax-exempt status of the Series 2012 Bonds for federal income tax purposes.

Section 21. The City covenants that it will take no action which would cause the bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code. The City further covenants that it will submit to the Secretary of the Treasury of the United States, not later than the 15th day of the second calendar month after the close of the calendar quarter in which the Series 2012 Bonds are issued, a statement concerning the Series 2012 Bonds which contains the information required by Section 149(e) of the Code.

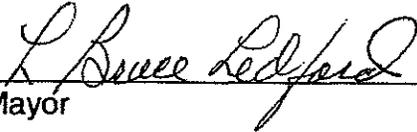
Section 22. The provisions of this Ordinance are separable and in the event that any section or part hereof shall be held to be invalid, such invalidity shall not affect the remainder of this Ordinance.

Section 23. All ordinances and resolutions and parts thereof in conflict herewith are hereby repealed to the extent of such conflict.

Section 24. It is hereby ascertained and declared that the 2012 Improvements are immediately needed for the preservation of the public peace, health and safety and to remove existing hazards thereto. The 2012 Water and Sewer Improvements cannot be accomplished without the issuance of the Series 2012 Bonds, which cannot be sold at the interest rates specified herein unless this Ordinance is immediately effective. Therefore, it is declared that an emergency exists and this Ordinance being necessary for the preservation of the public peace, health and safety shall be in force and take effect immediately upon and after its passage.

PASSED: April 2, 2012.

APPROVED:

  
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Mayor

ATTEST:

  
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City Recorder/Treasurer