

City Council of Jacksonville, Arkansas

A G E N D A

Regular City Council Meeting

March 3, 2016 7:00 p.m.

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1. OPENING PRAYER:		
2. ROLL CALL:		
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13. PLANNING COMMISSION:	a. FINAL PLAT Lemac Subdivision (plat included in packet) (Mayor Fletcher)	
	b. ORDINANCE 1545 (#05-2016) Reclassifying The Meadows Subdivision Lots 18-35 (Mayor Fletcher)	48
14. GENERAL:		
15. APPOINTMENTS:	JACKSONVILLE HOUSING AUTHORITY Appointment of Roger Sundermeier to fill the unexpired term of Donnie Farmer for a term to expire 03/17/2019	

City Council A G E N D A continued
Regular City Council Meeting
March 1, 2016

16. ANNOUNCEMENTS:

Citizens Police Academy will begin on
March 29, 2016

CDBG Public Hearing March 10, 2016
at 6:00 p.m. regarding 2016 projects

ADJOURNMENT

**CITY OF JACKSONVILLE
REGULAR CITY COUNCIL MEETING
FEBURARY 18, 2016
7:00 P.M. - 7:13 P.M.**

REGULAR CITY COUNCIL MEETING - CITY HALL - #1 MUNICIPAL DRIVE

The City Council of the City of Jacksonville, Arkansas met in regular session on February 18, 2016 at the regular meeting place of the City Council. Alderman Bolden delivered the invocation and Luke Gunaca led a standing audience in the "Pledge of Allegiance" to the flag.

ROLL CALL: Aldermen: Elliott, Bolden, McCleary, Sansing, Ray, Mashburn, Traylor, Twitty, Smith, and Howard answered ROLL CALL. Mayor Fletcher also answered ROLL CALL declaring a quorum. PRESENT TEN (10), ABSENT (0).

Others present for the meeting were: City Attorney Robert Bamburg, Director of Administration Jim Durham, Finance Director Cheryl Erkel, Human Resource Director Jill Ross, City Engineer Jay Whisker, Parks Director Kevin House, Public Works Director Jim Oakley, Police Captain Kelley Smiley, Fire Chief Alan Laughy, CDBG Director Theresa Watson, IT Director Scott Rothlisberger, Accounts Receivable Specialist Nikki Wilmoth, Water Department Superintendent Jake Short, Water Department Field Manager Sal Pappalardo, Water Commission Chairman Jim Peacock, Planning Commission Chairman Jim Moore, Keith Webber, Cynthia Bolden, interested citizens, and members of the press.

PRESENTATION OF MINUTES:

Mayor Fletcher presented the minutes of the regular City Council meeting of February 4, 2016 for approval and/or correction at the next regularly scheduled City Council meeting.

APPROVAL AND/OR CORRECTION OF MINUTES:

Alderman Bolden moved, seconded by Alderman Twitty that the minutes of the regular City Council meeting of 21 January 2016 be APPROVED. MOTION CARRIED.

CONSENT AGENDA: REGULAR MONTHLY REPORT/POLICE DEPARTMENT

Alderman Ray moved, seconded by Alderman Elliott to approve the Regular Monthly Report for January 2016 regarding annual crime statistical comparisons.

Code Enforcement for January 2016

Assigned Calls	108		
<u>Self-Initiated Calls</u>	<u>558</u>		
Follow ups	401	Basketball Goals	5
Meetings/Court Hearings	14	Structures Inspected	0
Warnings Issued	47	Rental Properties Inspected	6
Notices/Letters Written	31	Properties Red Tagged	0
Vehicles Tagged	3	Search Warrants Served	0
Vehicles Towed	0	Structures Rehabbed	0
Lots posted	0	Structures Condemned	0
Signs removed	149	Houses Demolished by City	1
Trash cans tagged	0	Houses Demolished by Owner	0
Parking Violations	11	Tickets Issued	0
Grass Letters	0	Grass Mowed	0

CITY OF JACKSONVILLE
REGULAR CITY COUNCIL MEETING
FEBURARY 18, 2016
7:00 P.M. - 7:13 P.M.

REGULAR MONTHLY REPORT/FIRE DEPARTMENT

Alderman Ray moved, seconded by Alderman Elliott to approve the regular monthly report for January 2016 from the Jacksonville Fire Department, reflecting a fire loss of \$0.00 and a savings total of \$0.00.

REGULAR MONTH REPORT/ANIMAL CONTROL

Alderman Ray moved, seconded by Alderman Elliott to approve the regular monthly report for January 2016.

ADOPTION FEES/FINES	\$1,035.00
CONTRIBUTIONS	0.00
TOTALS	<u>\$1,035.00</u>

ROLL CALL: Aldermen: Elliott, Bolden, McCleary, Sansing, Ray, Mashburn, Traylor, Twitty, Smith and Howard voted AYE. MOTION CARRIED.

WATER DEPARTMENT: ORDINANCE 1544 (#04-2016)

AN ORDINANCE AMENDING JACKSONVILLE MUNICIPAL CODE § 13.16.016 (PASS THROUGH CHARGES) REGARDING WATER RATES; AND, FOR OTHER PURPOSES.

Alderman Traylor moved, seconded by Alderman Ray that Ordinance 1544 be placed on **FIRST READING**. **ROLL CALL:** Alderman Bolden, Ray, Mashburn, Traylor, Twitty, and Smith voted AYE (6). Alderman Elliott, McCleary, Sansing, and Howard voted NAY (4). **MOTION CARRIED.** Whereupon City Attorney Bamburg read the heading of Ordinance 1544.

Alderman Ray moved, seconded by Alderman Traylor to **APPROVE** Ordinance 1544 on **FIRST READING**.

Alderman Elliott reiterated his sentiments that any increase in charges should be decided by the City Council in order to protect the citizens, pointing out that Ordinance 1544 does not change anything except to establish a cap on pass-through charges.

ROLL CALL: Alderman Bolden, Ray, Mashburn, Traylor, Twitty, and Smith voted AYE (6). Alderman Elliott, McCleary, Sansing, and Howard voted NAY (4). **MOTION CARRIED.**

Alderman Ray moved, seconded by Alderman Traylor to suspend the rules and place Ordinance 1544 on **SECOND READING**. **ROLL CALL:** Alderman Bolden, Ray, Mashburn, Traylor, Twitty, and Smith voted AYE (6). Alderman Elliott, McCleary, Sansing, and Howard voted NAY (4). **MOTION FAILED.**

WASTEWATER DEPARTMENTS:

FIRE DEPARTMENT:

POLICE DEPARTMENT:

CITY OF JACKSONVILLE
REGULAR CITY COUNCIL MEETING
FEBURARY 18, 2016
7:00 P.M. - 7:13 P.M.

STREET DEPARTMENT: RESOLUTION 739 (#5-2016)

A RESOLUTION EXPRESSING WILLINGNESS OF THE CITY OF JACKSONVILLE, ARKANSAS, TO UTILIZE FEDERAL AID MONIES FOR PARTICIPATION IN AND UTILIZATION OF THE 2016 TRANSPORTATION ALTERNATIVES PROGRAM PROJECT FUNDS; AND, FOR OTHER PURPOSES.

Alderman Ray moved, seconded by Alderman Sansing to read Resolution 739 (#5-2016).

Public Works Director Jim Oakley stated that the request is to apply for an 80/20 match grant to construct sidewalks and a walking trail in Stonewall, Northlake Subdivisions, Military and Loop Roads at an estimated cost of \$500,000.00. He related that the City's match would be approximately \$100,000.00, pointing out that funds are available in the 2016 Street Department budget.

He then answered Alderman McCleary that this request does not include the area of Southeastern but noted that Southeastern could be applied for at a later time.

Mayor Fletcher pointed out that a painted bike path would be created regarding the areas of Northlake and Stonewall Subdivisions.

Director Oakley added that Military and Loop Roads would be paved or have concrete extensions for the bike paths.

City Attorney Bamburg clarified that this is commonly addressed on an annual basis so the City can benefit from the 80/20 match program.

Director Oakley then explained that the Toneyville sidewalk project is a separate grant, which was approved and is still in the State portion of the process. He also noted that the Toneyville project was a 100% grant.

At this time, MOTION CARRIED. Whereupon City Attorney Bamburg read the heading of Resolution 739 (#5-2016).

Alderman Elliott moved, seconded by Alderman Bolden to approve Resolution 739 (#5-2016) in its entirety. MOTION CARRIED.

SANITATION DEPARTMENT:

PARKS & RECREATION:

PLANNING COMMISSION:

GENERAL: SECOND READING as AMENDED

ORDINANCE 1536 (#16-2015)

AN ORDINANCE AMENDING JMC § 5.04 TO PROVIDE MODIFICATION OF THE CITY'S BUSINESS PRIVILEGE LICENSE REQUIREMENTS; AND, FOR OTHER PURPOSES.

CITY OF JACKSONVILLE
REGULAR CITY COUNCIL MEETING
FEBURARY 18, 2016
7:00 P.M. - 7:13 P.M.

Alderman Bolden served as Chairman of the Committee that drafted Ordinance 1536, saying that those meetings were conducted with members of the business community, adding that they were very positive and productive.

Alderman Bolden moved, seconded by Alderman Twitty to remove Ordinance 1536 (#16-2016) from the table. MOTION CARRIED.

Alderman Bolden moved, seconded by Alderman McCleary to place Ordinance 1536 on **SECOND READING as AMENDED. ROLL CALL:** Alderman Elliott, Bolden, McCleary, Sansing, Ray, Mashburn, Traylor, Twitty, Smith, and Howard voted AYE. NAY (0). **MOTION CARRIED. Whereupon City Attorney Bamburg read the heading of Ordinance 1536.**

Alderman Bolden moved, seconded by Alderman Traylor to approve Ordinance 1536 on **SECOND READING as AMENDED** and to suspend the rules and place Ordinance 1536 on **THIRD and FINAL READING as AMENDED. ROLL CALL:** Alderman Elliott, Bolden, McCleary, Sansing, Ray, Mashburn, Traylor, Twitty, Smith, and Howard voted AYE. NAY (0). **MOTION CARRIED. Whereupon City Attorney Bamburg read the heading of Ordinance 1536.**

Alderman Bolden moved, seconded by Alderman Traylor that Ordinance 1536 (#16-2015) be **APPROVED and ADOPTED as AMENDED. ROLL CALL:** Alderman Elliott, Bolden, McCleary, Sansing, Ray, Mashburn, Traylor, Twitty, Smith, and Howard voted AYE. NAY (0). **MOTION CARRIED.**

ORDINANCE 1536 (#16-2015) APPROVED AND ADOPTED THIS 18TH DAY OF FEBRUARY, 2016.

Mayor Fletcher thanked the Committee and the members of the business community for their volunteerism and hard work regarding Ordinance 1536.

APPOINTMENTS:

ANNOUNCEMENTS: Mayor Fletcher announced that the Senior Center fundraiser "Taste of New Orleans" is being held next door at the Community Center until 9:00 p.m., encouraging everyone to attend and noting that tickets are still available at the door.

A handout was provided at the City Council meeting requesting volunteers to provide rides for senior citizens living at Worley Place and the Jacksonville Towers, recognizing that with the temporary closing of the area Knight's grocery store, residents of the Towers are left without transportation to local grocery stores. Contact Kathleen Cherry, Community Manager of the Jacksonville Towers.

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ADJOURNMENT: Without objection, Mayor Fletcher adjourned the meeting at approximately 7:13 p.m. MOTION CARRIED.

Respectfully,

Susan L. Davitt
City Clerk-Treasurer

MAYOR GARY FLETCHER

CITY OF JACKSONVILLE



To: Mayor Fletcher, Jacksonville City Council
From: Engineering Department

Please find below the consent agenda for the Engineering Department

ENGINEERING REPORT FOR FEBRUARY 2016

PERMITS/LICENSE ISSUED

Building Permits	24
Business License	6

INSPECTIONS PERFORMED

Building Inspections	37
Electrical	41
Plumbing	45
HVACR	21

000006

ORDINANCE NO. 1544 (#04 - 2016)

AN ORDINANCE AMENDING JACKSONVILLE MUNICIPAL CODE § 13.16.016 (PASS THROUGH CHARGES) REGARDING WATER RATES; AND, FOR OTHER PURPOSES.

WHEREAS, when JMC § 13.16.016 was enacted in 2009, no one anticipated the number of Pass Through Charges assessed by Central Arkansas Water (CAW) and other water providers of Jacksonville Water Works. Given the recent imposition of CAW's 2016 Pass Through Charge and planned similar increases to be assessed over the next several years, the City Council deems it appropriate to amend JMC § 13.16.016 so that such proposed increase(s) in water rates can be studied and determined appropriate by the City Council should they exceed certain amounts.

NOW, THEREFORE, BE IT ORDAINED AND ENACTED BY THE CITY COUNCIL OF THE CITY OF JACKSONVILLE, ARKANSAS, THAT:

SECTION ONE: JMC § 13.16.016 (Pass Through Charges) is hereby amended as follows:

Any increase in rates by Central Arkansas Water (CAW) or any other authorized water provider adversely affects Jacksonville Water Works' (JWW) ability to provide potable water service to its customers at existing charge(s), fee(s), and rate(s).

Accordingly, increase in rates by CAW and/or any other authorized water provider shall be automatically passed through to the customers of the Jacksonville Water Works after review and approval of the Jacksonville Water Commission. However, said increase(s) shall be limited to One (1) per calendar year, and any such increase(s) cannot exceed more than Two Percent (2%) of the existing rate currently being charged JWW customers as set forth and approved by the Jacksonville City Council.

Customer rates adjusted for pass through increase(s) will only be adjusted by the proportional percentage necessary to provide sufficient income to cover the costs of the increase in charge(s), fee(s), and/or rate(s) from CAW and/or any other authorized water provider.

SECTION TWO: All Ordinances, specifically including Ordinance No. 1368 (#11-2009), Resolutions, and/or Code provisions thereof in conflict herewith are hereby repealed to the extent of such conflict.

SECTION THREE: This Ordinance shall take effect and be in force from and after its date of passage, as subject to and mandated by applicable law.

Ordinance No. 1544 (#04-2016)
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APPROVED AND ADOPTED THIS _____ DAY OF FEBRUARY, 2016.

CITY OF JACKSONVILLE, ARKANSAS

By: _____
GARY FLETCHER, MAYOR

ATTEST:

SUSAN L. DAVITT, CITY CLERK

APPROVED AS TO FORM:

ROBERT E. BAMBURG, CITY ATTORNEY

000008

ORDINANCE NO. 1546 (# 06 - 2016)

AN ORDINANCE PROVIDING FOR THE ISSUANCE AND SALE OF WASTEWATER REFUNDING REVENUE BONDS, SERIES 2016, IN ONE OR MORE SERIES, FOR THE PURPOSES OF REFUNDING THE CITY OF JACKSONVILLE, ARKANSAS WASTEWATER REFUNDING REVENUE BONDS, SERIES 2009A (FEDERALLY TAXABLE) AND THE CITY OF JACKSONVILLE, ARKANSAS WASTEWATER CONSTRUCTION REVENUE BONDS, SERIES 2009B (NON-AMT); PROVIDING FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS; PRESCRIBING OTHER MATTERS RELATING THERETO; AND, DECLARING AN EMERGENCY.

WHEREAS, the City of Jacksonville, Arkansas (the "City") owns a municipal wastewater system (the "System"), operated by the Jacksonville Wastewater Utility (the "Utility") and governed by the Jacksonville Sewer Commission (the "Commission");

WHEREAS, the Commission and the City Council have determined that City should refund the City of Jacksonville, Arkansas Wastewater Refunding Revenue Bonds, Series 2009A (Federally Taxable) (the "Series 2009A Bonds") and the City of Jacksonville, Arkansas Wastewater Construction Revenue Bonds, Series 2009B (Non-AMT) (the "Series 2009B Bonds" and, together with the Series 2009A Bonds, the "Bonds to be Refunded") authorized by Ordinance No. 1387 (#30-09) of City, adopted November 5, 2009 (the "2009 Ordinance");

WHEREAS, City has determined that intended cost savings may be achieved by refunding the Bonds to be Refunded in the aggregate principal amount of Sixteen Million Sixty-five Thousand and No/100 Dollars (\$16,065,000.00) by issuing the City of Jacksonville, Arkansas Wastewater Refunding Revenue Bonds, Series 2016A (Federally Taxable), in the aggregate principal amount of One Million Eight Hundred Seventy Thousand and No/100 Dollars (\$1,870,000.00)* (the "Series 2016A Bonds"), and the City of Jacksonville, Arkansas Wastewater Refunding Revenue Bonds, Series 2016B (Non-AMT), in the aggregate principal amount of Thirteen Million Six Hundred Thirty Thousand and No/100 Dollars (\$13,630,000.00)* (the "Series 2016B Bonds," and together with the Series 2016A Bonds, the "Bonds");

WHEREAS, City and Commission have made arrangements for the sale of the bonds to Stephens Inc. (the "Purchaser"), at a price of \$_____ (principal amount plus reoffering premium of \$_____ and less underwriter's discount of \$_____) (the "Purchase Price"), on a negotiated basis pursuant to a Bond Purchase Agreement (the "Agreement") which has been presented to and is before this meeting;

WHEREAS, the Preliminary Official Statement, dated February 24, 2016, offering the bonds for sale (the "Preliminary Official Statement") has been presented to and is before this meeting; and,

WHEREAS, in order to comply with the applicable securities laws, it is necessary that City and Utility enter into a Continuing Disclosure Agreement between the City, the Utility, and Bank of the Ozarks, Little Rock, Arkansas, as Dissemination Agent (the "Disclosure Agreement"), providing for the ongoing disclosure obligations of City and Utility with respect to the bonds, and a copy of the Disclosure Agreement has been presented to and is before this meeting.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF JACKSONVILLE, ARKANSAS AS FOLLOWS:

SECTION ONE: The current refunding of the Bonds to be Refunded shall be accomplished. The Mayor and City Clerk are hereby authorized to take, or cause to be taken, all action necessary to accomplish the refunding of the Bonds to be Refunded and to execute all required contracts in connection therewith. The Bonds to be Refunded shall be redeemed in the amount of the outstanding principal and accrued interest to the date of redemption.

SECTION TWO: The offer of the Purchaser for the purchase of the Bonds from City at the Purchase Price for Bonds bearing interest at the rates per annum, maturing, and otherwise subject to the terms and provisions hereafter in this Ordinance set forth in detail be, and is hereby accepted, and the Agreement, in substantially the form submitted to this meeting, is approved and the Bonds are hereby sold to the Purchaser. The Mayor's approval and execution of the Agreement on March 3, 2016, is hereby ratified and the Mayor is hereby authorized to deliver the Agreement on behalf of City and to take all action required on the part of City to fulfill its obligations under the Agreement.

SECTION THREE: The Preliminary Official Statement is hereby approved and the previous use of the Preliminary Official Statement by the Purchaser in connection with the sale of the Bonds is hereby in all respects authorized and approved, and the Mayor is hereby authorized and directed, for and on behalf of City, to execute the Preliminary Official Statement and the final Official Statement as set forth in the Agreement.

SECTION FOUR: The Disclosure Agreement, in substantially the form submitted to this meeting, is approved, and the Mayor is hereby authorized and directed to execute and deliver the Disclosure Agreement on behalf of City. The Mayor and the General Manager of the Utility (the "General Manager") are each authorized and directed to take all action required on the part of City to fulfill the City's obligations under the Disclosure Agreement.

SECTION FIVE: (a) Under the authority of the Constitution and laws of the State of Arkansas (the "State"), including particularly ACA § 14-164-401 et. seq,

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and ACA § 14-235-201 et. seq., the Series 2016A Bonds are hereby authorized and ordered issued in the principal amount of One Million Eight Hundred Seventy Thousand and No/100 Dollars (\$1,870,000.00)* for the purpose of refunding the Series 2009A Bonds, funding a debt service reserve, and paying costs incidental thereto and expenses of issuing the Series 2016A Bonds. The Series 2016A Bonds shall bear interest at the rates and shall mature on the dates and in the amounts as follows:

<u>Maturity (December 1)</u>	<u>Principal Amount*</u>	<u>Interest Rate (%)</u>
2020	\$1,870,000	_____%

(b) Under the Constitution and the laws of the State of Arkansas (the "State"), including and particularly ACA § 14-164-401 et. seq., and ACA § 14-235-201 et. seq., the Series 2016B Bonds are hereby authorized and ordered issued in the principal amount of Thirteen Million Six Hundred Thirty Thousand and No/100 Dollars (\$13,630,000.00)* for the purposes of refunding the Series 2009B Bonds, funding a debt service reserve, and paying costs incidental thereto and expenses of issuing the Series 2016B Bonds. The Series 2016B Bonds shall bear interest at the rates and shall mature on the dates and in the amounts as follows:

<u>Maturity (December 1)</u>	<u>Principal Amount*</u>	<u>Interest Rate (%)</u>
2022	\$ 190,000	_____%
2023	575,000	_____%
2024	595,000	_____%
2025	620,000	_____%
2026	645,000	_____%
2031 ⁽¹⁾	3,600,000	_____%
2036 ⁽¹⁾	4,470,000	_____%
2039 ⁽¹⁾	2,935,000	_____%

* Preliminary; subject to change.

⁽¹⁾Term Bond, subject to mandatory sinking fund redemption.

(c) The Bonds shall be dated April 12, 2016, with interest payable semiannually on June 1 and December 1 of each year, commencing June 1, 2016, shall be numbered consecutively from No. 1 upward, in order of issuance, and shall be issuable only as fully registered bonds without coupons in the denomination of Five Thousand and No/100 Dollars (\$5,000.00) or any integral multiple thereof. Each Bond shall have a CUSIP number. The Bonds shall be registered as to principal and interest. Principal is payable at the principal office of the Trustee. Payment of interest shall be by check or draft mailed to the registered owner at the address shown on the registration book of the City maintained by Bank of the Ozarks, Little Rock, Arkansas, which is hereby appointed as Trustee and Paying Agent (the "Trustee") at the close of

* Preliminary, subject to change.

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business on the Fifteenth (15th) day of the month (whether or not a business day) next preceding each interest payment date (the "Record Date"), irrespective of any transfer or exchange of any such Bond subsequent to such Record Date and prior to such interest payment date. The Bonds will bear interest from the dates and shall be subject to redemption prior to maturity as hereinafter set forth in the bond forms.

The Bonds shall be registered initially in the name of Cede & Co., as nominee for the Depository Trust Company ("DTC"), which shall be considered as the registered owner of the Bonds for all purposes under this Ordinance, including, without limitation, payment by City of principal of, redemption price of, premium on, if any, and interest on the Bonds, and receipt of notices and exercise of rights of registered owners. There shall be one certificated, typewritten Bond for each stated maturity date which shall be immobilized in the custody of DTC with the beneficial owners having no right to receive the Bonds in the form of physical securities or certificates. DTC and its participants shall be responsible for maintenance of records of the ownership of beneficial interests in the Bonds by book-entry on the system maintained and operated by DTC and its Participants, and transfers of ownership of beneficial interests shall be made only by DTC and its Participants, by book-entry, City having no responsibility therefor. DTC is expected to maintain records of the positions of Participants in the Bonds, and the Participants and persons acting through Participants are expected to maintain records of the purchasers of beneficial interests in the Bonds. The Bonds as such shall not be transferable or exchangeable, except for transfer to another securities depository or to another nominee of a securities depository, without further action by City.

If any securities depository determines not to continue to act as a securities depository for the Bonds for use in a book-entry system, City may establish a securities depository/book-entry system relationship with another securities depository. If City does not or is unable to do so, or upon request of the beneficial owners of all outstanding Bonds, City and Trustee, after Trustee has made provision for notification of the beneficial owners by the then securities depository, shall permit withdrawal of the Bonds from the securities depository, and authenticate and deliver Bond certificates in fully registered form (in denominations of Five Thousand and No/100 Dollars (\$5,000.00) or integral multiples thereof) to the assigns of the securities depository or its nominee, all at the cost and expense (including costs of printing definitive bonds) of City, if City fails to maintain a securities depository/book-entry system, or of the beneficial owners, if they request termination of the System.

Prior to issuance of the Bonds, City shall have executed and delivered to DTC a written agreement (the "Representation Letter") setting forth (or incorporating therein by reference) certain undertakings and responsibilities of City with respect to the Bonds so long as the Bonds or a portion thereof are registered in the name of Cede & Co. (or

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a substitute nominee) and held by DTC. Notwithstanding such execution and delivery of the Representation Letter, the terms thereof shall not in any way limit the provisions of this Section or in any other way impose upon City any obligation whatsoever with respect to persons having interests in the Bonds other than the registered owners, as shown on the registration books kept by Trustee. Trustee shall take all action necessary for all representations of City in the Representation Letter with respect to Trustee to at all times be complied with.

The authorized officers of Trustee, City, and Utility shall do or perform such acts and execute all such certificates, documents, and other instruments as they or any of them deem necessary or advisable to facilitate the efficient use of a securities depository for all or any portion of the Bonds; provided that neither Trustee nor City may assume any obligations to such securities depository or beneficial owners of Bonds that are inconsistent with their obligations to any registered owner under this Ordinance.

Each Bond shall bear interest from the payment date next preceding the date on which it is authenticated unless it is authenticated on an interest payment date, in which event it shall bear interest from such date, or unless it is authenticated prior to the first interest payment date, in which event it shall bear interest from April 12, 2016, or unless it is authenticated during the period from the Record Date to the next interest payment date, in which case it shall bear interest from such interest payment date, or unless at the time of authentication thereof interest is in default thereon, in which event it shall bear interest from the date to which interest has been paid.

Only such bonds as shall have endorsed thereon a Certificate of Authentication substantially in the form set forth in Section Seven hereof (the "Certificate") duly executed by the Trustee shall be entitled to any right or benefit under this Ordinance. No Bond shall be valid and obligatory for any purpose unless and until the Certificate shall have been duly executed by Trustee, and the Certificate upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Ordinance. The Certificate on any Bond shall be deemed to have been executed if signed by an authorized officer of Trustee, but it shall not be necessary that the same officer sign the Certificate on all of the Bonds.

In case any bond shall become mutilated or be destroyed or lost, City shall, if not then prohibited by law, cause to be executed and Trustee may authenticate and deliver a new bond of like date, number, maturity, and tenor in exchange and substitution for and upon cancellation of such mutilated bond, or in lieu of and in substitution for such bond destroyed or lost, upon the owner paying the reasonable expenses and charges of City and Trustee in connection therewith and, in the case of a bond destroyed or lost, its filing with Trustee evidence satisfactory to it that such bond was destroyed or lost, and of its ownership thereof, and furnishing City and Trustee with indemnity

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satisfactory to them. Trustee is hereby authorized to authenticate any such new bond. In the event any such bond shall have matured, instead of issuing a new bond, City may pay the same without the surrender thereof. Upon the issuance of a new bond under this Section Five, City may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of Trustee) connected therewith.

City shall cause books for the registration and for the transfer of the Bonds as provided herein and in the Bonds. Trustee shall act as the bond registrar. Each Bond is transferable by a registered owner thereof or by its attorney duly authorized in writing at the principal office of Trustee. Upon such transfer a new fully registered bond or bonds of the same maturity, of authorized denomination or denominations, for the same aggregate principal amount will be issued to a transferee in exchange therefor.

No charge shall be made to any owner of any Bond for the privilege of transfer or exchange, but any owner of any Bond requesting any such transfer or exchange shall pay any tax or other governmental charge required to be paid with respect thereto. Except as otherwise provided in the immediately preceding sentence, the cost of preparing each new Bond upon each exchange or transfer and any other expenses of City or Trustee incurred in connection therewith shall be paid by City. City shall not be required to transfer or exchange any Bonds selected for redemption in whole or in part.

The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal or premium, if any, or interest on any Bond shall be made only to or upon the order of the registered owner thereof or its legal representative, but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

In any case where the date of maturity of interest on or principal of the Bonds or the date fixed for redemption of any Bonds shall be a Saturday or Sunday or shall be in the State a legal holiday or a day on which banking institutions are authorized by law to close, then payment of interest or principal (and premium, if any) need not be made on such date but may be made on the next succeeding business day with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest shall accrue for the period after the date of maturity or date fixed for redemption.

SECTION SIX: The Bonds shall be executed on behalf of the City by the manual or facsimile signatures of the Mayor and City Clerk and shall have impressed or imprinted thereon the seal of the City. The Bonds, together with interest thereon, are secured by and are payable solely from the Net Revenues (hereinafter defined)

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Derived from the System ("System Revenues") which are hereby pledged and mortgaged for the equal and ratable payment of the Bonds.

SECTION SEVEN: The Bonds and the Certificate shall be in substantially the following form and the Mayor and City Clerk are hereby expressly authorized and directed to make all recitals contained therein:

[Remainder of page intentionally left blank.]

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(Form of Series 2016A Bond)

REGISTERED

REGISTERED

No. RA - _____

UNITED STATES OF AMERICA
STATE OF ARKANSAS
COUNTY OF PULASKI
CITY OF JACKSONVILLE
WASTEWATER REFUNDING
REVENUE BOND, SERIES 2016A
(Federally Taxable)

Maturity Date: _____

Interest Rate: _____%

Dated Date: April 12, 2016

CUSIP No.: _____

Registered Owner: Cede & Co.

Principal Amount: _____

KNOW ALL BY THESE PRESENT, THAT:

The City of Jacksonville, County of Pulaski, State of Arkansas (the "City"), for value received, hereby promises to pay, but solely from the source as hereinafter provided and not otherwise, to the Registered Owner shown above upon the presentation and surrender hereof at the principal corporate office of Bank of the Ozarks, Little Rock, Arkansas, or its successor or successors, as Trustee and Paying Agent (the "Trustee"), on the Maturity Date shown above, the Principal Amount shown above, 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 public and private debts and to pay by check or draft interest thereon, but solely from the source as hereinafter provided and not otherwise, in like coin or currency from the interest commencement date specified below at the Interest Rate per annum shown above, payable June 1, 2016, and semiannually thereafter on June 1 and December 1 of each year, until payment of such Principal Amount or, if this Bond or a portion thereof shall be duly called for redemption, until the date fixed for redemption, and to pay interest on overdue principal and interest (to the extent legally enforceable) at the rate borne by this Bond. Payment of each installment of interest shall be made to the person in whose name this Bond is registered on the registration books of the City maintained by Trustee at the close of business on the Fifteenth (15th) day of the month (whether or not a business day) next preceding each interest payment date (the "Record Date"), irrespective of any transfer or exchange of this Bond subsequent to such Record Date and prior to such interest payment date.

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Trustee for registration of transfer,

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exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is required by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the Registered Owner hereof, Cede & Co., has an interest herein.

This Bond shall bear interest from the payment date next preceding the date on which it is authenticated unless it is authenticated on an interest payment date, in which event it shall bear interest from such date, or unless it is authenticated prior to the first interest payment date, in which event it shall bear interest from the Dated Date shown above, or unless it is authenticated during the period from the Record Date to the next, authenticated payment date, in which case it shall bear interest from such interest payment date, or unless at the time of authentication hereof interest is in default hereon, in which event it shall bear interest from the date to which interest has been paid.

This Bond is one of an issue of City of Jacksonville, Arkansas Wastewater Refunding Revenue Bonds, Series 2016A (Federally Taxable), aggregating One Million Eight Hundred Seventy Thousand and No/100 Dollars (\$1,870,000*) in principal amount (the "Series 2016A Bonds" or the "Bonds"), and is issued for the purposes of currently refunding the City of Jacksonville, Arkansas Wastewater Refunding Revenue Bonds, Series 2009A Bonds (Federally Taxable) (the "Series 2009A Bonds"); funding a Debt Service Reserve; and paying expenses incidental thereto and to the authorization and issuance of the Series 2016A Bonds.

The Bonds are issued pursuant to and in full compliance with the Constitution and laws of the State of Arkansas (the "State"), including particularly ACA § 14-164-401 et. seq. and ACA § 14-235-201 et. seq. and pursuant to Ordinance No. 1546 (#06 - 2016) duly adopted on March 3, 2016 (the "Authorizing Ordinance"), and do not constitute an indebtedness of City within any constitutional or statutory limitation. The Bonds are not general obligations of City, but are special obligations payable on a parity of security with City's obligations pursuant to City's Wastewater Refunding Revenue Bonds, Series 2016B (the "Series 2016B Bonds"), solely from the Net Revenues derived from the operation of the City's wastewater system (the "System"). An amount of Net Revenues sufficient to pay the principal of and interest on the Series 2016A Bonds and the Series 2016B Bonds have been duly pledged and set aside into the Series 2016A Wastewater Revenue Bond Fund created by the Authorizing Ordinance and the Series 2016B Wastewater Revenue Bond Fund. Reference is hereby made to the Authorizing Ordinance for a detailed statement of the terms and conditions upon which the Bonds are issued, of the nature and extent of the security for the Bonds, and the rights and

* Preliminary, subject to change.

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obligations of City, Trustee, and all Registered Owners of the Bonds. City has fixed and has covenanted and agreed to maintain rates for the services of the System which shall be sufficient at all times to provide for the proper and reasonable expenses of operation and maintenance of the System, for the payment of the principal of and interest on the Series 2016A Bonds and the Series 2016B Bonds, including Trustee's fees, as the same become due and payable, to establish and maintain debt service reserves, and to make the required deposits for the depreciation of the System.

The Series 2016A Bonds shall be subject to optional and mandatory sinking fund redemption as follows:

1. Optional Redemption. The Bonds are subject to redemption at the option of City from funds from any source, in whole at any time or in part on any interest payment date on and after June 1, 2021, prior to maturity in inverse order of maturities in whole, at any time, or in part on any interest payment date, from any moneys available therefor 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 maturities of the Bonds to be redeemed shall be selected by City in its discretion. If fewer than all of the Bonds of any one maturity shall be called for redemption, the particular Bonds or portion thereof to be redeemed from such maturity shall be selected by lot by Trustee.

2. Mandatory Sinking Fund Redemption. To the extent not previously redeemed, the Bonds maturing on December 1 in the year 2020 are subject to mandatory sinking fund redemption by lot in such manner as Trustee shall determine, on December 1 in the years and in the amounts set forth below, at a redemption price equal to the principal amount being redeemed plus accrued interest to the date of redemption:

[Remainder of page intentionally left blank.]

Series 2016A Bonds Maturing December 1, 2020

<u>Years</u>	<u>Principal Amounts:</u>
2016	\$ 150,000
2017	440,000
2018	450,000
2019	460,000
2020 (Maturity)	370,000

The provisions for mandatory sinking fund redemption of the Bonds are subject to the provisions of the Authorizing Ordinance which permit City to receive credit for Bonds previously redeemed or for Bonds acquired by City and surrendered to Trustee.

In case any outstanding Bond is in a denomination greater than Five Thousand and No/100 Dollars (\$5,000.00), each Five Thousand and No/100 Dollars (\$5,000.00) of face value of such Bond shall be treated as a separate Bond of the denomination of Five Thousand and No/100 Dollars (\$5,000.00).

Notice of redemption identifying the Bonds or portions thereof (which shall be Five Thousand and No/100 Dollars (\$5,000.00) or a multiple thereof) to be redeemed shall be given by Trustee, not less than Thirty (30) nor more than Sixty (60) days prior to the date fixed for redemption, by mailing a copy of the redemption notice by first class mail, postage prepaid, to all Registered Owners of Bonds to be redeemed. Failure to mail an appropriate notice or any such notice to one or more Registered Owners of Bonds to be redeemed shall not affect the validity of the proceedings for redemption of other Bonds as to which notice of redemption is duly given in proper and timely fashion. All such Bonds or portions thereof thus called for redemption and for the retirement of which funds are duly provided in accordance with the Authorizing Ordinance prior to the date fixed for redemption will cease to bear interest on such redemption date.

This Bond is transferable by the Registered Owner hereof in person or by his attorney-in-fact duly authorized in writing at the principal corporate trust office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Authorizing Ordinance, and upon surrender and cancellation of this Bond. Upon such transfer a new fully registered bond or bonds of the same maturity, of authorized denomination or denominations, for the same aggregate principal amount, will be issued to the transferee in exchange therefor. This Bond is issued with the intent that the laws of the State shall govern its construction.

* Preliminary, subject to change

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No charge shall be made to the owner of any Bond for the privilege of registration, but any owner requesting any such registration shall pay any tax or governmental charge required to be paid with respect thereto. Except as otherwise provided in the immediately preceding sentence, the cost of preparing each new Bond

upon each exchange or transfer and any other expenses of City or Trustee incurred in connection therewith shall be paid by City. Neither City nor Trustee shall be required to transfer or exchange any Bond selected for redemption in whole or in part.

City and Trustee may deem and treat the Registered Owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and premium, if any, hereon and interest due hereon and for all other purposes, and neither City nor Trustee shall be affected by any notice to the contrary.

The Bonds are issuable only as fully registered Bonds in the denomination of Five Thousand and No/100 Dollars (\$5,000.00), and any integral multiple thereof. Subject to the limitations and upon payment of the charges provided in the Authorizing Ordinance, fully registered Bonds may be exchanged for a like aggregate principal amount of fully registered Bonds of the same maturity of other authorized denominations.

IT IS, HEREBY, CERTIFIED, RECITED, AND DECLARED that all acts, conditions, and things required to exist, happen, and be performed precedent to and in the issuance of the Bonds do exist, have happened, and have been performed in due time, form, and manner as required by law; that the indebtedness represented by the Bonds, together with all obligations of City, does not exceed any constitutional or statutory limitation; and that the above referred to revenues pledged to the payment of the principal of and premium, if any, and interest on the Bonds as the same become due and payable will be sufficient in amount for that purpose.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Authorizing Ordinance until the Certificate of Authentication hereon shall have been signed by Trustee.

[Signature page follows.]

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IN WITNESS WHEREOF, the City of Jacksonville, Arkansas has caused this Bond to be executed by its Mayor and City Clerk and its corporate seal to be impressed or imprinted on this Bond, all as of the Dated Date shown above.

CITY OF JACKSONVILLE, ARKANSAS

ATTEST:

By: _____
Mayor

City Clerk

(SEAL)

(Form of Trustee's Certificate)

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds designated Wastewater Refunding Revenue Bonds, Series 2016A in and issued under the provisions of the within mentioned Authorizing Ordinance.

Date of Authentication: _____

Bank of the Ozarks
Little Rock, Arkansas, Trustee

By: _____
Authorized Signature

(Form of Assignment)

ASSIGNMENT

FOR VALUE RECEIVED, _____ ("Transferor"), hereby sells, assigns, and transfers unto _____, the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ as attorney to transfer the within Bond on the books kept for registration thereof with full power of substitution in the premises.

DATE: _____

Transferor

GUARANTEED BY:

NOTICE: Signature(s) must be guaranteed by a member of or participant in the Securities Transfer Agents Medallion Program (STAMP), or in another signature guaranty program recognized by the Trustee.

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(Form of Series 2016B Bond)

REGISTERED

REGISTERED

No. RB - _____

UNITED STATES OF AMERICA
STATE OF ARKANSAS
COUNTY OF PULASKI
CITY OF JACKSONVILLE
WASTEWATER REFUNDING
REVENUE BOND, SERIES 2016B
(NON-AMT)

Maturity Date: _____

Interest Rate: _____%

Dated Date: April 12, 2016

CUSIP No.: _____

Registered Owner: Cede & Co.

Principal Amount: _____

KNOW ALL BY THESE PRESENT, THAT:

The City of Jacksonville, County of Pulaski, State of Arkansas (the "City"), for value received, hereby promises to pay, but solely from the source as hereinafter provided and not otherwise, to the Registered Owner shown above upon the presentation and surrender hereof at the principal corporate office of Bank of the Ozarks, Little Rock, Arkansas, or its successor or successors, as Trustee and Paying Agent (the "Trustee"), on the Maturity Date shown above, the Principal Amount shown above, 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 public and private debts and to pay by check or draft interest thereon, but solely from the source as hereinafter provided and not otherwise, in like coin or currency from the interest commencement date specified below at the Interest Rate per annum shown above, payable June 1, 2016, and semiannually thereafter on June 1 and December 1 of each year, until payment of such Principal Amount or, if this Bond or a portion thereof shall be duly called for redemption, until the date fixed for redemption, and to pay interest on overdue principal and interest (to the extent legally enforceable) at the rate borne by this Bond. Payment of each installment of interest shall be made to the person in whose name this Bond is registered on the registration books of the City maintained by the Trustee at the close of business on the Fifteenth (15th) day of the month (whether or not a business day) next preceding each interest payment date (the "Record Date"), irrespective of any transfer or exchange of this Bond subsequent to such Record Date and prior to such interest payment date.

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Trustee for registration of

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transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is required by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the Registered Owner hereof, Cede & Co., has an interest herein.

This Bond shall bear interest from the payment date next preceding the date on which it is authenticated unless it is authenticated on an interest payment date, in which event it shall bear interest from such date, or unless it is authenticated prior to the first interest payment date, in which event it shall bear interest from the Dated Date shown above, or unless it is authenticated during the period from the Record Date to the next ,authenticated payment date, in which case it shall bear interest from such interest payment date, or unless at the time of authentication hereof interest is in default hereon, in which event it shall bear interest from the date to which interest has been paid.

This Bond is one of an issue of City of Jacksonville, Arkansas Wastewater Refunding Revenue Bonds, Series 2016B, (Non-AMT) aggregating Thirteen Million Six Hundred Thirty Thousand and No/100 Dollars (\$13,630,000*) in principal amount (the "Series 2016B Bonds" or the "Bonds"), and is issued for the purposes of currently refunding the City of Jacksonville, Arkansas Wastewater Construction Revenue Bonds, Series 2009B (Non-AMT) (the "Series 2009B Bonds"); funding a Debt Service Reserve; and paying expenses incidental thereto and to the authorization and issuance of the 2016B Bonds.

The Bonds are issued pursuant to and in full compliance with the Constitution and laws of the State of Arkansas (the "State"), including particularly ACA § 14-164-401 et. seq. and ACA § 14-235-201 et. seq. and pursuant to Ordinance No. 1546 (# 06 - 2016) duly adopted on March 3, 2016 (the "Authorizing Ordinance"), and do not constitute an indebtedness of City within any constitutional or statutory limitation. The Bonds are not general obligations of City, but are special obligations payable on a parity of security with City's obligations pursuant to City's Wastewater Refunding Revenue Bonds, Series 2016A (the "Series 2016A Bonds"), solely from the Net Revenues derived from the operation of the City's wastewater system (the "System"). An amount of Net Revenues sufficient to pay the principal of and interest on the Series 2016A Bonds and the Series 2016B Bonds have been duly pledged and set aside into the Series 2016A Wastewater Revenue Bond Fund created by the Authorizing Ordinance and the Series 2016B Wastewater Revenue Bond Fund. Reference is hereby made to the Authorizing Ordinance for a detailed statement of the terms and conditions upon which the Bonds are issued, of the nature and extent of the security for the Bonds, and the rights and

* Preliminary, subject to change.

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obligations of City, Trustee, and the Registered Owners of the Bonds. City has fixed and has covenanted and agreed to maintain rates for the services of the System which shall be sufficient at all times to provide for the proper and reasonable expenses of operation and maintenance of the System, for the payment of the principal of and interest on the Series 2016A Bonds and the Series 2016B Bonds, including Trustee's fees, as the same become due and payable, to establish and maintain debt service reserves, and to make the required deposits for the depreciation of the System.

The Bonds shall be subject to optional and mandatory sinking fund redemption as follows:

1. Optional Redemption. The Bonds are subject to redemption at the option of City from funds from any source, in whole at any time or in part on any interest payment date on and after June 1, 2021, prior to maturity in inverse order of maturities in whole, at any time, or in part on any interest payment date, from any moneys available therefor 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 maturities of the Bonds to be redeemed shall be selected by City in its discretion. If fewer than all of the Bonds of any one maturity shall be called for redemption, the particular Bonds or portion thereof to be redeemed from such maturity shall be selected by lot by Trustee.

2. Mandatory Sinking Fund Redemption. To the extent not previously redeemed, the bonds maturing on December 1 in the years 2031, 2036, and 2039 are subject to mandatory sinking fund redemption by lot in such manner as the Trustee shall determine, on December 1 in the years and in the amounts set forth below, at a redemption price equal to the principal amount being redeemed plus accrued interest to the date of redemption:

[Reminder of page intentionally left blank.]

Series 2016B Bonds Maturing December 1, 2031

<u>Years</u>	<u>Principal Amounts:</u>
2027	\$ 665,000
2028	690,000
2029	720,000
2030	745,000
2031 (Maturity)	780,000

Series 2016B Bonds Maturing December 1, 2036

<u>Years</u>	<u>Principal Amounts*</u>
2032	\$ 810,000
2033	850,000
2034	890,000
2035	935,000
2036 (Maturity)	985,000

Series 2016B Bonds Maturing December 1, 2039

<u>Years</u>	<u>Principal Amounts*</u>
2037	\$ 1,035,000
2038	1,075,000
2039 (Maturity)	825,000

The provisions for mandatory sinking fund redemption of the Bonds are subject to the provisions of the Authorizing Ordinance which permit City to receive credit for Bonds previously redeemed or for Bonds acquired by City and surrendered to Trustee.

In case any outstanding Bond is in a denomination greater than Five Thousand and No/100 Dollars (\$5,000.00) each Five Thousand and No/100 Dollars (\$5,000.00) of face value of such Bond shall be treated as a separate Bond of the denomination of Five Thousand and No/100 Dollars (\$5,000.00).

Notice of redemption identifying the Bonds or portions thereof (which shall be Five Thousand and No/100 Dollars (\$5,000.00) or a multiple thereof) to be redeemed shall be given by the Trustee, not less than Thirty (30) nor more than Sixty (60) days prior to the date fixed for redemption, by mailing a copy of the redemption notice by First Class mail, postage prepaid, to all Registered Owners of Bonds to be redeemed.

* Preliminary, subject to change

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Failure to mail an appropriate notice or any such notice to one or more Registered Owners of Bonds to be redeemed shall not affect the validity of the proceedings for redemption of other Bonds as to which notice of redemption is duly given in proper and timely fashion. All such Bonds or portions thereof thus called for redemption and for the retirement of which funds are duly provided in accordance with the Authorizing Ordinance prior to the date fixed for redemption will cease to bear interest on such redemption date.

This Bond is transferable by the Registered Owner hereof in person or by its attorney-in-fact duly authorized in writing at the principal corporate trust office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Authorizing Ordinance, and upon surrender and cancellation of this Bond. Upon such transfer a new fully registered bond or bonds of the same maturity, of authorized denomination or denominations, for the same aggregate principal amount, will be issued to the transferee in exchange therefor. This Bond is issued with the intent that the laws of the State shall govern its construction.

No charge shall be made to the owner of any Bond for the privilege of registration, but any owner requesting any such registration shall pay any tax or governmental charge required to be paid with respect thereto. Except as otherwise provided in the immediately preceding sentence, the cost of preparing each new Bond upon each exchange or transfer and any other expenses of City or Trustee incurred in connection therewith shall be paid by City. Neither City nor Trustee shall be required to transfer or exchange any Bond selected for redemption in whole or in part.

City and Trustee may deem and treat the Registered Owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and premium, if any, hereon and interest due hereon and for all other purposes, and neither City nor Trustee shall be affected by any notice to the contrary.

The Bonds are issuable only as fully registered Bonds in the denomination of Five Thousand and No/100 Dollars (\$5,000), and any integral multiple thereof. Subject to the limitations and upon payment of the charges provided in the Authorizing Ordinance, fully registered Bonds may be exchanged for a like aggregate principal amount of fully registered Bonds of the same maturity of other authorized denominations.

IT IS, HEREBY, CERTIFIED, RECITED, AND DECLARED that all acts, conditions, and things required to exist, happen, and be performed precedent to and in the issuance of the Bonds do exist, have happened, and have been performed in due time, form, and manner as required by law; that the indebtedness represented by the Bonds, together with all obligations of City, does not exceed any constitutional or statutory limitation; and, that the above referred to revenues pledged to the payment of the

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principal of and premium, if any, and interest on the Bonds as the same become due and payable will be sufficient in amount for that purpose.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Authorizing Ordinance until the Certificate of Authentication hereon shall have been signed by Trustee.

IN WITNESS WHEREOF, the City of Jacksonville, Arkansas has caused this Bond to be executed by its Mayor and City Clerk and its corporate seal to be impressed or imprinted on this Bond, all as of the Date shown above.

[Signature page follows.]

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IN WITNESS WHEREOF, the City of Jacksonville, Arkansas has caused this Bond to be executed by its Mayor and City Clerk and its corporate seal to be impressed or imprinted on this Bond, all as of the Dated Date shown above.

CITY OF JACKSONVILLE, ARKANSAS

ATTEST:

By: _____
Mayor

City Clerk

(SEAL)

(Form of Trustee's Certificate)

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds designated Wastewater Refunding Revenue Bonds, Series 2016B in and issued under the provisions of the within mentioned Authorizing Ordinance.

Date of Authentication: _____

Bank of the Ozarks
Little Rock, Arkansas, Trustee

By: _____
Authorized Signature

(Form of Assignment)

ASSIGNMENT

FOR VALUE RECEIVED, _____ ("Transferor"), hereby sells, assigns, and transfers unto _____, the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ as attorney to transfer the within Bond on the books kept for registration thereof with full power of substitution in the premises.

DATE: _____

Transferor

GUARANTEED BY:

NOTICE: Signature(s) must be guaranteed by a member of or participant in the Securities Transfer Agents Medallion Program (STAMP), or in another signature guaranty program recognized by the Trustee.

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

City covenants that the rates established will produce System Revenues at least sufficient to pay principal of and interest on all outstanding bonds and other debt obligations to which System Revenues are pledged ("System Bonds"), maintain debt service reserves at the required levels, provide the amount required to be set aside for the Depreciation Fund (hereinafter identified), and pay the expenses of operation and maintenance of the System, including all expense items properly attributable to operation and maintenance under generally accepted accounting principles applicable to municipal wastewater facilities (other than depreciation, interest, and amortization of deferred bond discount expenses). City further covenants that the rates shall, if and when necessary from time to time, be increased in such manner as will produce System Revenues at least sufficient to comply with the previous sentence.

City covenants and agrees that the rates shall never be reduced while any of the Bonds are outstanding unless there is obtained from an independent certified public accountant ("Accountant") a certificate that the Net Revenues of the System ("Net Revenues" being defined as gross revenues less the expenses of operation and maintenance of the System, including all expense items properly attributable to the operation and maintenance of the System under generally accepted accounting principles applicable to municipal wastewater facilities, excluding depreciation, interest, and amortization of deferred bond discount expenses), with the reduced rates, will always be equal to the amount required to be set aside for the Depreciation Fund (hereinafter identified), and leave a balance equal to at least One Hundred Twenty-five Percent (125%) of the average annual principal and interest requirements on the System Bonds. City further covenants and agrees that the rates shall, if and when necessary, from time to time, be increased in such manner as will produce System Revenues at least sufficient to pay the principal and interest on all System Bonds when due, to pay the operation and maintenance expenses of the System, and to deposit the amounts required to be paid into the Depreciation Fund (hereinafter identified) and the Debt Service Reserve in accordance with this Ordinance.

SECTION NINE: The System shall be continuously operated as a revenue producing undertaking and all revenues shall be paid into a special fund heretofore created and designated "Wastewater 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 premium, if any, and interest on System Bonds, to the establishment and maintenance of a Debt Service Reserve, and to the providing of a Depreciation Fund, as hereafter set forth. The Revenue Fund, and the other special funds hereafter in this 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 Commission, with all such depositories to hold membership in the Federal Deposit Insurance Corporation (the "FDIC"), to be located in Pulaski County, Arkansas, and to have a capital and surplus of not less than Fifteen Million and No/100 Dollars (\$15,000,000.00), 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 invested in accordance with Section Twenty-five hereof.

SECTION TEN: There shall be paid from the Revenue Fund into a fund heretofore created and designated "Wastewater Operation and Maintenance Fund" (the "Operation and Maintenance Fund") on or before the Tenth (10th) day of each month while any 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 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 Operation and Maintenance Fund, the amount of any deficiency shall be added to the amount otherwise required to be transferred and paid into such 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 Revenue Fund.

SECTION ELEVEN: (a) After making the required monthly deposits into the Operation and Maintenance Fund, there shall be paid from the Revenue Fund, pro rata, the required monthly deposits into two special funds in the name of the City which are hereby created and designated the "Series 2016A Wastewater Refunding

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Revenue Bond Fund" and the "Series 2016B Wastewater Refunding Revenue Bond Fund," respectively (together, the "Bond Funds") on or before the Fifteenth (15th) day of each month, commencing in April 15, 2016, until all outstanding bonds, with interest thereon, have been paid in full or provision made for such payment a sum equal to One-Sixth (1/6) of the next installment of interest due on the Bonds and One-Twelfth (1/12) of the next installment of principal due on the Bonds.

City shall also pay into the Bond Funds such additional sums as necessary to provide for the Trustee's fees and expenses and any arbitrage rebate due the United States Treasury under Section 148(f) of the Internal Revenue Code of 1986, as amended (the "Code"). City shall realize a credit against monthly deposits into the Bond Funds from Bond proceeds deposited therein, all interest earnings on moneys in the Bond Funds and all transfers made from the Debt Service Reserve during the preceding month.

There is hereby created, as a part of the Bond Funds, a Debt Service Reserve which shall be maintained by City in an amount equal to the lesser of: (a) Fifty Percent (50%) of the maximum annual principal and interest requirement on the Series 2016A Bonds and the Series 2016B Bonds; or, (b) Five Percent (5%) of the aggregate proceeds of the Series 2016A Bonds and the Series 2016B Bonds (excluding accrued interest but including Underwriter's discount), whichever is lesser (the "Required Level"). Should the Debt Service Reserve become impaired or be reduced below the Required Level, City shall make additional monthly payments from the Revenue Fund until the impairment or reduction is corrected within a Twelve (12) month period.

If for any reason the City should fail at any time to make any of the required payments into the Bond Funds, any sums then held in the Debt Service Reserve shall be used to the extent necessary for the payment of principal of or interest on the Bonds, but the Debt Service Reserve shall be reimbursed from the Revenue Fund before any moneys in the Revenue Fund shall be used for any other purpose other than the making of payments required to be made into the Operation and Maintenance Fund and the Bond Funds. The Debt Service Reserve shall be used solely as provided herein.

If System Revenues are insufficient to make the required payment on the first business day of the following month into the Bond Funds, 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.

When the moneys held in the Bond Funds shall be and remain sufficient to pay the principal of and interest on all of the Bonds then outstanding plus Trustee's fees and any arbitrage rebate due as provided above, City shall not be obligated to make any further payments into the Bond Funds.

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It shall be the duty of City to cause to be withdrawn from the Bond Funds and deposited with the Trustee at least One (1) business day before the due date of any principal and/or interest on any Bond, at maturity or redemption prior to maturity, and deposited with the Trustee an amount equal to the amount of such Bond and interest due thereon for the sole purpose of paying the same, together with the Trustee's fee. There shall also be withdrawn and paid to the United States Treasury any arbitrage rebate due at the times and in the amounts required by Section 148(f) of the Code. No withdrawal of funds from the Bond Funds shall be made for any other purpose except as otherwise authorized in this Ordinance.

The Bonds shall be specifically secured by a pledge of all Net Revenues remaining after the deposits have been made to the Operation and Maintenance Fund. This pledge in favor of the Bonds is hereby irrevocably made according to the terms of this Ordinance, and 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 TWELVE: After making the required payments into the Operation and Maintenance Fund and the Bond Funds, there shall be paid from the Revenue Fund into a fund heretofore created and designated the "Wastewater Depreciation Fund" (the "Depreciation Fund") on or before the Fifteenth (15th) day of each month while any Bonds are outstanding, Three Percent (3%) of the revenues which remain after the required payment into the Operation and Maintenance Fund has been made. The moneys in the Depreciation Fund shall be used solely for the purpose of paying the cost of replacements made necessary by the depreciation of the System. If in any fiscal year a surplus shall be accumulated in the Depreciation Fund over and above the amount necessary to defray the cost of the probable replacements during the then current fiscal year and the next ensuing fiscal year, such surplus may be transferred and paid into the Revenue Fund.

SECTION THIRTEEN: Any surplus in the Revenue Fund, after making the required monthly deposits into the other funds as set forth above, may be used, at the option of City, for any lawful purpose of the System, as approved by the Commission.

SECTION FOURTEEN: So long as any of the Bonds are outstanding, City shall not issue or attempt to issue any bonds claimed to be entitled to a priority of lien on System Revenues over the lien securing the Bonds. City reserves the right to issue additional bonds to finance or pay the cost of making any future extensions, betterments, or improvements to the System, or to refund bonds issued for such purposes, but City shall not authorize or issue any such additional bonds ranking on a parity with the Bonds unless and until there has been procured and filed with the City Clerk and Trustee a statement by an independent certified public accountant not in the regular employ of City (the "Accountant") reciting the opinion, based upon necessary investigation, that either: (1) Net Revenues of the System for the fiscal year

immediately preceding the fiscal year in which it is proposed to issue such additional bonds were not less than One Hundred Twenty-Five Percent (125%) of the average annual principal and interest requirements on all the then outstanding System Bonds and the additional parity bonds then proposed to be issued; or, (2) Net Revenues of the System for the ensuing fiscal year, including any increase in revenues attributable to the proposed extensions, betterments, and improvements as reflected by the written opinion of a duly qualified consulting engineer not in the regular employ of City and including any additional revenues expected to be received as a result of a rate increase effective during such year or the prior fiscal year, shall be equal to not less than One Hundred Twenty-Five Percent (125%) of the average annual principal and interest requirements on all the then outstanding System Bonds and the additional parity bonds then proposed to be issued.

For the purposes of the computation required by (1) above, additional amounts may be added to the Net Revenues of the completed fiscal year immediately preceding the issuance of the additional bonds, as follows: if, prior to the issuance of the additional bonds, and subsequent to the first day of such preceding fiscal year, City shall have increased its rates or charges imposed for services of the System, there may be added to the Net Revenues of such fiscal year the additional Net Revenues which would have been received from the operations of the System during such fiscal year had such increase been in effect throughout such fiscal year.

Notwithstanding satisfaction of the other conditions to the issuance of additional bonds as set forth in this Section, no issuance may occur if a default or breach (or any event which, once all notice or grace periods have passed, would constitute a breach) exists unless such breach shall be cured upon such issuance.

SECTION FIFTEEN: City and Utility covenant and agree that it will maintain the System in good condition and operate the same in an efficient manner and at reasonable cost. While any of the Bonds are outstanding, City agrees that it will insure and at all times keep insured, in the amount of the full insurable value thereof, in a responsible insurance company or companies selected by the Commission and authorized and qualified under the laws of the State to assume the risk thereof, all aboveground structures of the System, to the extent that such structures would be covered by insurance by private companies engaged in similar types of businesses, against loss or damage thereto from fire, lightning, tornados, winds, riot, strike, civil commotion, malicious damage, explosion, and against any other loss or damage from any other causes customarily insured against by private companies engaged in similar types of business. The insurance policies are to carry a clause making them payable to the Commission and Trustee as their interests may appear, and satisfactory evidence of said insurance shall be filed with Trustee. 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 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 Fund and second from moneys in the Operation and Maintenance Fund and third from surplus moneys in the Revenue Fund. Nothing shall be construed as requiring City to expend any moneys for operation and maintenance of the System or for premiums on its insurance which are derived from sources other than the operation of the System, but nothing shall be construed as preventing City from doing so.

SECTION SIXTEEN: The Bonds shall be subject to redemption prior to maturity in accordance with the terms set out in the bond form. City may acquire Bonds by purchase at a price not in excess of par plus accrued interest, inclusive of brokerage fees, and surrender to the Trustee any Bonds so acquired, in exchange for which City shall receive a credit under this Ordinance in an amount equal to the principal amount of the Bonds so acquired and surrendered, for and of the then next date for mandatory sinking fund redemption of Bonds of the same maturity.

SECTION SEVENTEEN: The Commission will keep proper books of accounts and records (separate from all other records and accounts of City) in which complete and correct entries shall be made of all transactions relating to the operation of the System, and such books shall be available for inspection by the registered owner of any of the Bonds at reasonable times and under reasonable circumstances. City and the Commission agree to have these records audited by an Accountant at least once each year, and a copy of the audit shall be delivered to Trustee and made available to interested registered owners requesting the same in writing. In the event that City or the Commission fail or refuse to make the audit, Trustee, or any registered owner of the Bonds, may have the audit made, and the cost thereof shall be charged against the Operation and Maintenance Fund.

SECTION EIGHTEEN: Any Bond shall be deemed to be paid within the meaning of this Ordinance when payment of the principal of and interest on such Bond (whether at maturity or upon redemption as provided herein, or otherwise), either: (i) shall have been made or caused to be made in accordance with the terms thereof; or, (ii) shall have been provided for by irrevocably depositing with Trustee, in trust and irrevocably set aside exclusively for such payment (1) cash fully insured by the FDIC and/or collateralized sufficient to make such payment and/or (2) direct obligations of (including obligations issued or held in book-entry form on the books of) the Department of the Treasury of the United States of America ("Government Securities") (provided that such deposit will not affect the tax exempt status of the interest on any of the Bonds or cause any of the Bonds to be classified as "arbitrage bonds" within the meaning of Section 148 of the Code), maturing as to principal and interest in such amounts and at such times as will provide sufficient moneys to make such payment,

and all necessary and proper fees, compensation, and expenses of Trustee shall have been paid or the payment thereof provided for to the satisfaction of Trustee.

On the payment of any such Bonds within the meaning of this Ordinance, Trustee shall hold in trust, for the benefit of the owners of such Bonds, all such moneys and/or Government Securities.

When all the Bonds shall have been paid within the meaning of this Ordinance, if Trustee has been paid its fees and expenses and if any arbitrage rebate due the United States Treasury has been paid or provided for to the satisfaction of Trustee, Trustee shall take all appropriate action to cause: (i) the pledge and lien of this Ordinance to be discharged and cancelled; and, (ii) all moneys held by it pursuant to this Ordinance and which are not required for the payment of such Bonds to be paid over or delivered to or at the direction of City. In determining the sufficiency of the deposit of Government Securities there shall be considered the principal amount of such Government Securities and interest to be earned thereon until the maturity of such Government Securities.

SECTION NINETEEN: (a) If there be any default in the payment of the principal of or interest on any of the Bonds, or if City defaults in any Bond Fund requirement or in the performance of any of the other covenants contained in this Ordinance and such failure continues unremedied for Thirty (30) days, or if City declares bankruptcy or seeks relief from its creditors under the provisions of any other similar state or federal law, Trustee may, and upon the written request of the registered owners of not less than Ten Percent (10%) in principal amount of the then outstanding bonds, shall, by proper suit, compel the performance of the duties of the officials of City under the laws of Arkansas. And in the case of a default in the payment of the principal of and interest on any of the Bonds, Trustee may and upon written request of the registered owners of not less than Ten Percent (10%) in principal amount of the then outstanding Bonds, shall apply in a proper action to a court of competent jurisdiction for the appointment of a receiver to administer the System on behalf of City and the registered owners of the 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, maintenance, and repair and to pay any Bonds and interest outstanding and to apply the System Revenues in conformity with the laws of Arkansas and with this Ordinance. When all defaults in principal and interest payments have been cured, the custody and operation of the System shall revert to City.

(b) No registered owner of any of the outstanding Bonds shall have any right to institute any suit, action, mandamus, or other proceeding in equity or at law for the protection or enforcement of any power or right unless such owner previously shall have given to Trustee written notice of the default on account of which such suit, action, or proceeding is to be taken, and unless the registered owners of not less than

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Ten Percent (10%) in principal amount of the Bonds then outstanding shall have made written request of the Trustee after the right to exercise such power or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted to the Trustee, or to institute such action, suit, or proceeding in its name, and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses, and liabilities to be incurred therein or thereby and Trustee shall have refused or neglected to comply with such request within a reasonable time. Such notification, request, and offer of indemnity are, at the option of the Trustee, conditions precedent to the execution of any remedy. No one or more registered owners of the Bonds shall have any right in any manner whatever by his or their action to affect, disturb, or prejudice the security of this Ordinance, or to enforce any right thereunder except the manner herein described. All proceedings at law or in equity shall be instituted, had, and maintained in the manner herein described and for the benefit of all registered owners of the outstanding Bonds.

(c) No remedy conferred upon or reserved to Trustee or to the registered owners of the Bonds is intended to be exclusive of any other remedy or remedies, and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Ordinance or given by any law or by the Constitution of the State of Arkansas.

(d) Trustee may, and upon the written request of the registered owners of not less than a majority in principal amount of the Bonds then outstanding shall waive any default which shall have been remedied before the entry of final judgment or decree in any suit, action, or proceeding instituted under the provisions of this Ordinance or before the completion of the enforcement of any other remedy, but no such waiver shall extend to or affect any other existing or any subsequent default or defaults or impair any rights or remedies consequent thereon.

(e) All rights of action under this Ordinance or under any of the Bonds, enforceable by Trustee, may be enforced by it without the possession of any of the Bonds, and any such suit, action, or proceeding instituted by Trustee shall be brought in its name for the benefit of all the registered owners of such Bonds, subject to the provisions of this Ordinance.

(f) No delay or omission of Trustee or of any registered owners of the Bonds 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 such default or an acquiescence therein; and every power and remedy given by this Ordinance to the Trustee and to the registered owners of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

(g) After payment of reasonable expenses of Trustee, the application of funds realized upon default shall be applied to the payment of expenses of City or arbitrage rebate only after payment of past due and current debt service on the Bonds and amounts required to restore the Debt Service Reserve to the Required Level.

SECTION TWENTY: (a) The terms of this Ordinance shall constitute a contract between City and the registered owners of the Bonds and no variation or change in the undertaking herein set forth shall be made while any of these Bonds are outstanding, except as hereinafter set forth in Subsections (b) and (c).

(b) Trustee may consent to any variation or change in this Ordinance without consent of the owners of the outstanding Bonds: (i) in connection with the issuance of additional parity bonds under this Ordinance; (ii) in order to cure any ambiguity, defect, or omission herein or to correct or supplement any defective or inconsistent provisions contained herein as City may deem necessary or desirable and not inconsistent herewith; or, (iii) in order to make any other variation or change which Trustee determines shall not adversely affect the interests of the owners of the Bonds.

(c) The owners of not less than Seventy-Five Percent (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 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: (i) an extension of the maturity of the principal of or the interest on any Bond; (ii) a reduction in the principal amount of any Bond or the rate of interest thereon; (iii) the creation of a lien or pledge superior to the lien and pledge created by this Ordinance; (iv) a privilege or priority of any bond or bonds over any other bond or bonds; or, (v) a reduction in the aggregate principal amount of the Bonds required for consent to such supplemental ordinance.

SECTION TWENTY-ONE: When the Bonds have been executed and sealed as herein provided, they shall be authenticated by Trustee, and Trustee shall deliver the Bonds to the Purchaser upon payment in cash of the Purchase Price. The accrued interest shall be remitted to City for deposit into the Bond Funds. The expenses of issuing the Bonds and accomplishing the refunding as set forth in the delivery instructions to Trustee signed by the Mayor and City Clerk shall also be paid from the Purchase Price (the "Delivery Instructions"). The amount necessary from the Purchase Price to refund the Series 2009A Bonds and the Series 2009B Bonds as set forth in the Delivery Instructions shall be delivered to the owners and holders of the Series 2009A Bonds and the Series 2009B Bonds in full payment thereof.

SECTION TWENTY-TWO: In the event the office of Mayor, City Clerk, Commission, or City Council shall be abolished, or any Two (2) 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 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.

So long as the System is under the control of the Commission, performance by the Commission of any obligation of City hereunder shall be deemed performance by City. The Commission presently consists of: Fred Belote; John Ferrell; Pat Griggs; Eddie Porter; and, Terry Vick.

SECTION TWENTY-THREE: (a) 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 Series 2016B Bonds to be included in gross income for federal income tax purposes. Without limiting the generality of the foregoing, City covenants that the proceeds of the sale of the Series 2016B Bonds and System Revenues will not be used directly or indirectly in such manner as to cause the Series 2016B Bonds to be treated as "arbitrage bonds" within the meaning of Section 148 of the Code. City covenants to pay to the United States Treasury any arbitrage rebate due under Section 148 of the Code at the times required by Section 148 of the Code.

(b) City shall assure that: (i) not in excess of Ten Percent (10%) of the Net Proceeds of the Series 2016B Bonds is used for Private Business Use if, in addition, the payment of more than Ten Percent (10%) of the principal or Ten Percent (10%) of the interest due on the Series 2016B Bonds during the term thereof is, under the terms of the Series 2016B 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 City, in respect of property or borrowed moneys used or to be used for a Private Business Use; and, (ii) in the event that both (A) in excess of Five Percent (5%) of the Net Proceeds of the Series 2016B Bonds are used for a Private Business Use, and (B) an amount in excess of Five Percent (5%) of the principal or Five Percent (5%) of the interest due on the Series 2016B Bonds during the term thereof is, under the terms of the Series 2016B 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 City, in respect of

property or borrowed money used or to be used for said Private Business Use, then said excess over said Five Percent (5%) of Net Proceeds of the Series 2016B Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the improvements or the improvements financed by the Series 2016B Bonds.

City shall assure that not in excess of Five Percent (5%) of the Net Proceeds of the Series 2016B Bonds are used, directly or indirectly, to make or finance a loan to persons other than state or local governmental units.

As used in this Subsection (b), the following terms shall have the following meanings:

"Net Proceeds" means the face amount of the Series 2016B Bonds, plus accrued interest and premium, if any, less original issue discount, if any, less any amounts deposited into the Debt Service Reserve; and,

"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) City covenants that it will take no action which would cause the Series 2016B Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code. Nothing in this Section shall prohibit investments in bonds issued by the United States Treasury.

(d) City covenants that it will submit to the Secretary of the Treasury of the United States, not later than the Fifteenth (15th) day of the second calendar month after the close of the calendar quarter in which the Series 2016B Bonds are issued, a statement required by Section 149(e) of the Code.

(e) City covenants that it will not reimburse itself from proceeds of the Series 2016B Bonds for costs paid prior to March 3, 2016, the date the City approved Ordinance No. 1546 (#06 - 2016) except in compliance with United States Treasury Regulation No.1.150-2 (the "Regulation"). Ordinance No. 1546 (#06 - 2016) shall constitute an "official intent" for the purpose of the Regulation.

(f) City covenants that it will, in compliance with the requirements of Section 148(f) of the Code, pay with moneys in the Series 2016B 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

2016B 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 2016B Bonds were invested at a rate equal to the Yield (as defined in the Code) on the Series 2016B Bonds, plus (2) any income attributable to the excess described in (1), subject to the exceptions set forth in Section 148 of the Code. City further covenants that in order to assure compliance with its covenants herein, it will employ a qualified consultant to advise City in making the determination required to comply with this subsection (f). 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 2016B Bonds for federal income tax purposes.

SECTION TWENTY-FOUR: Trustee shall only be responsible for the exercise of good faith and reasonable prudence in the execution of its trust. The recitals in this Ordinance and in the face of the Bonds are the recitals of City and not of Trustee. 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 Ten Percent (10%) in principal amount of the Bonds then outstanding, and shall have been offered reasonable security and indemnity against the costs, expenses, and liabilities to be incurred therein or thereby. Trustee may resign at any time by Sixty (60) days' notice in writing to the City Clerk, to the registered owners of the Bonds, and the City or the majority in value of the registered 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 by removal, City shall appoint a new Trustee, such appointment to be evidenced by a written instrument or instruments filed with the City Clerk. Every successor Trustee appointed pursuant to this Section shall be a trust company or bank in good standing, duly authorized to exercise trust powers, subject to examination by federal or state authority, and having a reported capitalized surplus of not less than Fifteen Million and No/100 Dollars (\$15,000,000.00). The original Trustee and any successor Trustee shall file a written acceptance and agreement to execute the trust imposed upon it or them 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 Clerk 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. The Trustee's resignation shall become effective upon the acceptance of the trusts by the successor Trustee.

SECTION TWENTY-FIVE: (a) Monies held for the credit of all funds created by this Ordinance may be invested and reinvested in Permitted Investments.

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(b) 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.

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

(d) "Permitted Investments" are defined to mean:

(1) Direct or fully guaranteed obligations of the United States of America ("Government Securities");

(2) Obligations guaranteed as a payment of principal and interest by the United States of America ("Government Guaranteed Securities");

(3) Cash (insured at all times by the FDIC or otherwise collateralized with obligations described in clauses (1) or (2) above;

(4) Time deposits or certificates of deposit of banks, including the Trustee, which are insured by the FDIC, or if in excess of insurance coverage, collateralized by Government Securities, Government Guaranteed Securities, or other securities authorized by State law to secure public funds.

Permitted Investments shall mature, or shall be subject to redemption by the holder thereof, at the option of such holder, not later than (A) the payment date for interest or principal and interest in the case of the Bond Funds and (B) Five (5) years for the Debt Service Reserve. Trustee shall follow any investment instructions of City which are not inconsistent with the foregoing provisions of this paragraph.

(e) Moneys held for the credit of any other fund shall be continuously invested and reinvested in Permitted Investments or other investments as may, from time to time, be permitted by 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 the moneys held for the credit of the particular fund will be required for purposes intended.

SECTION TWENTY-SIX: The appointments of Stephens Inc., as Underwriter, and Wright, Lindsey & Jennings LLP, as Bond Counsel, are hereby ratified and approved.

SECTION TWENTY-SEVEN: It is covenanted and agreed by City with the registered owners of the Bonds, or any of them, that City and the Commission will faithfully and punctually perform all duties with reference to the System required by the Constitution and laws of the State, including the charging and collecting of reasonable and sufficient rates lawfully established for services rendered by the System, the segregating of revenues as herein required, and the applying of revenues to the respective funds herein created or referred to.

SECTION TWENTY-EIGHT: City covenants that it will not sell or lease the System, or any substantial portion thereof; provided, however, that nothing herein shall be construed to prohibit 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. All revenues derived from such dispositions shall be deposited into the Revenue Fund. Proceeds of any sale, lease, or other disposition of the System pursuant to this Section that are deposited into the Revenue Fund shall not be offset from amounts for which City is obligated to establish rates under Section Nine of this Ordinance.

SECTION TWENTY-NINE: The provisions of this Ordinance are hereby declared to be separable and if any provision shall for any reason be held illegal or invalid, such holding shall not affect the validity of the remainder of this Ordinance.

SECTION THIRTY: All ordinances and resolutions or parts thereof, in conflict herewith are hereby repealed to the extent of such conflict.

SECTION THIRTY-ONE: It is hereby ascertained and declared that the refunding must be accomplished as soon as possible in order to make the System adequate for the needs of 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.

[Signature page follows.]

APPROVED AND ADOPTED THIS _____ DAY OF MARCH, 2016.

CITY OF JACKSONVILLE, ARKANSAS

GARY FLETCHER, MAYOR

ATTEST:

SUSAN DAVITT, CITY CLERK

APPROVED AS TO FORM:

ROBERT E. BAMBURG, CITY ATTORNEY

ORDINANCE NO. 1545 (#05 - 2016)

AN ORDINANCE RECLASSIFYING PROPERTY IN THE CITY OF JACKSONVILLE, ARKANSAS (GENERAL LOCATION: REAR PORTION OF THE MEADOWS SUBDIVISION); AMENDING ORDINANCE NOS. 213 AND 238 AND THE LAND USE MAP OF THE CITY OF JACKSONVILLE, ARKANSAS; AND, FOR OTHER PURPOSES.

BE IT ORDAINED AND ENACTED BY THE CITY COUNCIL OF THE CITY OF JACKSONVILLE, ARKANSAS, THAT:

SECTION ONE: The zone classification of the following property be and hereby is changed as indicated below:

Legal Description

Lots 18 – 35, The Meadows Subdivision, City of Jacksonville, Pulaski County, Arkansas.

Said real property is hereby rezoned from Zoning Classification R-1 to R-2.

SECTION TWO: The map referred in Ordinance No. 213 of the City of Jacksonville, Arkansas, as amended by Ordinance No. 238 and designated as the official Zoning and Land Use Map, should be and hereby is amended to the extent and in the respects necessary to effect and designate the changes provided for herein.

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

SECTION FOUR: This Ordinance shall take effect and be in force from and after its date of passage, as subject to and mandated by applicable law.

APPROVED AND ADOPTED THIS _____ DAY OF MARCH, 2016.

CITY OF JACKSONVILLE, ARKANSAS

By: _____
GARY FLETCHER, MAYOR

ATTEST:

APPROVED AS TO FORM:

SUSAN L. DAVITT, CITY CLERK

ROBERT E. BAMBURG, CITY ATTORNEY

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