



Rescheduled Regular Meeting of the Board of Directors

City of Texarkana, Arkansas
216 Walnut Street

Agenda - Monday, December 07, 2020 - 4:00 PM

**THIS WILL BE A VIRTUAL MEETING HOSTED BY ZOOM AND
WILL BE STREAMED LIVE ON THE CITY'S YOUTUBE PAGE.**

<https://www.youtube.com/channel/UC2zU02o8zTodtzQ8IuiWL2Q>

Call to Order

Roll Call

CONSENT

1. Approval of the minutes of the regular rescheduled meeting November 16, 2020. (CCD)
2. Adopt a Resolution to amend the General Fund Budget for an additional contribution to the Texarkana Arkansas Public Employee Retirement System (TAPERS). (FIN)
3. Adopt a Resolution authorizing the City Manager to enter into a Construction Contract with Contech Contractors, Inc. for the Renovation of the Texarkana Rec Center.

REGULAR

4. Adopt an Ordinance authorizing the issuance of Franchise Fee Secured Refunding Revenue Bonds, Series 2021; authorizing a Trust Indenture; authorizing the sale of the bonds and the execution of a Bond Purchase Agreement. (FIN) Finance Director TyRhonda Henderson and Jim Fowler, Rose Law Firm, and Jason Holslaw, Stephens, Inc.

An emergency clause is requested. An emergency clause requires a separate and distinct vote of the board and is valid only if there is a two-thirds vote of approval by the Board.

5. Adopt a Resolution to amend the FY 2020 General Fund and Public Works Department Budget and authorize hazard pay to all City of Texarkana, Arkansas employees and Texarkana Water Utilities (TWU) employees due to the COVID-19 pandemic. (FIN) Finance Director TyRhonda Henderson.

CITIZEN COMMUNICATION - TO HAVE PUBLIC COMMENTS READ DURING THE MEETING, PLEASE SUBMIT THEM BY 10:00 AM, MONDAY, DECEMBER 7, 2020, TO HEATHER SOYARS, CITY CLERK AT heather.soyars@txkusa.org.

A limit of five (5) minutes per person is allotted for citizens to express their concerns to the Board of Directors, with a maximum of fifty (50) minutes reserved for Citizens Communication. The Board of Directors cannot respond to citizens' concerns during this time.

NEXT MEETING DATE: Monday, December 21, 2020.

ADJOURN



CITY OF TEXARKANA, AR BOARD OF DIRECTORS

AGENDA TITLE:	Approval of the minutes of the regular rescheduled meeting November 16, 2020. (CCD)
AGENDA DATE:	December 7, 2020
ITEM TYPE:	Ordinance <input type="checkbox"/> Resolution <input type="checkbox"/> Other <input checked="" type="checkbox"/> : Minutes
DEPARTMENT:	City Clerk Department
PREPARED BY:	Heather Soyars, City Clerk
REQUEST:	Approval of meeting minutes.
EMERGENCY CLAUSE:	N/A
SUMMARY:	Approval of meeting minutes
EXPENSE REQUIRED:	N/A
AMOUNT BUDGETED:	N/A
APPROPRIATION REQUIRED:	N/a
RECOMMENDED ACTION:	The City Clerk recommends Board approval.
EXHIBITS:	Meeting minutes.



Rescheduled Regular Meeting of the Board of Directors

City of Texarkana, Arkansas
216 Walnut Street

Minutes - Monday, November 16, 2020 - 4:00 PM

THIS VIRTUAL MEETING WAS HOSTED BY ZOOM AND STREAMED LIVE ON THE CITY'S YOUTUBE PAGE.

<https://www.youtube.com/channel/UC2zU02o8zTodtzQ8IuiWL2Q>

Mayor Allen Brown called the meeting to order at 4:00 PM.

PRESENT: Mayor Allen Brown, Assistant Mayor Ward 1 Linda Teeters, Ward 2 Director Laney J. Harris, Ward 3 Director Steven Hollibush, Ward 4 Director Ulysses Brewer, Ward 5 Director Barbara S. Miner, and Ward 6 Director Terri Peavy.

ALSO PRESENT: City Manager Dr. Kenny Haskin, City Attorney George Matteson, City Clerk Heather Soyars and Deputy City Clerk Jenny Narens.

CONSENT

Assistant Mayor Teeters made the motion to adopt the Consent agenda, Seconded by Director Brewer. The motion carried and the following items were approved:

1. Approval of the minutes of the regular rescheduled meeting November 2, 2020. (CCD)
2. Resolution No. 2020-40 made appointments to the Historic District Commission. Jamie Simmons for the current vacant term of 1/17/2018----2021 and the reappointment of Doris Davis for the term of 1/17/2020----2023. (CCD)

REGULAR

3. Resolution No. 2020-41 authorized the issuance by the City of Texarkana, Arkansas Public Facilities Board of its Bond Anticipation Note and its taxable lease Revenue Bonds, Series 2020. (PFB)

City Planner Mary Beck said this was to acquire land for industrial development. She said the City could not own the land so the Public Facilities Board would be the interim body.

Motion to adopt the resolution made by Director Brewer, Seconded by Director Peavy.

Voting Yea: Mayor Brown, Assistant Mayor Teeters, Director Harris, Director Hollibush, Director Brewer, Director Miner, and Director Peavy.

The motion carried 7-0 and the Mayor declared the resolution adopted.

4. Ordinance No. 13-2020 authorized the execution and delivery of a Lease Agreement and Interlocal Cooperation Agreement between the City of Texarkana, Arkansas Public Facilities Board, the City of Texarkana, Arkansas, and Miller County, Arkansas. (PFB)

Jim Fowler, Rose Law Firm, said this was the final action of the Board of Directors to enter into a Lease Agreement and Interlocal Cooperation Agreement with the Public Facilities Board and Miller County. He said the Interlocal Cooperation Agreement was submitted to the Arkansas Attorney General and was approved.

Motion to suspend the rules and place the ordinance on its first reading in abbreviated form made by Assistant Mayor Teeters, Seconded by Director Brewer.

Voting Yea: Mayor Brown, Assistant Mayor Teeters, Director Harris, Director Hollibush, Director Brewer, Director Miner, and Director Peavy.

The motion carried 7-0 and the ordinance was read the first time in abbreviated form.

Motion to suspend the rules and place the ordinance on its second reading in abbreviated form made by Director Miner, Seconded by Director Brewer.

Voting Yea: Mayor Brown, Assistant Mayor Teeters, Director Harris, Director Hollibush, Director Brewer, Director Miner, and Director Peavy.

The motion carried 7-0 and the ordinance was read the second time in abbreviated form.

Motion to suspend the rules and place the ordinance on its third and final reading in abbreviated form made by Director Brewer, Seconded by Assistant Mayor Teeters.

Voting Yea: Mayor Brown, Assistant Mayor Teeters, Director Harris, Director Hollibush, Director Brewer, Director Miner, and Director Peavy.

The motion carried 7-0 and the ordinance was read the third and final time in abbreviated form.

Motion to adopt the ordinance made by Director Hollibush, Seconded by Director Brewer.

Voting Yea: Mayor Brown, Assistant Mayor Teeters, Director Harris, Director Hollibush, Director Brewer, Director Miner, and Director Peavy.

The motion carried 7-0 and the Mayor declared the ordinance adopted.

An emergency clause is requested. An emergency clause requires a separate and distinct vote of the board and is valid only if there is a two-thirds vote of approval by the Board.

Motion to approve the emergency clause made by Director Peavy, Seconded by Assistant Mayor Teeters.

Director Hollibush questioned the reason for the emergency clause.

Mayor Brown said the emergency clause was needed to close on the project before the end of the year.

Voting Yea: Mayor Brown, Assistant Mayor Teeters, Director Harris, Director Hollibush, Director Brewer, Director Miner, and Director Peavy.

The motion carried 7-0 and the Mayor declared the emergency clause approved.

5. Ordinance No. 14-2020 authorized the City Manager to purchase an ABI Force Z23 Infield Groomer Laser Grader for the Public Works Department Parks Division. (PWD)

Director Peavy asked if this were a new piece of equipment or a replacement.

Sports Manager Adam Dalby said this would be a new piece of equipment. He said right now the Parks Department had a bunker rake and it could only do a few things. Mr. Dalby said the new equipment was laser ready and had several different attachments to help reduce manpower.

Assistant Mayor Teeters said she was thankful for the Parks Department for keeping the ballparks in excellent condition. She said the ball tournaments brought in a lot of money and it would be detrimental if the City lost the ability to host those events.

Motion to suspend the rules and place the ordinance on its first reading in abbreviated form made by Assistant Mayor Teeters, Seconded by Director Hollibush.

Voting Yea: Mayor Brown, Assistant Mayor Teeters, Director Harris, Director Hollibush, Director Brewer, Director Miner, and Director Peavy.

The motion carried 7-0 and the ordinance was read the first time in abbreviated form.

Motion to suspend the rules and place the ordinance on its second reading in abbreviated form made by Director Brewer, Seconded by Director Hollibush.

Voting Yea: Mayor Brown, Assistant Mayor Teeters, Director Harris, Director Hollibush, Director Brewer, Director Miner, and Director Peavy.

The motion carried 7-0 and the ordinance was read the second time in abbreviated form.

Motion to suspend the rules and place the ordinance on its third and final reading in abbreviated form made by Director Hollibush, Seconded by Director Miner.

Voting Yea: Mayor Brown, Assistant Mayor Teeters, Director Harris, Director Hollibush, Director Brewer, Director Miner, and Director Peavy.

The motion carried 7-0 and the ordinance was read the third and final time in abbreviated form.

Motion to adopt the ordinance made by Director Miner, Seconded by Director Brewer.

Voting Yea: Mayor Brown, Assistant Mayor Teeters, Director Harris, Director Hollibush, Director Brewer, Director Miner, and Director Peavy.

The motion carried 7-0 and the Mayor declared the ordinance adopted.

An emergency clause is requested. An emergency clause requires a separate and distinct vote of the board and is valid only if there is a two-thirds vote of approval by the Board.

Director Hollibush questioned the need for the emergency clause.

Assistant Mayor Teeters said the emergency clause was needed or the City could lose the bid.

Sports Manager Adam Dalby said yes, the bid could increase. The price goes up daily.

Motion to approve the emergency clause made by Assistant Mayor Teeters, Seconded by Director Hollibush.

Voting Yea: Mayor Brown, Assistant Mayor Teeters, Director Harris, Director Hollibush, Director Brewer, Director Miner, and Director Peavy.

The motion carried 7-0 and the Mayor declared the emergency clause approved.

6. **SECOND READING** - Adopt an Ordinance repealing Ordinance No. H-123, as amended, modified, or codified, dissolving the Advertising and Promotion Commission of the City of Texarkana, Arkansas, and repealing the levy of corresponding gross receipts tax. (BOD) (This ordinance was sponsored by Director Steven Hollibush)

The ordinance was read the second time in abbreviated form.

After some discussion by the Board and City Attorney a workshop was proposed to discuss amending this ordinance.

Director Hollibush made a motion to table the ordinance.

Mayor Brown declared the motion failed for lack of a second.

After more discussion concerning this ordinance, the Board decided to take a vote, rather than leaving the ordinance tabled indefinitely.

Motion to suspend the rules and place the ordinance on its third and final reading in abbreviated form made by Director Harris, Seconded by Director Peavy.

Voting Yea: Mayor Brown, Assistant Mayor Teeters, Director Harris, Director Hollibush, Director Brewer, Director Miner, and Director Peavy.

The motion carried 7-0 and the ordinance was read the third and final time in abbreviated form.

Motion to adopt the ordinance made by Assistant Mayor Teeters, Seconded by Director Brewer.

Voting Yea: Director Hollibush.

Voting Nay: Mayor Brown, Assistant Mayor Teeters, Director Harris, Director Brewer, Director Miner, and Director Peavy.

The Mayor declared the motion to adopt the ordinance failed by a 1-6 vote.

CITIZEN COMMUNICATION

Director Harris asked why the lease was not renewed for the Jamison Center of Kindness at Iron Mountain Center. He also asked if there were a code of conduct for Directors supporting candidates against the incumbents during an election.

City Manager Dr. Kenny Haskin said the community complained about the lack of activity at the center and the City would accept applications from organizations interested in leasing the center.

NEXT MEETING DATE: Monday, December 7, 2020

ADJOURN

Motion to adjourn made by Director Miner, Seconded by Assistant Mayor Teeters.

Voting Yea: Mayor Brown, Assistant Mayor Teeters, Director Harris, Director Hollibush, Director Brewer, Director Miner, and Director Peavy.

The motion carried 7-0. The meeting adjourned at 5:03 PM.

APPROVED this the 7th day of December, 2020.

Allen L. Brown, Mayor

Heather Soyars, City Clerk



CITY OF TEXARKANA, AR BOARD OF DIRECTORS

AGENDA TITLE:	Adopt a Resolution to amend the General Fund Budget for an additional contribution to the Texarkana Arkansas Public Employee Retirement System (TAPERS). (FIN) Finance Director TyRhonda Henderson
AGENDA DATE:	December 7, 2020
ITEM TYPE:	Ordinance <input type="checkbox"/> Resolution <input checked="" type="checkbox"/> Other <input type="checkbox"/> : _____
DEPARTMENT:	Finance
PREPARED BY:	TyRhonda Henderson, Finance Director

REQUEST:	\$150,000
EMERGENCY CLAUSE:	N/A

SUMMARY:	The TAPERS committee met on November 18, 2020 to discuss the current position of the TAPERS retirement plan. GRS, the actuaries for the TAPERS plan, informed the committee that the \$100,000 contribution in addition to the 10% of payroll is not enough to sustain the plan. At the current funding level, plan assets are expected to exhaust by 2028. GRS is recommending an additional allocation of \$390,000, total of \$490,000 plus 10% of payroll, for the next 20 years in order to fully fund the plan. At any point that fund assets are fully exhausted, the City will be responsible to paying all retirement benefits. At this time, the TAPERS committee is recommending that the City increase additional contributions from \$100,000 to \$150,000 in 2021 with the intention of reviewing the allocation annually during the budget process.
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EXPENSE REQUIRED:	\$150,000
AMOUNT BUDGETED:	\$100,000
APPROPRIATION REQUIRED:	\$50,000

RECOMMENDED ACTION:	City Manager and staff recommends adoption
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EXHIBITS:	Resolution, GRS TAPERS Presentation, TAPERS Projection, and TAPERS Valuation Report
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RESOLUTION NO. _____

WHEREAS, GRS, the actuaries for the Texarkana Arkansas Public Employee Retirement System (TAPERS) plan, informs the TAPERS Committee that the current City contribution to the plan of \$100,000.00 in addition to 10% of payroll is not sufficient to sustain the plan; and

WHEREAS, the TAPERS Committee recommends that the current \$100,000.00 be increased to a total of \$150,000.00 annually; and

WHEREAS, it is necessary to amend the FY2021 Budget for such additional allocation and expense; and

WHEREAS, the City Manager and staff recommend Board approval;

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of the City of Texarkana, Arkansas, that the FY2021 Budget is hereby amended to include an additional \$50,000.00 contribution to the TAPERS Retirement Plan as contemplated above.

PASSED AND APPROVED this 7th day of December, 2020.

Allen L. Brown, Mayor

ATTEST:

Heather Soyars, City Clerk

APPROVED:

George Matteson, City Attorney



TAPERS

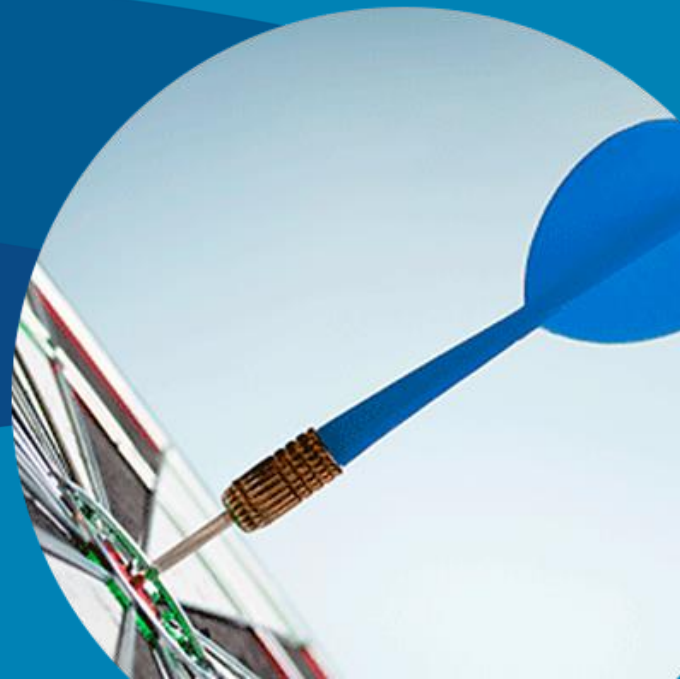
July 1, 2020 Actuarial Valuation

November 18, 2020

Retirement Committee Meeting

Danny White, FSA, EA, MAAA

Tom Bevins, ASA, MAAA



Summary of Valuation Results

- Unfavorable asset experience
 - Annual return of -1.20% compared to 6.00% assumption (5.00% prospectively)
 - \$233k less in assets than expected
- Liability losses
 - \$895k due to investment return from 6.00% to 5.00%
 - \$41k due to mortality table changes
 - \$105k due to demographic experience
- Decrease in funded ratio
 - 34.8% in 2020 (44.6% in 2019)
 - Plan in need of additional appropriations

Summary of Valuation Results (cont.)

Demographic Information		
	2020	2019
Number of Participants		
Active	14	14
Transitioned	14	18
Retirees & Beneficiaries	33	33
Inactive Participants	33	32
Total	94	97
Annualized Covered Payroll	\$ 620,511	\$ 597,900
Employer Contributions	\$ 150,227	\$ 108,742
Member Contributions	13,379	12,582
Total Contributions	\$ 163,606	\$ 121,324
Benefit Distributions during the prior plan year	\$ 478,343	\$ 467,864

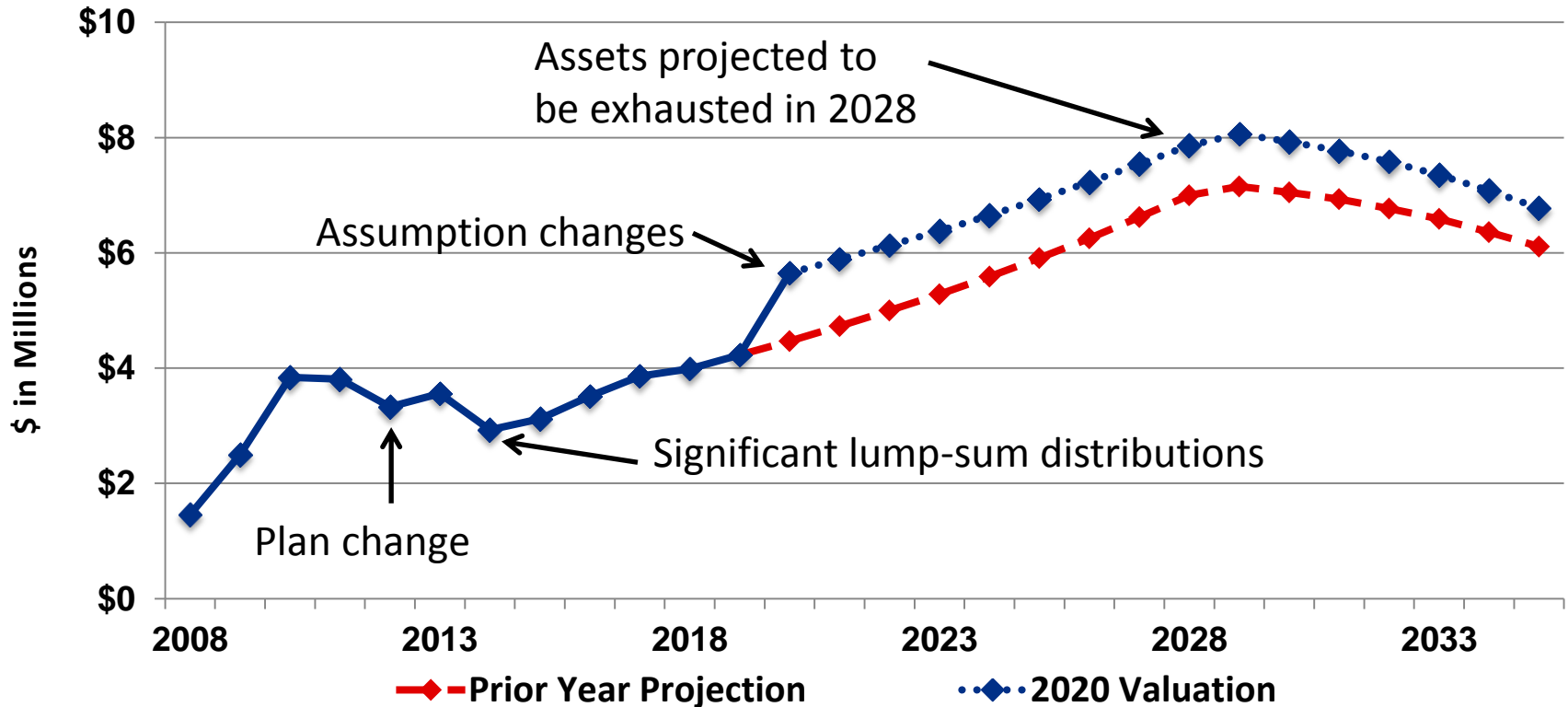
Summary of Valuation Results (cont.)

Financial Information		
	<u>Funding Basis</u>	<u>Accounting Basis</u>
Discount Rate	5.00%	2.58%*
Liability	\$ 8,665,386	\$ 11,691,686
Assets	\$ 3,018,364	\$ 3,018,364
Unfunded Liability	\$ 5,647,022	\$ 8,673,322
Funded Ratio	34.8%	25.8%
Annual Cost	\$ 540,985	\$ 1,667,143

*Blend of 5.00% funding assumption and 2.45% municipal bond rate

Projected Unfunded Liability (Updated for 2020)

Unfunded Actuarial Accrued Liability Determined on a Funding Basis

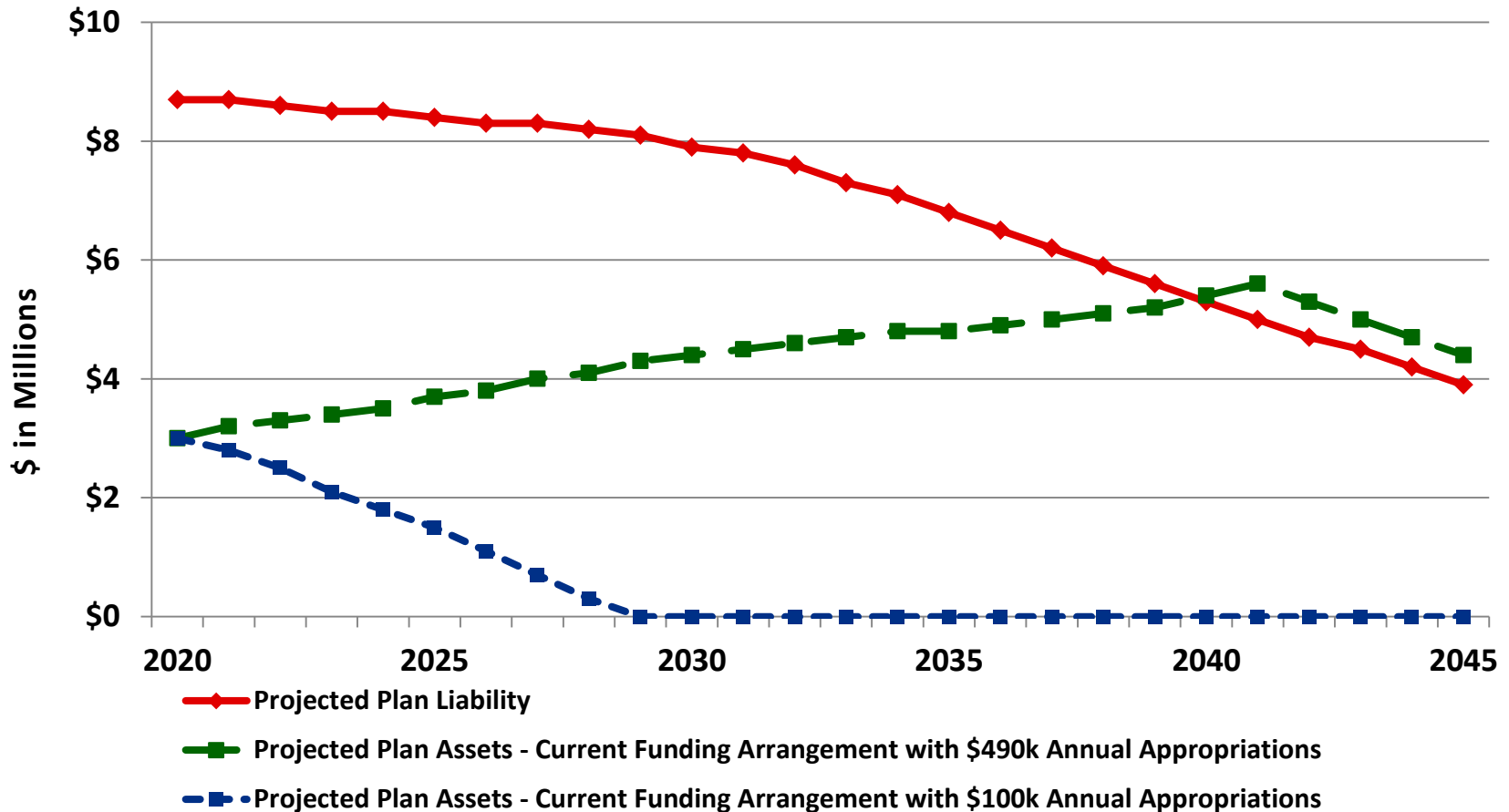


Projected cost based on the actuarial valuation assumptions. Investment return assumption of 6% and 5% for 2019 and 2020, respectively. 2019 and 2020 projections assume \$50k and \$100k, respectively, in additional annual appropriations from the City.



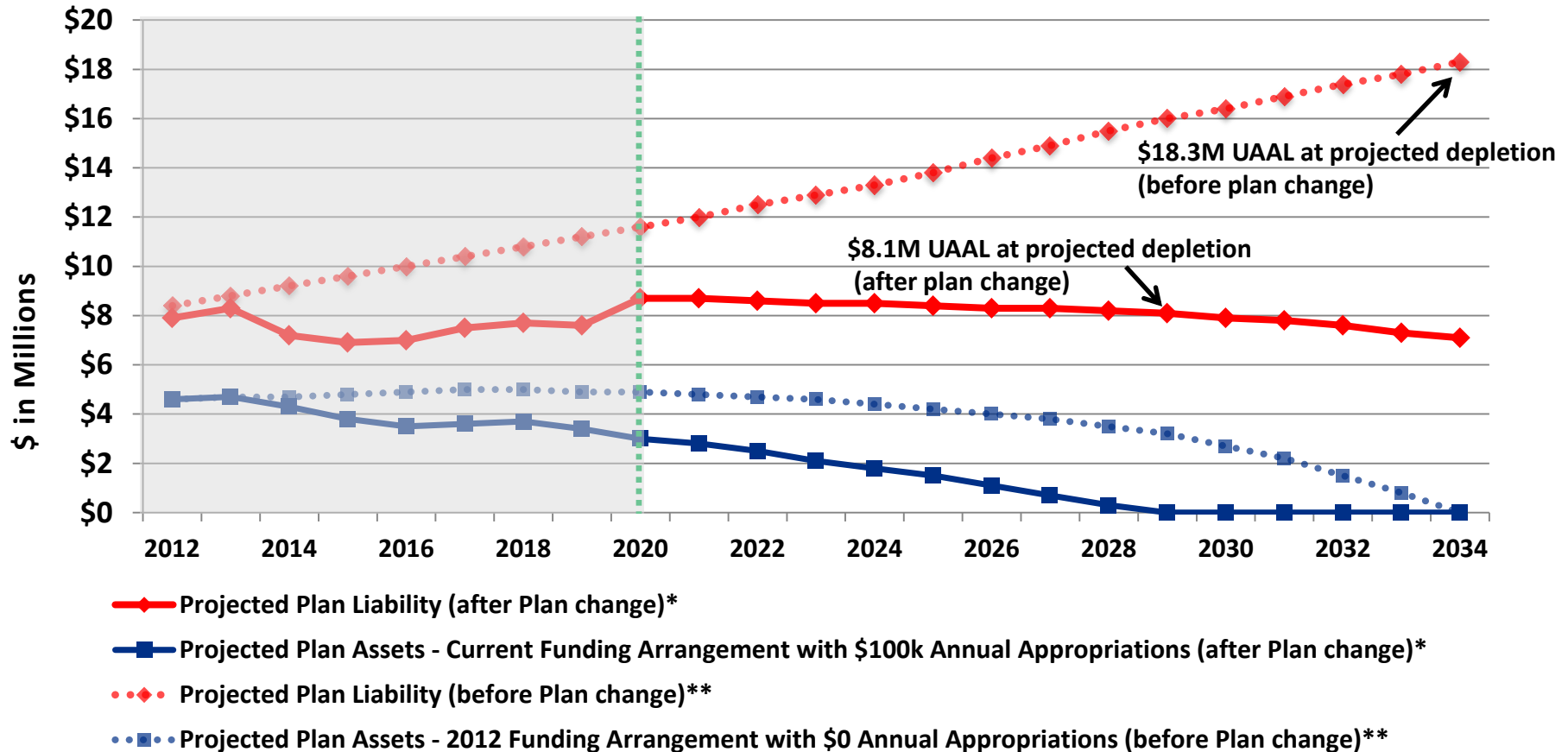
Projected Retirement Plan Cost

- Liability and Assets



Projected cost based on the actuarial valuation assumptions, including a 5.00% investment return assumption.

Projected Plan Liability and Assets - Before and After 2012 Plan Change



Projected cost based on the actuarial valuation assumptions. Investment return assumption of 5.0% in 2020, 6.0% prior.

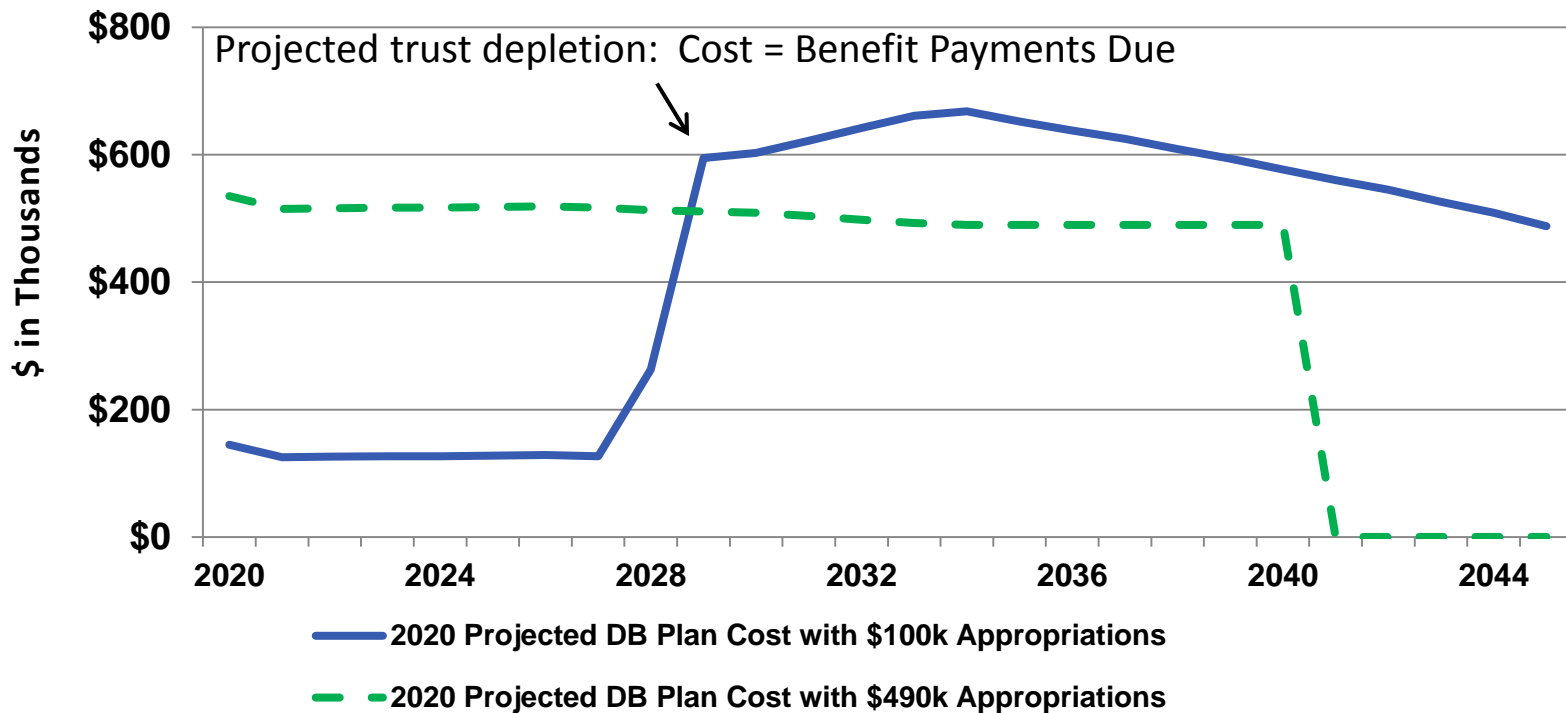
* Actual amounts for 2020 and prior.

** Projected results performed for 2012 valuation, which includes different mortality assumption.



Projected Retirement Plan Cost - Annual Cash Cost

City's Projected Cost of Maintaining the Defined Benefit Plan
Under Alternative Funding Strategies



Projected Retirement Plan Cost (cont.)

- Annual Cash Cost

Dollar amounts
in thousands.

Table 1.			
\$100k Annual Appropriations			
Year	DB Plan	DC Plan	Total
2020	\$ 145	\$ 192	\$ 337
2021	125	219	344
2022	126	225	351
2023	127	232	359
2024	127	239	366
2025	128	246	374
2026	129	254	383
2027	127	264	391
2028	263	277	540
2029	595	288	883
2030	603	299	902
2031	622	313	935
2032	642	329	971
2033	661	345	1,006
2034	668	358	1,026
2035	652	369	1,021
2036	638	380	1,018
2037	625	391	1,016
2038	609	403	1,012
2039	594	415	1,009

Table 2.			
\$490k Annual Appropriations*			
Year	DB Plan	DC Plan	Total
2020	\$ 535	\$ 192	\$ 727
2021	515	219	734
2022	516	225	741
2023	517	232	749
2024	517	239	756
2025	518	246	764
2026	519	254	773
2027	517	264	781
2028	513	277	790
2029	511	288	799
2030	509	299	808
2031	504	313	817
2032	498	329	827
2033	493	345	838
2034	490	358	848
2035	490	369	859
2036	490	380	870
2037	490	391	881
2038	490	403	893
2039	490	415	905

*Recommended funding policy to attain a 100% funded ratio in approximately 20 years.

Projected cost based on the actuarial valuation assumptions and assumes a constant future workforce.
Projected asset depletion year shown in bold, if applicable.



Projected Retirement Plan Cost (cont.)

- Annual Cash Cost

Dollar amounts
in thousands.

Table 3. \$200k Annual Appropriations			
Year	DB Plan	DC Plan	Total
2020	\$ 245	\$ 192	\$ 437
2021	225	219	444
2022	226	225	451
2023	227	232	459
2024	227	239	466
2025	228	246	474
2026	229	254	483
2027	227	264	491
2028	223	277	500
2029	221	288	509
2030	219	299	518
2031	320	313	633
2032	642	329	971
2033	661	345	1,006
2034	668	358	1,026
2035	652	369	1,021
2036	638	380	1,018
2037	625	391	1,016
2038	609	403	1,012
2039	594	415	1,009

Table 4. \$300k Annual Appropriations			
Year	DB Plan	DC Plan	Total
2020	\$ 345	\$ 192	\$ 537
2021	325	219	544
2022	326	225	551
2023	327	232	559
2024	327	239	566
2025	328	246	574
2026	329	254	583
2027	327	264	591
2028	323	277	600
2029	321	288	609
2030	319	299	618
2031	314	313	627
2032	308	329	637
2033	303	345	648
2034	300	358	658
2035	300	369	669
2036	334	380	714
2037	625	391	1,016
2038	609	403	1,012
2039	594	415	1,009

Projected cost based on the actuarial valuation assumptions and assumes a constant future workforce.
Projected asset depletion year shown in bold, if applicable.



Funding Strategy

- Additional funding is necessary to improve the benefit security of TAPERS.
 - The \$100k in additional appropriations in 2020 continues to be helpful, but not sufficient to support long term funding needs.
 - GRS recommends the City makes **at least** \$490k in annual appropriations that are in addition to the 10% of payroll contributions for the next 20 years.

Disclaimers

- This presentation is intended to be used in conjunction with the July 1, 2020 actuarial valuation report. This presentation should not be relied on for any purpose other than the purpose described in the valuation report.
- This presentation shall not be construed to provide tax advice, legal advice or investment advice.



November 10, 2020

Retirement Committee
Texarkana, Arkansas Public Employee Retirement System
216 Walnut Street
Texarkana, AR 71854

Re: Projection of Funding Cost - TAPERS

Dear Committee Members:

In conjunction with the July 1, 2020 actuarial valuation of the Texarkana, Arkansas Public Employee Retirement System ("TAPERS" or "the Plan"), below is a discussion of the alternative funding strategies that are necessary to improve the financial sustainability of the Plan.

Background

Currently the City contributes 10% of covered payroll (i.e. the payroll of the members who continue to earn additional benefits in the Plan) to the Plan. Members who are earning additional benefits in the Plan must also contribute 2% of pay. This contribution strategy is based on the payroll of a closed group of employees, whose count and payroll will gradually decrease in future years as these employees retire from the City. As a result, the future contribution amount will gradually decline which will result in an exhaustion of plan assets when there is still an obligation for the Plan to provide benefits.

Due to this effect, we understand that the City has included \$100,000 in annual appropriations to the plan in the City's budget. Additional appropriations from the City are crucial steps in building a sound funding policy. If the City made \$100,000 appropriations on an annual basis, the projected year plan assets are depleted would increase from the year 2026 to the year 2028. To completely avoid this projected funding trajectory, we recommend the City increase the level of annual appropriations that would result in a sound funding policy. **Based on July 1, 2020 actuarial valuation results, we recommend the City make annual appropriations of \$490,000 per year, which are projected to result in the plan being 100% funded in approximately 20 years (i.e. approximately the year 2040).**

The remainder of this letter provides certain sensitivity information regarding the use of alternative appropriation strategies and the implications if the additional appropriations are delayed. For purposes of our analysis, we have assumed the City's funding policy will be to make \$100,000 appropriations on an annual basis.

Impact of Alternative Appropriation Strategies

1. Impact of Different Appropriation Amounts

The following table provides the projected year that plan assets will be exhausted under various funding strategies that involve appropriations that are less than recommended by GRS. In each strategy, it is assumed that the City will contribute 10% of pay and the employees will contribute 2% of pay. The scenarios vary in the amount of additional appropriations as well as different plan investment experience outcomes.

Table 1. – Projected Year Plan Assets will be Exhausted and the Remaining Unfunded Liability

Future Annual Investment Returns	Annual Appropriations Alternatives that are Less than Recommended by GRS					
	\$100,000		\$200,000		\$300,000	
	Year	Unfunded Liability	Year	Unfunded Liability	Year	Unfunded Liability
(1)	(2)	(3)	(4)	(5)	(6)	(7)
3.00%	2027	\$8.3M	2030	\$7.9M	2034	\$7.1M
5.00%	2028	\$8.2M	2031	\$7.8M	2036	\$6.5M
7.00%	2029	\$8.1M	2033	\$7.3M	2042	\$4.7M

For example, if the City began immediately making annual appropriations of \$200,000, the projected year that plan assets are exhausted is increased from the year 2026 to the year 2031 (assuming a 5.00% return on assets each year into the future). The remaining unfunded liability when plan assets are exhausted is projected to be \$7.8 million and the projection benefits to be paid, annually, from the plan in that year are approximately \$625,000.

Please refer to the enclosed exhibits with detailed projection information under each scenario described above.

2. Financial Impact of Delaying the Appropriations

The table below shows the financial impact of delaying the date that annual appropriations commence. Column (1) shows the first year the increase in annual appropriation is made. Columns (2) and (4) show the expected year that assets are projected to be exhausted. The unfunded liability is the outstanding actuarial accrued liability in the year the plan assets are exhausted.

Table 2. – Effect of Delaying an Increase to Current Appropriations

First Year the Increased Annual Appropriation is Contributed	Total Annual Appropriations			
	\$200,000		\$300,000	
	Year	Unfunded Liability	Year	Unfunded Liability
(1)	(2)	(3)	(4)	(5)
FY 2020 (Immediately)	2031	\$7.8M	2036	\$6.5M
FY 2023 (3 year delay)	2029	\$8.1M	2032	\$7.6M
FY 2025 (5 year delay)	2027	\$8.3M	2029	\$8.1M



Note: The projections in the table above assume the plan earns 5.00% per annum on investments.

For example, if the City delays making \$200,000 in total annual appropriations for three years, then plan assets are projected be exhausted in the year 2029. However, if the City delays making \$200,000 in total annual appropriations for five years, the plan assets are projected to be exhausted in the year 2027. In other words, delaying the additional appropriations can also have an impact on the plan’s long-term financial security.

3. Near-Term Budget Information

Table 3 provides the City’s projected near-term cost for plan years 2021 through 2025 under two alternatives. Both scenarios assume the City will contribute 10% of pay; however, one alternative assumes the City will continue making \$100,000 annual appropriations while the second scenario assumes the City will make an additional \$390,000 in annual appropriations (i.e. \$490,000 total in annual appropriations). For purposes of projecting the plan cost shown below, we have assumed that the total payroll for the City’s general employees will increase at the rate of 3.00% per year.

Table 3. Projected Employer Contributions for the plan years 2021 through 2025

Plan Year Ending June 30,	\$100,000 in Annual Appropriations			\$490,000 in Annual Appropriations		
	DB Cost	DC Cost	Total	DB Cost	DC Cost	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)
2021	\$144,500	\$192,100	\$ 336,600	\$534,500	\$192,100	\$726,600
2022	125,200	218,500	343,700	515,200	218,500	733,700
2023	125,900	225,200	351,000	515,900	225,100	741,000
2024	126,500	232,000	358,500	516,500	232,000	748,500
2025	127,300	239,000	366,300	517,300	239,000	756,300

Attached are exhibits providing detailed information in connection with the information provided herein.

Recommendation

It is already recognized that contributions to TAPERS needs to increase. Payroll-based contributions and current budgeted will not be sufficient to finance current benefits. Therefore, we recommend the City make annual appropriations of at least \$490,000 per year. Also, there is no certainty these additional funds will be sufficient to prevent the plan from exhausting assets before all the liability is satisfied. Therefore, it will also be important for the City to continuously monitor this funding strategy and adjust the appropriations, as necessary, to ensure the plan is financially sustainable and secure.



Basis of Calculations

The calculation of the liability, projected benefit payments and compensation were based on census data we received from the City as of June 30, 2020, and the actuarial assumptions used to prepare the actuarial valuation as of July 1, 2020, which include a 5.00% investment return assumption. To quantify the sensitivity of the projected asset exhaustion date to the investment return assumption, we have also calculated projected exhaustion dates under a 3.00% and 7.00% investment experience scenario. These investment return scenarios are not meant to be a lower and upper bound of the possible investment experience. Rather, it is intended to provide you an understanding of the sensitivity of the plan's cost to the investment return assumption.

General Comments

GRS's assessment is based upon assumptions regarding future events, which may or may not materialize. Please bear in mind that, depending on actual plan experience, actual results could deviate significantly from actuarial projections. For example, we assume that all future retirees will elect to receive their pension as an annuity for the duration of their lifetime, but some members may elect the one-time lump-sum optional form of payment.

This content in this letter was prepared using our proprietary valuation model and related software which in our professional judgment has the capability to provide results that are consistent with the purposes of the valuation and related projections. We performed tests to ensure that the model reasonably represents that which is intended to be modeled.

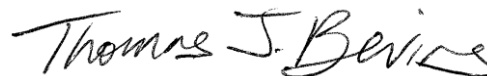
Nothing in this letter should be construed as providing legal, investment or tax advice. We certify that the undersigned are Members of the American Academy of Actuaries and meet all of the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

If you have any questions, or require any additional or clarifying information, please do not hesitate to contact the undersigned.

Sincerely,



Daniel J. White, FSA, EA, MAAA
Senior Consultant



Thomas J. Bevins, ASA, MAAA
Consultant

Attachments

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TAPERS - Projection of Assets, Liabilities, and Contributions

Retirement Plan Effective July 1, 2020

Scenario #1 - \$100,000 Annual Appropriations

Total Contribution of 12% of Pay, with \$100k Annual Appropriations

City Contribution Rate:	10.00%
Participant Contribution Rate:	2.00%
City Annual Appropriation:	\$ 100,000

Plan Year Beginning July 1, (1)	DB Plan (2)	Projected Pay		Total (4)	Actuarial Accrued Liability (5)	Benefit Payments and Admin Expenses (6)	Asset Information					Projected Employer Cost		
		DC Plan (3)					Beg Year (7)	Contributions (8)	Ben Pmts (9)	Earnings (10)	End of Year (11)	DB (12)	DC (13)	Total (14)
2020	\$ 444,528	\$ 1,921,383	\$ 2,365,911	\$ 8,665,386	\$ 502,504	\$ 3,018,000	153,300	\$(503,000)	142,000	\$ 2,810,300	\$ 144,500	\$ 192,100	\$ 336,600	
2021	251,982	2,184,906	2,436,888	8,697,716	587,607	2,810,300	130,200	(587,600)	129,100	2,482,000	125,200	218,500	343,700	
2022	258,615	2,251,380	2,509,995	8,611,182	578,342	2,482,000	131,000	(578,300)	112,900	2,147,600	125,900	225,100	351,000	
2023	265,491	2,319,804	2,585,295	8,531,027	570,469	2,147,600	131,900	(570,500)	96,400	1,805,400	126,500	232,000	358,500	
2024	272,586	2,390,268	2,662,854	8,456,180	565,758	1,805,400	132,700	(565,800)	79,400	1,451,700	127,300	239,000	366,300	
2025	279,879	2,462,861	2,742,740	8,383,643	556,538	1,451,700	133,600	(556,500)	62,000	1,090,800	128,000	246,300	374,300	
2026	287,347	2,537,675	2,825,022	8,318,217	552,157	1,090,800	134,500	(552,200)	44,100	717,200	128,700	253,800	382,500	
2027	272,367	2,637,406	2,909,773	8,255,375	564,856	717,200	132,700	(564,900)	25,100	310,100	127,200	263,700	390,900	
2028	231,387	2,765,679	2,997,066	8,173,600	581,625	310,100	127,800	(581,600)	4,200	-	262,600	276,600	539,200	
2029	211,826	2,875,152	3,086,978	8,063,109	598,654	-	125,400	(598,700)	-	-	594,500	287,500	882,000	
2030	192,020	2,987,567	3,179,587	7,926,063	607,016	-	123,000	(607,000)	-	-	603,200	298,800	902,000	
2031	140,801	3,134,174	3,274,975	7,769,920	625,199	-	116,900	(625,200)	-	-	622,400	313,400	935,800	
2032	83,143	3,290,081	3,373,224	7,577,796	643,347	-	110,000	(643,300)	-	-	641,600	329,000	970,600	
2033	27,075	3,447,346	3,474,421	7,347,200	661,162	-	103,200	(661,200)	-	-	660,700	344,700	1,005,400	
2034	-	3,578,654	3,578,654	7,077,440	667,545	-	100,000	(667,500)	-	-	667,500	357,900	1,025,400	
2035	-	3,686,014	3,686,014	6,783,147	651,859	-	100,000	(651,900)	-	-	651,900	368,600	1,020,500	
2036	-	3,796,594	3,796,594	6,490,212	637,516	-	100,000	(637,500)	-	-	637,500	379,700	1,017,200	
2037	-	3,910,492	3,910,492	6,197,329	624,635	-	100,000	(624,600)	-	-	624,600	391,000	1,015,600	
2038	-	4,027,807	4,027,807	5,903,000	609,324	-	100,000	(609,300)	-	-	609,300	402,800	1,012,100	
2039	-	4,148,641	4,148,641	5,609,643	594,172	-	100,000	(594,200)	-	-	594,200	414,900	1,009,100	
2040	-	4,273,100	4,273,100	5,317,144	576,581	-	100,000	(576,600)	-	-	576,600	427,300	1,003,900	
2041	-	4,401,293	4,401,293	5,028,047	560,446	-	100,000	(560,400)	-	-	560,400	440,100	1,000,500	
2042	-	4,533,332	4,533,332	4,741,027	544,693	-	100,000	(544,700)	-	-	544,700	453,300	998,000	
2043	-	4,669,332	4,669,332	4,455,799	525,893	-	100,000	(525,900)	-	-	525,900	466,900	992,800	
2044	-	4,809,412	4,809,412	4,175,574	509,381	-	100,000	(509,400)	-	-	509,400	480,900	990,300	
2045	-	4,953,694	4,953,694	3,898,256	488,381	-	100,000	(488,400)	-	-	488,400	495,400	983,800	
2046	-	5,102,305	5,102,305	3,628,592	467,121	-	100,000	(467,100)	-	-	467,100	510,200	977,300	
2047	-	5,255,374	5,255,374	3,367,228	445,561	-	100,000	(445,600)	-	-	445,600	525,500	971,100	
2048	-	5,413,035	5,413,035	3,114,891	423,930	-	100,000	(423,900)	-	-	423,900	541,300	965,200	
2049	-	5,575,426	5,575,426	2,872,100	402,160	-	100,000	(402,200)	-	-	402,200	557,500	959,700	
2050	-	5,742,689	5,742,689	2,639,478	380,728	-	100,000	(380,700)	-	-	380,700	574,300	955,000	
2051	-	5,914,970	5,914,970	2,417,186	358,917	-	100,000	(358,900)	-	-	358,900	591,500	950,400	
2052	-	6,092,419	6,092,419	2,206,129	337,319	-	100,000	(337,300)	-	-	337,300	609,200	946,500	
2053	-	6,275,192	6,275,192	2,006,650	316,093	-	100,000	(316,100)	-	-	316,100	627,500	943,600	
2054	-	6,463,448	6,463,448	1,818,947	295,381	-	100,000	(295,400)	-	-	295,400	646,300	941,700	
2055	-	6,657,351	6,657,351	1,643,084	275,312	-	100,000	(275,300)	-	-	275,300	665,700	941,000	

5.00% Investment Return Assumption

Notes and Assumptions

- Total payroll for the City is assumed to increase at the rate of 3.00% per annum.
- Market value of assets as of July 1, 2020: \$3,018,364
- Calculation of liabilities are based on the assumptions and methods used to perform the July 1, 2020 actuarial valuation.
- Administration expenses are assumed to be \$35,000 per year.
- Membership data provided by the City as of July 1, 2020.

Investment Performance	Year of Exhaustion	Liability in Year of Exhaustion
3.00% Return (-2%):	2027	\$ 8,255,000
5.00% Return:	2028	8,174,000
7.00% Return (+2%):	2029	8,063,000



TAPERS - Projection of Assets, Liabilities, and Contributions

Retirement Plan Effective July 1, 2020

Scenario #2 - Attain 100% Funded Ratio in Approximately 20-Years

Total Contribution of 12% of Pay, with \$490k in Annual Appropriations

City Contribution Rate:	10.00%
Participant Contribution Rate:	2.00%
City Annual Appropriation:	\$ 490,000

Plan Year Beginning July 1, (1)	DB Plan (2)	Projected Pay		Actuarial Accrued Liability (5)	Benefit Payments and Admin Expenses (6)	Asset Information					Projected Employer Cost		
		DC Plan (3)	Total (4)			Beg Year (15)	Contributions (16)	Ben Pmts (17)	Earnings (18)	End of Year (19)	DB (20)	DC (21)	Total (22)
2020	\$ 444,528	\$ 1,921,383	\$ 2,365,911	\$ 8,665,386	\$ 502,504	\$ 3,018,000	\$ 543,300	\$ (503,000)	152,000	\$ 3,210,300	\$ 534,500	\$ 192,100	\$ 726,600
2021	251,982	2,184,906	2,436,888	8,697,716	587,607	3,210,300	520,200	(587,600)	158,800	3,301,700	515,200	218,500	733,700
2022	258,615	2,251,380	2,509,995	8,611,182	578,342	3,301,700	521,000	(578,300)	163,700	3,408,100	515,900	225,100	741,000
2023	265,491	2,319,804	2,585,295	8,531,027	570,469	3,408,100	521,900	(570,500)	169,200	3,528,700	516,500	232,000	748,500
2024	272,586	2,390,268	2,662,854	8,456,180	565,758	3,528,700	522,700	(565,800)	175,400	3,661,000	517,300	239,000	756,300
2025	279,879	2,462,861	2,742,740	8,383,643	556,538	3,661,000	523,600	(556,500)	182,200	3,810,300	518,000	246,300	764,300
2026	287,347	2,537,675	2,825,022	8,318,217	552,157	3,810,300	524,500	(552,200)	189,800	3,972,400	518,700	253,800	772,500
2027	272,367	2,637,406	2,909,773	8,255,375	564,856	3,972,400	522,700	(564,900)	197,600	4,127,800	517,200	263,700	780,900
2028	231,387	2,765,679	2,997,066	8,173,600	581,625	4,127,800	517,800	(581,600)	204,800	4,268,800	513,100	276,600	789,700
2029	211,826	2,875,152	3,086,978	8,063,109	598,654	4,268,800	515,400	(598,700)	211,400	4,396,900	511,200	287,500	798,700
2030	192,020	2,987,567	3,179,587	7,926,063	607,016	4,396,900	513,000	(607,000)	217,500	4,520,400	509,200	298,800	808,000
2031	140,801	3,134,174	3,274,975	7,769,920	625,199	4,520,400	506,900	(625,200)	223,100	4,625,200	504,100	313,400	817,500
2032	83,143	3,290,081	3,373,224	7,577,796	643,347	4,625,200	500,000	(643,300)	227,700	4,709,600	498,300	329,000	827,300
2033	27,075	3,447,346	3,474,421	7,347,200	661,162	4,709,600	493,200	(661,200)	231,300	4,772,900	492,700	344,700	837,400
2034	-	3,578,654	3,578,654	7,077,440	667,545	4,772,900	490,000	(667,500)	234,200	4,829,600	490,000	357,900	847,900
2035	-	3,686,014	3,686,014	6,783,147	651,859	4,829,600	490,000	(651,900)	237,400	4,905,100	490,000	368,600	858,600
2036	-	3,796,594	3,796,594	6,490,212	637,516	4,905,100	490,000	(637,500)	241,600	4,999,200	490,000	379,700	869,700
2037	-	3,910,492	3,910,492	6,197,329	624,635	4,999,200	490,000	(624,600)	246,600	5,111,200	490,000	391,000	881,000
2038	-	4,027,807	4,027,807	5,903,000	609,324	5,111,200	490,000	(609,300)	252,600	5,244,500	490,000	402,800	892,800
2039	-	4,148,641	4,148,641	5,609,643	594,172	5,244,500	490,000	(594,200)	259,600	5,399,900	490,000	414,900	904,900
2040	-	4,273,100	4,273,100	5,317,144	576,581	5,399,900	490,000	(576,600)	267,800	5,581,100	490,000	427,300	917,300
2041	-	4,401,293	4,401,293	5,028,047	560,446	5,581,100	-	(560,400)	265,000	5,285,700	-	440,100	440,100
2042	-	4,533,332	4,533,332	4,741,027	544,693	5,285,700	-	(544,700)	250,700	4,991,700	-	453,300	453,300
2043	-	4,669,332	4,669,332	4,455,799	525,893	4,991,700	-	(525,900)	236,400	4,702,200	-	466,900	466,900
2044	-	4,809,412	4,809,412	4,175,574	509,381	4,702,200	-	(509,400)	222,400	4,415,200	-	480,900	480,900
2045	-	4,953,694	4,953,694	3,898,256	488,381	4,415,200	-	(488,400)	208,600	4,135,400	-	495,400	495,400
2046	-	5,102,305	5,102,305	3,628,592	467,121	4,135,400	-	(467,100)	195,100	3,863,400	-	510,200	510,200
2047	-	5,255,374	5,255,374	3,367,228	445,561	3,863,400	-	(445,600)	182,000	3,599,800	-	525,500	525,500
2048	-	5,413,035	5,413,035	3,114,891	423,930	3,599,800	-	(423,900)	169,400	3,345,300	-	541,300	541,300
2049	-	5,575,426	5,575,426	2,872,100	402,160	3,345,300	-	(402,200)	157,200	3,100,300	-	557,500	557,500
2050	-	5,742,689	5,742,689	2,639,478	380,728	3,100,300	-	(380,700)	145,500	2,865,100	-	574,300	574,300
2051	-	5,914,970	5,914,970	2,417,186	358,917	2,865,100	-	(358,900)	134,300	2,640,500	-	591,500	591,500
2052	-	6,092,419	6,092,419	2,206,129	337,319	2,640,500	-	(337,300)	123,600	2,426,800	-	609,200	609,200
2053	-	6,275,192	6,275,192	2,006,650	316,093	2,426,800	-	(316,100)	113,400	2,224,100	-	627,500	627,500
2054	-	6,463,448	6,463,448	1,818,947	295,381	2,224,100	-	(295,400)	103,800	2,032,500	-	646,300	646,300
2055	-	6,657,351	6,657,351	1,643,084	275,312	2,032,500	-	(275,300)	94,700	1,851,900	-	665,700	665,700

5.00% Investment Return Assumption

Notes and Assumptions

- Total payroll for the City is assumed to increase at the rate of 3.00% per annum.
- Market value of assets as of July 1, 2020: \$3,018,364
- Calculation of liabilities are based on the assumptions and methods used to perform the July 1, 2020 actuarial valuation.
- Administration expenses are assumed to be \$35,000 per year.
- Membership data provided by the City as of July 1, 2020.

Investment Performance	Year of Exhaustion	Liability in Year of Exhaustion
3.00% Return (-2%):	N/A	N/A
5.00% Return:	N/A	N/A
7.00% Return (+2%):	N/A	N/A



TAPERS - Projection of Assets, Liabilities, and Contributions

Retirement Plan Effective July 1, 2020

Scenario #3 - \$200,000 Annual Appropriations

Total Contribution of 12% of Pay, with \$200k in Annual Appropriations

City Contribution Rate:	10.00%
Participant Contribution Rate:	2.00%
City Annual Appropriation:	\$ 200,000

Plan Year Beginning July 1, (1)	DB Plan (2)	Projected Pay		Actuarial Accrued Liability (5)	Benefit Payments and Admin Expenses (6)	Asset Information					Projected Employer Cost		
		DC Plan (3)	Total (4)			Beg Year (23)	Contributions (24)	Ben Pmts (25)	Earnings (26)	End of Year (27)	DB (28)	DC (29)	Total (30)
2020	\$ 444,528	\$ 1,921,383	\$ 2,365,911	\$ 8,665,386	\$ 502,504	\$ 3,018,000	\$ 253,300	\$ (503,000)	145,000	\$ 2,913,300	\$ 244,500	\$ 192,100	\$ 436,600
2021	251,982	2,184,906	2,436,888	8,697,716	587,607	2,913,300	230,200	(587,600)	136,700	2,692,600	225,200	218,500	443,700
2022	258,615	2,251,380	2,509,995	8,611,182	578,342	2,692,600	231,000	(578,300)	125,900	2,471,200	225,900	225,100	451,000
2023	265,491	2,319,804	2,585,295	8,531,027	570,469	2,471,200	231,900	(570,500)	115,100	2,247,700	226,500	232,000	458,500
2024	272,586	2,390,268	2,662,854	8,456,180	565,758	2,247,700	232,700	(565,800)	104,100	2,018,700	227,300	239,000	466,300
2025	279,879	2,462,861	2,742,740	8,383,643	556,538	2,018,700	233,600	(556,500)	92,900	1,788,700	228,000	246,300	474,300
2026	287,347	2,537,675	2,825,022	8,318,217	552,157	1,788,700	234,500	(552,200)	81,500	1,552,500	228,700	253,800	482,500
2027	272,367	2,637,406	2,909,773	8,255,375	564,856	1,552,500	232,700	(564,900)	69,300	1,289,600	227,200	263,700	490,900
2028	231,387	2,765,679	2,997,066	8,173,600	581,625	1,289,600	227,800	(581,600)	55,600	991,400	223,100	276,600	499,700
2029	211,826	2,875,152	3,086,978	8,063,109	598,654	991,400	225,400	(598,700)	40,200	658,300	221,200	287,500	508,700
2030	192,020	2,987,567	3,179,587	7,926,063	607,016	658,300	223,000	(607,000)	23,300	297,600	219,200	298,800	518,000
2031	140,801	3,134,174	3,274,975	7,769,920	625,199	297,600	216,900	(625,200)	4,700	-	320,100	313,400	633,500
2032	83,143	3,290,081	3,373,224	7,577,796	643,347	-	210,000	(643,300)	-	-	641,600	329,000	970,600
2033	27,075	3,447,346	3,474,421	7,347,200	661,162	-	203,200	(661,200)	-	-	660,700	344,700	1,005,400
2034	-	3,578,654	3,578,654	7,077,440	667,545	-	200,000	(667,500)	-	-	667,500	357,900	1,025,400
2035	-	3,686,014	3,686,014	6,783,147	651,859	-	200,000	(651,900)	-	-	651,900	368,600	1,020,500
2036	-	3,796,594	3,796,594	6,490,212	637,516	-	200,000	(637,500)	-	-	637,500	379,700	1,017,200
2037	-	3,910,492	3,910,492	6,197,329	624,635	-	200,000	(624,600)	-	-	624,600	391,000	1,015,600
2038	-	4,027,807	4,027,807	5,903,000	609,324	-	200,000	(609,300)	-	-	609,300	402,800	1,012,100
2039	-	4,148,641	4,148,641	5,609,643	594,172	-	200,000	(594,200)	-	-	594,200	414,900	1,009,100
2040	-	4,273,100	4,273,100	5,317,144	576,581	-	200,000	(576,600)	-	-	576,600	427,300	1,003,900
2041	-	4,401,293	4,401,293	5,028,047	560,446	-	200,000	(560,400)	-	-	560,400	440,100	1,000,500
2042	-	4,533,332	4,533,332	4,741,027	544,693	-	200,000	(544,700)	-	-	544,700	453,300	998,000
2043	-	4,669,332	4,669,332	4,455,799	525,893	-	200,000	(525,900)	-	-	525,900	466,900	992,800
2044	-	4,809,412	4,809,412	4,175,574	509,381	-	200,000	(509,400)	-	-	509,400	480,900	990,300
2045	-	4,953,694	4,953,694	3,898,256	488,381	-	200,000	(488,400)	-	-	488,400	495,400	983,800
2046	-	5,102,305	5,102,305	3,628,592	467,121	-	200,000	(467,100)	-	-	467,100	510,200	977,300
2047	-	5,255,374	5,255,374	3,367,228	445,561	-	200,000	(445,600)	-	-	445,600	525,500	971,100
2048	-	5,413,035	5,413,035	3,114,891	423,930	-	200,000	(423,900)	-	-	423,900	541,300	965,200
2049	-	5,575,426	5,575,426	2,872,100	402,160	-	200,000	(402,200)	-	-	402,200	557,500	959,700
2050	-	5,742,689	5,742,689	2,639,478	380,728	-	200,000	(380,700)	-	-	380,700	574,300	955,000
2051	-	5,914,970	5,914,970	2,417,186	358,917	-	200,000	(358,900)	-	-	358,900	591,500	950,400
2052	-	6,092,419	6,092,419	2,206,129	337,319	-	200,000	(337,300)	-	-	337,300	609,200	946,500
2053	-	6,275,192	6,275,192	2,006,650	316,093	-	200,000	(316,100)	-	-	316,100	627,500	943,600
2054	-	6,463,448	6,463,448	1,818,947	295,381	-	200,000	(295,400)	-	-	295,400	646,300	941,700
2055	-	6,657,351	6,657,351	1,643,084	275,312	-	200,000	(275,300)	-	-	275,300	665,700	941,000

5.00% Investment Return Assumption

Notes and Assumptions

- Total payroll for the City is assumed to increase at the rate of 3.00% per annum.
- Market value of assets as of July 1, 2020: \$3,018,364
- Calculation of liabilities are based on the assumptions and methods used to perform the July 1, 2020 actuarial valuation.
- Administration expenses are assumed to be \$35,000 per year.
- Membership data provided by the City as of July 1, 2020.

Investment Performance	Year of Exhaustion	Liability in Year of Exhaustion
3.00% Return (-2%):	2030	\$ 7,926,000
5.00% Return:	2031	7,770,000
7.00% Return (+2%):	2033	7,347,000

TAPERS - Projection of Assets, Liabilities, and Contributions

Retirement Plan Effective July 1, 2020

Scenario #4 - \$300,000 Annual Appropriations

Total Contribution of 12% of Pay, with \$300k in Annual Appropriations

City Contribution Rate:	10.00%
Participant Contribution Rate:	2.00%
City Annual Appropriation:	\$ 300,000

Plan Year Beginning July 1, (1)	DB Plan (2)	Projected Pay		Actuarial Accrued Liability (5)	Benefit Payments and Admin Expenses (6)	Asset Information					Projected Employer Cost		
		DC Plan (3)	Total (4)			Beg Year (31)	Contributions (32)	Ben Pmts (33)	Earnings (34)	End of Year (35)	DB (36)	DC (37)	Total (38)
2020	\$ 444,528	\$ 1,921,383	\$ 2,365,911	\$ 8,665,386	\$ 502,504	\$ 3,018,000	\$ 353,300	\$ (503,000)	147,000	\$ 3,015,300	\$ 344,500	\$ 192,100	\$ 536,600
2021	251,982	2,184,906	2,436,888	8,697,716	587,607	3,015,300	330,200	(587,600)	144,300	2,902,200	325,200	218,500	543,700
2022	258,615	2,251,380	2,509,995	8,611,182	578,342	2,902,200	331,000	(578,300)	138,900	2,793,800	325,900	225,100	551,000
2023	265,491	2,319,804	2,585,295	8,531,027	570,469	2,793,800	331,900	(570,500)	133,700	2,688,900	326,500	232,000	558,500
2024	272,586	2,390,268	2,662,854	8,456,180	565,758	2,688,900	332,700	(565,800)	128,600	2,584,400	327,300	239,000	566,300
2025	279,879	2,462,861	2,742,740	8,383,643	556,538	2,584,400	333,600	(556,500)	123,600	2,485,100	328,000	246,300	574,300
2026	287,347	2,537,675	2,825,022	8,318,217	552,157	2,485,100	334,500	(552,200)	118,800	2,386,200	328,700	253,800	582,500
2027	272,367	2,637,406	2,909,773	8,255,375	564,856	2,386,200	332,700	(564,900)	113,500	2,267,500	327,200	263,700	590,900
2028	231,387	2,765,679	2,997,066	8,173,600	581,625	2,267,500	327,800	(581,600)	107,000	2,120,700	323,100	276,600	599,700
2029	211,826	2,875,152	3,086,978	8,063,109	598,654	2,120,700	325,400	(598,700)	99,200	1,946,600	321,200	287,500	608,700
2030	192,020	2,987,567	3,179,587	7,926,063	607,016	1,946,600	323,000	(607,000)	90,200	1,752,800	319,200	298,800	618,000
2031	140,801	3,134,174	3,274,975	7,769,920	625,199	1,752,800	316,900	(625,200)	79,900	1,524,400	314,100	313,400	627,500
2032	83,143	3,290,081	3,373,224	7,577,796	643,347	1,524,400	310,000	(643,300)	67,900	1,259,000	308,300	329,000	637,300
2033	27,075	3,447,346	3,474,421	7,347,200	661,162	1,259,000	303,200	(661,200)	54,000	955,000	302,700	344,700	647,400
2034	-	3,578,654	3,578,654	7,077,440	667,545	955,000	300,000	(667,500)	38,600	626,100	300,000	357,900	657,900
2035	-	3,686,014	3,686,014	6,783,147	651,859	626,100	300,000	(651,900)	22,500	296,700	300,000	368,600	668,600
2036	-	3,796,594	3,796,594	6,490,212	637,516	296,700	300,000	(637,500)	6,400	-	334,400	379,700	714,100
2037	-	3,910,492	3,910,492	6,197,329	624,635	-	300,000	(624,600)	-	-	624,600	391,000	1,015,600
2038	-	4,027,807	4,027,807	5,903,000	609,324	-	300,000	(609,300)	-	-	609,300	402,800	1,012,100
2039	-	4,148,641	4,148,641	5,609,643	594,172	-	300,000	(594,200)	-	-	594,200	414,900	1,009,100
2040	-	4,273,100	4,273,100	5,317,144	576,581	-	300,000	(576,600)	-	-	576,600	427,300	1,003,900
2041	-	4,401,293	4,401,293	5,028,047	560,446	-	300,000	(560,400)	-	-	560,400	440,100	1,000,500
2042	-	4,533,332	4,533,332	4,741,027	544,693	-	300,000	(544,700)	-	-	544,700	453,300	998,000
2043	-	4,669,332	4,669,332	4,455,799	525,893	-	300,000	(525,900)	-	-	525,900	466,900	992,800
2044	-	4,809,412	4,809,412	4,175,574	509,381	-	300,000	(509,400)	-	-	509,400	480,900	990,300
2045	-	4,953,694	4,953,694	3,898,256	488,381	-	300,000	(488,400)	-	-	488,400	495,400	983,800
2046	-	5,102,305	5,102,305	3,628,592	467,121	-	300,000	(467,100)	-	-	467,100	510,200	977,300
2047	-	5,255,374	5,255,374	3,367,228	445,561	-	300,000	(445,600)	-	-	445,600	525,500	971,100
2048	-	5,413,035	5,413,035	3,114,891	423,930	-	300,000	(423,900)	-	-	423,900	541,300	965,200
2049	-	5,575,426	5,575,426	2,872,100	402,160	-	300,000	(402,200)	-	-	402,200	557,500	959,700
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5.00% Investment Return Assumption

Notes and Assumptions

- Total payroll for the City is assumed to increase at the rate of 3.00% per annum.
- Market value of assets as of July 1, 2020: \$3,018,364
- Calculation of liabilities are based on the assumptions and methods used to perform the July 1, 2020 actuarial valuation.
- Administration expenses are assumed to be \$35,000 per year.
- Membership data provided by the City as of July 1, 2020.

Investment Performance	Year of Exhaustion	Liability in Year of Exhaustion
3.00% Return (-2%):	2034	\$ 7,077,000
5.00% Return:	2036	6,490,000
7.00% Return (+2%):	2042	4,741,000



Texarkana, Arkansas Public Employee Retirement System

Actuarial Valuation Report
as of July 1, 2020





November 10, 2020

Retirement Committee
Texarkana, Arkansas Public Employee Retirement System
216 Walnut Street
Texarkana, AR 71854

Dear Committee Members:

Subject: July 1, 2020 Actuarial Valuation of the Texarkana, Arkansas Public Employee Retirement System

We are pleased to present our report of the actuarial valuation of the Texarkana, Arkansas Public Employee Retirement System ("TAPERS" or "the Plan") for the plan year commencing July 1, 2020. We certify that the information contained in this report is accurate and fairly presents the actuarial position of the Plan as of July 1, 2020.

Actuarial valuations are prepared annually, as of July 1st, the first day of the plan year. The primary purposes of the valuation report are to describe the current financial condition of the Plan and to analyze the changes in the Plan's financial condition. This report also provides information required to be reported by the Plan and City in connection with Governmental Accounting Standards Board Statement Numbers 67, Financial Reporting for Pension Plans and 68, Accounting and Financial Reporting for Pensions ("GASB Nos. 67 and 68"). Finally, this report provides various summaries of the data utilized in the preparation of the results presented herein.

This report was prepared at the request of the Retirement Committee and is intended for use by the Retirement Committee and the City of Texarkana, AR. This report may be provided to parties other than the Retirement Committee and the City only in its entirety and with written permission from the Retirement Committee or City.

Actuarially Determined Contribution

The actuarially determined contribution (ADC) for the plan year ending June 30, 2021, is \$540,985. The ADC for FY 2021 is determined using the Entry Age Normal cost method with the unfunded actuarial accrued liability amortized on a level-dollar basis over a 20-year period. The ADC for the prior year was \$440,502. The increase in the ADC from FY 2020 to FY 2021 is primarily due to the change in the investment return assumption, but also affected by an increase to the amortization of an expanding unfunded actuarial accrued liability.

Progress toward Realization of Financial Objectives

The funded ratio (the ratio of the actuarial value of assets to the actuarial accrued liability) decreased from 44.6% as of July 1, 2019 to 34.8% as of July 1, 2020. The Plan experienced an actuarial asset loss (actual returns less than the prior assumed 6.00% return) along with a small liability loss due to participant experience. Changes in the investment return and mortality assumptions increased the actuarial accrued liability by approximately \$936,000, resulting in an overall actuarial loss of approximately \$1.3 million. The unfunded actuarial accrued liability (UAAL) increased by \$1.4 million from the prior year to \$5.6 million as of July 1, 2020.

These results reiterate that the City's current funding policy of contributing 10% of pay on the employees earning benefits in TAPERS is not sufficient to maintain the Plan's funded status. As of July 1, 2020, plan assets are projected to be exhausted in the year 2026 with \$8.3 million in liability still remaining in the Plan. If Plan assets become exhausted, then the City must immediately finance the benefit payments provided to retirees as they come payable, which will be an estimated \$565,000 for the year 2027, with similar cash flow requirements each year in the future until there are no longer retirees and beneficiaries receiving a benefit from the plan.

The City included a \$100,000 appropriation in the City's FY 2020 budget for the pension plan. These appropriations are crucial steps in building a sound funding policy. If the City continues to make appropriations annually at this level, the projected year plan assets are depleted will increase from the year 2026 to the year 2028. However, this illustrates that additional appropriations are still needed in order to fully meet the Plan's future benefit payment obligations.

We have provided the Retirement Committee a separate report dated November 10, 2020, with a projection of the cost of funding TAPERS under different contribution strategies and investment experience scenarios. As a result of these projections, we strongly recommend that the City begin dedicating annual appropriations that are in addition to the current 10% of pay contribution. Specifically, we recommend the annual appropriations be at least \$490,000 and the City budget these amounts for each of the next 20 to 25 years. Please refer to our cost projection report dated November 10, 2020 for more information regarding the projected cost of the retirement plan.

Benefit Provisions

The benefit provisions reflected in this valuation are those which were in effect as of July 1, 2020. There were no changes in the benefit provisions since the prior valuation. The benefit provisions are summarized in Section H of our report.



Assumptions and Methods

Actuarial assumptions and methods are approved by the Retirement Committee, based upon the recommendations made by the Plan's actuary. Our report is based upon the assumptions and methods summarized in Section G. We believe the assumptions are internally consistent and are reasonable. The method for calculating the actuarially determined contribution was the Entry Age Normal cost method with the unfunded actuarial accrued liability funded over a 20-year period.

Beginning with this actuarial valuation as of June 30, 2020, the investment return assumption was decreased from 6.00% to 5.00% to better reflect anticipated returns. Additionally, updates were made to the mortality tables to reflect more current trends.

The results of any actuarial valuation are dependent upon the actuarial assumptions being used. Actual results can and almost certainly will differ, as actual experience deviates from the assumptions. Even seemingly minor changes in the assumptions can materially change the liabilities, the calculated contribution rates and the funding periods. The actuarial calculations presented in this report are intended to provide information for rational decision making. The actuarial assumptions and methods used in this report comply with the parameters for disclosure that appear in GASB Nos. 67 and 68.

This report was prepared using our proprietary valuation model and related software which in our professional judgment has the capability to provide results that are consistent with the purposes of the valuation. We performed tests to ensure that the model reasonably represents that which is intended to be modeled.

Demographic Data and Asset Information

The valuation was based upon information furnished by the City's Personnel Office, concerning benefit payments, financial transactions, plan provisions, and membership information for active, terminated, and retired members. We have not subjected either information to any auditing procedures, but have examined both for reasonableness and consistency with the prior year's information. We are not responsible for the accuracy or completeness of the information provided by the City of Texarkana, AR.

Actuarial Certification

This report should not be relied on for any purpose other than the purpose described. Determinations of the financial results associated with the benefits described in this report in a manner other than the intended purpose may produce significantly different results.

All calculations have been made in conformity with generally accepted actuarial principles and practices, and in conformity with the Actuarial Standards of Practice issued by the Actuarial Standards Board. In our opinion, the results presented also comply with the Plan as amended



Retirement Committee

November 10, 2020


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and restated, and, where applicable, the Internal Revenue Code and the Statements of the Governmental Accounting Standards Board.

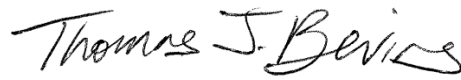
The undersigned are consultants and actuaries that are independent of the plan sponsor. Both are Members of the American Academy of Actuaries and meet all of the Qualifications Standards of the American Academy of Actuaries.

Respectfully submitted,

Gabriel Roeder Smith & Company



Daniel J. White, FSA, EA, MAAA
Senior Consultant



Thomas J. Bevins, ASA, MAAA
Consultant



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SECTION A

EXECUTIVE SUMMARY & INTRODUCTION

Executive Summary

Item	2020	2019
Membership		
<ul style="list-style-type: none"> • Number of <ul style="list-style-type: none"> - Active participants - Transitioned participants - Retirees and beneficiaries - Disabled retirees - Inactive participants - Total 	14 14 29 4 <u>33</u> 94	14 18 29 4 <u>32</u> 97
<ul style="list-style-type: none"> • Annualized payroll (actives) 	\$ 620,511	\$ 597,900
Assets		
<ul style="list-style-type: none"> • Market value • Actuarial value • Return on market value 	\$ 3,018,364 3,018,364 -1.20%	\$ 3,404,733 3,404,733 2.68%
<ul style="list-style-type: none"> • Employer contributions • Benefit payments • External cash flow % 	\$ 150,227 (478,343) -10.2%	\$ 108,742 (467,864) -10.2%
Financial reporting for the Plan determined in accordance with GASB No. 67 & 68		
<ul style="list-style-type: none"> • Single discount rate • Total pension liability (TPL) • Fiduciary net position • Net pension liability (NPL) 	2.58% \$ 11,691,686 3,018,364 8,673,322	3.36% \$ 10,413,366 3,404,733 7,008,633
Actuarially determined contribution (ADC)	\$ 540,985	\$ 440,502
GASB 68 Pension Expense	\$ 1,667,143	\$ 1,023,544

Introduction

The results of the July 1, 2020 actuarial valuation of Texarkana, Arkansas Public Employee Retirement System (“TAPERS” or “the Plan”) are presented in this report. The purposes of any actuarial valuation report are to describe the current financial condition of the Plan, to determine the annual required contribution, and to analyze changes in the funding requirements.

Section C discusses the Plan’s funding progress, including the calculation of the actuarially determined contribution for the plan year ending June 30, 2021.

The disclosure information for the Plan’s reporting in accordance with GASB No. 67 is provided in Section D. Similarly, the disclosure information for the City that is determined in accordance with GASB No. 68 is provided in Section E.

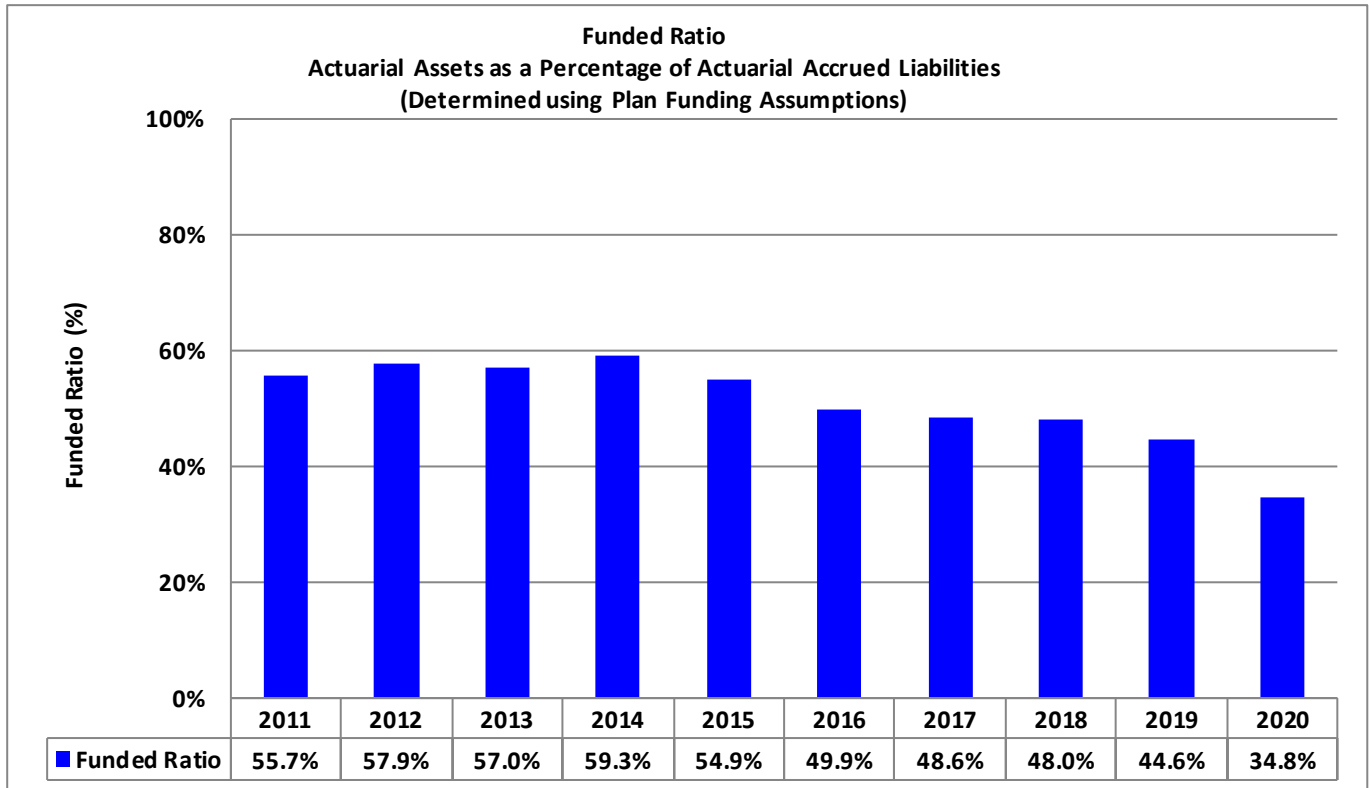
Finally, tables with summaries of the plan demographics are provided in Section F. The principle actuarial assumptions used to prepare the liabilities and cost are documented in Section G and a summary of the benefit provisions are in Section H.

SECTION B

DISCUSSION

Funding Progress

The funded ratio decreased from 44.6% to 34.8% (as measured using the plan’s funding assumptions, including a 5.00% assumed rate of return). Table 7, Schedule of Funding Progress, in Section C of the report provides additional detail regarding the funding progress of the retirement system.



The market value of assets decreased from \$3,404,733 at July 1, 2019 to \$3,018,364 at July 1, 2020. The rate of return for the plan year ending June 30, 2020 was -1.20%, after reflecting plan related expenses. The actuarial accrued liability increased from \$7,630,983 at July 1, 2019 to \$8,665,386 as of July 1, 2020. Based on anticipated cash flows, the actuarial accrued liability (AAL) was expected to increase and the assets were expected to decrease from last year. However, approximately \$0.9 million of the increase to the AAL was due assumptions changes, primarily a result of lowering the long term rate of return assumption from 6.00% to 5.00%. Updates to the mortality tables contributed to a relatively small increase in the AAL.

The City’s current funding policy is to contribute 10.00% on the payroll of active participants (non-Transition participants). Based on this funding policy, plan assets are projected to be exhausted in the year 2026 with \$8.3 million in liability still remaining in the plan. If plan assets become exhausted, then the City must immediately finance the benefit payments provided to retirees as they come payable, which will be an estimated \$565,000 for the year 2027, with similar cash flow requirements each year in the future until there are no longer retirees and beneficiaries receiving a benefit from the plan.

We understand that the City has included a \$100,000 appropriation in the City's FY 2021 budget for the pension plan. These appropriations are crucial steps in building a sound funding policy. If the City continues to make appropriations annually at this level, the projected year plan assets are depleted will increase from the year 2026 to the year 2028. However, this illustrates that additional appropriations are still needed in order to fully meet the Plan's future benefit payment obligations.

We have provided the Retirement Committee a separate report dated November 10, 2020, with a projection of the impact of funding TAPERS under different contribution strategies and investment experience scenarios. As a result of these projections, we strongly recommend that the City begin dedicating annual appropriations that are in addition to the current 10% of pay contribution. Specifically, we recommend the annual appropriations be at least \$490,000, with the City budgeting these amounts for the next 20 to 25 years. Please refer to our cost projection report dated November 10, 2020 for more information regarding the projected cost of the retirement plan.

Financial Disclosure Information Determined in Accordance with GASB No. 67 and 68

Accounting requirements for TAPERS are provided by the Governmental Accounting Standards Board Statements Nos. 67 (“GASB No. 67”) and 68 (“GASB No. 68”).

Please refer to Section D for the disclosure information determined in accordance with GASB No. 67 for the plan year ending June 30, 2020.

Similarly, please refer to Section E for the City of Texarkana’s disclosure information for the fiscal year ending December 31, 2020, determined in accordance with GASB No. 68.

Benefit Provisions

Section H of this report includes a summary of the benefit provisions for TAPERS. The Plan was amended to close the Plan to new participants as of June 30, 2012. Additionally, employees who were not 100% vested in their accrued benefit as of that date, or Transition Participants, will receive a benefit based on their service and final average monthly compensation determined as of June 30, 2012. Transition Participants will not accrue additional benefits in the plan after June 30, 2012, but will continue to earn service for purposes of vesting and eligibility for early retirement. Transition Participants are also not eligible for a disability retirement benefit.

Effective July 1, 2012, participants who continue to accrue retirement benefits will contribute 2.00% of their compensation towards the funding of their retirement benefits. These contributions are considered “picked up” for federal tax purposes and not subject to federal income taxes in the year they are contributed.

The benefit provisions reflected in this valuation are those which were in effect as of July 1, 2020. There were no changes in the benefit provisions since the prior valuation.

Actuarial Assumptions and Methods

In determining costs and liabilities, actuaries use assumptions about the future, such as rates of salary increase, probabilities of retirement, termination, death and disability, and an annual investment return assumption. For purposes of determining the actuarially determined contribution, the Entry Age Normal cost method was used. Also, the amortization cost under the Entry Age Normal cost method is based on a 20-year funding period, using a level-dollar amortization payment.

The investment return assumption was lowered from 6.00% to 5.00%. This change increased the actuarial accrued liability (AAL) by approximately \$895,000. Additionally, updates were made to the mortality tables. This caused an additional increase to the AAL of approximately \$41,000. All other assumptions remain unchanged for purposes of determining the cost and liability for funding purposes. All assumptions, with the exception of the discount rate, are consistent for purposes of determining the Total Pension Liability for financial reporting in accordance with GASB Nos. 67 and 68. The single discount rate used for the calculation of the Total Pension Liability as of June 30, 2020, and subsequent years, were determined in accordance with the method prescribed in GASB No. 67. Please refer to Section D for additional information regarding the calculation of the financial disclosure information in accordance with GASB No. 67.

It is our opinion that the recommended assumptions used for this valuation are internally consistent and are reasonable and reflect anticipated future experience of the Plan. The actuarial assumptions and methods used in the report also comply with the parameters for disclosure that appear in GASB No. 67 and 68, respectively.



Plan Experience

Table 5 shows the detailed calculation of the asset gains/(losses). The gains and losses are due to differences between actual experience and anticipated experience determined using the actuarial assumptions. The rate of investment return on a market value basis, determined on a money-weighted basis in accordance with GASB No. 67, for the plan year ending June 30, 2020 was -1.20%. This is a \$232,664 loss when compared to the Plan's assumed rate of return assumption at the beginning of the measurement period (6.00%).

Table 6 in the report provides the calculation of the liability gains/(losses) for the plan year ending June 30, 2020. The Plan experienced a small net liability loss of \$105,210, which is 1.21% when compared to the total actuarial accrued liability of \$8.7 million. However, the liability increased by \$936,421 due to changes in assumptions. Greater detail can be found in Table 6 in Section C.

The annual actuarial valuation is a snapshot analysis of the benefit liabilities, assets, and funded position of the Plan. In any one fiscal year, the experience can be better or worse from that which is assumed. However, the actuarial assumptions do not necessarily attempt to model what the experience will be for any one given fiscal year, but instead try to model the overall experience on average over many years. Therefore, as long as experience over a number of years is reasonably close to the current assumptions, and the City of Texarkana is providing sufficient contributions to the Plan, the long-term funding requirements of the Plan will remain relatively consistent.

Assessment and Disclosure of Risk Associated with Measuring Pension Obligations and Determining Pension Plan Contributions

The determination of the accrued liability and an actuarially determined contribution (or funding period) requires the use of assumptions regarding future economic and demographic experience. Risk measures, as illustrated in this report, are intended to aid in the understanding of the effects of future experience differing from the assumptions used in the course of the actuarial valuation. Risk measures may also help with illustrating the potential volatility in the accrued liability and an actuarially determined contribution (or funding period) that result from the differences between actual experience and the actuarial assumptions.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions due to changing conditions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period, or additional cost or contribution requirements based on the Plan's funded status); and changes in plan provisions or applicable law. The scope of an actuarial valuation does not include an analysis of the potential range of such future measurements.

Examples of risk that may reasonably be anticipated to significantly affect the plan's future financial condition include:

1. Investment risk – actual investment returns may differ from the expected returns;
2. Asset/Liability mismatch – changes in asset values may not match changes in liabilities, thereby altering the gap between the accrued liability and assets and consequently altering the funded status and contribution requirements;
3. Contribution risk – actual contributions may differ from expected future contributions. For example, actual contributions may not be made in accordance with the plan's funding policy or material changes may occur in the anticipated number of covered employees, covered payroll, or other relevant contribution base;
4. Salary and Payroll risk – actual salaries and total payroll may differ from expected, resulting in actual future accrued liability and contributions differing from expected;
5. Longevity risk – members may live longer or shorter than expected and receive pensions for a period of time other than assumed;

Other demographic risks – members may terminate, retire or become disabled at times or with benefits other than assumed resulting in actual future accrued liability and contributions differing from expected.

Assessment and Disclosure of Risk Associated with Measuring Pension Obligations and Determining Pension Plan Contributions (continued)

The effects of certain trends in experience can generally be anticipated. For example if the investment return since the most recent actuarial valuation is less (or more) than the assumed rate, the cost of the plan can be expected to increase (or decrease). Likewise if longevity is improving (or worsening), increases (or decreases) in cost can be anticipated.

The Funding Policy employer contribution rate shown on the Executive Summary may be considered as a minimum contribution rate that complies with the Board's funding policy. The timely receipt of the actuarially determined contributions is critical to support the financial health of the plan. Users of this report should be aware that contributions made at the actuarially determined rate do not necessarily guarantee benefit security.

PLAN MATURITY MEASURES

Risks facing a pension plan evolve over time. A young plan with virtually no investments and paying few benefits may experience little investment risk. An older plan with a large number of members in pay status and a significant trust may be much more exposed to investment risk. Several generally accepted plan maturity measures are described below and are followed by a table showing a 10-year history of the measurements for TAPERS.

RATIO OF MARKET VALUE OF ASSETS TO PAYROLL

The relationship between assets and payroll is a useful indicator of the potential volatility of contributions. For example, if the market value of assets is 2.0 times the payroll, a return on assets 5% different than assumed would equal 10% of payroll. A higher (lower) or increasing (decreasing) level of this maturity measure generally indicates a higher (lower) or increasing (decreasing) volatility in plan sponsor contributions as a percentage of payroll.

RATIO OF ACTUARIAL ACCRUED LIABILITY TO PAYROLL

The relationship between actuarial accrued liability and payroll is a useful indicator of the potential volatility of contributions for a fully funded plan. A funding policy that targets a funded ratio of 100% is expected to result in the ratio of assets to payroll and the ratio of liability to payroll converging over time.

Assessment and Disclosure of Risk Associated with Measuring Pension Obligations and Determining Pension Plan Contributions (continued)

The ratio of liability to payroll may also be used as a measure of sensitivity of the liability itself. For example, if the actuarial accrued liability is 2.5 times the payroll (5 to 2 ratio), a change in liability 2% other than assumed would equal 5% of payroll. A higher (lower) or increasing (decreasing) level of this maturity measure generally indicates a higher (lower) or increasing (decreasing) volatility in liability (and also plan sponsor contributions) as a percentage of payroll.

RATIO OF ACTIVES TO RETIREES AND BENEFICIARIES

A young plan with many active members and few retirees will have a high ratio of active to retirees. A mature open plan may have close to the same number of actives to retirees resulting in a ratio near 1.0. A super-mature or closed plan may have significantly more retirees than actives resulting in a ratio below 1.0.

RATIO OF NET CASH FLOW TO MARKET VALUE OF ASSETS

A positive net cash flow means contributions exceed benefits and expenses. A negative cash flow means existing funds are being used to make payments. A certain amount of negative net cash flow is generally expected to occur when benefits are prefunded through a qualified trust. Large negative net cash flows as a percent of assets may indicate a super-mature plan or a need for additional contributions.

DURATION OF ACTUARIAL ACCRUED LIABILITY

The duration of the actuarial accrued liability may be used to approximate the sensitivity to a 1% change in the assumed rate of return. For example, duration of 10 indicates that the liability would increase approximately 10% if the assumed rate of return were lowered 1%.

ADDITIONAL RISK ASSESSMENT

Additional assessment may include scenario tests, sensitivity tests, stochastic modeling, stress tests, and a comparison of the present value of accrued benefits at low-risk discount rates with the actuarial accrued liability.

Assessment and Disclosure of Risk Associated with Measuring Pension Obligations and Determining Pension Plan Contributions (continued)

	2020	2019	2018	2017	2016	2015	2014	2013	2012
Ratio of the market value of assets to payroll	4.86	5.69	5.90	4.51	4.27	4.61	4.51	3.98	3.91
Ratio of actuarial accrued liability to payroll	13.96	12.76	12.28	9.29	8.56	8.40	7.61	6.97	6.75
Ratio of actives to retirees and beneficiaries	0.42	0.42	0.47	0.68	0.74	0.75	0.89	1.00	1.26
Ratio of net cash flow to market value of assets	-10.2%	-10.2%	-6.2%	-5.1%	-7.1%	-12.1%	-21.8%	-5.6%	-5.6%
Duration of the actuarial accrued liability*	12.33	11.60	NA	NA	NA	NA	NA	NA	NA

*Duration measure not available prior to 2019

SECTION C

PLAN FUNDING INFORMATION

Table 1

Development of the Actuarially Determined Employer Contribution

	July 1, 2020		July 1, 2019
	(1)	(2)	(3)
	Final Assumptions	Prior Assumptions	
1. Covered Payroll	\$ 620,511	\$ 620,511	\$ 597,900
2. Normal Cost			
a. Total Normal Cost	\$ 76,228	\$ 58,526	\$ 59,627
b. Assumed Administrative Expenses	35,000	35,000	35,000
c. Employee Contributions (2.00% of Payroll)	<u>(12,410)</u>	<u>(12,410)</u>	<u>(11,958)</u>
d. Net Employer Normal Cost	\$ 98,818	\$ 81,116	\$ 82,669
3. Total Actuarial Accrued Liability for:			
a. Actives	\$ 3,498,184	\$ 3,081,435	\$ 2,859,972
b. Transitioned Participants	264,483	219,486	243,272
c. Inactive Participants	990,359	823,438	790,832
d. Retirees, Beneficiaries, and Disabled Retirees	<u>3,912,360</u>	<u>3,604,606</u>	<u>3,736,907</u>
e. Total	\$ 8,665,386	\$ 7,728,965	\$ 7,630,983
4. Actuarial Value of Assets	\$ 3,018,364	\$ 3,018,364	\$ 3,404,733
5. Unfunded Actuarial Accrued Liability (UAAL) (3e. - 4.)	\$ 5,647,022	\$ 4,710,601	\$ 4,226,250
6. Funding Period	20 Years	20 Years	20 Years
7. Actuarial Determined Contribution			
a. Net Employer Normal Cost	\$ 98,818	\$ 81,116	\$ 82,669
b. Amortization of the UAAL	<u>442,167</u>	<u>398,842</u>	<u>357,833</u>
c. Total Contribution	\$ 540,985	\$ 479,958	\$ 440,502

Table 2

Total Present Value of Benefits

	July 1, 2020		July 1, 2019
	(1) Final Assumptions	(2) Prior Assumptions	(3)
1. Active members			
a. Retirement benefits	\$ 3,896,062	\$ 3,361,825	\$ 3,156,243
b. Deferred termination benefits	2,417	1,766	2,354
c. Refunds	0	0	0
d. Disability benefits	26,462	23,289	23,963
e. Death benefits	3,428	3,870	3,990
f. Total	\$ 3,928,369	\$ 3,390,750	\$ 3,186,550
2. Transitioned members			
a. Retirement benefits	\$ 259,107	\$ 214,695	\$ 237,979
b. Deferred termination benefits	4,128	3,330	3,781
c. Refunds	0	0	0
d. Disability benefits	0	0	0
e. Death benefits	1,248	1,461	1,512
f. Total	\$ 264,483	\$ 219,486	\$ 243,272
3. Members in payment status			
a. Service retirements	\$ 3,032,887	\$ 2,762,186	\$ 2,824,075
b. Disability retirements	571,929	554,330	581,318
c. Beneficiaries	307,544	288,090	331,514
d. Total	\$ 3,912,360	\$ 3,604,606	\$ 3,736,907
4. Inactive members			
a. Vested terminations	\$ 990,359	\$ 823,438	\$ 790,832
b. Nonvested terminations	0	0	0
c. Total	\$ 990,359	\$ 823,438	\$ 790,832
5. Total actuarial present value of future benefits	\$ 9,095,571	\$ 8,038,280	\$ 7,957,561

Table 3

Reconciliation of Plan Assets

	Year Ending June 30,	
	2020	2019
	(1)	(2)
1. Market value of assets at beginning of year	\$ 3,404,733	\$ 3,687,760
2. Revenue for the year		
a. Contributions and receipts		
i. Member contributions	\$ 13,379	\$ 12,582
ii. Employer contributions	150,227	108,742
iii. Total contributions	\$ 163,606	\$ 121,324
b. Net investment income		
i. Interest	\$ 6,564	\$ 10,276
ii. Dividends	74,028	74,771
iii. Realized and unrealized gains (losses)	(119,399)	9,439
iv. Total net investment income	(38,807)	94,486
c. Total revenue	\$ 124,799	\$ 215,810
3. Expenditures for the year		
a. Benefit payments and refunds	\$ (478,343)	\$ (467,864)
b. Administrative and miscellaneous expenses	(32,825)	(30,973)
c. Total expenditures	\$ (511,168)	\$ (498,837)
4. Change in net assets (Item 2c + Item 3c)	\$ (386,369)	\$ (283,027)
5. Market value of assets at end of year (Item 1 + Item 4)	\$ 3,018,364	\$ 3,404,733

Table 4 Return on Plan Assets

Item (1)	Year Ending June 30,	
	2020 (2)	2019 (3)
1. Assets as of the beginning of the year	\$ 3,404,733	\$ 3,687,760
2. Contributions during plan year	163,606	121,324
3. Benefit payments made during plan year	(478,343)	(467,864)
4. Refunds of contributions during plan year	0	0
5. Administrative expenses during plan year	(32,825)	(30,973)
6. Investment return during plan year	<u>(38,807)</u>	<u>94,486</u>
7. Assets as of the end of the year	\$ 3,018,364	\$ 3,404,733
8. Rate of return determined on a money-weighted basis in accordance with GASB Statement No. 67:	-1.20%	2.68%

Table 5
Investment Experience Gain or (Loss)

Item (1)	Valuation as of July 1, 2020 (2)
1. Actuarial assets, beginning of year	\$ 3,404,733
2. Member and employer contributions	\$ 163,606
3. Benefit payments and administrative expenses	\$ (511,168)
4. Assumed net investment income at 6.00% on	
a. Beginning of year assets	\$ 204,284
b. Contributions	4,908
c. Benefit payments and admin expenses	<u>(15,335)</u>
d. Total	\$ 193,857
5. Expected actuarial assets, end of year (Sum of items 1 through 4)	\$ 3,251,028
6. Actual actuarial assets, end of year	\$ 3,018,364
7. Asset gain (loss) for year (item 6 - item 5)	\$ (232,664)

Table 6

Actuarial Gain or (Loss) as of the Valuation Date

The Unfunded Actuarial Accrued Liability is the excess, if any, of the Actuarial Accrued Liability over the Actuarial Asset Value. The Actuarial Gain/(Loss) is the difference between the expected and actual Unfunded Actuarial Accrued Liability as of the valuation date.

1. Unfunded liability as of July 1, 2019	\$	4,226,250
2. Normal cost as of July 1, 2019		59,627
3. Employer and member contributions for the plan year		(163,606)
4. Interest on (1) for one year, and (2) and on (3) for half year.		250,456
5. Expected UAAL at beginning of July 1, 2020 =[(1)+(2)+(3)+(4)]	\$	4,372,727
6. Increase in unfunded liability due to:		
a. Benefit changes	\$	0
b. Assumption changes		936,421
7. Expected UAAL as of July 1, 2020 after changes in assumptions, methods and plan provisions	\$	5,309,148
8. Actual unfunded actuarial accrued liability as of July 1, 2020		5,647,022
9. Actuarial experience gain/(loss) (item 7 - item 8)	\$	(337,874)
10. Actuarial asset gain/(loss) (table 5, item 7)		(232,664)
11. Liability experience gain/(loss) (item 9 - item 10)	\$	(105,210)

Table 7 Schedule of Funding Progress

July 1, (1)	Actuarial Value of Assets (AVA) (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded Actuarial Accrued Liability (UAAL) (3) - (2) (4)	Funded Ratio (2)/(3) (5)	Covered Payroll (6)	UAAL as % of Payroll (4)/(6) (7)
2006	\$ 5,418,000	\$ 6,307,000	\$ 889,000	85.9%	\$ 1,668,000	53.3%
2007	5,740,000	6,375,000	635,000	90.0%	1,487,000	42.7%
2008	5,026,000	6,488,000	1,462,000	77.5%	1,445,000	101.2%
2009	4,393,000	6,888,000	2,495,000	63.8%	1,550,000	161.0%
2010	4,342,000	8,180,000	3,838,000	53.1%	1,544,000	248.6%
2011	4,796,000	8,610,000	3,814,000	55.7%	2,165,000	176.2%
2012	4,580,632	7,907,950	3,327,318	57.9%	1,172,390	283.8%
2013	4,727,698	8,289,199	3,561,501	57.0%	1,189,105	299.5%
2014	4,258,413	7,184,784	2,926,371	59.3%	943,584	310.1%
2015	3,798,826	6,923,434	3,124,608	54.9%	823,930	379.2%
2016	3,489,590	7,000,070	3,510,480	49.9%	817,749	429.3%
2017	3,642,291	7,501,654	3,859,363	48.6%	807,499	477.9%
2018	3,687,760	7,679,491	3,991,731	48.0%	625,483	638.2%
2019	3,404,733	7,630,983	4,226,250	44.6%	597,900	706.8%
2020	3,018,364	8,665,386	5,647,022	34.8%	620,511	910.1%

SECTION D

**FINANCIAL REPORTING INFORMATION FOR THE PUBLIC
EMPLOYEE RETIREMENT SYSTEM DETERMINED IN ACCORDANCE
WITH GASB No. 67**

Discussion

Accounting Standard

For pension plans that are administered through trusts or equivalent arrangements, Governmental Accounting Standards Board (GASB) Statement No. 67 establishes standards of financial reporting for separately issued financial reports and specifies the required approach for measuring the pension liability.

The following discussion provides a summary of the information that is required to be disclosed under GASB Statement No. 67. A number of the required disclosure items under this standard are provided in this section of the report. However, certain information, such as notes regarding accounting policies and investments, are not included in this report and the City of Texarkana, Arkansas will be responsible for preparing and disclosing that information to comply with this accounting standard.

Summary of Membership Information

The table below provides a summary of the number of participants with a benefit in the plan.

Summary of Population Statistics

Active plan members ¹	28
Inactive members entitled to but not yet receiving benefits	33
Inactive plan members or beneficiaries currently receiving benefits	<u>33</u>
Total plan members	94

¹ Includes 14 transition employees.

Measurement of the Net Pension Liability

The Net Pension Liability is measured as the Total Pension Liability, less the amount of the pension plan's Fiduciary Net Position. In actuarial terms, this will be the actuarial accrued liability less the market value of assets.

A single discount rate of 2.58% was used to measure the Total Pension Liability as of June 30, 2020. This single discount rate was based on the expected rate of return on pension plan investments of 5.00% and a municipal bond rate of 2.45% (based on Fidelity Index's 20-Year Municipal GO AA Index as of June 30, 2020). Based on the stated assumptions and the projection of cash flows, the pension plan's Fiduciary Net Position and future contributions were sufficient to finance the benefit payments through the 2026 fiscal year. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the 2026 fiscal year and the municipal bond rate was applied to all benefit payments after that date.



Sensitivity of the Net Pension Liability to Changes in the Discount Rate

As of June 30, 2020, the Net Pension Liability is \$8,673,322. Below is a table providing the sensitivity of the Net Pension Liability to changes in the discount rate. In particular, the table shows the plan's Net Pension Liability if it were calculated using a single discount rate that is one-percentage point lower or one-percentage point higher than the single discount rate:

1% Decrease	Single Discount Rate Assumption	1% Increase
1.58%	2.58%	3.58%
\$ 10,438,982	\$ 8,673,322	\$ 7,244,399

Additional Financial Reporting Information

The following tables provide additional financial reporting information under this accounting standard. These tables include a: (1) Statement of Changes in Fiduciary Net Position, (2) Statement of Fiduciary Net Position, (3) Schedule of Changes in the Employer's Net Pension Liability and Related Ratios, (4) Schedule of the Employer's Net Pension Liability, (5) Schedule of Employer Contributions, and a (6) Schedule of Investment Returns.

Table 8
Statement of Changes in Fiduciary Net Position
(As Required by GASB #67)

	Year Ending June 30, 2020
1. Net Position Restricted for Pensions - Beginning of Year	\$ 3,404,733
2. Additions	
a. Contributions for the year	
i. Employer	\$ 150,227
ii. Employees	13,379
iii. Other	0
iv. Total	\$ 163,606
b. Net investment income	
i. Interest and dividends	\$ 80,592
ii. Net appreciation in fair value of investments	(106,132)
iii. Less investment expense	(13,267)
iv. Total	\$ (38,807)
c. Other	\$ 0
d. Total additions	\$ 124,799
3. Deductions	
a. Benefit payments	\$ (478,343)
b. Refunds of contributions	0
c. Administrative expenses	(30,514)
d. Other	(2,311)
e. Total deductions	\$ (511,168)
4. Change in Net Position	\$ (386,369)
5. Net Position Restricted for Pensions - End of Year	\$ 3,018,364

Table 9
Statement of Fiduciary Net Position
(As Required by GASB #67)

	Year Ending June 30, 2020
1. Assets	
a. Cash and deposits	\$ 294,583
b. Receivables	\$ 3,022
c. Investments	
i. Fixed income	\$ 1,638,047
ii. Equities - domestic	1,082,712
iii. Equities - international	0
iii. Real estate (i.e. REITs)	0
iv. Total	\$ 2,720,759
d. Total Assets	\$ 3,018,364
2. Liabilities	
a. Accounts Payable	\$ 0
b. Accrued Expenses	0
c. Total Liabilities	\$ 0
3. Net Position Restricted for Pensions	\$ 3,018,364

Table 10
Schedule of Changes in the Employer's Net Pension Liability and Related Ratios
(As Required by GASB #67)

Year ending June 30,	2020	2019	2018	2017	2016	2015	2014
1. Total Pension Liability							
a. Service cost	\$ 118,256	\$ 127,376	\$ 155,442	\$ 190,741	\$ 148,947	\$ 157,063	\$ 146,612
b. Interest on the Total Pension Liability	343,890	369,514	371,029	312,689	352,380	383,718	437,404
c. Benefit changes	0	0	0	0	0	0	0
d. Difference between expected and actual experience of the Total Pension Liability	109,323	(773)	(189,311)	244,662	(12,438)	(303,978)	(678,256)
e. Assumption changes	1,185,194	643,576	(37,703)	(567,285)	1,160,438	533,271	285,779
f. Benefit payments	(478,343)	(467,864)	(333,624)	(284,717)	(411,011)	(599,457)	(1,136,474)
g. Refunds	0	0	0	0	0	0	0
Net Change in Total Pension Liability	1,278,320	671,829	(34,167)	(103,910)	1,238,316	170,617	(944,935)
Total Pension Liability - Beginning	10,413,366	9,741,537	9,775,704	9,879,614	8,641,298	8,470,681	9,415,616
Total Pension Liability - Ending (a)	\$ 11,691,686	\$ 10,413,366	\$ 9,741,537	\$ 9,775,704	\$ 9,879,614	\$ 8,641,298	\$ 8,470,681
Plan Fiduciary Net Position							
a. Contributions - employer	\$ 150,227	\$ 108,742	\$ 125,659	\$ 121,286	\$ 159,348	\$ 101,157	\$ 118,862
b. Contributions - member	13,379	12,582	15,132	16,340	16,870	18,981	23,772
c. Pension plan net investment income	(38,807)	94,486	269,494	330,852	(40,966)	54,867	562,828
d. Benefit payments and refunds	(478,343)	(467,864)	(333,624)	(284,717)	(411,011)	(599,457)	(1,136,474)
e. Refunds	0	0	0	0	0	0	0
f. Pension plan administrative expense	(30,514)	(30,973)	(31,192)	(31,060)	(33,477)	(35,135)	(38,273)
g. Other	(2,311)	0	0	0	0	0	0
Net Change in Plan Fiduciary Net Position	(386,369)	(283,027)	45,469	152,701	(309,236)	(459,587)	(469,285)
Plan Fiduciary Net Position - Beginning	3,404,733	3,687,760	3,642,291	3,489,590	3,798,826	4,258,413	4,727,698
Plan Fiduciary Net Position - Ending (b)	\$ 3,018,364	\$ 3,404,733	\$ 3,687,760	\$ 3,642,291	\$ 3,489,590	\$ 3,798,826	\$ 4,258,413
Net Pension Liability - Ending (a) - (b)	8,673,322	7,008,633	6,053,777	6,133,413	6,390,024	4,842,472	4,212,268
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	25.8%	32.7%	37.9%	37.3%	35.3%	44.0%	50.3%
Covered Employee Payroll	\$ 597,900	\$ 625,483	\$ 807,499	\$ 817,749	\$ 823,930	\$ 943,584	\$ 1,189,105
Net Pension Liability as a Percentage of Covered Employee Payroll	1,451%	1,121%	750%	750%	776%	513%	354%

Notes to Schedule:

Assumption changes in 2020 include a change to the long-term rate of return from 6.0% to 5.0% and changes to the mortality assumptions.



Table 11
Schedule of Employer's Net Pension Liability
(As Required by GASB #67)

Year Ending June 30,	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as a % of Total Pension Liability	Covered Payroll	Net Pension Liability as a % of Covered Payroll
2014	\$ 8,470,681	\$ 4,258,413	\$ 4,212,268	50.3 %	\$ 1,189,105	354 %
2015	8,641,298	3,798,826	4,842,472	44.0 %	943,584	513 %
2016	9,879,614	3,489,590	6,390,024	35.3 %	823,930	776 %
2017	9,775,704	3,642,291	6,133,413	37.3 %	817,749	750 %
2018	9,741,537	3,687,760	6,053,777	37.9 %	807,499	750 %
2019	10,413,366	3,404,733	7,008,633	32.7 %	625,483	1,121 %
2020	11,691,686	3,018,364	8,673,322	25.8 %	597,900	1,451 %

Table 12

Schedule of Employer Contributions (As Required by GASB #67)

Year Ending June 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll ¹	Actual Contribution as a % of Covered Payroll ²
2014	\$ 914,015	\$ 118,862	\$ 795,153	\$ 1,189,105	10.00 %
2015	382,196	101,157	281,039	943,584	10.72 %
2016	424,388	159,348	265,040	823,930	19.34 %
2017	416,373	121,286	295,087	817,749	14.83 %
2018	440,488	125,659	314,829	807,499	15.56 %
2019	433,759	108,742	325,017	625,483	17.39 %
2020	440,502	150,227	290,275	597,900	25.13 %

Notes:

¹ Payroll for the year ending June 30, based on the prior year's actuarial valuation.

² The City's current funding policy is to contribute 10% of covered payroll plus possible additional appropriations budgeted by the City from time to time.

Notes to the Schedule of Employer Contributions

Valuation Date: July 1, 2020

Notes The actuarially determined contribution documented in the schedule is calculated as of July 1, 2019. The actuarial methods and assumptions used to determine the contribution rates reported in that schedule include:

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar
Remaining Amortization Period	20 years
Asset Valuation Method	Market Value
Inflation	2.75%
Salary Increases	3.00%
Investment Rate of Return	6.00%
Cost of Living Increases	None
Mortality	Gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements.

Other Information:

Notes There were no benefit changes during the year.



Table 13
Schedule of Investment Returns
(As Required by GASB #67)

Year Ending June 30, (1)	Annual Return ¹ (2)
2013	9.07%
2014	12.73%
2015	1.36%
2016	-1.12%
2017	9.70%
2018	7.59%
2019	2.68%
2020	-1.20%

¹ Annual money-weighted rate of return, net of investment expenses.

SECTION E

**FINANCIAL REPORTING INFORMATION FOR THE CITY OF
TEXARKANA, ARKANSAS DETERMINED IN ACCORDANCE WITH
GASB No. 68**

Table 14
Pension Expense
(As Required by GASB #68)

A. Expense

1. Service Cost	\$	118,256
2. Interest on the Total Pension Liability		343,890
3. Current-Period Benefit Changes		0
4. Employee Contributions (made negative for addition here)		(13,379)
5. Projected Earnings on Plan Investments (made negative for addition here)		(193,857)
6. Pension Plan Administrative Expense		30,514
7. Other Changes in Plan Fiduciary Net Position		2,311
8. Recognition of Outflow (Inflow) of Resources due to Liabilities		1,294,517
9. Recognition of Outflow (Inflow) of Resources due to Assets		84,891
10. Total Pension Expense	\$	1,667,143

Table 15

Statement of Outflows and Inflows Arising From the Current and Prior Reporting Periods

A. Outflows and Inflows of Resources by Source to be Recognized in Current Pension Expense

	Outflows of Resources	Inflows of Resources	Net Outflows of Resources
1. Differences between expected and actual experience	\$ 109,323	\$ 0	\$ 109,323
2. Assumption Changes	1,185,194	0	1,185,194
3. Net Difference between projected and actual earnings on pension plan investments	121,792	36,901	84,891
4. Total	\$ 1,416,309	\$ 36,901	\$ 1,379,408

B. Deferred Outflows and Deferred Inflows of Resources by Source to be Recognized in Future Pension Expenses

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows of Resources
1. Differences between expected and actual experience	\$ 0	\$ 0	\$ 0
2. Assumption Changes	0	0	0
3. Net Difference between projected and actual earnings on pension plan investments	255,403	48,430	206,973
4. Total	\$ 255,403	\$ 48,430	\$ 206,973

C. Deferred Outflows and Deferred Inflows of Resources by Year to be Recognized in Future Pension Expenses

Year Ending December 31	Net Deferred Outflows of Resources
2021	\$ 32,727
2022	58,091
2023	69,623
2024	46,532
2025	0
Thereafter	0
Total	\$ 206,973

Table 16

**The Recognition of Liability Experience, Assumption Changes,
and Investment Experience in Current and Future Pension Expense**

Year	Loss / (Gain)	Recognition Period (Years)	2020	2021	2022	2023	2024	Thereafter
2016	\$ (12,438)	1.4700	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2017	244,662	1.0431	-	-	-	-	-	-
2018	(189,311)	1.0000	-	-	-	-	-	-
2019	(773)	1.0000	-	-	-	-	-	-
2020	109,323	1.0000	109,323	-	-	-	-	-
Net increase (decrease) in pension expense			<u>\$ 109,323</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Year	Loss / (Gain)	Recognition Period (Years)	2020	2021	2022	2023	2024	Thereafter
2016	\$ 1,160,438	1.4700	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2017	(567,285)	1.0431	-	-	-	-	-	-
2018	(37,703)	1.0000	-	-	-	-	-	-
2019	643,576	1.0000	-	-	-	-	-	-
2020	1,185,194	1.0000	1,185,194	-	-	-	-	-
Net increase (decrease) in pension expense			<u>\$ 1,185,194</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Year	Loss / (Gain)	Recognition Period (Years)	2020	2021	2022	2023	2024	Thereafter
2016	\$ 260,848	5.0000	\$ 52,168	\$ -	\$ -	\$ -	\$ -	\$ -
2017	(126,821)	5.0000	(25,365)	(25,361)	-	-	-	-
2018	(57,677)	5.0000	(11,536)	(11,536)	(11,533)	-	-	-
2019	115,454	5.0000	23,091	23,091	23,091	23,090	-	-
2020	232,664	5.0000	46,533	46,533	46,533	46,533	46,532	-
Net increase (decrease) in pension expense			<u>\$ 84,891</u>	<u>\$ 32,727</u>	<u>\$ 58,091</u>	<u>\$ 69,623</u>	<u>\$ 46,532</u>	<u>\$ -</u>

SECTION F

PARTICIPANT DEMOGRAPHIC INFORMATION

Table 17
Participant Data

	<u>July 1, 2020</u>	<u>July 1, 2019</u>
	(1)	(2)
1. Active participants		
a. Number	14	14
b. Number vested	14	14
c. Total payroll supplied	\$ 620,511	\$ 597,900
d. Average salary	\$ 44,322	\$ 42,707
e. Average age	54.7	53.7
f. Average vesting service	23.6	22.6
2. Transitioned participants		
a. Number	14	18
b. Accrued annual benefits	\$ 31,139	35,553
c. Average age	49.3	50.9
d. Average vesting service	12.3	11.1
3. Inactive participants		
a. Number	33	32
c. Vested annual benefits	\$ 132,709	\$ 133,203
4. Service retirees		
a. Number	20	20
b. Total annual benefits	\$ 265,899	\$ 265,899
c. Average annual benefit	\$ 13,295	\$ 13,295
d. Average age	70.7	69.7
5. Disabled retirees		
a. Number	4	4
b. Total annual benefits	\$ 77,053	\$ 77,053
c. Average annual benefit	\$ 19,263	\$ 19,263
d. Average age	59.6	58.6
6. Beneficiaries and spouses		
a. Number	9	9
b. Total annual benefits	\$ 36,708	\$ 36,708
c. Average annual benefit	\$ 4,079	\$ 4,079
d. Average age	74.7	73.7

Table 18
Reconciliation of Participants

	Active	Transitioned	In-Payment*	Deferred Vested	Total
July 1, 2019	14	18	33	32	97
New Participants					
Rehired					
Non-Vested Termination					
Vested Termination		(2)		2	0
Retirements					
Lump-sum		(2)		(1)	(3)
Disability					
Death / Benefits Ceased					
New Beneficiary					
Net Change	0	(4)	0	1	(3)
July 1, 2020	14	14	33	33	94

* Includes service retirees, beneficiaries and disabled retirees

SECTION G

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

Summary of Actuarial Assumptions and Methods

1. Investment Return Rate 5.00% per year, net of investment expenses. The 5.00% is composed of a 2.25% inflation component and an assumed 2.75% net real rate of return.

2. Mortality Rates

Non-Disabled Retirees Gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate rates of scale MP-2014 to account for future mortality improvements.

Disabled Retirees Gender-distinct 2019 Municipal Retirees of Texas mortality tables are used with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.50% and 3.00% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis using the ultimate rates of scale MP-2014 to account for future mortality improvements, subject to the 3.50% or 3.00% floor.

Active and Transitioned The general employees subset of the Pub-2010 mortality tables are used for males and females. The rates are projected on a fully generational basis using the ultimate rates of scale MP-2014 to account for future mortality improvements.

3. Retirement Rates Members are assumed to retire at age 61 with 20 years of service but not later than age 65. Those eligible for early retirement with an unreduced benefit and those who are older than 65 are assumed to retire on the valuation date.

4. Incidence of Disability Rates

<u>Age</u>	<u>Rate (%) – For Sample Ages</u>	
	<u>Male Participants</u>	<u>Female Participants</u>
20	0.004	0.001
25	0.005	0.002
30	0.010	0.004
35	0.027	0.013
40	0.067	0.036
45	0.130	0.075
50	0.208	0.133
55	0.306	0.218
60	0.384	0.299



5. Termination Rates

<u>Age</u>	<u>Rate (%) – For Sample Ages</u>	
	<u>Male Participants</u>	<u>Female Participants</u>
20	5.438	5.438
25	4.895	4.895
30	3.702	3.702
35	2.349	2.349
40	1.128	1.128
45	0.265	0.265
50	0.000	0.000
55	0.000	0.000
60	0.000	0.000

6. Salary Increase Rates Salaries for individual employees are assumed to increase at the rate of 3.00% per year.

7. Other Assumptions

- a) Percent married: 100% of employees are assumed to be married.
- b) Age difference: Males spouses are assumed to be three years older than their spouses.
- c) Cost of living escalators (COLA): None.
- d) There will be no recoveries once disabled.
- e) Assumed age for commencement of deferred benefits: Members electing to receive a deferred benefit are assumed to commence receipt at the first age at which unreduced benefits are available.
- f) Pay increase timing: Beginning of (fiscal) year. This is equivalent to assuming that reported pays represent amounts paid to members during the year ended on the valuation date.
- g) Decrement timing: Decrements of all types are assumed to occur at the middle of the valuation year.
- h) Eligibility testing: Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur.
- i) Decrement relativity: Decrement rates are used directly without adjustment for multiple decrement table effects.
- j) Incidence of Contributions: Contributions are assumed to be received monthly throughout the year.
- k) Benefit Service: All members are assumed to accrue one (1) year of service each year. Exact fractional service is used to determine the amount of benefit payable.
- l) Administrative Expenses: Administrative expenses are assumed to be \$35,000 per year.



- 8. Asset Valuation Method The actuarial value is defined as the market value of assets.
- 9. Actuarial Cost Method Entry Age Normal Cost Method

The Entry Age Normal actuarial cost method allocates the plan’s actuarial present value of future benefits to various periods based upon service. The portion of the present value of future benefits allocated to years of service prior to the valuation date is the actuarial accrued liability, and the portion allocated to years following the valuation date is the present value of future normal costs. The normal cost is determined for each active member as the level percent of payroll necessary to fully fund the expected benefits to be earned over the career of each individual active member. The normal cost is partially funded with active member contributions with the remainder funded by employer contributions.

An unfunded accrued liability exists in the amount equal to the excess of actuarial accrued liability over valuation assets.

10. Actuarially Determined Contribution

The actuarially determined contribution for the City is the sum of: (1) the employer normal cost, plus expected administrative expenses, and (ii) the level dollar amortization of the unfunded actuarial accrued liability.

SECTION H

SUMMARY OF BENEFITS PROVISIONS

Summary of Benefit Provisions

1. Plan Year: The twelve (12) month period ending June 30 of each year.
2. Effective Date: May 1, 1960
3. Type of Plan: Qualified single-employer governmental defined benefit retirement plan.
4. Eligibility: All full-time employees, except as noted below, who completed a year of service prior to July 1, 2012 are participants in the plan.

Participant exceptions:

- a. Employees covered by another retirement plan intended to qualify under IRC Section 401(a) and maintained by the Employer or to which the Employer contributes; uniformed police and fire personnel; leased employees; and elected officials.
 - b. The plan is closed to new participants as of July 1, 2012.
5. Transition Participants: All participants in the plan who were not 100% vested in the Participant's Accrued Benefit as of June 30, 2012.
 6. Employee Contributions: Participant contributions were not permitted prior to July 1, 2012. Effective July 1, 2012, Participants, except for Transition Participants, contribute 2.00% of compensation per year. Contributions are credited with interest at the rate of 4.00% per annum. Transition Participants do not contribute to the plan.
 7. Service: Participants receive credit for service while a full-time employee. The benefit service of Transition Participants was frozen as of July 1, 2012; however these participants continue to receive service credit for purposes of vesting and eligibility for early retirement benefits.
 8. Average Monthly Compensation (AMC): Monthly compensation of a participant average over the five consecutive complete calendar years with the employer which produce the highest monthly average. If a participant has less than five complete calendar years with the Employer his AMC will be based on his monthly compensation during his actual years of service. The AMC for a Transition Participant is determined as of July 1, 2012.
 9. Normal Retirement:
 - a. *Eligibility*: Age 65
 - b. *Monthly Benefit*: 1.80% times the participant's AMC times their years of service
 10. Early Retirement:
 - a. *Eligibility*: Attains age 55 and has completed 10 years of service
 - b. *Reduction*: A participant may retire with unreduced benefit upon attaining either (1) age 60 and completed 20 years of service, or (2) age 55 and completed 30 years of service. Otherwise benefits shall be reduced $1/360^{\text{th}}$ for each month ($1/30^{\text{th}}$ per year) by which the retirement date precedes the participant's normal retirement date.



11. Disability Retirement:
- a. *Eligibility:* A participant must have 10 years of service and become totally and permanently disabled. Transition Participants are not eligible for a disability retirement benefit.
 - b. *Monthly Benefit:*
 1. *Payable to age 65:* 1.80% times the participant's AMC times their years of service as if they continued service to their normal retirement date (age 65).
 2. *Payable after age 65:* 1.80% times the participant's AMC times their years of service as of the date of his termination of employment due to disability.
12. Vesting: Participants are entitled to a percentage of their benefit in accordance to the following table. However, all participants are 100% vested in their benefit upon attaining age 65.

<u>Years of Service</u>	<u>Vested Percentage</u>
Less than 6	0%
6	20%
7	40%
8	60%
9	80%
10 or more	100%

13. Deferred Termination Benefit:
- a. *Eligibility* – A participant are entitled to their vested accrued benefit upon termination of employment.
 - b. *Benefit* – The monthly benefit payable at their normal retirement age (age 65) will be based on the participant's AMC and service at the time of termination of employment.
14. Death Benefit prior to Retirement
- a. *Eligibility* – A deceased participant is 100% vested in their retirement benefit if they die while in service with the employer. The beneficiary of a participant who has terminated employment with the employer with a deferred vested benefit is vested in the same percentage that such deceased was vested.
 - b. *Benefit* – The beneficiary will receive a monthly benefit that is actuarially equivalent to the present value of the participant's vested accrued monthly retirement benefit determined as of the their date of death.
15. Normal Form of Payment: Benefits will be payable for life of the participant.

16. Optional Forms of Payment: Various optional forms are available and are equal to the Actuarial Equivalent of the Normal Form.

Option 1 (10-year certain and life): A reduced annuity payable for the life of the participant with payments guaranteed for up to 240 months (10 years).

Option 2 (100% Joint & Survivor): A reduced annuity payable as long as either the member or his/her spouse is living.

Option 3 (100% Joint & Survivor with 10-years certain): A reduced annuity payable as long as either the member or his/her spouse is living with payments guaranteed for up to 240 months (10 years).

Option 4 (Certain only period): Adjusted annuity payments in the form of equal monthly, quarterly, semi-annual or annual installments over a period not to exceed the lesser of 15 years or the participant's life expectancy.

Option 5 (Lump-sum payment): One-time distribution in lieu of a monthly annuity.

17. Cost-of-living Increase: There are no automatic cost-of-living increases provided by the plan.



CITY OF TEXARKANA, AR BOARD OF DIRECTORS

AGENDA TITLE: Adopt a Resolution authorizing the City Manager to enter into a Construction Contract with Contech Contractors, Inc., for the renovation of the Texarkana Rec Center. (PWD)

AGENDA DATE: December 7, 2020

ITEM TYPE: Ordinance Resolution Other : _____

DEPARTMENT: Public Works Department

PREPARED BY: Tracie Lee, Director of Public Works

REQUEST: Adopt a Resolution to Enter into a Construction Contract with Contech Contractors, Inc. for the Renovation of the Texarkana Rec Center.

EMERGENCY CLAUSE: This item will be approved by a resolution; therefore, it will not need an emergency clause.

SUMMARY: The Board of Directors authorized the City Manager to enter into a design build contract with Contech Contractors, Inc. & Trull-Hollensworth Architects, Inc. on May 8, 2020 with the requirement that final construction contract will be brought back before the board for final approval.

The City Manager and staff recommend approval of a construction contract to Contech Contractors, Inc. in the amount of \$1,180,618.00.

Award of this contract to Contech Contractors, Inc. meets all bidding requirements. Funds were budgeted and are available for the award of this contract with Section 108 Loan funds, CDBG funds and funds allocated in the Parks Division budget.

EXPENSE REQUIRED: \$1,180,618.00 (\$885,000.00 Section 108 Loan Funds, \$64,999.00 CDBG Public Facilities Line Item and \$230,619.00 Parks Division allocated in the 2021 budget)

AMOUNT BUDGETED: \$1,180,618.00

**APPROPRIATION
REQUIRED:** \$0.00

**RECOMMENDED
ACTION:** The City Manager and staff recommend Board approval.

EXHIBITS: Resolution and Contract Agreement

RESOLUTION NO. _____

WHEREAS, after advertisement, of a low bid in the amount of \$1,180,618.00 was submitted by Contech Contractors, Inc., for the renovation of the Texarkana Rec Center; and

WHEREAS, funds for such construction are budgeted; and

WHEREAS, the City Manager and staff recommend Board approval;

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of the City of Texarkana, Arkansas, that the City Manager is authorized to enter into a construction contract with Contech Contractors, Inc., for the purposes and in the amount set forth above.

PASSED AND APPROVED this 7th day of December, 2020.

Allen L. Brown, Mayor

ATTEST:

Heather Soyars, City Clerk

APPROVED:

George Matteson, City Attorney



AIA[®] Document A101[™] – 2017

Standard Form of Agreement Between Owner and Contractor where the basis of payment is a Stipulated Sum

AGREEMENT made as of the 20th day of October
in the year two thousand and twenty
(In words, indicate day, month and year.)

BETWEEN the Owner:
(Name, legal status, address and other information)

City of Texarkana, Arkansas
Public Works Department
216 Walnut Street
Texarkana, AR 71854

and the Contractor:
(Name, legal status, address and other information)

Contech Contractors, Inc.
P.O. Box 5830
Texarkana, TX 75505

for the following Project:
(Name, location and detailed description)

Texarkana Recreation Center
#1 Legion Drive
Texarkana, AR 71854

Renovation and addition totaling approximately 14,429 sq. ft. to the existing building

This document has important legal consequences. Consultation with an attorney is encouraged with respect to its completion or modification.

The parties should complete A101[™]-2017, Exhibit A, Insurance and Bonds, contemporaneously with this Agreement.

AIA Document A201[™]-2017, General Conditions of the Contract for Construction, is adopted in this document by reference. Do not use with other general conditions unless this document is modified.

The Architect:
(Name, legal status, address and other information)

Trull-Hollensworth Architects, Inc.
804 North Jackson
Magnolia, AR 71753

The Owner and Contractor agree as follows.

Init.
/

TABLE OF ARTICLES

- 1 THE CONTRACT DOCUMENTS
- 2 THE WORK OF THIS CONTRACT
- 3 DATE OF COMMENCEMENT AND SUBSTANTIAL COMPLETION
- 4 CONTRACT SUM
- 5 PAYMENTS
- 6 DISPUTE RESOLUTION
- 7 TERMINATION OR SUSPENSION
- 8 MISCELLANEOUS PROVISIONS
- 9 ENUMERATION OF CONTRACT DOCUMENTS

EXHIBIT A INSURANCE AND BONDS

ARTICLE 1 THE CONTRACT DOCUMENTS

The Contract Documents consist of this Agreement, Conditions of the Contract (General, Supplementary, and other Conditions), Drawings, Specifications, Addenda issued prior to execution of this Agreement, other documents listed in this Agreement, and Modifications issued after execution of this Agreement, all of which form the Contract, and are as fully a part of the Contract as if attached to this Agreement or repeated herein. The Contract represents the entire and integrated agreement between the parties hereto and supersedes prior negotiations, representations, or agreements, either written or oral. An enumeration of the Contract Documents, other than a Modification, appears in Article 9.

ARTICLE 2 THE WORK OF THIS CONTRACT

The Contractor shall fully execute the Work described in the Contract Documents, except as specifically indicated in the Contract Documents to be the responsibility of others.

ARTICLE 3 DATE OF COMMENCEMENT AND SUBSTANTIAL COMPLETION

§ 3.1 The date of commencement of the Work shall be:

(Check one of the following boxes.)

- The date of this Agreement.
- A date set forth in a notice to proceed issued by the Owner.
- Established as follows:
(Insert a date or a means to determine the date of commencement of the Work.)

If a date of commencement of the Work is not selected, then the date of commencement shall be the date of this Agreement.

§ 3.2 The Contract Time shall be measured from the date of commencement of the Work.

§ 3.3 Substantial Completion

§ 3.3.1 Subject to adjustments of the Contract Time as provided in the Contract Documents, the Contractor shall achieve Substantial Completion of the entire Work:

(Check one of the following boxes and complete the necessary information.)

Not later than **two hundred forty** (240) calendar days from the date of commencement of the Work.

By the following date:

§ 3.3.2 Subject to adjustments of the Contract Time as provided in the Contract Documents, if portions of the Work are to be completed prior to Substantial Completion of the entire Work, the Contractor shall achieve Substantial Completion of such portions by the following dates:

Portion of Work	Substantial Completion Date
-----------------	-----------------------------

§ 3.3.3 If the Contractor fails to achieve Substantial Completion as provided in this Section 3.3, liquidated damages, if any, shall be assessed as set forth in Section 4.5.

ARTICLE 4 CONTRACT SUM

§ 4.1 The Owner shall pay the Contractor the Contract Sum in current funds for the Contractor's performance of the Contract. The Contract Sum shall be **one million one hundred eighty thousand six hundred eighteen dollars (\$ 1,180,618.00)**, subject to additions and deductions as provided in the Contract Documents.

§ 4.2 Alternates

§ 4.2.1 Alternates, if any, included in the Contract Sum:

Item	Price
------	-------

§ 4.2.2 Subject to the conditions noted below, the following alternates may be accepted by the Owner following execution of this Agreement. Upon acceptance, the Owner shall issue a Modification to this Agreement.

(Insert below each alternate and the conditions that must be met for the Owner to accept the alternate.)

Item	Price	Conditions for Acceptance
------	-------	---------------------------

Init.

§ 4.3 Allowances, if any, included in the Contract Sum:
(Identify each allowance.)

Item	Price
Exterior Signage	\$5,000.00
Interior Signage	\$1,000.00
Hardware	\$22,000.00
Contingency	\$50,000.00

§ 4.4 Unit prices, if any:
(Identify the item and state the unit price and quantity limitations, if any, to which the unit price will be applicable.)

Item	Units and Limitations	Price per Unit (\$0.00)
N/A		

§ 4.5 Liquidated damages, if any:
(Insert terms and conditions for liquidated damages, if any.)

N/A

§ 4.6 Other:
(Insert provisions for bonus or other incentives, if any, that might result in a change to the Contract Sum.)

N/A

ARTICLE 5 PAYMENTS

§ 5.1 Progress Payments

§ 5.1.1 Based upon Applications for Payment submitted to the Architect by the Contractor and Certificates for Payment issued by the Architect, the Owner shall make progress payments on account of the Contract Sum to the Contractor as provided below and elsewhere in the Contract Documents.

§ 5.1.2 The period covered by each Application for Payment shall be one calendar month ending on the last day of the month, or as follows: on or before the 25th of each month

§ 5.1.3 Provided that an Application for Payment is received by the Architect not later than the **twenty-fifth** day of a month, the Owner shall make payment of the amount certified to the Contractor not later than the **tenth** day of the **next** month. If an Application for Payment is received by the Architect after the application date fixed above, payment of the amount certified shall be made by the Owner not later than **fifteen** (15) days after the Architect receives the Application for Payment.
(Federal, state or local laws may require payment within a certain period of time.)

Init.

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§ 5.1.4 Each Application for Payment shall be based on the most recent schedule of values submitted by the Contractor in accordance with the Contract Documents. The schedule of values shall allocate the entire Contract Sum among the various portions of the Work. The schedule of values shall be prepared in such form, and supported by such data to substantiate its accuracy, as the Architect may require. This schedule of values shall be used as a basis for reviewing the Contractor's Applications for Payment.

§ 5.1.5 Applications for Payment shall show the percentage of completion of each portion of the Work as of the end of the period covered by the Application for Payment.

§ 5.1.6 In accordance with AIA Document A201™-2017, General Conditions of the Contract for Construction, and subject to other provisions of the Contract Documents, the amount of each progress payment shall be computed as follows:

§ 5.1.6.1 The amount of each progress payment shall first include:

- .1 That portion of the Contract Sum properly allocable to completed Work;
- .2 That portion of the Contract Sum properly allocable to materials and equipment delivered and suitably stored at the site for subsequent incorporation in the completed construction, or, if approved in advance by the Owner, suitably stored off the site at a location agreed upon in writing; and
- .3 That portion of Construction Change Directives that the Architect determines, in the Architect's professional judgment, to be reasonably justified.

§ 5.1.6.2 The amount of each progress payment shall then be reduced by:

- .1 The aggregate of any amounts previously paid by the Owner;
- .2 The amount, if any, for Work that remains uncorrected and for which the Architect has previously withheld a Certificate for Payment as provided in Article 9 of AIA Document A201-2017;
- .3 Any amount for which the Contractor does not intend to pay a Subcontractor or material supplier, unless the Work has been performed by others the Contractor intends to pay;
- .4 For Work performed or defects discovered since the last payment application, any amount for which the Architect may withhold payment, or nullify a Certificate of Payment in whole or in part, as provided in Article 9 of AIA Document A201-2017; and
- .5 Retainage withheld pursuant to Section 5.1.7.

§ 5.1.7 Retainage

§ 5.1.7.1 For each progress payment made prior to Substantial Completion of the Work, the Owner may withhold the following amount, as retainage, from the payment otherwise due:

(Insert a percentage or amount to be withheld as retainage from each Application for Payment. The amount of retainage may be limited by governing law.)

5%

§ 5.1.7.1.1 The following items are not subject to retainage:

(Insert any items not subject to the withholding of retainage, such as general conditions, insurance, etc.)

§ 5.1.7.2 Reduction or limitation of retainage, if any, shall be as follows:

(If the retainage established in Section 5.1.7.1 is to be modified prior to Substantial Completion of the entire Work, including modifications for Substantial Completion of portions of the Work as provided in Section 3.3.2, insert provisions for such modifications.)

§ 5.1.7.3 Except as set forth in this Section 5.1.7.3, upon Substantial Completion of the Work, the Contractor may submit an Application for Payment that includes the retainage withheld from prior Applications for Payment pursuant to this Section 5.1.7. The Application for Payment submitted at Substantial Completion shall not include retainage as follows:

(Insert any other conditions for release of retainage upon Substantial Completion.)

§ 5.1.8 If final completion of the Work is materially delayed through no fault of the Contractor, the Owner shall pay the Contractor any additional amounts in accordance with Article 9 of AIA Document A201–2017.

§ 5.1.9 Except with the Owner’s prior approval, the Contractor shall not make advance payments to suppliers for materials or equipment which have not been delivered and stored at the site.

§ 5.2 Final Payment

§ 5.2.1 Final payment, constituting the entire unpaid balance of the Contract Sum, shall be made by the Owner to the Contractor when

- .1 the Contractor has fully performed the Contract except for the Contractor’s responsibility to correct Work as provided in Article 12 of AIA Document A201–2017, and to satisfy other requirements, if any, which extend beyond final payment; and
- .2 a final Certificate for Payment has been issued by the Architect.

§ 5.2.2 The Owner’s final payment to the Contractor shall be made no later than 30 days after the issuance of the Architect’s final Certificate for Payment, or as follows:

§ 5.3 Interest

Payments due and unpaid under the Contract shall bear interest from the date payment is due at the rate stated below, or in the absence thereof, at the legal rate prevailing from time to time at the place where the Project is located.

(Insert rate of interest agreed upon, if any.)

% two-thirds of one-percent (0.667) per month

ARTICLE 6 DISPUTE RESOLUTION

§ 6.1 Initial Decision Maker

The Architect will serve as the Initial Decision Maker pursuant to Article 15 of AIA Document A201–2017, unless the parties appoint below another individual, not a party to this Agreement, to serve as the Initial Decision Maker.

(If the parties mutually agree, insert the name, address and other contact information of the Initial Decision Maker, if other than the Architect.)

§ 6.2 Binding Dispute Resolution

For any Claim subject to, but not resolved by, mediation pursuant to Article 15 of AIA Document A201–2017, the method of binding dispute resolution shall be as follows:

(Check the appropriate box.)

- Arbitration pursuant to Section 15.4 of AIA Document A201–2017
- Litigation in a court of competent jurisdiction
- Other *(Specify)*

If the Owner and Contractor do not select a method of binding dispute resolution, or do not subsequently agree in writing to a binding dispute resolution method other than litigation, Claims will be resolved by litigation in a court of competent jurisdiction.

ARTICLE 7 TERMINATION OR SUSPENSION

§ 7.1 The Contract may be terminated by the Owner or the Contractor as provided in Article 14 of AIA Document A201–2017.

§ 7.1.1 If the Contract is terminated for the Owner’s convenience in accordance with Article 14 of AIA Document A201–2017, then the Owner shall pay the Contractor a termination fee as follows:

(Insert the amount of, or method for determining, the fee, if any, payable to the Contractor following a termination for the Owner’s convenience.)

§ 7.2 The Work may be suspended by the Owner as provided in Article 14 of AIA Document A201–2017.

ARTICLE 8 MISCELLANEOUS PROVISIONS

§ 8.1 Where reference is made in this Agreement to a provision of AIA Document A201–2017 or another Contract Document, the reference refers to that provision as amended or supplemented by other provisions of the Contract Documents.

§ 8.2 The Owner’s representative:

(Name, address, email address, and other information)

Tyler Richards, Public Works Director
City of Texarkana Public Works Department
216 Walnut Street
Texarkana, AR 71854

§ 8.3 The Contractor's representative:
(Name, address, email address, and other information)

W.B. Douglas, Vice-President
Contact Contractors, Inc.
P.O. Box 5830
Texarkana, TX 75505

§ 8.4 Neither the Owner's nor the Contractor's representative shall be changed without ten days' prior notice to the other party.

§ 8.5 Insurance and Bonds

§ 8.5.1 The Owner and the Contractor shall purchase and maintain insurance as set forth in AIA Document A101™-2017, Standard Form of Agreement Between Owner and Contractor where the basis of payment is a Stipulated Sum, Exhibit A, Insurance and Bonds, and elsewhere in the Contract Documents.

§ 8.5.2 The Contractor shall provide bonds as set forth in AIA Document A101™-2017 Exhibit A, and elsewhere in the Contract Documents.

§ 8.6 Notice in electronic format, pursuant to Article 1 of AIA Document A201-2017, may be given in accordance with AIA Document E203™-2013, Building Information Modeling and Digital Data Exhibit, if completed, or as otherwise set forth below:

(If other than in accordance with AIA Document E203-2013, insert requirements for delivering notice in electronic format such as name, title, and email address of the recipient and whether and how the system will be required to generate a read receipt for the transmission.)

§ 8.7 Other provisions:

ARTICLE 9 ENUMERATION OF CONTRACT DOCUMENTS

§ 9.1 This Agreement is comprised of the following documents:

- .1 AIA Document A101™-2017, Standard Form of Agreement Between Owner and Contractor
- .2 AIA Document A101™-2017, Exhibit A, Insurance and Bonds
- .3 AIA Document A201™-2017, General Conditions of the Contract for Construction
- .4 AIA Document E203™-2013, Building Information Modeling and Digital Data Exhibit, dated as indicated below:

(Insert the date of the E203-2013 incorporated into this Agreement.)

.5 Drawings

Number	Title	Date
See Attachment A - Section 00860 - Index of Drawings		

.6 Specifications

Section	Title	Date	Pages
Specification Book	Project Manual for Additions and Alterations for Texarkana Recreation Center	7/15/2020	406

.7 Addenda, if any:

Number	Date	Pages
Addendum #1	7/27/2020	1
Addendum #2	7/28/2020	14
Addendum #3	7/30/2020	1
Addendum #4	7/31/2020	2
Addendum #5	8/3/2020	2

Portions of Addenda relating to bidding or proposal requirements are not part of the Contract Documents unless the bidding or proposal requirements are also enumerated in this Article 9.

.8 Other Exhibits:

(Check all boxes that apply and include appropriate information identifying the exhibit where required.)

AIA Document E204™–2017, Sustainable Projects Exhibit, dated as indicated below:
(Insert the date of the E204-2017 incorporated into this Agreement.)

The Sustainability Plan:

Title	Date	Pages
Attachment B - Contech Contractors	9/11/2020	3

Init.

Supplementary and other Conditions of the Contract:

Document	Title	Date	Pages
Specification Book	Supplementary General Conditions	7/15/2020	9

.9 Other documents, if any, listed below:

(List here any additional documents that are intended to form part of the Contract Documents. AIA Document A201™-2017 provides that the advertisement or invitation to bid, Instructions to Bidders, sample forms, the Contractor's bid or proposal, portions of Addenda relating to bidding or proposal requirements, and other information furnished by the Owner in anticipation of receiving bids or proposals, are not part of the Contract Documents unless enumerated in this Agreement. Any such documents should be listed here only if intended to be part of the Contract Documents.)

This Agreement entered into as of the day and year first written above.

OWNER (Signature)

Tyler Richards, Public Works Director

(Printed name and title)

W.B. Douglas

CONTRACTOR (Signature)

W.B. Douglas, Vice-President

(Printed name and title)

CAUTION: You should sign an original AIA Contract Document, on which this text appears in RED. An original assures that changes will not be obscured.

Init.

AIA Document A101™ – 2017. Copyright © 1915, 1918, 1925, 1937, 1951, 1958, 1961, 1963, 1967, 1974, 1977, 1987, 1991, 1997, 2007 and 2017 by The American Institute of Architects. All rights reserved. **WARNING: This AIA® Document is protected by U.S. Copyright Law and International Treaties. Unauthorized reproduction or distribution of this AIA® Document, or any portion of it, may result in severe civil and criminal penalties, and will be prosecuted to the maximum extent possible under the law.** Purchasers are permitted to reproduce ten (10) copies of this document when completed. To report copyright violations of AIA Contract Documents, e-mail The American Institute of Architects' legal counsel, copyright@ala.org.

10

CONTECH CONTRACTORS, INC.

September 11, 2020

RE: Texarkana Recreation Center Remodel and Addition

Mr. Tyler Richards,

Contech Contractors, Inc. is proud to submit a price for Texarkana Recreation Center to be located at 1 Legion Drive. Contech's price is based on the following owner furnished documents:

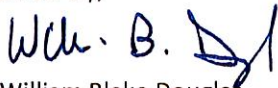
- Plans and Specifications produced by Trull Hollensworth Architects
- Trull Hollensworth Architects Addendums #1, #2, #3, #4, #5, #6, and #7
- Attached value engineered floor plan and value engineered alternative materials

The total lump sum price for the Texarkana Recreation Center is \$1,180,618.00.

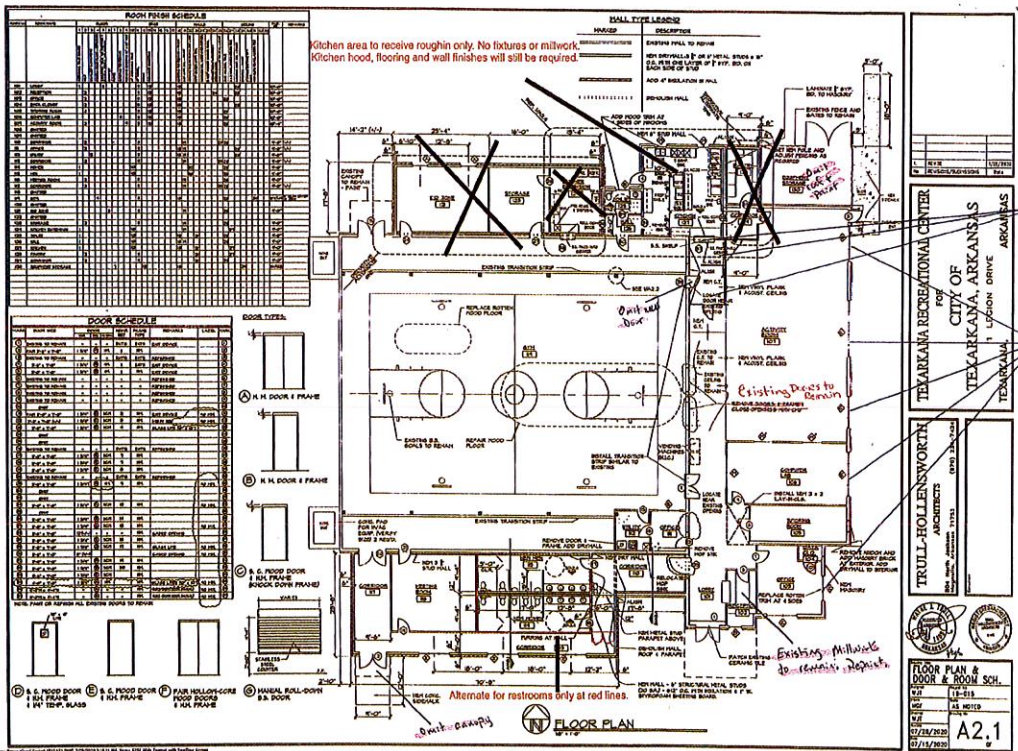
***Note: Any item not expressly stated above is not included and will be priced as an additional change order. Price is based on work being completed in 40 hour work week. Overtime will be an additional charge.

***Price exclusions include but are not limited to permit, temporary fence, flood insurance, kitchen millwork, fencing, fence painting, kitchen equipment, overhead doors, basketball court door removal, wood gym floor removal, stainless steel shelving, HVAC tonnage (reduced due to north side alternate not accepted), data, communication, Swepeco charges, wood flooring of any kind, exterior work on existing building other than infilling masonry and trim at windows, asbestos removal, exterior canopy and temporary utilities.

Sincerely,



William Blake Douglas
Vice-President



Kitchen area to receive rough in only. No fixtures or millwork.
 Kitchen hood, flooring and wall finishes will still be required.

Over 20' x 40' shutter & new ex
 existing walls & millwork to
 remain. reframe paint. Existing
 doors & windows to remain
 paint.

Windows will need to
 be removed wood trim
 redone & replaced.

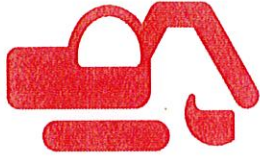
Existing Doors to remain

Existing Millwork to remain in place

Alternate for restrooms only at red lines.

DATE: 02/24/2020

421 Miller County 82
Fouke, AR. 71837
P: 903-824-0355



Double J Excavation

Estimate/Bid

For: Contech
wb@contechcontractorsinc.com

Estimate No: 118
Date: 08/06/2020

Description	Quantity	Rate	Amount
Recreation center texarkana ark. Under cut pad	200	\$6.00	\$1,200.00
Place select fill on building addition	285	\$12.00	\$3,420.00
Erosion control	700	\$6.00	\$4,200.00
	Subtotal		\$8,820.00
	TAX 0%		\$0.00
	Total		\$8,820.00

Total \$8,820.00

Legacy Professional Concrete LLC

2512 South Lake Drive
 Texarkana, TX
 75501

PROJECT BID

<i>Date</i>	<i>Estimate #</i>
8/4/2020	2044

<i>E-mail</i>	Aself@legacyconcreteco.com
---------------	----------------------------

<i>Name / Address</i>
CONTECH INC PO BOX 5830 TEXARKANA, TX 75505

		<i>Project</i>
		Texarkana Recreational Center
<i>Description</i>	<i>Total</i>	
We propose to furnish all labor, materials, equipment, and insurance for the following project located at Texarkana Recreational Center; South side slab on grade, sidewalk, (2) A.C Pads as per drawings dated July 15, 2020, Sheet S1.1 and A2.1 Exclusions: Lab and testing, demo, Anchor bolts, embeds, and hand rails	29,650.00	
Total		\$29,650.00

<i>Phone #</i>	(903)949-6689
----------------	---------------

<i>Fax #</i>	(903)949-6686
--------------	---------------

FYFFE'S MASONRY

PHONE (903) 736-6006

EMAIL ffmasonry@aol.com

P.O. BOX 6495
LONGVIEW, TX.
75608

TEXARKANA RECREATION CENTER
BOYS AND GIRLS
TEXARKANA, TEXAS

LAY AND GRout FILL WHERE NEEDED 1,450 CMU BLOCK
LAY AND CLEAN 9,000 FACE BRICK
FURNISH MATERIALS AND LABOR

Total \$48,875.⁰⁰

William Blake Douglas

From: Jack Yates [jydrywall@msn.com]
Sent: Thursday, August 27, 2020 1:57 PM
To: William Blake Douglas
Subject: Re: Texarkana Rec Center/ Millwork / Misc. Carpentry

See below for revisions

Misc. Carpentry: Labor only for the following:

- 1. Install doors and hardware.
- 2. Install toilet accessories and partitions.....\$5,500.00
- Deduct alternate #1.....<\$330.00>
- Deduct Alternate # 2<\$110.00>
- Total bid.....\$5,060.00

Millwork: Labor and material for the following:

- 1. Vanities at front restrooms with p lam tops.
- 2. Vanity at toilet 125.
- 3. Uppers and lowers in kitchen with p lam top.
- 4. Trim at exterior windows and F window.....\$13,775.00
- Deduct cabinets at Kitchen.....<2,900.00>
- Add P Lam on top of pass through windows, ADD.....\$850.00
- (This is windows where slide up doors are located)
- Total bid.....\$11,725.00

Thank you,
Jack Yates
903-824-3418



Jack Yates Drywall, Inc
3502 Laurel Street
Texarkana, AR 71854
Office 870-772-2223 Fax 870-772-2233

Wright Brothers Inc.
Commercial Roofing and Sheet Metal Fabrication
Since 1932

703 East Broad Street
Texarkana, AR 71854

Telephone: (870)-773-6502 E-Mail: Bryan@wrightbrotherstxk.com Fax: (870) 773-3799

Customer: Contech Construction

Project: Remodel of existing Boys and Girls Club into the Texarkana Recreational Center for the City of Texarkana, AR.

1. Remove existing roofs and insulation either down to wood decking if no asbestos containing material is present or down to but not removing asbestos containing roof materials as required by each roof area. Walls with ACM will be encapsulated with plywood to accept new TPO membrane as per plans.
2. Install wooden nailers on top of existing stone copings to allow for attachment of new metal parapet cap.
3. Install two layers of Firestone ISO 95+ roof insulation that total 3.5" thick for an R-20 above deck roof insulation as required by city code. Insulation to be mechanically attached into wooden decking.
4. Install a fully adhered, 60 mils thick, and white Firestone TPO membrane. Membrane to turn up and over tops of parapet walls and terminate with compression bar and metal counter flashing on vertical walls.
5. Furnish and install new 24 gauge Kynar coated metal parapet caps, leader heads, gutters, downspouts, and counter flashings as necessary for a watertight roof system. Thru wall scuppers will be one piece welded stainless steel. Install hat channel and R-panel sheets on masonry tower and other vertical walls as per plans.
6. Furnish owner with a 20 year manufacturer's warranty issued by Firestone upon completion of roof system and inspection by a regional manufacturer's representative. Warranty is non pro-rated, no dollar limit, and covers material and labor.

Price is \$159,836.00 tax included and good for 60 days from 8-6-2020.

Bryan Wright
8-6-2020

Customer's Signature _____

BILLED TO

Contech

903 831 4515

PACE GLASS

Commercial - Automotive - Residential4700 Texas Blvd 903-793-1192
(One Block Off of State Line) (f) 903-794-9463
Texarkana, TX 75503**DETAILS**

Invoice

00031208

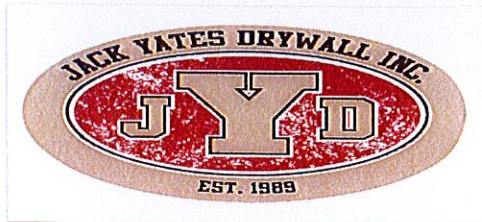
frontdesk@paceglass.us

**Check out our specials online:
www.paceglass.us****TOTAL DUE**

\$17,578.88

C.O.D.

SALESPERSON		YOUR NO.	SHIP VIA	COL	PPD	SHIP DATE	TERMS	DATE	PG.	
				X			C.O.D.	8/20/2020	1	
QTY.	ITEM NO.	DESCRIPTION				PRICE	UNIT	DISC %	EXTENDED	TX.
1	Store Front	6- TypeC windows to be removed and reinstalled after wood has been replaced. 4" color match aluminum extended trim for all type C windows 1- Type D window new storefront and tinted glass with same trim as type C 3- Type E windows new storefront and tinted glass 1- Type F and Type G windows 1/4" clear tempered glass only 2- Type H windows new storefront and shatter resistant lexan and wood panels at bottom 3- Type W windows 1/4" tempered glass only with new gasket for existing storefront				\$16,239.15			\$16,239.15	X
							Sale Amount:	\$16,239.15		
							Freight:	\$0.00	X	
							Sales Tax:	\$1,339.73		
							Total Amount:	\$17,578.88		
							Paid Today:	\$0.00		
							Balance Due:	\$17,578.88		



3502 Laurel Street Texarkana, AR 71854-1104 870-772-2223 Fax 870-772-2233

Date: 9/10/20

To: Contech Inc.
RE: Boys Club
Attn: WB

LABOR AND MATERIAL FOR THE FOLLOWING

1. Paint strips on basketball court as shown on sketch.
Price is off court size of 76ft x 50ft as on drawings.

\$1,850.00

Thank you,
Clay Warren
903-490-1859

JACK YATES DRYWALL, Inc.
CLAYJYD@GMAIL.COM
Arkansas Contractors License No. 0070491020

William Blake Douglas

From: Jack Yates [jydrywall@msn.com]
Sent: Wednesday, September 02, 2020 3:49 PM
To: William Blake Douglas
Subject: Fw: Texarkana Rec Center / Drywall / Acoustical Bids

Add the following:

Labor and material to seal brick:

1. On original Rest room area.....\$1,100.00
2. If restrooms are exterior walls.....\$600.00

See below for revisions

Drywall: Labor and material for the following:

1. Frame, sheath, insulate new additions at front and back.
2. R-30 and netting at new truss area only.
3. Trusses and decking only at trusses.
4. Demo walls and ceilings per plan
5. Cut out CMU, brick and framed walls for new doors etc.
6. Install new blocking at exterior windows.
(Others to remove and replace windows if needed.)
7. FRP per finish schedule.
8. Equipment, fasteners and clean up to GC dumpsters.....\$100,500.00

Deduct walls etc. at front of building, leaving restrooms as exterior, Deduct.....<\$9,000.00>

The trusses and decking are included in the above price which is..\$16,200.00

Alternate 1 deduct.....\$<22,100.00>

Alternate 2 deduct.....<\$6,300.00>

Total bid.....\$63,100.00

Bid Package # 11 Acoustical Ceilings

Acoustical: Labor and material for grid and tile.....\$39,900.00

Deduct ceilings at front corridors and meeting room.....<\$2,730.00

Deduct ceilings at kitchen.....<1,210.00>

Alternate 1 deduct.....<\$2,685.00>

Alternate 2 deduct.....<\$300.00>

Total bid.....\$32,975.00

Bid Package # 13 Paint

Paint: Labor and material for the following:

1. Tape, bed and paint walls and ceilings per plan.
2. Paint doors and frames.
3. Paint wood trim.
4. Paint exterior canopies.....\$47,200.00

Deduct painting at front corridors, office and kitchen.....<\$4,730.00>

Add painting of cabinets in existing pantry.....ADD \$2,000.00

Add paint of trim on outside windows.....ADD \$700.00

Alternate 1 deduct.....<\$3,500.00>

Alternate 2 deduct.....<\$1,600.00>

Total bid.....\$40,100.00

Thank you,
Jack Yates
903-824-3418

William Blake Douglas

From: Jack Yates [jydrywall@msn.com]
Sent: Thursday, August 27, 2020 1:56 PM
To: William Blake Douglas
Subject: Re: Texarkana Rec Center / Drywall / Acoustical Bids

See below for revisions

Drywall: Labor and material for the following:

1. Frame, sheath, insulate new additions at front and back.
 2. R-30 and netting at new truss area only.
 3. Trusses and decking only at trusses.
 4. Demo walls and ceilings per plan.
 5. Cut out CMU, brick and framed walls for new doors etc.
 6. Install new blocking at exterior windows.
(Others to remove and replace windows if needed.)
 7. FRP per finish schedule.
 8. Equipment, fasteners and clean up to GC dumpsters.....\$100,500.00
Deduct walls etc. at front of building, leaving restrooms as exterior, Deduct.....<\$9,000.00>
- The trusses and decking are included in the above price which is..\$16,200.00
- Alternate 1 deduct.....\$<22,100.00>
Alternate 2 deduct.....<\$6,300.00>
Total bid.....\$63,100.00

Bid Package # 11 Acoustical Ceilings

- Acoustical: Labor and material for grid and tile.....\$39,900.00
Deduct ceilings at front corridors and meeting room.....<\$2,730.00
Deduct ceilings at kitchen.....<1,210.00>
Alternate 1 deduct.....<\$2,685.00>
Alternate 2 deduct.....<\$300.00>
Total bid.....\$32,975.00

Bid Package # 13 Paint

Paint: Labor and material for the following:

1. Tape, bed and paint walls and ceilings per plan.
 2. Paint doors and frames.
 3. Paint wood trim.
 4. Paint exterior canopies.....\$47,200.00
Deduct painting at front corridors, office and kitchen.....<\$4,730.00>
Add painting of cabinets in existing pantry.....ADD \$2,000.00
Add paint of trim on outside windows.....ADD \$700.00
- Alternate 1 deduct.....<\$3,500.00>
Alternate 2 deduct.....<\$1,600.00>
Total bid.....\$40,100.00

Thank you,
Jack Yates
903-824-3418

SECTION 000101 PROPOSAL FORM

TEXARKANA RECREATION CENTER (formerly the Boys & Girls Club)
1 LEGION DRIVE, TEXARKANA, AR

Proposal of: 10 Flooring

(Enter One of the 18 Packages listed in the Invitation for Proposal, fill out one Proposal Form for each proposal submitted). (Where applicable, include UNIT PRICING on the Appendix A form (00315b), for Unit pricing for removal of bad soil and replace with select fill, also for rock removal).

To: Contech Contractors, Inc., Texarkana, AR

The undersigned, having received and examined the Plans and Project Manual for the above referenced Project, proposes to furnish all labor and materials and to perform all work for the general construction required by and in strict accordance with the above named documents for the following sums:

I. BASE BID:

Sixty one thousand eight hundred dollars (\$ 61,800.00)

II. ACCEPTANCE AND COMPLETION

In submitting this Proposal, the Contractor agrees:

- 1) To accept provisions of the Instructions to Bidders;
- 2) To accomplish the work in accordance with the Contract Documents;
- 3) To fully complete the Project within two hundred and forty (240) days from issuance of Notice To Proceed.

III. ADDENDA

The undersigned has examined the following Addenda: 1-5

BIDDER: Commercial Contract Flooring

SIGNATURE: Eric Dickeson *Eric Dickeson*

TITLE: President

Seal

ADDRESS: PO Box 5464

Texarkana, TX 75505

TELE. NO.: 903-826-5205

DATE: 8/6/20

CONTRACTOR'S
LICENSE NO.: 0150140520

00315b

Appendix A

Scope of Work Inclusion:

Demo existing ceramic floor tile and mudbed in the existing restroom.

Demo ceramic wall tile in the existing restroom.

Materials and labor to install LVT flooring.

Materials and labor to install ceramic floor tile, wall tile & base.

Materials and labor to install rubber wall base.

Materials and labor to install 62 bags of Bostik SL100 self leveling concrete where the existing mudbed is demoed. Any bags needed over the 62 included will be billed at \$40.00 per bag installed.

Materials and labor to clean and seal concrete.

Materials and labor for floor prep.

Sales tax.

Deductive Alternate No. 1: (\$5130.00)

Deductive Alternate No. 2: (\$1040.00)

Scope of Work Exclusion:

Any work related to the gym wood flooring including transitions.

Demo of any asbestos containing materials.

Any work related to wood base.

William Blake Douglas

From: Eric Dickeson [eric@contractflooringllp.com]
Sent: Wednesday, September 09, 2020 2:38 PM
To: William Blake Douglas
Subject: Re: Texarkana Recreational Center/Boys and Girls Club Remodel Revised VE Items

To grind and polish the floor in the Gym you would be looking at an add of \$29,300.00 with sales tax included. That would be dependent upon them doing all of the demo and giving us a clean floor to start with.

On Wed, Aug 12, 2020 at 2:43 PM Eric Dickeson <eric@contractflooringllp.com> wrote:
A revised quote should be attached.

On Wed, Aug 12, 2020 at 10:48 AM William Blake Douglas <wb@contechcontractorsinc.com> wrote:

Please find attached a floor plan showing the additional VE items. The items are marked with a pink highlighter at the explanation. The original items are listed below for reference. Please let me know if you have any questions.

Attached is the floor plan with notes for the VE items. Based on the bids, we are going to have to VE the Boys and Girls Club. Please, note on page A2.1 the listed areas as alternate 1 and alternate 2 will not be completed. Please note in the deduction there is an alternate deduct for the south addition. If you see any other VE items, listed them on your revised price. Please, let me know if you have any questions. I need these price back by Friday.

Thanks,

William Blake Douglas

Contech Contractors Inc.

Estimator/Project Manager

P.O. Box 5830

Texarkana, TX 75505

Phone: (903) 831-4515

Fax: (903) 838-2691

SECTION 000101 PROPOSAL FORM

TEXARKANA RECREATION CENTER (formerly the Boys & Girls Club)
1 LEGION DRIVE, TEXARKANA, AR

Proposal of: Roof Package
(Enter One of the 18 Packages listed in the Invitation for Proposal, fill out one Proposal Form for each proposal submitted). (Where applicable, include UNIT PRICING on the Appendix A form (00315b), for Unit pricing for removal of bad soil and replace with select fill, also for rock removal).

To: Contech Contractors, Inc., Texarkana, AR

The undersigned, having received and examined the Plans and Project Manual for the above referenced Project, proposes to furnish all labor and materials and to perform all work for the general construction required by and in strict accordance with the above named documents for the following sums:

I. BASE BID:

Material, Labor & Equip. is 13,914.75

II. ACCEPTANCE AND COMPLETION

In submitting this Proposal, the Contractor agrees:

- 1) To accept provisions of the Instructions to Bidders;
- 2) To accomplish the work in accordance with the Contract Documents;
- 3) To fully complete the Project within two hundred and forty (240) days from issuance of Notice To Proceed.

III. ADDENDA

The undersigned has examined the following Addenda: 7

BIDDER: Lance Acavedo

SIGNATURE: [Signature]

TITLE: Owner

ADDRESS: 3906 FM 910

TELE. NO.: 903) 278-2873

DATE: 08/17/20

CONTRACTOR'S
LICENSE NO.: _____

Seal

Job Estimate

Date: 8/6/20

Job Name: Boys and Girls Club

Location: Texarkana, AR



200 Industrial Blvd.

Nash, TX 75569

Phone: 903-831-3912

Fax: 903-831-3912

Email: krauseserviceco@aol.com

TACLA020659E HVACR2114040

LA56513

M-42246 MP6558

Job Description: Plumbing

- Demo existing plumbing
- New underground plumbing (PVC)
- All above ground drains and vents (PVC)
- New water to all fixtures (Copper)
- Provide and install fixtures specified
- Gas to kitchen and HVAC
- New grease trap and grease waste
- Sewer connections 5' outside bldg.
- Water 5' outside bldg.
- RPZ
- Excludes all concrete work

Price: \$99,900

Job description: HVAC

- provide and install HVAC system
- exhaust system
- ductwork
- grills
- kitchen hood
- make up air
- per plans and specs

Price:\$149,400

Add \$4235 for grease duct

William Blake Douglas

From: Beth [krauseserviceco@aol.com]
Sent: Monday, August 17, 2020 1:18 PM
To: William Blake Douglas
Subject: Re: Texarkana Recreational Center/Boys and Girls Club Remodel Revised VE Items

VE items

remove double spiral and to use single wall spiral -\$3000.00
remove AHU5 and duct work - \$5400.00
AHU-1 remove duct work from classroom and storage room and reduce tonnage to 13.5 tons from 15 tons. \$3800.00
This will to job from \$149,400.00 down to \$138,000.00 if all VE items are taken.

Beth Krause

Krause Service Co
200 Industrial Blvd
Nash, TX. 75569
Phone: 903-831-3912 ext 302
Fax: 903-838-1249

-----Original Message-----

From: William Blake Douglas <wb@contechcontractorsinc.com>
To: Gary Douglas <gary@contechcontractorsinc.com>; Garry Jordan <gjordan@contechcontractorsinc.com>
Sent: Wed, Aug 12, 2020 10:48 am
Subject: Texarkana Recreational Center/Boys and Girls Club Remodel Revised VE Items

Please find attached a floor plan showing the additional VE items. The items are marked with a pink highlighter at the explanation. The original items are listed below for reference. Please let me know if you have any questions.

Attached is the floor plan with notes for the VE items. Based on the bids, we are going to have to VE the Boys and Girls Club. Please, note on page A2.1 the listed areas as alternate 1 and alternate 2 will not be completed. Please note in the deduction there is an alternate deduct for the south addition. If you see any other VE items, listed them on your revised price. Please, let me know if you have any questions. I need these price back by Friday.

Thanks,

William Blake Douglas
Contech Contractors Inc.
Estimator/Project Manager
P.O. Box 5830
Texarkana, TX 75505
Phone: (903) 831-4515
Fax: (903) 838-2691
WB@contechcontractorsinc.com



Proposal

Project: Boys & Girls Club Renovations / Rec. Center

Date: 8/6/20

To: Contech Contractors

Attention: WB

From: Nathan

We are pleased to provide pricing for all electrical per plans and spec for the above project as follows: Fire Alarm included.

Base Bid \$ 185,000

Alternate Lighting \$165,000

Tax Included

We have seen and included 5 addendums.

Temporary Power and lights are provided and are for walking the job, Not for finish work. First bulbs provided.

Exclusions: We do not include in our price- Utility company charges, concrete, concrete or asphalt cutting, or patching, overtime or acceleration cost, trash disposal, patching and painting, roof flashing-boots-pitch pans and surveying.

Our cost is based on toilets being provided on site, on an unmodified AIA Contract, and our Masonry Coordination Procedures.

Since 1967, Artex Electric has served this area with quality work of the highest value. This has made us the largest Electrical Construction and Service Company in this area. For more information- see our web site @ www.artelectric.com.

Thank You Very Much for this Opportunity to Work with You.

William Blake Douglas

From: estimator@artelectric.com
Sent: Monday, August 17, 2020 3:43 PM
To: William Blake Douglas
Subject: Boys and Girls Club VE Pricing

WB, below is the VE deduct pricing.

Rough in Per NEC(Aluminum feeders, mc cable in lieu of conduit, free air fire alarm, etc..) - \$7,500

Remove all electrical in rooms that were deleted in VE Floorplan.pdf - \$4,500

Alternate VE lighting package - \$20,000 or VE lighting package but keep the spec'd gym lights - \$16,000 (Just giving an option because spec'd rep said the architect and engineer wants to keep these.)

Nathan Rider
Vice President
Office (870) 772-5026
Cell (903) 701-5201



CITY OF TEXARKANA, AR

BOARD OF DIRECTORS

AGENDA TITLE: Adopt an Ordinance authorizing the issuance of Franchise Fee Secured Refunding Revenue Bonds, Series 2021; authorizing a Trust Indenture; authorizing the sale of the bonds and the execution of a Bond Purchase Agreement. (FIN) Finance Director TyRhonda Henderson and Jim Fowler, Rose Law Firm, and Jason Holslaw, Stephens, Inc.

An emergency clause is requested. An emergency clause requires a separate and distinct vote of the board and is valid only if there is a two-thirds vote of approval by the Board.

AGENDA DATE: December 7, 2020

ITEM TYPE: Ordinance Resolution Other : _____

DEPARTMENT: Finance

PREPARED BY: TyRhonda Henderson

REQUEST: Authorizing the issuance of Franchise Fee Secured Refunding Revenue Bonds, Series 2021; authorizing a Trust Indenture; authorizing the sale of the bonds and the execution of a Bond Purchase Agreement.

EMERGENCY CLAUSE: Yes

SUMMARY: Authorizing the issuance of Franchise Fee Secured Refunding Revenue Bonds, Series 2021; authorizing a Trust Indenture; authorizing the sale of the bonds and the execution of a Bond Purchase Agreement.

EXPENSE REQUIRED:

AMOUNT BUDGETED:

**APPROPRIATION
REQUIRED:**

**RECOMMENDED
ACTION:** The City Manager and staff recommend approval.

EXHIBITS: Ordinance, Bond Purchase Agreement and Trust Indenture

ORDINANCE NO. _____

**AN ORDINANCE AUTHORIZING THE
ISSUANCE OF NOT TO EXCEED \$12,500,000
FRANCHISE FEE SECURED REFUNDING
REVENUE BONDS, SERIES 2021; AUTHORIZING
A TRUST INDENTURE SECURING THE BONDS;
AUTHORIZING THE SALE OF THE BONDS AND
THE EXECUTION OF A BOND PURCHASE
AGREEMENT; PRESCRIBING OTHER
MATTERS PERTAINING THERETO; AND
DECLARING AN EMERGENCY**

WHEREAS, pursuant to the Constitution and laws of the State of Arkansas, including particularly the Local Government Capital Improvement Revenue Bond Act of 1985, as amended (the “Act”), the City of Texarkana, Arkansas, (the “City”) is authorized to issue its bonds to refund bonds issued to finance capital improvements, and to pledge to the repayment of the bonds the franchise fees charged to public utilities for the privilege of using the City’s streets and rights-of-way; and

WHEREAS, the City has previously issued it’s \$3,770,000 Franchise Fee Secured Refunding Revenue Bonds, Series 2015 (the “Series 2015 Bonds”) of which \$3,250,000 remains outstanding and its \$10,300,000 original principal amount Franchise Fee Secured Refunding Revenue Bonds, Series 2012 (the “Series 2012 Bonds”) of which \$7,920,000 remains outstanding; (collectively the Series 2015 Bonds and the Series 2012 Bonds are referred to as the “Prior Bonds”); and

WHEREAS, to achieve debt service savings, the City has determined to issue its Franchise Fee Secured Refunding Revenue Bonds, Series 2021-A, (the “Series 2021-A Bonds”), and its Franchise Fee Secured Refunding Revenue Bonds, Taxable Series 2021-B, (the “Taxable Series 2021-B Bonds” which together with Series 2021-A Bonds are collectively referred to as the “Bonds”) to advance refund the Series 2012 Bonds and to currently refund the Series 2015 Bonds; and

WHEREAS, the City is offering, and Stephens Inc. (the “Underwriter”), is expected to agree to purchase for offering to the public, all (but not less than all) of the Bonds, pursuant

to a Bond Purchase Agreement (the “Bond Purchase Agreement”), to be dated its date of execution, between the City and the Underwriter; and

WHEREAS, the following documents have been prepared in connection with the issuance of the Bonds and have been reviewed by the City and Rose Law Firm, a Professional Association, Bond Counsel: (a) a Trust Indenture (the “Indenture”), to be dated as of the date of delivery of the Bonds, between the City and Bank OZK, as Trustee (the “Trustee”), establishing the general provisions and details of the Bonds, establishing the funds and accounts relating to the Bonds, providing for the security and payment of the Bonds, and the rights of the owners thereof, (b) an Escrow Deposit Agreement, to be dated as of the date of delivery of the Bonds, between the City and Regions Bank, as Escrow Trustee, and (b) the Bond Purchase Agreement; and

WHEREAS, there has been prepared for distribution to various prospective and actual purchasers of the Bonds a Preliminary Official Statement (the “Preliminary Official Statement”) describing the City, the Bonds, the Indenture, and other information;

NOW, THEREFORE, BE IT ORDAINED by the Board of Directors of the City of Texarkana, Arkansas, as follows:

SECTION 1. That the issuance of the Series 2021-A Bonds in the aggregate principal amount of not to exceed \$3,500,000 and the issuance of the Taxable Series 2021-B Bonds in the aggregate principal amount not to exceed \$9,000,000 is hereby authorized for the purpose of refunding the Prior Bonds, funding a debt service reserve, and paying the costs of issuance of the Bonds; provided, however, the sale of the Bonds shall be upon terms substantially as set forth in the Bond Purchase Agreement authorized in Section 2 satisfactory to the Mayor, and subject to the further conditions that the purchase price of the Bonds shall be not less than 95% of the par value thereof (not taking into account original issue discount and premium) and that all such Bonds shall mature not later than September 1, 2040, and have a true interest cost (after taking into account original issue discount and premium and Underwriter’s discount but excluding other costs of issuing the Bonds) not greater than 3.50% per annum.

SECTION 2. That the Indenture, the Bond Purchase Agreement, the Escrow Deposit Agreement, and the Preliminary Official Statement, in substantially the forms presented to the meeting at which this Ordinance is adopted, are hereby approved.

SECTION 3. That the City hereby finds and determines that the Bond Purchase Agreement, in substantially the form presented at the meeting at which this Ordinance is adopted, is fair and reasonable and in the best interests of the City; and the Bonds shall be sold and delivered to the Underwriter upon the terms and conditions set forth in the Bond Purchase Agreement and upon the basis of the representations set forth therein. Subject to the conditions of Section 1, the City hereby accepts the Bond Purchase Agreement and authorizes and directs the Mayor to complete, execute, and deliver the Bond Purchase Agreement for and in the name of the City in substantially the form presented at this meeting with such changes, additions, and substitutions therein as shall be approved by the Mayor, his execution and delivery thereof to constitute conclusive evidence of his approval of any such changes.

SECTION 4. The Mayor and City Clerk are hereby authorized and directed to execute and deliver the Indenture for and in the name of the City in substantially the form presented at the meeting at which this Ordinance is adopted, with such changes therein as shall be approved by the aforesaid authorized officers, their execution and delivery thereof to constitute conclusive evidence of their approval of any such changes. The City recognizes that certain revisions may be made to the Indenture prior to the issuance of the Bonds, and hereby authorizes the Mayor to approve and accept such revisions, the signature of the Mayor on the Indenture to constitute proof of acceptance of such revisions. Specifically, the Mayor is hereby authorized to (i) accept the final aggregate principal amount, schedule of maturities, and interest rates of the Bonds if he deems such to be appropriate and within the authority granted by this Ordinance and (ii) execute and deliver the Indenture.

SECTION 5. That the City Board of Directors authorizes and approves the production of a final Official Statement and authorizes and directs the Mayor to execute and deliver the Official Statement in connection with the issuance of the Bonds in such form as he deems acceptable.

SECTION 6. The Mayor and City Clerk, for and on behalf of the City, are hereby authorized and directed to do any and all things necessary to effect the execution and delivery of the Bonds, the Bond Purchase Agreement, the Escrow Deposit Agreement and the Indenture; the execution and delivery of such other papers and documents necessary to effect the issuance of the Bonds, including particularly a Continuing Disclosure Agreement, to be dated as of the date of delivery of the Bonds, in substantially the form attached to the

Preliminary Official Statement, and the performance of all acts of whatever nature necessary to effect and carry out the authority conferred by this Ordinance. The Mayor and the City Clerk are hereby further authorized and directed, for and on behalf of the City, to execute all papers, documents, certificates, and other instruments that may be required for the carrying out of such authority or to evidence the exercise thereof.

SECTION 7. It is hereby ascertained and declared that the refunding of the Prior Bonds be accomplished as soon as possible in order to achieve debt service savings and to alleviate immediate hazards to the health, safety, and welfare of the City of Texarkana, Arkansas, its inhabitants, and their property; and that the refunding can be accomplished only by the issuance of the Bonds. Therefore, an emergency is hereby declared to exist and this ordinance, being necessary for the immediate preservation of the public health, safety, and welfare, shall be in full force and effect from and after its passage and approval.

PASSED AND APPROVED this 7th day of December, 2020.

Allen L. Brown, Mayor

ATTEST:

Heather Soyars, City Clerk

APPROVED:

George Matteson, City Attorney

PREPARED BY:

James M. Fowler, Jr., Rose Law
Firm, a Professional Association,
Bond Counsel

Bond Purchase Agreement

December __, 2020

City of Texarkana
East 3rd and Walnut Streets
Texarkana, Arkansas 75504

\$ _____
City of Texarkana, Arkansas
Franchise Fee Secured Refunding Revenue Bonds,
Series 2021

Ladies and Gentlemen:

The undersigned (the “Underwriter”) offers to enter into this Bond Purchase Agreement (this “Bond Purchase Agreement”) with the City of Texarkana, Arkansas (the “Issuer”) which, upon your acceptance of this offer, will be binding upon you and upon the Underwriter. Terms not otherwise defined herein shall have the same meanings as set forth in the Indenture described below.

This offer is made subject to your mutual acceptance of this Bond Purchase Agreement on or before 12:00 midnight, December __, 2020.

1. Upon the terms and conditions and in reliance upon the respective representations, warranties, and covenants herein, the Underwriter hereby agrees to purchase from the Issuer, and the Issuer hereby agrees to sell to the Underwriter, all (but not less than all) of \$ _____ City of Texarkana, Arkansas Franchise Fee Secured Refunding Revenue Bonds, Series 2021 (the “Bonds”), comprised of \$ _____ Series 2021-A Bonds and \$ _____ Taxable Series 2021-B Bonds at the aggregate purchase price (the “Purchase Price”) of \$ _____ (equal to the par amount of the Bonds less underwriter’s discount of \$ _____, plus a net reoffering premium of \$ _____).

The Bonds shall be issued by the Issuer pursuant to the provisions of the Constitution and laws of the State of Arkansas (the “State”), including particularly the Local Government Capital Improvement Revenue Bond Act of 1985, as amended, Ark. Code Ann. §§ 14-164-401 *et seq.* (the “Act”), shall be secured under and pursuant to a Trust Indenture, dated as of the delivery date of the Bonds (the “Indenture”), by and between the Issuer and Bank OZK, as trustee (the “Trustee”), and shall have the maturities and interest rates and be subject to redemption as set forth in the Final Official Statement (as hereinafter defined) and in Exhibit A attached hereto.

The Bonds are being issued (i) to currently refund the Series 2012 Bonds and advance refund the Series 2015 Bonds (ii) to fund a debt service reserve, and (iii) to pay the cost of issuance of the Bonds.

2. The Underwriter agrees to make a bona fide public offering of all of the Bonds at the offering prices set forth on the cover of the Final Official Statement described below.

3. (a) The Issuer agrees to deliver to the Underwriter, at such addresses as the Underwriter shall specify, as many copies of the Official Statement relating to the Bonds (as supplemented and amended from time to time, the “Final Official Statement”) as the Underwriter shall reasonably request as necessary to comply with paragraph (b)(4) of Rule 15c2-12 of the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the “Rule”) and with Rules G-32 and G-36 and all other applicable rules of the Municipal Securities Rulemaking Board. The Issuer agrees to deliver such Final Official Statements within seven business days after the execution hereof.

(b) The Issuer hereby authorizes and approves the Preliminary Official Statement dated _____, 2020, and the Final Official Statement (the Final Official Statement, the Preliminary Official Statement, and any amendments or supplements that may be authorized for use with respect to the Bonds are herein referred to collectively as the “Official Statement”) and consents to their distribution and use by the Underwriter and authorizes the execution of the Final Official Statement by a duly authorized officer of the Issuer.

(c) The Underwriter shall give notice to the Issuer on the date after which no participating underwriter, as such term is defined in the Rule, remains obligated to deliver Final Official Statements pursuant to paragraph (b)(4) of the Rule.

4. The Issuer represents and warrants to the Underwriter that:

(a) The Issuer is a political subdivision of the State and is duly organized and existing under the Constitution and laws of the State. The Issuer is authorized by the provisions of the Act, among other things, (i) to issue refunding bonds and (ii) to secure the Bonds with a lien upon and a pledge of its franchise fees charged for the privilege of using the Issuer’s streets and rights-of-way (A) to public utilities pursuant to the authority contained in Ark. Code Ann. §§ 14-200-101 to -112, (B) as voluntary payments in lieu of taxes from the Issuer’s water utility pursuant to the authority contained in Ark. Code Ann. § 14-234-114, and (C) to a cable service provider pursuant to the Issuer’s cable service franchise ordinance and agreement for a term ending May 21, 2022 (the “Revenues”), pursuant to the Indenture. The Bonds are issued on a parity of security as to the Revenues with the Issuer’s \$2,260,000 original principal amount Franchise Fee Secured Capital Improvement Revenue Bonds, Series 2018 (the “Series 2018 Bonds”).

(b) The Issuer has the full legal right, power, and authority (i) to adopt the ordinance adopted on December __, 2020, by its Board of Directors authorizing the issuance of and sale of the Bonds (the “Ordinance”), (ii) to enter into this Bond Purchase Agreement, the Continuing Disclosure Agreement (as hereinafter defined), the Escrow Deposit Agreement relating to the Series 2015 Bonds, and the Indenture (collectively, the “Issuer Documents”), (iii) to issue, sell, and deliver the Bonds to the Underwriter as provided herein, and (iv) to carry out and consummate all other transactions contemplated by each of the aforesaid documents. The Issuer has complied with all provisions of applicable law, including the Act and the Ordinance, in all matters relating to such transactions.

(c) The Issuer has duly authorized (i) the execution and delivery of the Bonds and the execution, delivery, and due performance of this and the Issuer Documents, (ii) the distribution and use of the Preliminary Official Statement and the delivery and distribution of the Final Official Statement, and

(iii) the taking of any and all such action as may be required on the part of the Issuer to carry out, give effect to, and consummate the transactions contemplated by such instruments. All consents or approvals necessary to be obtained by the Issuer in connection with the foregoing have been received, and the consents or approvals so received are still in full force and effect.

(d) The Ordinance has been duly adopted by the Issuer, is in full force and effect, and constitutes the legal, valid, and binding act of the Issuer; the Issuer Documents, when executed and delivered, will constitute legal, valid, and binding obligations of the Issuer; and the Ordinance and the Issuer Documents are enforceable against the Issuer in accordance with their respective terms, except as enforceability thereof may be limited by bankruptcy, insolvency, or other laws affecting creditors' rights generally.

(e) When delivered to the Underwriter, the Bonds will have been duly authorized, executed, authenticated, issued, and delivered and will constitute legal, valid, and binding obligations of the Issuer in conformity with the laws of the State, including the Act and the Ordinance, and will be entitled to the benefit and security of the Indenture.

(f) The information relating to the Issuer and the Revenues contained in the Preliminary Official Statement is, and as of the date of Closing such information in the Final Official Statement will be, true and correct in all material respects, and the Preliminary Official Statement does not and the Final Official Statement will not contain any untrue or misleading statement of a material fact relating to the Issuer or the Revenues or omit to state any material fact relating to the Issuer or the Revenues necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(g) If, at any time prior to the earlier of (i) receipt of notice from the Underwriter pursuant to Section 3(c) hereof that Final Official Statements are no longer required to be delivered under the Rule or (ii) 90 days after the Closing, any event occurs with respect to the Issuer as a result of which the Preliminary Official Statement or the Final Official Statement as then amended or supplemented might include an untrue statement of a material fact, or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the Issuer shall promptly notify the Underwriter in writing of such event. Any information supplied by the Issuer for inclusion in any amendments or supplements to the Preliminary Official Statement or Final Official Statement will not contain any untrue or misleading statement of a material fact relating to the Issuer or omit to state any material fact relating to the Issuer necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(h) Neither the adoption of the Ordinance, the execution and delivery of the Bonds and the Issuer Documents, the charge or pledge of the Revenues, nor the consummation of the transactions contemplated herein or therein or the compliance with the provisions hereof or thereof will conflict with, or constitute on the part of the Issuer a violation of, or a breach of or default under, (i) any statute, indenture, mortgage, commitment, note, or other agreement or instrument to which the Issuer is a party or by which it is bound, (ii) any provision of the State Constitution, or (iii) any existing law, rule, regulation, ordinance, judgment, order, or decree to which the Issuer (or the members of the Board of Directors or any of its officers in their respective capacities as such) is subject.

(i) Except as is specifically disclosed in the Official Statement, there is no action, suit, proceeding, inquiry, or investigation, at law or in equity, before or by any court, public board, or body, pending or, to the best knowledge of the Issuer, threatened, which in any way questions the powers of the Issuer referred to in paragraph (b) above, or the validity of any proceeding taken by the Issuer in connection with the issuance of the Bonds, or wherein an unfavorable decision, ruling, or finding could materially adversely affect the transactions contemplated by this Bond Purchase Agreement or of any other document or instrument required or contemplated by this financing, or which, in any way, could adversely affect the validity or enforceability of the Ordinance, the Issuer Documents, the charge or pledge of the Revenues, or the Bonds or, to the knowledge of the Issuer, which in any way questions the tax-exempt status of the Issuer or the exclusion from gross income of the recipients thereof of the interest on the Series 2021-A Bonds for federal income tax purposes or in any other way questions the status of the Series 2021-A Bonds under federal or State tax laws or regulations.

(j) Any certificate signed by any official of the Issuer and delivered to the Underwriter shall be deemed a representation and warranty by the Issuer to the Underwriter as to the truth of the statements therein contained.

(k) The Issuer has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that it is a bond issuer whose arbitrage certifications may not be relied upon.

(l) The Issuer will not knowingly take or omit to take any action, which action or omission will in any way cause the proceeds from the sale of the Bonds to be applied in a manner other than as provided in the Indenture or which would cause the interest on the Bonds to be includable in gross income for federal income tax purposes.

(m) There has been no material change in the general affairs, management, properties, financial position, capitalization, or results of operation of the Issuer since the date of such financial statements except as set forth in the Final Official Statement.

5. The Issuer covenants with the Underwriter as follows:

(a) The Issuer will cooperate with the Underwriter in qualifying the Bonds for offer and sale under the securities or Blue Sky laws of such jurisdictions of the United States as the Underwriter may request; provided, however, that the Issuer shall not be required to consent to suit or to service of process in any jurisdiction. The Issuer consents to the use by the Underwriter in the course of its compliance with the securities or Blue Sky laws of the various jurisdictions of the documents relating to the Bonds, subject to the right of the Issuer to withdraw such consent for cause by written notice to the Underwriter.

(b) Prior to the earlier of (1) receipt of notice from the Underwriter pursuant to Section 3(c) hereof that Final Official Statements are no longer required under the Rule or (ii) 90 days after the Closing, the Issuer shall provide the Underwriter with such information regarding the Issuer, the Revenues, and the ongoing operations of the Issuer and the Revenues as the Underwriter may reasonably request.

(c) The Issuer covenants and agrees to enter into a written agreement or contract, constituting an undertaking (the "Continuing Disclosure Agreement") to provide ongoing disclosure about the

Issuer and the Revenues for the benefit of the Bondholders on or before the date of delivery of the Bonds as required by Section (b)(5)(i) of the Securities and Exchange Commission Rule 15c2-12 under the Securities Act of 1934, as amended (17 C.F.R. Part 240, 240.15c2-12) (the “Rule”), which undertaking shall be an agreement between the Issuer and the Trustee for the benefit of the Bondholders pursuant to the Indenture, and in the form as summarized in the Official Statement, with such changes as may be agreed to in writing by the Underwriter.

6. At 10:00 a.m. on January __, 2021 (the “Closing Date”) or at such other time and/or date as shall have been mutually agreed upon by the Issuer and the Underwriter, the Issuer will deliver, or cause to be delivered, to the Underwriter the Bonds, in definitive form duly executed and authenticated by the Trustee, together with the other documents hereinafter mentioned; and the Underwriter will accept such delivery and pay the Purchase Price of the Bonds by making a wire transfer in federal funds payable to the order of the Trustee for the account of the Issuer (the “Closing”).

Provided, however, that in any event, the Bonds shall be delivered to The Depository Trust Company in New York, New York and the activities relating to the final execution and delivery of all documents related to the Bonds and the payment for the Bonds and the delivery of the certificates, opinions, and other instruments as described in Section 8 of this Purchase Agreement shall occur at Little Rock, Arkansas. The Bonds will be delivered as definitive registered Bonds initially in the denomination of \$5,000 each or any integral multiple thereof, and registered in the name of Cede & Co. or in such names and in such amounts as the Underwriter may request not less than two business days prior to the Closing, and will be made available for checking and packaging by the Underwriter at such place in New York, New York as the Underwriter and the Trustee shall agree not less than 24 hours prior to the Closing.

7. The Underwriter shall have the right to cancel its obligation to purchase the Bonds if between the date hereof and the date of Closing:

(i) a tentative decision with respect to legislation shall be reached by a committee of the House of Representatives or the Senate of the Congress of the United States, or legislation shall be favorably reported or re-reported by such a committee or be introduced, by amendment or otherwise, in or be passed by the House of Representatives or the Senate, or recommended to the Congress of the United States for passage by the President of the United States, or be enacted or a decision by a federal court of the United States or the United States Tax Court shall have been rendered, or a ruling, release, order, regulation, or official statement by or on behalf of the United States Treasury Department, the Internal Revenue Service, or other Governmental agency shall have been made or proposed to be made having the purpose or effect, or any other action or event shall have occurred which has the purpose or effect, directly or indirectly, of adversely affecting the federal income tax consequences of owning the Series 2021-A Bonds or of any of the transactions contemplated in connection herewith, including causing interest on the Series 2021-A Bonds to be included in gross income for purposes of federal income taxation, or imposing federal income taxation upon revenues or other income of the general character to be derived by the Issuer or by any similar body under the Issuer Documents or similar documents or upon interest received on obligations of the general character of the Series 2021-A Bonds, or the Series 2021-A Bonds, which, in the opinion of the Underwriter, materially adversely affects the market price of or market for the Series 2021-A Bonds; or

(ii) legislation shall have been enacted, or actively considered for enactment with an effective date prior to the Closing, or a decision by a court of the United States shall have been rendered, the effect of which is that the Bonds, including any underlying obligations, or the Indenture, as the case may be, is not exempt from the registration, qualification, or other requirements of the Securities Act of 1933, as amended and as then in effect, the Securities Exchange Act of 1934, as amended and as then in effect, or the Trust Indenture Act of 1939, as amended and as then in effect; or

(iii) a stop order, ruling, regulation, or official statement by the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall have been issued or made or any other event occurs, the effect of which is that the issuance, offering, or sale of the Bonds, including any underlying obligations, or the execution and delivery of the Indenture as contemplated hereby or by the Official Statement, is or would be in violation of any provision of the federal securities laws, including the Securities Act of 1933, as amended and as then in effect, the Securities Exchange Act of 1934, as amended and as then in effect, or the Trust Indenture Act of 1939, as amended and as then in effect; or

(iv) any event shall have occurred or any information shall have become known to the Underwriter which causes the Underwriter to reasonably believe that the Official Statement as then amended or supplemented includes an untrue statement of a material fact, or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; or

(v) there shall have occurred any outbreak of hostilities or any national or international calamity or crisis, including a financial crisis, the effect of which on the financial markets of the United States is such as, in the reasonable judgment of the Underwriter, would materially adversely affect the market for or market price of the Bonds; or

(vi) there shall be in force a general suspension of trading on the New York Stock Exchange, the effect of which on the financial markets of the United States is such as, in the reasonable judgment of the Underwriter, would materially adversely affect the market for or market price of the Bonds; or

(vii) a general banking moratorium shall have been declared by federal, New York, or State authorities; or

(viii) any proceeding shall be pending or threatened by the Securities and Exchange Commission against the Issuer; or

(ix) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange; or

(x) the New York Stock Exchange or other national securities exchange, or any governmental authority, shall impose, as to the Bonds or obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriter.

8. The obligation of the Underwriter to purchase the Bonds shall be subject (a) to the performance by the Issuer of its obligations to be performed hereunder at and prior to the Closing, (b) to the accuracy of the representations and warranties of the Issuer herein as of the date hereof and as of the Closing Date, and (c) to the following conditions, including the delivery by the Issuer of such documents as are enumerated herein in form and substance satisfactory to the Underwriter:

(a) At the Closing Date, (i) the Official Statement and the Issuer Documents shall be in full force and effect and shall not have been amended, modified, or supplemented from the date hereof except as may have been agreed to in writing by the Underwriter, (ii) the proceeds of the sale of the Bonds shall be deposited and applied as described in the Indenture, and (iii) the Issuer shall have duly adopted and there shall be in full force and effect such ordinances and resolutions as, in the opinion of Rose Law Firm, a Professional Association, as bond counsel (“Bond Counsel”), shall be necessary in connection with the transactions contemplated hereby.

(b) Receipt of the Bonds and the Issuer Documents at or prior to the Closing Date. The terms of the Bonds, as delivered, shall in all instances be as described in the Final Official Statement.

(c) At or prior to the Closing Date, the Underwriter shall receive the following documents in such number of counterparts as shall be agreeable to the Underwriter:

(1) A final approving opinion of Bond Counsel dated the Closing Date, in a form acceptable to the parties.

(2) The Final Official Statement executed on behalf of the Issuer by a duly authorized officer.

(3) Certified copies of all ordinances and resolutions of the Issuer relating to the Bonds.

(4) Photocopies of Bond No. RA-1 and Bond No. RB-1, fully executed and authenticated.

(6) A certificate, in form and substance satisfactory to the Underwriter, of any duly authorized officer or official of the Issuer satisfactory to the Underwriter, dated as of the Closing Date, to the effect that: (i) each of the Issuer’s representations, warranties, and covenants contained herein are true and correct as of the Closing Date; (ii) the Issuer has authorized, by all action necessary under the Act and the laws and Constitution of the State, the adoption of the Ordinance, the execution, delivery, and due performance of the Bonds and the Issuer Documents, and the charge and pledge of the Revenues; (iii) no litigation is pending, or to the knowledge of the officer or official of the Issuer signing the certificate after due investigation and inquiry threatened, to restrain or enjoin the issuance or sale of the Bonds or in any way affecting any authority for or the validity of the Ordinance, the Bonds, the charge and pledge of the Revenues, and the Issuer Documents; and (iv) the Bonds and the Issuer Documents, as executed by the Issuer, are in the form or in substantially the form approved for such execution by appropriate proceedings of the Issuer.

(7) A written opinion of an Accountant that the Revenues collected by the Issuer in the year immediately prior to the year in which the Bonds are to be issued were at least 150 percent of the maximum Annual Debt Service on all Outstanding Parity Indebtedness, or that Annual Debt Service on the Bonds does not exceed Annual Debt Service on all Parity Indebtedness.

(8) Evidence that items required by Section 2.13 of the Trust Indenture under which the Series 2018 Bonds were issued (the “Series 2018 Indenture”) have been filed with the trustee under the Series 2018 Indenture.

(9) A certificate of the Issuer, signed by its Mayor, that the Issuer is not in default under the Trust Indenture for the Series 2018 Bonds.

(10) Evidence that Federal Form 8038-G has been executed by the Issuer and filed in due course with the Internal Revenue Service.

(11) Such additional legal opinions, certificates, proceedings, instruments and other documents as Bond Counsel or Counsel to the Issuer may reasonably request to evidence compliance by the Issuer with legal requirements, the truth and accuracy, as of the time of Closing, of the representations of the Issuer herein contained, and the due performance or satisfaction by the Issuer at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Issuer.

If the Issuer shall be unable to satisfy the conditions to the obligations of the Underwriter contained in this Bond Purchase Agreement, or if the obligations of the Underwriter to purchase and accept delivery of the Bonds shall be terminated for any reason permitted by this Bond Purchase Agreement, this Bond Purchase Agreement shall terminate and neither the Underwriter nor the Issuer shall be under further obligation hereunder; except that the respective obligations to pay expenses, as provided in Section 11 hereof, shall continue in full force and effect.

9. The obligations of the Issuer hereunder are subject to the performance by the Underwriter of its obligations hereunder.

10. All representations, warranties, and agreements of the Issuer shall remain operative and in full force and effect, regardless of any investigations made by or on behalf of the Underwriter or the Issuer, and shall survive the Closing. The obligations of the Issuer under Section 11 hereof shall survive any termination of this Bond Purchase Agreement by the Underwriter pursuant to the terms hereof.

11. The Issuer, to the extent permitted by law, agrees to indemnify and hold harmless the Underwriter, and each person, if any, who controls (as such term is defined in Section 15 of the Securities Act of 1933, as amended) the Underwriter against any and all losses, claims, damages, and liabilities of any kind, including the expenses of defense thereof, (i) arising out of any statement or information contained in the Official Statement relating to the Issuer, the Bonds, security for the Bonds, the Revenues, use of Bond proceeds, and the description of all documents and agreements to which the Issuer is a party that is untrue or incorrect in any material respect or the omission from the Official Statement of any statement or information relating, to the Issuer, the Bonds, security for the Bonds, the Revenues, use of Bond proceeds, and the description of all documents and agreements to which the Issuer is a party, which is necessary to make the statements therein not misleading in any material respect, and (ii) to the extent of the aggregate amount paid in settlement of any litigation commenced or threatened arising from a claim based upon any such untrue statement or omission if such settlement is effected with the written consent of the Issuer (which consent shall not be unreasonably withheld). In case any claim shall be made or action brought against the Underwriter

or any controlling person (as aforesaid) based upon the Official Statement, in respect of which indemnity may be sought against the Issuer, the Underwriter shall promptly notify the Issuer in writing setting forth the particulars of such claim or action, and the Issuer shall assume the defense thereof, including the retaining of counsel and the payment of all expenses. The Underwriter or any such controlling person shall have the right to retain separate counsel in any such action and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the Underwriter's expense or the expense of such controlling person unless the retaining of such counsel has been specifically authorized by the Issuer.

12. The Issuer will pay or cause to be paid all reasonable expenses incident to the performance of its obligations under this Bond Purchase Agreement, including, but not limited to, mailing or delivery of the Bonds, costs of printing the Bonds, the Preliminary and Final Official Statements, any amendment or supplement to the Preliminary Official Statement or Final Official Statement, and this Bond Purchase Agreement, fees and disbursements of Bond Counsel and the Issuer's counsel, fees and expenses of the Issuer's accountants, and fees of the Trustee and any paying agent fees. In the event this Bond Purchase Agreement shall terminate because of the default of the Underwriter, the Issuer will, nevertheless, pay, or cause to be paid, all of the expenses specified above. The Underwriter shall pay all advertising expenses in connection with the public offering of the Bonds and all other expenses incurred by it in connection with its public offering and distribution of the Bonds.

If the Issuer defaults under this Bond Purchase Agreement, the Underwriter may bring whatever legal action they may have against the Issuer to recover damages, if any, incurred by them.

13. Establishment of Issue Price. (a) The Underwriter agrees to assist the Issuer in establishing the issue price of the Series 2021-A Bonds and shall execute and deliver to the Issuer at Closing an "issue price" or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit B which in the reasonable judgment of the Underwriter, the Issuer and Bond Counsel, accurately reflects, as applicable, the sales price or prices or the initial offering price or prices to the public of the Series 2021-A Bonds.

(b) Except as otherwise set forth in Exhibit A attached hereto, the Issuer will treat the first price at which 10% of each maturity of the Series 2021-A Bonds (the "10% test") is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test). At or promptly after the execution of this Agreement, the Underwriter shall report to the Issuer the price or prices at which the Underwriter has sold to the public each maturity of the Series 2021-A Bonds. If at that time the 10% test has not been satisfied as to any maturity of the Series 2021-A Bonds, the Underwriter agrees to promptly report to the Issuer the prices at which Series 2021-A Bonds of that maturity have been sold by the Underwriter to the public. That reporting obligation shall continue, whether or not the Closing date has occurred, until the 10% test has been satisfied as to the Series 2021-A Bonds of that maturity or until all Series 2021-A Bonds of that maturity have been sold to the public.

(c) The Underwriter confirms that it has offered the to the public on or before the date of this Agreement at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in Exhibit A attached hereto, except as otherwise set forth therein. Exhibit A also

sets forth, as of the date of this Agreement, the maturities, if any, of the Series 2021-A Bonds for which the 10% test has not been satisfied and for which the Issuer and the Underwriter, agrees that the restrictions set forth in the next sentence shall apply, which will allow the Issuer to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the “hold-the-offering-price rule”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Series 2021-A Bonds, the Underwriter will neither offer nor sell unsold Series 2021-A Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

(i) the close of the fifth (5th) business day after the sale date; or

(ii) the date on which the Underwriter has sold at least 10% of that maturity of the Series 2021-A Bonds to the public at a price that is no higher than the initial offering price to the public.

The Underwriter shall promptly advise the Issuer when the Underwriter has sold 10% of that maturity of the Series 2021-A Bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

The Issuer acknowledges that, in making the representation set forth in this subsection, the Underwriter will rely on (i) the agreement of the Underwriter to comply with the hold-the-offering-price rule, as set forth in the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Series 2021-A Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that the Underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Series 2021-A Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The Issuer further acknowledges that the Underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that the Underwriter shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement, to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Series 2021-A Bonds.

(d) The Underwriter confirms that any selling group agreement and each retail distribution agreement (to which the Underwriter is a party) relating to the initial sale of the to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (i) report the prices at which it sells to the public the unsold Series 2021-A Bonds of each maturity allotted to it until it is notified by the Underwriter that either the 10% test has been satisfied as to the Series 2021-A Bonds of that maturity or all Series 2021-A Bonds of that maturity have been sold to the public and (ii) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Underwriter and as set forth in the related pricing wires, and

(e) The Underwriter acknowledges that sales of any Series 2021-A Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

(i) “maturity” means Series 2021-A Bonds with the same credit and payment terms. Series 2021-A Bonds with different maturity dates, or with the same maturity date but different stated interest rates, are treated as separate maturities;

(ii) “public” means any person other than an underwriter or a related party;

(iii) “underwriter” means (A) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Series 2021-A Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Series 2021-A Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Series 2021-A Bonds to the public);

(iv) a purchaser of any of the Series 2021-A Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other); and

(v) “sale date” means the date of execution of this Agreement by all parties.

14. Any notice or other communication to be given to the Issuer under this Bond Purchase Agreement may be given by delivering the same in writing at its address set forth above, and any notice or other communication to be given to the Underwriter under this Bond Purchase Agreement may be given by delivering the same in writing to Stephens Inc., 111 Center Street, Little Rock, AR 72201, Attention: Public Finance Department.

15. This Bond Purchase Agreement is made solely for the benefit of the Issuer and the Underwriter (including the successors or assigns of the Underwriter) and no other person, including any purchaser of the Bonds, shall acquire or have any right hereunder or by virtue hereof.

16. This Bond Purchase Agreement shall be governed by and construed in accordance with the laws of the State.

17. This Bond Purchase Agreement shall become effective upon your acceptance hereof and may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

Very truly yours,

Stephens Inc.

By: _____
Jason S. Holsclaw, Senior Vice President

Accepted and agreed to as of the date first
above written:

City of Texarkana, Arkansas

By: _____
Allen L. Brown, Mayor

Exhibit A

Series 2021-A				
Due September 1	Principal Amount	Interest Rate	Yield	Price
2022	\$140,000			
2023	140,000			
2024	145,000			
2025	150,000			
2026	150,000			
2027	155,000			
2028	155,000			
2029	160,000			
2030	165,000			
2031	165,000			
2032	170,000			
2033	175,000			
2034	175,000			
2035	180,000			
2040	960,000			

Taxable Series 2021-B				
Due September 1	Principal Amount	Interest Rate	Yield	Price
2021	\$275,000			
2022	420,000			
2023	420,000			
2024	425,000			
2025	425,000			
2026	435,000			
2027	440,000			
2028	450,000			
2029	465,000			
2030	470,000			
2031	480,000			
2032	490,000			
2033	500,000			
2034	510,000			
2035	525,000			
2038	1,670,000			

EXHIBIT B

[Form of Issue Price Certificates]

\$ _____

CITY OF TEXARKANA, ARKANSAS
FRANCHISE FEE SECURED REFUNDING REVENUE BONDS
TAXABLE SERIES 2021-B

ISSUE PRICE CERTIFICATE

Stephens Inc. (the “Representative”) hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”).

1. ***Sale of the General Rule Maturities.*** As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.

2. ***Initial Offering Price of the Hold-the-Offering-Price Maturities.***

(a) Select Maturities Use Hold-the-Offering-Price Rule. The Underwriter offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “**Initial Offering Prices**”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.

(b) Select Maturities Use Hold-the-Offering-Price Rule. As set forth in the Bond Purchase Agreement, the Underwriter has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “**hold-the-offering-price rule**”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer that is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined in Section 3 below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

3. ***Defined Terms.***

(a) *Issuer* means the City of Texarkana, Arkansas.

(b) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, each separate CUSIP number within that maturity is treated as a separate maturity.

(c) *Public* means any person other than an underwriter or a related party.

4. ***Issue Price, Bond Yield and Weighted Average Maturity.*** Based on the foregoing, the issue price of the Bonds is \$_____. Using a methodology acceptable to Bond Counsel we have calculated the yield on the Bonds on the basis of the Issue Price to be _____%. The weighted average maturity on the Bonds is _____ years.

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Representative's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Arbitrage and Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Rose Law Firm, a Professional Association, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of Internal Revenue Service Form 8038, and other federal income tax advice it may give to the Issuer from time to time relating to the Bonds.

5. ***Debt Service Reserve.*** A Debt Service Reserve Account is required to be maintained in an amount equal to the fifty percent (50%) of maximum annual principal and interest requirement on the outstanding Bonds in order to market the Bonds.

[Signature page follows]

STEPHENS INC.

By: _____

Its: _____

Dated: _____, 2020

SCHEDULE A

**SALE PRICES OF THE GENERAL RULE MATURITIES AND
INITIAL OFFERING PRICES OF THE HOLD-THE-OFFERING-PRICE MATURITIES**

\$ _____
CITY OF TEXARKANA, ARKANSAS
FRANCHISE FEE SECURED REFUNDING REVENUE BONDS
TAXABLE SERIES 2021-B

Serial Bonds

Year (September 1)	Principal Amount	Interest Rate	Price	CUSIP
2021	\$ _____	_____ %	_____ %	
2022				
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				

Term Bonds

\$ _____ __.____ % Term Bonds, maturing June 1, 2038, Price __.____ %, CUSIP _____

The following are the maturities of the Bonds for which the 10% test has not been satisfied and for which the Issuer and the Representative, on behalf of the Underwriters, agree that the hold-the-offering-price rule shall apply.

[Enter unsold maturities or NONE]

SCHEDULE B

PRICING WIRE OR EQUIVALENT COMMUNICATION

(Attached)

Trust Indenture

between

City of Texarkana, Arkansas

and

Bank OZK, as Trustee

\$_____

**City of Texarkana, Arkansas
Franchise Fee Secured Refunding Revenue Bonds, Series 2021**

Consisting of:

\$_____ **Series 2021-A**

And

\$_____ **Taxable Series 2021-B**

Dated as of January __, 2021

Prepared by:

Rose Law Firm

a Professional Association

120 East Fourth Street
Little Rock, Arkansas 72201-2893
Attention: James M. Fowler, Jr.

Bond Counsel

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Trust Indenture

This Trust Indenture (the “Indenture”) dated as of January __, 2021 is made by and between the City of Texarkana, Arkansas (the “Issuer”), a city of the first class organized and existing under the laws of the State of Arkansas, and Bank OZK (the “Trustee”), a bank organized under and existing by virtue of the laws of the State of Arkansas authorized to exercise corporate trust powers:

WITNESSETH:

Whereas, the Issuer is authorized by the provisions of the Local Government Capital Improvement Revenue Bond Act of 1985, as amended (Ark. Code Ann. §§ 14-164-401 to -418) (the “Act”), to issue and sell bonds for capital improvements; and

Whereas, the Issuer is issuing its \$11,585,000 Franchise Fee Secured Refunding Revenue Bonds, Series 2021, dated January __, 2021 (the “Series 2021 Bonds” or the “Bonds”) consisting of \$3,185,000 original principal amount Series 2021-A Bonds (the “2021-A Bonds”) and its \$8,400,000 original principal amount Taxable Series 2021-B Bonds (the “2021-B Bonds”); and

Whereas, the proceeds of the Series 2021-A Bonds will be used to (i) currently refund the Issuer’s \$3,770,000 Franchise Fee Secured Refunding Revenue Bonds, Series 2015 (the “Series 2015 Bonds”) of which \$3,250,000 remains outstanding; (ii) fund a debt service reserve fund; and (iii) pay the costs of issuing the Series 2021-A Bonds; and

Whereas, the proceeds of the Series 2021-B Bonds will be used to (i) advance refund \$10,300,000 original principal amount Franchise Fee Secured Refunding Revenue Bonds, Series 2012 (the “Series 2012 Bonds”) of which \$7,920,000 remains outstanding; (ii) fund a debt service reserve fund; and (iii) pay the costs of issuing the Series 2021-B Bonds; and

Whereas, the Bonds will be issued on a parity of security with the Issuer’s \$2,260,000 original principal amount Franchise Fee Secured Capital Improvement Revenue Bonds, Series 2018 (the Series 2018 Bonds); and

Whereas, the Issuer has determined that, in the issuance and sale of the Bonds, it will be acting to further the public purposes of the Act; and

Whereas, all things necessary to make the Bonds, when issued, executed, and delivered by the Issuer and authenticated by the Trustee, to the extent required, pursuant to this Indenture, the valid, binding, and legal special obligations of the Issuer, and to constitute this Indenture as a valid assignment and pledge of the revenues herein pledged to the payment of the principal of and interest on the Bonds and a valid assignment and pledge of certain rights of the Issuer have been done and performed, and the creation, execution, and delivery of this Indenture, and the execution, issuance, and delivery of the Bonds, subject to the terms hereof, have in all respects been duly authorized.

Now, Therefore, This Indenture Witnesseth, that to secure the payment of principal of and interest on the Bonds according to their true intent and meaning, and all other amounts due from time to time under this Indenture, including those due to the Trustee, to secure the performance and observance of all of the covenants, agreements, obligations, and conditions contained therein

and herein, and to declare the terms and conditions upon and subject to which the Bonds are and are intended to be issued, held, secured, and enforced and in consideration of the premises and the acceptance by the Trustee of the trusts created herein and of the purchase and acceptance of the Bonds by the Bondholders and for other good and valuable consideration, the receipt of which is acknowledged, the Issuer has executed and delivered this Indenture and absolutely and irrevocably pledges and assigns to the Trustee and to its successors in trust, on the basis set forth herein, and its and their assigns, all right, title, and interest of the Issuer in and to the Trust Estate as defined in *Article I*.

To Have and to Hold unto the Trustee and its successors in trust and its and their assigns forever;

But in Trust, Nevertheless, and subject to the provisions hereof,

(a) for the equal and proportionate benefit, security, and protection of all Bonds,

(b) for the enforcement of the payment of the principal of and interest on the Bonds, and all other amounts due from time to time under this Indenture, including those due to the Trustee, when payable, according to the true intent and meaning thereof and of this Indenture, and

(c) to secure the performance and observance of and compliance with the covenants, agreements, obligations, terms, and conditions of this Indenture,

in each case, without preference, priority, or distinction, as to lien or otherwise except as provided herein, of any one Bond over any other by reason of designation, number, date of the Bonds, or of authorization, issuance, sale, execution, authentication, delivery, or maturity thereof, or otherwise, so that each Bond and all Bonds shall have the same right, lien, and privilege under this Indenture and shall be secured equally and proportionately hereby, it being intended that the lien and security of this Indenture shall take effect from the date hereof, without regard to the date of the actual issue, sale, or disposition of the Bonds, as though upon that date all of the Bonds were actually issued, sold, and delivered to purchasers for value; provided, however, that upon satisfaction of the provisions of and in accordance with *Article IX*, the rights assigned hereby shall cease, determine, and be void to the extent described therein; otherwise such rights shall be and remain in full force and effect;

Provided, Further, that the pledge of the right, title, and interest of the Issuer in and to the Revenues is given on a parity of security with the pledge thereof in favor of the Series 2018 Bonds and subject to the right of the Issuer to issue Additional Parity Indebtedness secured on a parity basis as to the Revenues with the Series 2018 Bonds and the Bonds; and

It is declared that all Bonds issued hereunder and secured hereby are to be issued, authenticated, and delivered, and that all Revenues assigned or pledged hereby are to be dealt with and disposed of under, upon, and subject to, the terms, conditions, stipulations, covenants, agreements, obligations, trusts, uses, and purposes provided in this Indenture; and the Issuer has agreed and covenanted, and agrees and covenants with the Trustee and with each and all Bondholders, as follows:

Article I: Definitions

Section 1.01 Definitions. Unless the context otherwise requires, the terms defined in this Article shall, for all purposes of this Indenture and of any indenture supplemental hereto, have the meanings herein specified:

“Accountant” means an independent certified public accountant or firm of independent certified public accountants (who may be an Accountant for the Issuer but who is not an official, officer, or employee of the Issuer).

“Act” means the Local Government Capital Improvement Revenue Bond Act of 1985, as amended, Ark. Code Ann. §§ 14-164-401 *et seq.*, as amended and supplemented from time to time.

“Additional Parity Indebtedness” means the additional parity bonds authorized to be issued by the Issuer pursuant to **Section 2.13** for the purpose of paying the costs of capital improvements or the costs of refunding, and to the extent permitted by law, any Outstanding Parity Indebtedness.

“Annual Debt Service” means, for any year as applied to outstanding Bonds or Parity Indebtedness, the sum of all amounts required to pay principal (at maturity or upon mandatory redemption) and interest due in such year on all outstanding Bonds or Parity Indebtedness, as applicable.

“Affiliate” of any specified entity means any other entity directly or indirectly controlling or controlled by or under direct or indirect common control with such specified entity and “control,” when used with respect to any specified entity, means the power to direct the management and policies of such entity, directly or indirectly, whether through the ownership of voting securities, by contract, or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“Authorized Denomination” means \$5,000 and any multiple thereof.

“Bankruptcy Code” means Title 11 of the United States Code, as it is amended from time to time, and any successor thereto or replacement thereof.

“Beneficial Owner” means, for any Bond which is held by a nominee, the beneficial owner of such Bond.

“Bond Counsel” means Rose Law Firm, a Professional Association, Little Rock, Arkansas, or any other firm of attorneys of nationally recognized expertise with respect to tax-exempt obligations of political subdivisions, selected by the Issuer.

“Bondholder” or “holder of Bonds” or “owner of Bonds” means the Person who owns a Bond, provided that, pursuant to **Section 2.08**, the person in whose name a Bond is registered in the Bond Register shall be regarded for all purposes as such owner.

“Bond Ordinance” means the Bond Ordinance adopted by the Issuer on _____, 2020, authorizing the issuance of the Bonds.

“Bond Register” and “Bond Registrar” shall have the respective meanings specified in **Section 2.08**.

“Bonds” or “Series 2021 Bonds” means the Series 2021-A Bonds and the Taxable Series 2021-B Bonds.

“Book Entry Bonds” means that part of the Bonds for which a Securities Depository or its nominee is the Bondholder.

“Business Day” means any day of the year other than (a) a Saturday or Sunday, (b) any day on which banks located in Texarkana, Arkansas or the city in which the Principal Office of the Trustee is located are required or authorized by law to remain closed, or (c) any day on which the New York Stock Exchange is closed.

“Code” means the Internal Revenue Code of 1986, as amended and supplemented from time to time. Each reference to a section of the Code shall be deemed to include the United States Treasury Regulations, including temporary and proposed regulations, relating to such section, which are applicable to the Indenture, including the Bonds, the use of Bond proceeds.

“Conditional Redemption” means a redemption where the Issuer has stated in the redemption notice to the Trustee that the Issuer has retained the right to rescind the redemption, as further described in **Section 3.06**.

“Counsel” means an attorney-at-law or law firm (who may be Counsel for the Issuer), acceptable to the Trustee.

“Credit Facility” shall have the meaning specified in **Section 4.05**.

“Debt Service Fund” means the trust fund so designated which is described in **Section 4.03**.

“Defeasance Obligations” means obligations of the type described in (a), (b), (c), or (d) of the definition of “Eligible Investments.”

“DTC” shall have the meaning given to such term in **Section 2.12**.

“Eligible Investments” means: (a) Governmental Obligations; (b) obligations of any agency or instrumentality of the United States Government which represent full faith and credit of the United States of America; (c) U.S. dollar denominated certificates of deposit issued by a bank or trust company which are (1) fully insured by the Federal Deposit Insurance Corporation or any similar corporation chartered by the United States or (2) secured by a pledge of any Governmental Obligations which have an aggregate market value, exclusive of accrued interest, equal at least to the principal amount of the certificates so secured, which security is held in a custody account by a custodian satisfactory to the Trustee; (d)(1) evidences of a direct ownership in future interest or principal payments on obligations of the type described in (a) above, which obligations are held in a custody account by a custodian satisfactory to the Trustee pursuant to the terms of a custody agreement and (2) obligations issued by any state of the United States or any political subdivision, public instrumentality, or public authority of any state, which obligations are not callable before the date the principal thereof will be required to be paid and which obligations are fully secured

by and payable solely from obligations of the type described in (a) above, which securities are held pursuant to an agreement in form and substance acceptable to the Trustee; (e) U.S. dollar denominated deposit accounts, federal funds, and banker's acceptances with commercial banks (foreign or domestic) which have a rating on their short term certificates of deposit on the date of purchase of "A-1" or "A-1+" by S&P and "P-1" by Moody's and maturing no more than 360 days after the date of purchase; (f) money market funds rated "AAAm" or "AAAm-G" or better by S&P; and (g) investment agreements constituting an obligation of a bank, holding company, savings and loan association, trust company, financial institution, insurance company, securities dealer, or other credit provider whose outstanding unsecured long-term debt is rated at the time of such agreement in any of the two highest rating categories (without regard to any refinement of gradation of rating by numerical modifier or otherwise) by S&P and Moody's).

"Escrow Deposit Agreement" means the Escrow Deposit Agreement, dated as of January __, 2021, between the Issuer and the Escrow Trustee, requiring the Escrow Trustee to use the proceeds from the deposit to pay the principal and interest on the Series 2012 Bonds as they become due to and including September 1, 2022.

"Escrow Trustee" means Regions Bank, as escrow trustee and paying agent for the 2012 Bonds.

"Event of Bankruptcy" means the filing of a petition in bankruptcy (or other commencement of a bankruptcy or similar proceedings) by or against the Issuer, as debtor, under the Bankruptcy Code or any other bankruptcy, reorganization, insolvency, or other similar law as now or hereafter in effect.

"Event of Default" means any of the events specified in **Section 7.01** to be an Event of Default. A "default" means any event which, with the giving of notice or the lapse of time or both, would constitute an Event of Default.

"Funds" means the Cost of Issuance Fund, the Debt Service Fund, the Reserve Fund and the Rebate Fund and (a) any account within each such Fund and (b) any other Fund designated as such with respect to the Bonds.

"Governmental Obligations" means (a) direct obligations of the United States of America, (b) obligations the timely payment of the principal of and interest on which is fully and unconditionally guaranteed by the United States of America, and (c) securities or receipts evidencing ownership interests in obligations or specified portions (such as principal or interest) of obligations described in (a) or (b).

"Immediate Notice" means notice transmitted by electronic means, in writing, by telecopier, or by telephone (promptly confirmed in writing), and received by the party addressed.

"Indenture" means this Trust Indenture as amended or supplemented from time to time.

"Interest Payment Date" means (a) the first day of September and March of each year beginning September 1, 2021, (b) for Bonds subject to redemption in whole or in part on any date, the date of such redemption, and (c) any date determined pursuant to **Section 7.08**.

“Issuance Costs” means costs incurred by or on behalf of the Issuer in connection with the issuance of the Bonds including, without limitation, the following: payment of financial, legal, accounting, and appraisal fees, expenses, and disbursements, the Issuer’s fees and expenses attributable to the issuance of the Bonds, the cost of printing, engraving, and reproduction services, legal fees and expenses for Bond Counsel, Issuer’s Counsel, Trustee’s Counsel, and Underwriter’s Counsel relating to the issuance of the Bonds, the initial or acceptance fee of the Trustee, the fees and disbursements of the Trustee payable in accordance with this Indenture prior to the date of completion of the Project (as determined pursuant to **Section 4.02**), and all other fees, charges, and expenses incurred in connection with the issuance of the Bonds and the preparation and filing or recording of this Indenture and of any document relating to the issuance of the Bonds.

“Issue Date” means the date of issuance and delivery of the Bonds to the Underwriter.

“Issuer” means the City of Texarkana, Arkansas and its successors and assigns.

“Issuer Representative” means the City Manager or Finance Director of the Issuer.

“Letter of Representations” means the Letter of Representations executed by the Issuer and the Trustee and delivered to the Securities Depository and any amendments thereto or successor agreements between the Issuer and the Trustee and any successor Securities Depository, relating to a system of Book Entry Bonds to be maintained by the Securities Depository with respect to the Bonds.

“Moody’s” means Moody’s Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and, if such corporation shall no longer perform the functions of a securities rating service, “Moody’s” shall be deemed to refer to any other nationally recognized securities rating service designated by the Issuer, with the approval of the Trustee.

“Officer’s Certificate” of the Issuer means a written certificate, statement, request, direction, or order signed in the name of the Issuer by its Mayor, City Clerk, an Issuer Representative, or such other person as may be designated and authorized in writing to sign for the Issuer, signed by its Mayor and forwarded to the Trustee.

“Outstanding,” in connection with Bonds means, as of the time in question, all Bonds authenticated and delivered under this Indenture, except: A. Bonds theretofore canceled or delivered to the Trustee for cancellation under **Section 2.11**, B. Bonds which are deemed to have been paid in accordance with **Article IX**, and C. Bonds in substitution for which other Bonds have been authenticated and delivered pursuant to **Article II**. In determining whether the owners of a requisite aggregate principal amount of Bonds Outstanding have concurred in any request, demand, authorization, direction, notice, consent, or waiver under the provisions hereof, Bonds which are held by or on behalf of the Issuer (unless all of the Outstanding Bonds are then owned by the Issuer) shall be disregarded for the purpose of any such determination.

“Outstanding Parity Indebtedness” means as of the time in question, all Series 2018 Bonds, the Bonds, and Additional Parity Indebtedness outstanding under the terms of the indenture pursuant to which such Series 2018 Bonds or Additional Parity Indebtedness were issued.

“Parity Indebtedness” means the Series 2018 Bonds, the Bonds, and any Additional Parity Indebtedness incurred subsequent to the issuance of the Bonds as authorized to be issued pursuant to this Indenture.

“Paying Agent” or “Co-Paying Agent” means any national banking association, bank and trust company, or trust company appointed by the Issuer and meeting the qualifications of, and subject to the obligations of, the Trustee in *Article VIII*. Initially, the Trustee shall be the Paying Agent.

“Person” or “person” means an individual, corporation, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

“Principal Office of any Paying Agent” means the office designated in writing to the Trustee.

“Principal Office of the Trustee” means the designated corporate trust office of the Trustee, which office at the date of acceptance by the Trustee of the duties and obligations imposed on the Trustee by this Indenture is set out in *Section 11.03*.

“Project” with respect to the Series 2021 Bonds means the Project as further described under caption Introductory Statement—Purpose in the Official Statement.

“Project Fund” means the trust fund so designated which is described in *Section 4.02*.

“Rating Service” means any nationally recognized securities rating service that shall have assigned a rating that is then in effect with respect to the Bonds upon application of the Issuer.

“Record Date” means, (a) with respect to any Interest Payment Date described in subsections (a) or (b) of that defined term, (1) in the case of Bonds which are not Book Entry Bonds the Trustee’s close of business on the 15th day of the calendar month next preceding such Interest Payment Date, regardless of whether such day is a Business Day, and (2) in the case of Book Entry Bonds the Trustee’s close of business on the Business Day preceding the Interest Payment Date, and (b) with respect to any other Interest Payment Date, a date selected by the Trustee.

“Regulations” means any applicable Internal Revenue Service Regulations promulgated in proposed, temporary, or final form pursuant to the Code or any corresponding provision of a predecessor or successor statute.

“Reserve Fund” means the trust fund so designated which is described in *Section 4.04*.

“Responsible Officer,” when used with respect to the Trustee, means any officer in the corporate trust department (or any successor thereto) of the Trustee, or any other officer or representative of the Trustee customarily performing functions similar to those performed by any of such officers and also means, with respect to a particular corporate trust matter, any other officer of the Trustee to whom such matter is referred because of that officer’s knowledge of and familiarity with the particular subject.

“Revenues” means (a) all revenues received by the Issuer from the franchise fees charged for the privilege of using the Issuer’s streets and rights-of-way (i) to public utilities pursuant to the

authority contained in Ark. Code Ann. §§ 14-200-101 to -112, (ii) as voluntary payments in lieu of taxes from the Issuer's water utility pursuant to the authority contained in Ark. Code Ann. § 14-234-114 , and (iii) to a cable service provider pursuant to the Issuer's cable service franchise ordinance and agreement for a term ending May 21, 2022, (b) all amounts payable to the Trustee with respect to the principal of or interest on the Series 2021 Bonds (1) by the Issuer as required under the Indenture and (2) upon deposit in the Debt Service Fund from the proceeds of the Series 2021 Bonds, and (c) investment income with respect to any moneys held by the Trustee in the Debt Service Fund and the Reserve Fund.

“S&P” means Standard & Poor's Ratings Group, a division of The McGraw-Hill Companies, Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns, and, if such corporation shall no longer perform the functions of a securities rating service, “S&P” shall be deemed to refer to any other nationally recognized securities rating service designated by the Issuer, with the approval of the Trustee.

“Securities Depository” means a person that is registered as a clearing agency under section 17A of the Securities Exchange Act of 1934 or whose business is confined to the performance of the functions of a clearing agency with respect to exempted securities, as defined in section 3(a)(12) of such Act for the purposes of section 17A thereof.

“Series 2012 Bonds” means the Issuer's \$10,300,000 original principal amount Franchise Fee Secured Refunding Revenue Bonds, Series 2012, issued in accordance with the terms and conditions of a separate trust indenture.

“Series 2015 Bonds” means the Issuer's \$3,770,000 original principal amount Franchise Fee Secured Refunding Revenue Bonds, Series 2015, issued in accordance with the terms and conditions of a separate trust indenture.

“Series 2018 Bonds” means the Issuer's original principal amount \$2,260,000 Franchise Fee Secured Capital Improvement Revenue Bonds, Series 2018.

“Series 2021 Bonds” means the Issuer's \$11,585,000* Franchise Fee Secured Refunding Revenue Bonds, Series 2021 comprised of the Series 2021-A Bonds and the Series 2021-B Bonds.

“Series 2021-A Bonds” means the Issuer's original principal amount \$8,400,000* Franchise Fee Secured Refunding Revenue Bonds, Series 2021-A.

“Series Required Reserve” means an amount equal to one-half of maximum Annual Debt Service on the Bonds.

“State” means the State of Arkansas.

“Taxable Series 2021-B Bonds” means the Issuer's original principal amount \$3,185,000* Franchise Fee Secured Refunding Revenue Bonds, Taxable Series 2021-B.

“Trust Estate” means all right, title, and interest of the Issuer in and to (a) Revenues, (b) Funds (other than the Rebate Fund”), and (c) all other property of every name and nature from time to

time hereafter by delivery or by writing mortgaged, pledged, delivered, or hypothecated as and for additional security under this Indenture by the Issuer or by anyone on its behalf or with its written consent in favor of the Trustee.

“Trustee” means Bank OZK, a bank organized under and existing by virtue of the laws of the State of Arkansas, and its successor hereunder, acting in its trust capacity.

“Underwriter” means Stephens Inc., the initial purchaser of the Series 2021 Bonds.

Section 1.02 Rules of Interpretation. For purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(a) The words “herein,” “hereof,” “hereunder,” and other similar words refer to this Indenture as a whole and not to any particular Article, Section, or other subdivision.

(b) The definitions in this Article are applicable whether the terms defined are used in the singular or the plural.

(c) All accounting terms which are not defined in this Indenture have the meanings assigned to them in accordance with then applicable generally accepted accounting principles.

(d) Any pronouns used in this Indenture include both the singular and the plural and cover both genders.

(e) Any terms defined elsewhere in this Indenture have the meanings attributed to them where defined.

(f) Words referring to the redemption or calling for redemption of Bonds shall not be deemed to refer to the payment of Bonds at their stated maturity.

(g) The captions or headings herein are for convenience only and in no way define, limit, or describe the scope or intent, or control or affect the meaning or construction of, any provisions or Sections hereof.

Article II: Authorization, Execution, Authentication, Registration, and Delivery of Bonds

Section 2.01 Authorization of Bonds; Limitation. The Bonds are hereby authorized to be issued as revenue bonds of the Issuer in the aggregate principal amount of \$11,585,000 designated “Franchise Fee Secured Refunding Revenue Bonds, Series 2021” consisting of \$3,185,000 original principal amount Series 2021-A Bonds and \$8,400,000 original principal amount Taxable Series 2021-B Bonds. No obligations may be issued by the Issuer (a) which are senior in claim on the Trust Estate to the Bonds or (b) which, other than Additional Parity Indebtedness authorized pursuant to **Section 2.13**, have a claim on the Revenues in parity with the Bonds. The Issuer will not issue any additional bonds under the Indenture pursuant to which the Bonds were issued. The Issuer reserves the right to issue obligations which are junior or subordinate in claim on the Revenues to the Bonds.

Section 2.02 Bonds Special Obligations. The Bonds shall be special obligations of the Issuer, payable solely from the Trust Estate, and in no event shall the Bonds constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory limitation. The Bonds shall constitute a valid claim of the respective owners thereof against the Trust Estate, which is pledged to secure the payment of the principal of and interest on the Bonds, and which shall be utilized for no other purpose, except as expressly authorized in this Indenture. The Bonds shall not constitute general obligations of the Issuer and under no circumstances shall the Bonds be payable from, nor shall the holders thereof have any rightful claim to, any income, revenues, funds, or assets of the Issuer other than those pledged hereunder for security of the payment of the Bonds.

Section 2.03 Details of Bonds. The Series 2021-A Bonds shall be issued in Authorized Denominations, shall be dated the date of this Indenture, shall be numbered from RA-1 upward, and shall bear interest (calculated on the basis of a 360-day year of twelve 30-day months) payable on September 1, 2021 and thereafter semiannually on each Interest Payment Date at the rates per annum and shall mature on September 1 in the years and amounts as follows:

Due September 1	Principal Amount	Interest Rate
2022	\$140,000	
2023	140,000	
2024	145,000	
2025	150,000	
2026	150,000	
2027	155,000	
2028	155,000	
2029	160,000	
2030	165,000	
2031	165,000	
2032	170,000	
2033	175,000	
2034	175,000	
2035	180,000	
2040	960,000	

The Taxable Series 2021-B Bonds shall be issued in Authorized Denominations, shall be dated the date of this Indenture, shall be numbered from RB-1 upward, and shall bear interest (calculated on the basis of a 360-day year of twelve 30-day months) payable on September 1, 2021 and thereafter semiannually on each Interest Payment Date at the rates per annum and shall mature on September 1 in the years and amounts as follows:

Due September 1	Principal Amount	Interest Rate
2021	\$275,000	
2022	420,000	
2023	420,000	
2024	425,000	
2025	425,000	
2026	435,000	
2027	440,000	
2028	450,000	
2029	465,000	
2030	470,000	
2031	480,000	
2032	490,000	
2033	500,000	
2034	510,000	
2035	525,000	
2038	1,670,000	

All Series 2021 Bonds shall bear interest (a) from the date of their delivery, if authenticated prior to the first September 1, 2021, or (b) otherwise from the Interest Payment Date that is, or that immediately precedes, the date on which such Bond is authenticated (unless payment of interest is in default, in which case such Bond shall bear interest from the date to which interest has been paid).

The principal of and interest on the Bonds shall be payable in lawful money of the United States of America. Principal of the Bonds shall be payable by the Paying Agent upon presentation and surrender of the Bonds as they become due at the Principal Office of the Paying Agent. Interest on Bonds shall be payable by the Paying Agent to the Bondholders of Bonds by check or draft mailed to such Bondholders at their addresses as they appear on the Bond Register on the Record Date.

If any principal of or interest on any Bond is not paid when due (whether at maturity, by acceleration, call for redemption, or otherwise), then the overdue installments of principal and, to the extent permitted by law, interest shall bear interest until paid at the same rate set forth in such Bond.

Section 2.04 Execution of Bonds. The Bonds shall be signed by the manual or facsimile signature of the Mayor of the Issuer and attested by the manual or facsimile signature of the City Clerk of the Issuer. The Bonds shall bear the seal of the Issuer or a facsimile thereof will be affixed to or imprinted on the Bonds. In case any officer whose signature or a facsimile of whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature or facsimile shall nevertheless be valid and sufficient for all purposes as if such officer had remained in office until such delivery.

Section 2.05 Authentication of Bonds. The Bonds shall bear a certificate of authentication, substantially in the form set forth in Exhibit A, duly executed by the Trustee. The Trustee shall authenticate each Bond with the manual signature of a Responsible Officer of the Trustee, but it shall not be necessary for the same Responsible Officer to authenticate all of the Bonds. Only such authenticated Bonds shall be entitled to any right or benefit under this Indenture. Such certificate on any Bond issued hereunder shall be conclusive evidence that the Bond has been duly issued and is secured by the provisions hereof.

Section 2.06 Forms of Bonds. The Bonds shall be substantially in the form set forth in Exhibit A with such appropriate variations, legends, omissions, and insertions as permitted or required by this Indenture.

Section 2.07 Delivery of Bonds. The Trustee shall authenticate and deliver the Bonds when there have been filed with it the following:

(a) A copy certified by the City Clerk of the Issuer of the Bond Ordinance authorizing the execution and delivery of this Indenture and the issuance, sale, execution, and delivery of the Bonds;

(b) An original executed counterpart of this Indenture;

(c) An opinion or opinions of Bond Counsel, addressed to the Issuer and the Trustee, to the effect that this Indenture and the Bonds have been validly authorized, are binding and enforceable against the Issuer, subject to bankruptcy and equitable principles, that the issuance of the Bonds has been duly authorized, and that interest on the Series 2021-A Bonds is excludable from gross income for federal income taxation purposes under existing law and is exempt from income taxation by the State of Arkansas;

(d) A written opinion of an Accountant, addressed to the Issuer, the Trustee, and the trustee for the Series 2012 Bonds and the Series 2015 Bonds, as required by Section 2.13 (b)(2) of the respective trust indentures pursuant to which the Series 2012 Bonds and the Series 2015 Bonds were issued;

(e) A certificate of the Issuer, signed by its Mayor, that the Issuer is not in default under the trust indenture pursuant to which the Series 2018 Bonds were issued; and

(f) A request and authorization of the Issuer, signed by its Mayor, to the Trustee to authenticate and deliver the Bonds to such person or persons named therein upon payment for the account of the Issuer of a specified sum plus accrued interest to the date of delivery.

Simultaneously with the delivery of the Bonds, the Trustee shall apply, or arrange for the application of, the proceeds thereof in accordance with a certificate of the Issuer, signed by its Mayor, and dated the Issue Date.

Section 2.08 Registration of Transfer and Exchange of Bonds; Persons Treated as Bondholders. The Trustee shall act as Bond registrar (the “Bond Registrar”) and in such capacity shall maintain a bond register (the “Bond Register”) for the registration and transfer of Bonds. Upon surrender of any Bonds at the Principal Office of the Trustee, together with an assignment

duly executed by the current Bondholder of such Bonds or such Bondholder's duly authorized attorney or legal representative in such form as shall be satisfactory to the Trustee, such Bonds may, at the option of the Bondholder, be exchanged for an equal aggregate principal amount of Bonds of the same series and maturity, of Authorized Denominations, and bearing interest at the same rate and in the same form as the Bonds surrendered for exchange, registered in the name or names requested by the assignee of the then Bondholder; provided the Trustee is not required to exchange or register the transfer of Bonds after the giving of notice calling such Bond for redemption, in whole or in part. The Issuer shall execute and the Trustee shall authenticate any Bonds whose execution and authentication is necessary to provide for exchange of Bonds pursuant to this Section and the Issuer may rely on a representation from the Trustee that such execution is required.

Any exchange or registration of transfer of Bonds shall be at the expense of the Issuer except that the Trustee may make a charge to any Bondholder requesting such exchange or registration in the amount of any tax or other governmental charge required to be paid with respect thereto but will not impose any other charge.

Prior to due presentment for registration of transfer of any Bond, the Trustee shall treat the Person shown on the Bond Register as owning a Bond as the Bondholder and the Person exclusively entitled to payment of principal thereof and interest thereon and, except as otherwise expressly provided herein, the exercise of all other rights and powers of the owner thereof, and neither the Issuer, the Trustee, nor any agent of the Issuer or the Trustee shall be affected by notice to the contrary.

Section 2.09 Temporary Bonds. Prior to the preparation of definitive Bonds the Issuer may issue temporary Bonds in registered form and in such denominations as the Issuer may determine but otherwise in substantially the form provided for definitive Bonds with appropriate variations, omissions, and insertions. The Issuer shall promptly prepare, execute, and deliver to the Trustee before the first Interest Payment Date for such Bonds, definitive Bonds and, upon presentation and surrender of Bonds in temporary form, the Trustee shall authenticate and deliver in exchange therefor definitive Bonds of the same maturity for the same aggregate principal amount. Until exchanged for definitive Bonds, Bonds in temporary form shall be entitled to the lien and benefit of this Indenture.

Section 2.10 Mutilated, Lost, or Destroyed Bonds. If any Bond has been mutilated, lost, or destroyed, the Issuer shall execute, and the Trustee shall authenticate and deliver to the Bondholder, a new Bond of like date and tenor in exchange and substitution for, and upon cancellation of, such mutilated Bond or in lieu of and in substitution for such lost or destroyed Bond but only if the Bondholder has paid the reasonable expenses and charges of the Issuer and the Trustee in connection therewith and, in the case of a lost or destroyed Bond, (a) filed with the Trustee evidence satisfactory to the Trustee that such Bond was lost or destroyed and (b) furnished to the Trustee indemnity satisfactory to it. If any such Bond has matured or been called for redemption and is payable, instead of issuing a new Bond the Trustee may pay the same without issuing a replacement Bond.

If, after the delivery of such replacement Bond, the original Bond in lieu of which such replacement Bond was issued is presented for payment or registration, the Trustee shall seek to

recover such replacement Bond from the person to whom it was delivered or any person taking therefrom and shall be entitled to recover from the security or indemnity provided therefor to the extent of any loss, damage, cost, or expense incurred by the Trustee or the Issuer in connection therewith.

Section 2.11 Cancellation and Disposition of Bonds. The Issuer may deliver Bonds to the Trustee for cancellation at any time and for any reason and the Trustee is hereby authorized to cancel such Bonds. All Bonds that have been paid (whether at maturity or by acceleration, upon redemption, or pursuant to *Section 3.06*) or delivered to the Trustee for cancellation shall not be reissued. Unless otherwise directed by the Issuer, the Trustee shall treat such Bonds in accordance with its document retention policies.

Section 2.12 Securities Depository Provisions. The Bonds shall be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), and shall be held in the custody of DTC. The Issuer and the Trustee acknowledge that they have executed and delivered a Letter of Representations with DTC. All payments of principal of and interest on the Bonds and all notices with respect thereto, including notices of full or partial redemption, shall be made and given at the times and in the manner set out in the Letter of Representations. The terms and provisions of the Letter of Representations shall govern in the event of any inconsistency between the provisions of this Indenture and the Letter of Representations. The Letter of Representations may be amended without Bondholder consent. All payments of principal of and interest on the Book Entry Bonds and all notices with respect thereto, including notices of full or partial redemption, shall be made and given at the times and in the manner set out in the Letter of Representations.

The book-entry registration system for all of the Bonds may be terminated and certificates delivered to and registered in the name of the Beneficial Owners, under either of the following circumstances:

- (a) DTC notifies the Issuer and the Trustee that it is no longer willing or able to act as Securities Depository for the Bonds and a successor Securities Depository for the Bonds is not appointed by the Issuer prior to the effective date of such discontinuation; or
- (b) The Issuer determines that continuation of the book-entry system through DTC (or a successor Securities Depository) is not in the best interest of the Issuer.

In the event a successor Securities Depository is appointed by the Issuer, the Bonds will be registered in the name of such successor Securities Depository or its nominee. In the event certificates are required to be issued to Beneficial Owners, the Trustee and the Issuer shall be fully protected in relying upon a certificate of DTC or any DTC participant as to the identity of and the principal amount of Bonds held by such Beneficial Owners.

The Beneficial Owners of Bonds will not receive physical delivery of certificates except as provided herein. For so long as there is a Securities Depository for the Bonds, all of such Bonds shall be registered in the name of the nominee of the Securities Depository, all transfers of beneficial ownership interests in such Bonds will be made by the nominee of the Securities Depository, and no investor or other party purchasing, selling, or otherwise transferring beneficial

ownership of such Bonds is to receive, hold, or deliver any certificate. The Issuer and the Trustee shall have no responsibility or liability for transfers of beneficial ownership interests in such Bonds.

The Issuer and the Trustee will recognize the Securities Depository or its nominee as the Bondholder for all purposes, including receipt of payments, notices, and voting; provided the Trustee may recognize votes by or on behalf of Beneficial Owners as if such votes were made by Bondholders of a related portion of the Bonds when such votes are received in compliance with an omnibus proxy or other comparable evidence delivered to the Trustee by the Bondholders.

With respect to Book Entry Bonds, the Issuer and the Trustee shall be entitled to treat the Person in whose name such Bond is registered as the absolute owner of such Bond for all purposes of this Indenture, and neither the Issuer nor the Trustee shall have any responsibility or obligation to any Beneficial Owner of such Book Entry Bond. Without limiting the immediately preceding sentence, neither the Issuer nor the Trustee shall have any responsibility or obligation with respect to (a) the accuracy of the records of any Securities Depository or any other Person with respect to any ownership interest in Book Entry Bonds, (b) the delivery to any Person, other than a Bondholder, of any notice with respect to Book Entry Bonds, including any notice of redemption or refunding, (c) the selection of the particular Bonds or portions thereof to be redeemed or refunded in the event of a partial redemption or refunding of part of the Bonds Outstanding, or (d) the payment to any Person, other than a Bondholder, of any amount with respect to the principal of or interest on Book Entry Bonds.

Section 2.13 Additional Parity Indebtedness. The Issuer will not issue any other bonds or obligations having a lien on the Revenues except for Additional Parity Indebtedness issued pursuant to this Section. Additional Parity Indebtedness may be issued and the Trustee shall authenticate and deliver such Additional Parity Indebtedness when there have been filed with it the following:

(a) An opinion or opinions of Bond Counsel, addressed to the Issuer and the Trustee, to the effect that there has been compliance with all conditions precedent to the authentication and delivery of the Additional Parity Indebtedness, the issuance of the Additional Parity Indebtedness has been duly authorized, interest on the Additional Parity Indebtedness is exempt from income taxation by the State of Arkansas, and issuance of the Additional Parity Indebtedness will not adversely affect the income tax status of interest on Outstanding Parity Indebtedness;

(b)(1) If the Additional Parity Indebtedness is to be issued to acquire, construct, or equip capital improvements, a written opinion of an Accountant that the Revenues collected by the Issuer in the year immediately prior to the year in which the Additional Parity Indebtedness is proposed to be issued were at least 150 percent of the maximum Annual Debt Service on all Outstanding Parity Indebtedness plus the Additional Parity Indebtedness proposed to be issued, and (2) if the Additional Parity Indebtedness is to be issued to refund any series of Outstanding Parity Indebtedness, a written opinion of an Accountant that the test set forth in (1) has been satisfied or that Annual Debt Service on the Additional Parity Indebtedness proposed to be issued does not exceed Annual Debt Service on all Parity Indebtedness which would have been Outstanding had the same not been refunded; and

(c) A certificate of the Issuer, signed by its Mayor, that the Issuer is not in default under this Indenture.

In making the computation set forth in (b)(1) above, the Issuer and the Accountant providing the opinion may treat any increase in franchise fees enacted subsequent to the first day of such preceding year as having been in effect throughout that year and may include in Revenues for the year the amount that would have been received, based on such opinion or report, had the increase been in effect throughout the year.

The Issuer may issue junior lien debt so long as any lien on the Revenues is expressly subordinate to that lien securing the Bonds.

Section 2.14 Designation of the Series 2021-A Bonds as Bank Qualified. The Issuer hereby designates the Series 2021-A Bonds as “qualified tax-exempt obligations” within the meaning of section 265(b)(3) of the Code.

Article III: Redemption of Bonds

Section 3.01 Redemption Dates and Prices. The Bonds may not be called for redemption by the Issuer except as provided in this Article.

Section 3.02 Mandatory Sinking Fund Redemption of Bonds. The Trustee shall redeem Series 2021-A Term Bond maturing on September 1, 2040 in the years and in the principal amounts and at a price of 100 percent of the principal amount of the Series 2021-A Term Bond to be redeemed plus interest accrued to the redemption date, as follows:

Bonds Maturing September 1, 2040	
Year	Amount
2036	\$185,000
2037	190,000
2038	190,000
2039	195,000
2040*	200,000

* Final maturity

The Trustee shall redeem the Taxable Series 2021-B Term Bond maturing on September 1, 2038 in the years and in the principal amounts and at a price of 100 percent of the principal amount of the Series 2021-B Term Bond to be redeemed plus interest accrued to the redemption date, as follows:

**Bonds Maturing
September 1, 2038**

Year	Amount
2036	\$540,000
2037	555,000
2038*	575,000

* Final maturity

On or before the 30th day prior to each such sinking fund redemption date, the Trustee shall proceed to call the principal amount of the Bonds indicated above for redemption on the next April 1, and give notice of such call. At its option, the Issuer may (a) deliver to the Trustee for cancellation Series 2021 Bonds to sinking fund redemption in an aggregate principal amount desired or (b) receive credit in respect of its sinking fund redemption obligation for any Series 2021 Bonds subject to sinking fund redemption, which prior to said date have been canceled (otherwise than through the operation of the sinking fund redemption schedule) by the Trustee and not theretofore applied as a credit against such sinking fund redemption obligation. Each Series 2021 Bond so delivered or previously redeemed shall be credited by the Trustee at the principal amount thereof against the obligation of the Issuer on such sinking fund redemption date, and the principal amount of Series 2021 Bonds to be redeemed by operation of such sinking fund redemption schedule on such date shall be accordingly reduced; and any excess over the principal amount of Series 2021 Bonds to be redeemed by operation of the sinking fund redemption schedule on any sinking fund redemption date shall be credited against future sinking fund redemption payments in such manner as will ensure that each future sinking fund redemption payment shall be reduced as specified by the Issuer or, in the absence of such specification, in inverse order of scheduled sinking fund redemption by an amount proportional to the amount originally established for such future sinking fund redemption date, rounded to the nearest \$5,000 amount so that the total amount so credited equals the principal amount of Series 2021 Bonds so delivered, and the principal amount of Series 2021 Bonds required to be redeemed by operation of the sinking fund on subsequent sinking fund redemption dates shall be correspondingly reduced.

Section 3.03 Optional Redemption of Bonds. The Bonds maturing on or after _____ are subject to redemption by the Issuer on or after _____ in whole or in part at any time from any moneys that may be available for such purpose, upon payment of a redemption price equal to 100 percent of the principal amount of Bonds to be redeemed plus interest accrued to the redemption date.

Section 3.04 Selection of Bonds for Redemption. If less than all of the Bonds are called for redemption, they shall be redeemed from maturities in such order as determined by the Issuer. DTC shall select the Series 2021 Bonds for redemption within particular maturities according to its stated procedures.

Section 3.05 Notice of Redemption. When Series 2021 Bonds (or portions thereof) are to be redeemed, the Issuer shall give notice of the redemption of the Series 2021 Bonds to the Trustee no later than 45 days prior to the redemption date or such shorter time as may be acceptable to the

Trustee. In the case of an optional redemption, the notice may state (a) that it is conditioned upon the deposit of moneys, in an amount equal to the amount necessary to effect the redemption, with the Trustee no later than the redemption date or (b) that the Issuer retains the right to rescind such notice on or prior to the scheduled redemption date (in either case, a “Conditional Redemption”), and such notice and optional redemption shall be of no effect if such moneys are not so deposited or if the notice is rescinded. The Trustee shall send notice of any redemption, identifying the Series 2021 Bonds to be redeemed, the redemption date, and the method and place of payment, by first class mail to each holder of a Series 2021 Bond called for redemption to the holder’s address listed on the Bond Register. Such notice shall be sent by the Trustee by first class mail between 30 and 60 days prior to the scheduled redemption date. If notice is given as described in this paragraph, failure of any Bondholder to receive such notice, or any defect in the notice, shall not affect the redemption or the validity of the proceedings for the redemption of the Series 2021 Bonds.

Any Conditional Redemption may be rescinded in whole or in part at any time prior to the redemption date if the Issuer instructs the Trustee to rescind the redemption notice. The Trustee shall give prompt notice of such rescission to the affected Bondholders. Any Series 2021 Bonds subject to Conditional Redemption where redemption has been rescinded shall remain Outstanding, and the rescission shall not constitute any Event of Default. Further, in the case of a Conditional Redemption, the failure of the Issuer to make funds available in part or in whole on or before the redemption date shall not constitute an Event of Default, and the Trustee shall give immediate notice to the affected Bondholders that the redemption did not occur and that the Series 2021 Bonds called for redemption and not so paid remain Outstanding.

Section 3.06 Purchase at Any Time. The Trustee, upon the written request of the Issuer, shall purchase Bonds as specified by the Issuer in the open market at a price not exceeding a price set by the Issuer. Such purchase of Bonds shall be made with funds provided by the Issuer and not with any portion of the Trust Estate. Upon purchase by the Trustee, such Bonds shall be treated as delivered for cancellation pursuant to the Indenture. Nothing in the Indenture shall prevent the Issuer from purchasing Bonds on the open market without the involvement of the Trustee and delivering such Bonds to the Trustee for cancellation pursuant to the Indenture. The principal amount of Bonds to be redeemed by optional redemption under the Indenture may be reduced by the principal amount of Bonds purchased by the Issuer and delivered to the Trustee for cancellation at least 45 days prior to the redemption date.

Article IV: Funds and Accounts

Section 4.01 Creation of Funds. The following funds are hereby created and the proceeds of the Bonds and all Revenues received by the Trustee are, subject to the provisions of *Section 7.08*, to be deposited by it in the Funds described herein and held in trust for the purposes set forth herein:

- (a) Cost of Issuance Fund.
- (b) Debt Service Fund.
- (c) Reserve Fund.

(d) Rebate Fund.

Section 4.02 Cost of Issuance Fund. On the Issue Date, the Trustee shall deposit in the Cost of Issuance Fund, such amount from Bond proceeds as shall be specified in writing signed by an Issuer Representative for the purpose of paying Issuance Costs. The Trustee shall also deposit in the Cost of Issuance Fund any amount delivered to the Trustee by the Issuer for deposit therein.

Any amounts deposited in the Cost of Issuance Fund shall be used on or after the Issue Date to pay Issuance Costs; provided that Series 2021 Bond proceeds deposited in the Cost of Issuance Fund, if any, shall be used to pay Issuance Costs before any money deposited from sources other than Series 2021 Bonds proceeds. For purposes of this paragraph, Series 2021 Bond proceeds in the Cost of Issuance Fund shall be deemed to have been used before any money deposited from other sources is deemed to be so used.

Before each payment is made from the Cost of Issuance Fund by the Trustee, there shall be filed with the Trustee a written requisition signed by an Issuer Representative, accompanied by copies of appropriate invoices or other evidence of amounts due, and stating with respect to each payment to be made (i) the requisition number; (ii) the name and address of the person to whom payment is due (which may be the Issuer if the payment is to reimburse the Issuer for amounts previously paid); (iii) the purpose for which the payment is to be made; (iv) the amount to be paid; (v) that each obligation mentioned therein has been properly incurred and is a proper charge against the Cost of Issuance Fund; and (vi) that none of the items for which payment is requested has been previously paid or reimbursed from the Cost of Issuance Fund.

Any money remaining in the Cost of Issuance Fund 90 days following the Closing Date shall be transferred to the Debt Service Fund.

Section 4.03 Debt Service Fund.

(a) The Trustee shall deposit into the Debt Service Fund a portion of the proceeds of the Series 2021 Bonds (representing accrued interest, if any) for deposit in such Fund as required by the Indenture upon the delivery of the Series 2021 Bonds (see the caption “The Series 2021 Bonds—Sources and Uses of Funds” in the Official Statement), the amounts described in the following paragraph, and all other amounts required or permitted under the Indenture to be deposited in the Debt Service Fund.

(b) On the first Business Day of February 2021, and on the first Business Day of each calendar month thereafter, until all outstanding Series 2021 Bonds, with interest thereon, have been paid in full or provision made for such payment the Issuer shall deliver to the Trustee for deposit in the Debt Service Fund an amount equal to 1/6 of the interest to become due on the next ensuing Interest Payment Date on the Series 2021 Bonds plus 1/12 of the next installment of principal due on the Series 2021 Bonds at maturity or upon mandatory sinking fund redemption or otherwise, together with the fees and expenses of the Trustee; provided, however, that payments shall be adjusted through September 2021 so that approximately level monthly payments are made in order to provide for the first principal and interest payments. The required deposits shall be reduced by any amount in the Debt Service Fund available for meeting the purpose for which a deposit is required

to be made, including amounts received as accrued and capitalized interest upon delivery of a Series of Bonds.

(c) Moneys on deposit in the Debt Service Fund shall be applied as follows:

(1) to the payment of interest, when due, on all Outstanding Bonds, including any accrued interest due in connection with redemptions of Bonds;

(2) to the payment, when due, of the principal of the Bonds then payable at maturity or upon redemption; and

(3) to the payment of principal of and interest on Bonds purchased by the Issuer pursuant to *Section 3.07*.

Section 4.04 Reserve Fund.

(a) The Trustee shall initially deposit in the Reserve Fund an amount equal to the Series Required Reserve on the Series 2021 Bonds from Series 2021 Bond proceeds. In connection with the issuance of any Additional Bonds, the Series Required Reserve shall be recomputed for all Bonds then to be Outstanding, including the Additional Bonds then being issued, and any required increase in the amount on deposit in such Fund shall be funded at settlement for the Additional Bonds. The amount of any withdrawal for the purpose described in (1) below shall be restored by the Issuer in no more than 12 substantially equal, consecutive, monthly installments, each payable on the last Business Day of the month, commencing with the month in which the withdrawal is made; provided that, if any withdrawal is made and if, prior to the restoration of the amount withdrawn, an additional withdrawal is made, such additional withdrawal shall be restored in equal monthly installments over the remainder of the restoration period for the initial withdrawal. In addition, if the fair market value of the investments in the Reserve Fund is less than the Series Required Reserve on all Bonds Outstanding on any valuation date in accordance with the provisions of the Indenture described at the caption “Investment or Deposit of Funds—Valuation of Funds” herein, the difference between such Series Required Reserve and the value of the Reserve Fund shall be restored by the Issuer in no more than six equal, consecutive, monthly installments, each payable on the last Business Day of the month, commencing with the month in which the valuation revealing the deficiency is made. Upon the making of any monthly deposit to restore a withdrawal or deficiency, the Issuer may direct the Trustee to recompute the value of the assets in the Reserve Fund, in which event the remaining amount to be restored, if any, after taking the new valuation into account shall be deposited in equal monthly installments over the balance of the restoration period.

(b) Moneys on deposit in the Reserve Fund shall be applied as follows:

(1) On the date of each required payment from the Debt Service Fund, moneys in the Reserve Fund shall be applied to cure any deficiency in the Debt Service Fund;

(2) Any amount in the Reserve Fund in excess of the Series Required Reserve on all Outstanding Bonds on any valuation date may be (a) transferred to the Debt Service Fund and credited against the payments next becoming due (in direct order) under the Indenture in respect of the principal of or interest on the Series 2021 Bonds, or (b) applied as may be

specified by the Issuer if such Certificate is accompanied by an opinion of Bond Counsel to the effect that such application will not cause interest on any Series of Bonds to be includable in gross income for federal income tax purposes.

(3) In each month during the 12-month period preceding the final maturity date of any Series of Bonds, moneys held in the Reserve Fund shall be credited against the payments otherwise due under the Indenture in respect of principal of and interest on such Series of Bonds and shall be transferred to the Debt Service Fund for the payment of such principal and interest; provided, however, that no such credit shall be given and no such transfer shall be made if and to the extent that, immediately prior to such crediting and transfer, the amount on deposit in the Reserve Fund is not at least equal to the Series Required Reserve on all Bonds, less the amounts previously transferred to the Fund during such 12-month period pursuant to this paragraph.

Section 4.05 Rebate Fund. The Rebate Fund shall be used as a repository of the Rebate Amount, if any. The Rebate Fund shall be held in trust for the benefit of the United States of America and shall not be subject to any lien, security interest, right, claim, or encumbrance of any other person, including the Issuer or the Bondholders. The Issuer covenants to employ and pay a Rebate Analyst to determine the Rebate Amount at such times as shall be required by section 148(f) of the Code.

The Trustee will make any information that it has access to regarding the Series 2021-A Bonds and investments under this Indenture available to the Rebate Analyst prior to the end of each Bond Year, will make deposits into and disbursements from the Rebate Fund in accordance with the directions received solely from the Rebate Analyst, will invest money in the Rebate Fund pursuant to directions of the Issuer, and will deposit income from such investments immediately upon receipt thereof in the Rebate Fund.

If a deposit to the Rebate Fund is required as a result of the computations made as of the end of each Bond Year by the Rebate Analyst, the Issuer will pay the Trustee such amounts as are necessary to make such deposit not more than 25 days after the end of such Bond Year.

The Trustee shall remit from the Rebate Fund to the United States Treasury, at the times designated by the Rebate Analyst but in no event later than 30 days after every fifth Bond Year the amount specified by the Rebate Analyst. Within 30 days after any date the last Series 2021-A Bond is retired, the Trustee shall remit to the United States Treasury the entire aggregate amount of the Rebate Amount, as finally computed by the Rebate Analyst, not theretofore paid to the United States Treasury. All payments to the United States of America pursuant to this Section shall be made by the Trustee for the account of and in the name of the Issuer and shall be paid by check posted by certified United States mail (return receipt requested) addressed to the Internal Revenue Service address specified on Form 8038-T, and shall be accompanied by Form 8038-T and such other forms or statements required by the Code, the Regulations, or other administrative guidelines. The Trustee shall retain records of all calculations and rebate payments required by this Section for a period ending six years after the date the last Series 2021-A Bond is retired.

The Trustee may conclusively rely, without further inquiry or investigation, on the information, instructions, and forms provided or prepared by the Rebate Analyst hereunder with regard to any actions to be taken by the Trustee, including payments to be made, pursuant to this Section and

shall have no liability for any consequences of any failure of the Issuer or the Rebate Analyst to supply accurate or sufficient instructions or to compute erroneously any payment due pursuant to the Indenture. The Trustee shall have no responsibility or duty to perform or to have performed any rebate calculation or to expend its own funds to make any rebate payments.

If at any time during the term of the Indenture the Issuer or the Trustee desire to take any action which would otherwise be prohibited by the terms of the Indenture, such person shall be permitted to take such action if it shall first obtain and provide, at the expense of the Issuer, to the other persons named herein an opinion of Bond Counsel to the effect that such action shall not adversely affect the exclusion of interest on the Series 2021-A Bonds from gross income of the Holders of any Series 2021-A Bond for federal income tax purposes and shall be in compliance with the laws of the State.

The Trustee shall not be liable or responsible for any method of calculation, or any calculation or determination which may be required in connection with or for the purpose of complying with section 148 of the Code or any successor statute or any Regulation, ruling, or other judicial or administrative interpretation thereof, including, without limitation, the calculation of amounts required to be paid to the United States of America or the determination of the maximum amount which may be invested in “non-purpose investments” having a yield higher than the yield on the Series 2021-A Bonds, in connection with any such investments, and the Trustee shall not be liable or responsible for monitoring the compliance by the Issuer with any of the requirements of section 148 of the Code or any applicable Regulation, ruling, or other judicial or administrative interpretation thereof. It is acknowledged and agreed that the sole obligation of the Trustee in this regard shall be to invest money received by the Trustee pursuant to the instructions of the Issuer in a specific investment identified by the Issuer and to disburse money in accordance with the terms of this Indenture.

4.06 Credit Facility. The Issuer shall be permitted to substitute a letter of credit, surety bond, or other credit enhancement (each, a “Credit Facility”) for funds on deposit in the Reserve Fund, provided that:

(1) the credit facility (including any replacement credit facility) is issued by a bank, trust company, national banking association, or insurance company whose unsecured long term debt obligations (in the case of a bank, trust company, or national banking association) or whose claims paying abilities (in the case of an insurance company) are rated AA by a Rating Service, at the time the credit facility is issued and at the time of each extension or renewal thereof;

(2) the issuer of the credit facility does not receive as security for any reimbursement obligation in respect of the credit facility any lien, security interest, or other similar right or interest in any property which is superior to the rights of the Trustee in respect of such property;

(3) the credit facility (including any replacement credit facility, if provided by a different issuer) has an initial term of not less than three years and any extension, renewal, or replacement (if provided by the same issuer) thereof has a term of not less than one year

(4) the Trustee is authorized and has the duty and right to draw on the credit facility to satisfy the purposes for which the Reserve Fund was established; and

(5) the Trustee shall receive an opinion of Counsel to the effect that all of the requirements set forth above have been satisfied.

Upon such substitution, funds on deposit in the Reserve Fund which, when added to the face amount of the credit facility, exceed the Series Required Reserve on all Outstanding Bonds shall be applied as described at paragraph (2) in “Application of Moneys in Reserve Fund”, above. Thereafter, the credit facility shall be considered a part of the Reserve Fund and the amount available thereunder shall be included in any calculations of the amount required to be retained in the Reserve Fund; provided that, (A) if the sum of the amount available under the credit facility and the amount of moneys on deposit in the Reserve Fund exceeds the amount required to be on deposit, the Issuer shall be permitted (i) to cause the amount available under the credit facility to be reduced by an amount equal to such excess, or (ii) to direct that the excess moneys be applied as permitted under the Indenture, and (B) if the credit facility is not extended, renewed, or replaced at least six months prior to its scheduled expiration or termination date, the Trustee shall, not later than 10 days prior to such date, draw on the credit facility for the full amount thereof.

If there are cash and investments on deposit in the Reserve Fund in addition to a Credit Facility, such cash and investments will be drawn on prior to any draws on such Credit Facility.

Section 4.07 Revenues to Be Held for All Bondholders, With Certain Exceptions. Until applied as herein provided and except where moneys have been deposited with or paid to the Trustee pursuant to an instrument restricting the application of such moneys to particular Bonds, the moneys and investments held in all Funds established hereunder and the proceeds of any remedies exercised under *Article VII* shall be held in trust pursuant to the terms of this Indenture for the equal and proportionate benefit of the holders of all Outstanding Bonds, except that: (a) on and after the date on which the interest on or principal of any particular Bond or Bonds is due and payable from the Debt Service Fund or, with respect to which a call for redemption has been given and funds for such redemption have been deposited with the Trustee, the unexpended balance of the amount deposited or reserved in the Debt Service Fund for the making of such payments shall, to the extent necessary therefor, be held for the benefit of the Bondholder or Bondholders entitled thereto; and (b) any special redemption fund established in connection with the defeasance of any Bonds in accordance with *Article IX* shall be held for the benefit of the holders of Bonds being defeased.

Section 4.08 Rebate. The Issuer hereby covenants to pay directly to the government of the United States of America all amounts due in respect of “arbitrage rebate” under section 148(f) of the Code with respect to the Bonds.

Section 4.09 Repayment to the Issuer from Amounts Remaining in Any Funds. Any amounts remaining in any Funds (a) after all of the Outstanding Bonds shall be deemed paid and discharged under the provisions of this Indenture and (b) after payment of all fees, charges, and expenses of the Trustee, the Bond Registrar, and any Paying Agents and of all other amounts required to be paid under this Indenture, shall be paid to the Issuer to the extent that such amounts are in excess of those necessary to effect the payment and discharge of the Outstanding Bonds.

Section 4.10 Disposition of Unclaimed Funds. Notwithstanding any provisions of this Indenture, and subject to applicable unclaimed property laws, any money deposited with the Trustee or any Paying Agent in trust for the payment of principal of or interest on the Bonds remaining unclaimed for three years after the payment thereof: (a) shall be reported and disposed of by the Trustee in accordance with applicable unclaimed property laws; or (b) to the extent

permitted by applicable law, shall be paid to the Issuer, whereupon all liability of the Trustee with respect to such money shall cease, and the holders of the Bonds shall thereafter look solely to the Issuer for payment of any amounts then due. All moneys held by the Trustee or any Paying Agent and subject to this Section shall be held uninvested and without liability for interest thereon.

Section 4.11 Additional Funds and Accounts. In addition to the funds and accounts specifically authorized under this Article, the Trustee shall have the authority to create and maintain such other funds and accounts as it may deem necessary for proper administration hereunder, including without limitation funds and accounts in which to deposit a portion of the bond proceeds pending disbursement for payment of Issuance Costs.

Article V: Investment or Deposit of Funds

Section 5.01 Deposits and Security Therefor. All moneys received by the Trustee under this Indenture for deposit in any Fund established hereunder shall be considered trust funds. All moneys on deposit with the Trustee shall, to the extent not insured, be secured in the manner required or permitted by State or other applicable law. Subject to the foregoing requirements as to security, if at any time the commercial department of the Trustee is unwilling to accept such deposits or unable to secure them as provided above, the Trustee may deposit such moneys with any other depository which is authorized to receive and secure them as aforesaid and the deposits of which are insured by the Federal Deposit Insurance Corporation. All security for deposits shall be perfected in such manner as may be required or permitted under applicable law in order to grant to the Trustee a perfected security interest in such deposits.

Section 5.02 Investment or Deposit of Funds. Moneys on deposit in the Project Fund shall be invested and reinvested by the Issuer and money on deposit in other Funds established pursuant to *Article IV* shall be invested and reinvested by the Trustee, and, as follows:

(a) All moneys on deposit in Funds shall be invested in Eligible Investments which shall mature, or be subject to repurchase, withdrawal without penalty, or redemption at the option of the holder, on or before the dates on which the amounts invested are reasonably expected to be needed for the purposes hereof.

(b) All purchases or sales of Eligible Investments shall be made at the direction of the Issuer (given in writing or orally, confirmed in writing), or in the absence of such direction, by the Trustee in Eligible Investments described in paragraph (f) of the definition thereof, payable on demand.

(c)(1) Any securities or investments held by the Trustee may be transferred by the Trustee, if required in writing by the Issuer, from any of the Funds or accounts mentioned in *Article IV* to any other Fund or account mentioned in *Article IV* at the then current market value thereof without having to be sold and purchased or repurchased; provided, however, that after any such transfer or transfers, the investments in each such Fund or account shall be in accordance with the provisions as stated in this Indenture; and (2) whenever any other transfer or payment is required to be made from any particular Fund, such transfer or payment shall be made from such combination of maturing principal, redemption premiums, liquidation proceeds, and withdrawals of principal as the Trustee deems appropriate for such purpose.

(d) The Trustee shall not be accountable for any depreciation in the value of Eligible Investments or any losses incurred upon any authorized disposition thereof.

(e) The Trustee is expressly authorized to invest moneys in two or more Funds in a single investment, provided that a portion of the investment allocable to each such Fund, and all payments received with respect to such allocable portion, shall be applied in accordance with the applicable provisions governing such Fund hereunder.

(f) Unless otherwise provided in an applicable supplemental indenture, investment income on amounts on deposit in the Reserve Fund shall be transferred to the Debt Service Fund to the extent that no deficiency will exist in the Reserve Fund after such transfer. In all other situations, earnings from investment shall remain in the respective Fund where earned.

Section 5.03 Valuation of Funds. The Trustee shall determine the value of the assets in each of the Funds established under the Indenture on, or on a date not earlier than three days prior to, (a) April 1 of each year and (b) the date of settlement for a Series of Additional Bonds. As soon as practicable after each such valuation date, the Trustee shall furnish to the Issuer a report of the status of each Fund as of such date. In computing the value of assets in any Fund, investments shall be valued at the fair market value thereof and shall include accrued but unpaid interest on each investment, and all investments (valued as aforesaid) and accrued interest thereon shall be deemed a part of such Funds.

Article VI: Covenants and Agreements of the Issuer

Section 6.01 Covenants and Agreements of the Issuer. In addition to any other covenants and agreements of the Issuer contained in this Indenture, the Issuer further covenants and agrees with the Bondholders and the Trustee as follows:

(a) *Payment of Principal and Interest.* The Issuer will pay all principal of and interest on the Bonds or cause them to be paid, solely from the sources provided herein, on the dates, at the places, and in the manner provided in this Indenture.

(b) *Maintenance and Assignment of Revenues.* The Issuer will maintain franchise fees charged for the privilege of using the Issuer's streets and rights-of-way (i) to public utilities pursuant to the authority contained in Ark. Code Ann. §§ 14-200-101 to -112, (ii) as voluntary payments in lieu of taxes from the Issuer's water utility pursuant to the authority contained in Ark. Code Ann. § 14-234-114, and (iii) to a cable service provider pursuant to the Issuer's cable service franchise ordinance and agreement for a term ending May 21, 2022, at a level sufficient to produce annual Revenues at least equal to 150 percent of the maximum Annual Debt Service on all Outstanding Parity Indebtedness. The Issuer will not assign the Revenues or create or authorize to be created any debt, lien, or charge thereon, other than the assignment thereof under this Indenture. The Issuer will not reduce such franchise fees unless it files with the Trustee an opinion of an Accountant to the effect that Revenues for the preceding year, assuming such reduction had been in effect for the entire year, would have equaled not less than 150 percent of the maximum Annual Debt Service on all Outstanding Parity Indebtedness.

(c) *Recordings and Filings.* The Issuer will cause this Indenture, or any related instruments or documents relating to the assignment made by the Issuer under this Indenture to secure the Bonds, to be recorded and filed in the manner and in the places which may be required by law in order to preserve and protect fully the security of the holders of the Bonds and the rights of the Trustee hereunder.

(d) *Inspection of Books.* All books, instruments, and documents in the Issuer's possession relating to the Project and the Revenues shall be open to inspection at all times during the Issuer's regular business hours by any accountants or other agents of the Trustee which the Trustee may designate from time to time or by the holders of 25 percent or more in principal amount of Bonds then Outstanding, or a designated representative thereof.

(e) *Register.* At reasonable times and under reasonable regulations established by the Bond Registrar, the Bond Register may be inspected and copied by or delivered to the Issuer, the Trustee, or the holders of 25 percent or more in principal amount of the Bonds then Outstanding or a designated representative thereof.

(f) *Issuer Not to Adversely Affect Exclusion From Gross Income of Interest on the Series 2021-A Bonds.* The Issuer covenants that it (1) will take, or require to be taken, all actions that may be required of the Issuer for the interest on the Series 2021-A Bonds to be and remain excludable from the gross income for federal income tax purposes and (2) will not take or authorize to be taken any actions that would adversely affect that exclusion under the provisions of the Code.

Section 6.02 Observance and Performance of Covenants, Agreements, Authority, and Actions. The Issuer hereby agrees to observe and perform at all times all covenants, agreements, authority, actions, undertakings, stipulations, and provisions to be observed or performed on its part under this Indenture, the Bond Ordinance, and the Bonds which are executed, authenticated, and delivered under this Indenture, and under all proceedings of its Board of Directors pertaining thereto.

The Issuer represents and warrants that:

(a) It is duly authorized by the Constitution and laws of the State, including particularly and without limitation the Act, to issue the Bonds, to execute and deliver this Indenture, and to provide the security for payment of the principal of and interest on the Bonds in the manner and to the extent set forth in this Indenture.

(b) All actions required on its part to be performed for the issuance, sale, and delivery of the Bonds and for the execution and delivery of this Indenture have been or will be taken duly and effectively; provided no representation is made as to any state securities or "Blue Sky" laws.

(c) The Bonds will be valid and enforceable special obligations of the Issuer according to their terms, subject to bankruptcy and equitable principles, and in no event shall the Bonds constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory limitation.

Section 6.03 Tax Covenants.

The Issuer covenants that it will neither make nor direct the Trustee to make any investment or other use of the proceeds of the Series 2021-A Bonds issued hereunder which would cause the Series 2021-A Bonds to be “arbitrage bonds” as that term is defined in section 148(a) of the Code and all Regulations promulgated with respect thereto, and that it will comply with the requirements of the Code and Regulations throughout the term of the Series 2021-A Bonds. The Trustee covenants that in those instances where it exercises discretion over the investment of funds, it shall not knowingly make any investment inconsistent with the foregoing covenants.

Article VII: Events of Default and Remedies

Section 7.01 Events of Default Defined. Each of the following is an “Event of Default” hereunder:

(a) Default in the payment of any installment of interest on any Bond when it becomes due and payable;

(b) Default in the payment of principal of any Bond when it becomes due and payable;

(c) Subject to the provisions of *Section 7.07*, default in the performance or breach of any covenant, warranty, or representation of the Issuer contained in this Indenture (other than a default under subsections (a) and (b)); or

(d)(1) An Event of Bankruptcy of the Issuer; (2) the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator, or other similar official of the Issuer or of any substantial portion of its property; or (3) the ordering of the winding up or liquidation of its affairs and the continuance of any such involuntary filing, appointment, or order unstayed and in effect for a period of 60 consecutive days.

Section 7.02 Remedies upon Default.

(a) If an Event of Default under *Section 7.01* occurs and is continuing, the Trustee may, and upon the written request to the Trustee by the holder or holders of not less than 25 percent in aggregate principal amount of the Bonds then Outstanding shall, subject to the requirements of *Section 8.02(f)*, by written notice to the Issuer, declare the principal of the Bonds and all interest accrued thereon to the date of acceleration to be immediately due and payable.

(b) At any time after such a declaration of acceleration has been made and before the entry of a judgment or decree for payment of the money due, the Trustee may, or the holders of not less than 25 percent in aggregate principal amount of the Bonds then Outstanding may by written notice to the Issuer and the Trustee (subject to the requirements of *Section 8.02(f)*) direct the Trustee to, rescind and annul such declaration and its consequences if:

(1) there has been paid to or deposited with the Trustee by or for the account of the Issuer, or provision satisfactory to the Trustee in reliance upon an opinion of Counsel has been made for the payment, of a sum sufficient to pay: (A) all overdue installments of interest on the Bonds; (B) the principal of any Bonds which have become due other than by such declaration

of acceleration and interest thereon; (C) to the extent lawful, interest upon overdue installments of interest; and (D) all sums paid or advanced by the Trustee hereunder, together with the reasonable compensation, expenses, disbursements, and advances of the Trustee, its agents, and Counsel prior to the date of notice of rescission; and

(2) all Events of Default, other than the nonpayment of principal of and interest on the Bonds which have occasioned such acceleration, have been cured or waived.

(c) No such rescission and annulment shall affect any subsequent default or impair any consequent right.

Section 7.03 Additional Remedies.

(a) The Trustee upon the occurrence of an Event of Default may, and upon the written request of the holders of not less than a majority in aggregate principal amount of the Bonds Outstanding (subject to the requirements of *Section 8.02(f)*) shall, proceed to protect and enforce its rights and the rights of the holders of the Bonds under this Indenture by a suit or suits in equity or at law, either for the specific performance of any covenant or agreement contained herein or in aid of the execution of any power granted herein, or for the enforcement of any other appropriate legal or equitable remedy, and the Trustee in reliance upon the advice of Counsel may deem most effective to protect and enforce any of the rights or interests of the holders of the Bonds under the Bonds or this Indenture.

(b) Without limiting the generality of the foregoing, the Trustee shall at all times have the power to institute and maintain such proceedings as it may deem expedient: (1) to prevent any impairment of the Trust Estate by any acts which may be unlawful or in violation of this Indenture; and (2) to protect its interests and the interests of the Bondholders in the Trust Estate and in the issues, profits, revenues, and other income arising therefrom, including the power to maintain proceedings to restrain the enforcement of or compliance with any governmental enactment, rule, or order which may be unconstitutional or otherwise invalid, if the enforcement of, or compliance with, such enactment, rule, or order would impair the Trust Estate or be prejudicial to the interests of the Bondholders or the Trustee.

Section 7.04 Marshaling of Assets. Upon the occurrence of an Event of Default, all moneys in all Funds shall be available to be utilized by the Trustee in accordance with this Article. The rights of the Trustee under *Section 8.05* shall be applicable. During the continuance of any such Event of Default, all provisions of this Indenture relating to the utilization of Funds, including but not limited to those set out in *Article IV*, shall be superseded by this Article. Subsequent to the curing or waiver of any such Event of Default, the provisions of this Indenture relating to utilization of Funds, including the provisions of *Article IV*, shall be reinstated.

Section 7.05 Trustee May File Proofs of Claim.

(a) In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition, or other judicial proceeding under the Bankruptcy Code relating to the Issuer or any property of the Issuer, the Trustee (whether or not the principal of the Bonds shall then be due and payable by acceleration or otherwise, and whether or not the Trustee shall have made any demand upon the Issuer for the payment of overdue

principal and interest) shall be entitled and empowered, by intervention in such proceeding or other means:

(1) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Bonds then Outstanding or for breach of this Indenture and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements, and advances of the Trustee, its agents, and Counsel) and of the holders allowed in such proceeding; and

(2) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same;

and any receiver, assignee, trustee, liquidator, sequestrator, or similar official in any such judicial proceeding is hereby authorized by each holder to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the holders, to pay to the Trustee any amount due it for the reasonable compensation, expenses, disbursements, and advances of the Trustee, its agents, and Counsel, and any other amounts due the Trustee under **Section 8.05**.

(b) No provision of this Indenture empowers the Trustee to authorize or consent to or accept or adopt on behalf of any holders of the Bonds any plan of reorganization, arrangement, adjustment, or composition affecting any of the Bonds or the rights of any holder thereof, or to authorize the Trustee to vote in respect of the claim of any holder in any proceeding described in subsection (a).

Section 7.06 Possession of Bonds Not Required. All rights under this Indenture and the Bonds may be enforced by the Trustee without possession of any Bonds or the production of them at trial or other proceedings. Any proceedings instituted by the Trustee may be brought in its name for itself as representative of the Bondholders without the necessity of joining Bondholders as parties, and any recovery resulting from such proceedings shall, subject to **Section 7.08**, be for the ratable benefit of the Bondholders.

Section 7.07 Notice and Opportunity to Cure Certain Defaults. No default under **Section 7.01(c)** shall constitute an Event of Default until written notice of such default shall have been given to the Issuer by the Trustee or by the holders of at least 25 percent in aggregate principal amount of the Bonds Outstanding, and the Issuer shall have had 30 days after receipt of such notice to correct such default or cause such default to be corrected, and shall have failed to do so. In the event, however, that the default be such that it cannot be corrected within such 30-day period, it shall not constitute an Event of Default if corrective action is instituted by the Issuer within such period and diligently pursued (as determined by the Trustee) until the default is corrected.

Section 7.08 Priority of Payment Following Event of Default.

(a) If at any time after the occurrence of an Event of Default the moneys held by the Trustee under this Indenture shall not be sufficient to pay the principal of and interest on the Bonds as the same become due and payable, whether by their terms or as a result of acceleration pursuant to **Section 7.03**, such moneys, together with any moneys then available or thereafter becoming

available for such purpose, whether through the exercise of remedies in this Article or otherwise, shall, subject to subsections (b) and (c), be applied by the Trustee as follows:

(1) first, to the payment of all amounts due the Trustee under *Section 8.05*;

(2) second, to the payment of all installments of interest on the Bonds then due and payable in the order in which such installments became due and payable, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment, ratably, according to the amounts due on such installments, without discrimination or preference; and

(3) third, to the payment of the unpaid principal amount of any of the Bonds which shall have become due and payable, in the order of due dates (other than Bonds called for redemption or contracted to be purchased for the payment of which moneys are held pursuant to the provisions of this Indenture), with interest upon the principal amount of the Bonds from the respective dates upon which they shall have become due and payable, and, if the amount available shall not be sufficient to pay in full the principal of such Bonds due and payable on any particular due date, together with such interest, then to the payment first of such interest, ratably, according to the amount of principal due on such date, without any discrimination or preference.

(b) If the principal of all Bonds shall have become due and payable, whether by their terms or by a declaration of acceleration, and subject to subsection (a)(1) regarding payment to the Trustee, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, without any discrimination or preference.

(c) Whenever moneys are to be applied pursuant to the provisions of this Section, the Trustee may, in its discretion, establish and maintain a reserve for future fees and expenses, and may apply moneys to be distributed at such times, and from time to time, as the Trustee shall determine, having due regard for the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix a date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates, and for which moneys are available, shall cease to accrue. The Trustee shall also select a Record Date for such payment date. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any moneys and of the fixing of any such Record Date and payment date, and shall not be required to make payment to the holder of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Section 7.09 Bondholders May Direct Proceedings. The owners of a majority in aggregate principal amount of the Bonds Outstanding shall, subject to the requirements of *Section 8.02(f)*, have the right, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings by the Trustee hereunder, provided that such direction shall not be in conflict with any rule of law or this Indenture and that

the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unduly prejudicial to the rights of Bondholders not parties to such direction or would subject the Trustee to personal liability. Notwithstanding the foregoing, the Trustee shall have the right to select and retain Counsel of its choosing to represent it in any such proceedings. The Trustee may take any other action which is not inconsistent with any direction under this Section.

Section 7.10 Limitations on Rights of Bondholders.

(a) No Bondholder shall have any right to pursue any other remedy under this Indenture unless: (1) an Event of Default shall have occurred and is continuing; (2) the owners of not less than 25 percent in aggregate principal amount of all Bonds then Outstanding have requested the Trustee, in writing, to exercise the powers hereinabove granted or to pursue such remedy in its or their name or names; (3) the Trustee shall have been offered indemnity satisfactory to it against costs, expenses, and liabilities reasonably anticipated to be incurred; (4) the Trustee has declined to comply with such request, or has failed to do so, within 60 days after its receipt of such written request and offer of indemnity; and (5) no direction inconsistent with such request has been given to the Trustee during such 60-day period by the holders of a majority in aggregate principal amount of the Bonds Outstanding.

(b) The provisions of subsection (a) are conditions precedent to the exercise by any Bondholder of any remedy hereunder. The exercise of such rights is further subject to the provisions of *Sections 7.09, 7.11, and 7.14*. No one or more Bondholders shall have any right in any manner whatever to enforce any right under this Indenture, except in the manner herein provided. All proceedings at law or in equity with respect to an Event of Default shall be instituted and maintained in the manner herein provided for the equal and ratable benefit of the Bondholders of all Bonds Outstanding.

Section 7.11 Unconditional Right of Bondholder to Receive Payment. Notwithstanding any other provision of this Indenture, any Bondholder shall have the absolute and unconditional right to receive payment of principal of and interest on the Bonds on and after the due date thereof, and to institute suit for the enforcement of any such payment.

Section 7.12 Restoration of Rights and Remedies. If the Trustee or any Bondholder has instituted any proceeding to enforce any right or remedy under this Indenture, and any such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or such Bondholder, then the Issuer, the Trustee, and the Bondholders shall, subject to any determination in such proceeding, be restored to their former positions hereunder, and all rights and remedies of the Trustee and the Bondholders shall continue as though no such proceeding had been instituted.

Section 7.13 Rights and Remedies Cumulative. No right or remedy herein conferred upon or reserved to the Trustee is intended to be exclusive of any other right or remedy, but each such right or remedy shall, to the extent permitted by law, be cumulative of and in addition to every other right or remedy given hereunder or now or hereafter existing at law, in equity, or otherwise. The assertion or employment of any right or remedy hereunder shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 7.14 Delay or Omission Not Waiver. No delay or omission by the Trustee or any Bondholder to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of such Event of Default. Every right and remedy given by this Article or by law to the Trustee or the Bondholders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or the Bondholders, as the case may be.

Section 7.15 Waiver of Defaults.

(a) The holders of a majority in aggregate principal amount of the Outstanding Bonds may, by written notice to the Trustee and subject to the requirements of *Section 8.02(f)*, waive any existing default or Event of Default and its consequences, except an Event of Default under *Section 7.01(a)* or (b). Upon any such waiver, the default or Event of Default shall be deemed cured and shall cease to exist for all purposes. No waiver of any default or Event of Default shall extend to or effect any subsequent default or Event of Default or shall impair any right or remedy consequent thereto.

(b) Notwithstanding any provision of this Indenture, in no event shall any Person, other than all of the affected Bondholders, have the ability to waive any Event of Default under this Indenture if such event results or may result, in the opinion of Bond Counsel, in interest on any of the Bonds becoming includable in gross income for federal income tax purposes.

Section 7.16 Notice of Events of Default. If an Event of Default occurs of which the Trustee has or is deemed to have notice under *Section 8.02(g)*, the Trustee shall give Immediate Notice thereof to the Issuer. Within 30 days thereafter (unless such Event of Default has been cured or waived), the Trustee shall give notice of such Event of Default to each holder of Bonds then Outstanding, provided however that notice to Bondholders of any Event of Default under *Section 7.01(c)* shall be subject to the provisions of *Section 7.07*.

Article VIII: The Trustee

Section 8.01 Duties and Liabilities of the Trustee.

(a) Prior to the occurrence of an Event of Default of which it has or is deemed to have notice hereunder, and after the curing of any Event of Default which may have occurred:

(1) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(2) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee is under a duty to examine same to determine whether or not they conform to the requirements of this Indenture.

(b) In case an Event of Default of which the Trustee has or is deemed to have notice hereunder has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in

it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use in the conduct of such person's own affairs.

(c) No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(1) this subsection shall not be construed to limit the effect of subsection (a);

(2) the Trustee is not liable for any error of judgment made in good faith by a Responsible Officer, unless it is proven that the Trustee was negligent in ascertaining the pertinent facts;

(3) the Trustee is not liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Bondholders under any provision of this Indenture relating to the time, method, and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture; and

(4) no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it has reasonable grounds for believing that the repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(d) Whether or not expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee is subject to the provisions of this Section.

Section 8.02 Certain Rights of the Trustee. Except as otherwise provided in *Section 8.01*:

(a) the Trustee may rely and is protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, approval, bond, debenture, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) whenever in the administration of this Indenture the Trustee deems it desirable that a matter be proved or established prior to taking, suffering, or omitting any action hereunder, the Trustee (unless other evidence thereof is specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officer's Certificate;

(c) the Trustee may consult with Counsel and the written advice of such Counsel or an opinion of Counsel shall be full and complete authorization and protection for any action taken, suffered, or omitted by it in good faith and in accordance with such advice or opinion;

(d) the Trustee is under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Bondholders unless such holders have offered to the Trustee security or indemnity satisfactory to the Trustee as to its terms, coverage, duration, amount, and otherwise with respect to the costs, expenses, and liabilities which may be incurred by it in compliance with such request or direction, and the provision of such indemnity shall be

mandatory for any remedy taken upon direction of the holders of 25 percent in aggregate principal amount of the Bonds;

(e) the Trustee is not required to make any inquiry or investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, approval, bond, debenture, or other paper or document but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit and, if the Trustee determines to make such further inquiry or investigation, it is entitled to examine the books, records, and premises of the Issuer, in person or by agent or attorney;

(f) the Trustee may execute any of its trusts or powers or perform any duties under this Indenture either directly or by or through agents or attorneys, and may in all cases pay, subject to reimbursement as provided in *Section 8.05*, such reasonable compensation as it deems proper to all such agents and attorneys reasonably employed or retained by it, and the Trustee shall not be responsible for any misconduct or negligence of any agent or attorney appointed with due care by it;

(g) the Trustee is not required to take notice or deemed to have notice of any default or Event of Default hereunder, except Events of Default under *Section 7.01(a) and (b)*, unless a Responsible Officer of the Trustee has actual notice thereof or has received notice in writing of such default or Event of Default from the Issuer or the holders of at least 25 percent in aggregate principal amount of the Outstanding Bonds, and in the absence of any such notice, the Trustee may conclusively assume that no default or Event of Default exists;

(h) the Trustee is not required to give any bond or surety with respect to the performance of its duties or the exercise of its powers under this Indenture;

(i) in the event the Trustee receives inconsistent or conflicting requests and indemnity from two or more groups of holders of Bonds, each representing less than a majority in aggregate principal amount of the Bonds Outstanding, pursuant to the provisions of this Indenture, the Trustee, in its sole discretion, may determine what action, if any, shall be taken;

(j) the Trustee's immunities and protections from liability and its right to indemnification in connection with the performance of its duties under this Indenture shall extend to the Trustee's officers, directors, agents, attorneys, and employees. Such immunities and protections and right to indemnification, together with the Trustee's right to compensation, shall survive the Trustee's resignation or removal, the discharge of this Indenture, and final payment of the Bonds;

(k) The permissive right of the Trustee to take the actions permitted by this Indenture shall not be construed as an obligation or duty to do so; and

(l) except for information provided by the Trustee concerning the Trustee, the Trustee shall have no responsibility for any information in any offering memorandum or other disclosure material distributed with respect to the Bonds, and the Trustee shall have no responsibility for compliance with any state or federal securities laws in connection with the Bonds.

Section 8.03 Trustee Not Responsible for Recitals. The recitals contained in this Indenture and in the Bonds (other than the certificate of authentication on the Bonds) are statements of the

Issuer and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the value, condition, or sufficiency of any assets pledged or assigned as security for the Bonds, the right, title, or interest of the Issuer therein, the security provided thereby or by this Indenture, the technical or financial feasibility of the Project, the compliance of the Project with the Act, or the tax-exempt status of the Bonds. The Trustee is not accountable for the use or application by the Issuer of any of the Bonds or the proceeds of the Bonds, or for the use or application of any moneys paid over by the Trustee in accordance with any provision of this Indenture.

Section 8.04 Trustee May Own Bonds. The Trustee, in its commercial banking or in any other capacity, may in good faith buy, sell, own, hold, and deal in any of the Bonds and may join in any action which any Bondholder may be entitled to take with like effect as if it were not Trustee. The Trustee, in its commercial banking or in any other capacity, may also engage in or be interested in any financial or other transaction with the Issuer and may act as depository, trustee, or agent for any committee of Bondholders secured hereby or other obligations of the Issuer as freely as if it were not Trustee. The provisions of this Section shall extend to Affiliates of the Trustee.

Section 8.05 Compensation and Expenses of the Trustee. The Issuer hereby covenants and agrees:

(a) to pay to the Trustee compensation for all services rendered by it hereunder and under the other agreements relating to the Bonds to which the Trustee is a party in accordance with terms agreed to from time to time and, subsequent to default, in accordance with the Trustee's then-current fee schedule for default administration (the entirety of which compensation shall not be limited by any provision of law regarding compensation of a trustee of an express trust);

(b) to reimburse the Trustee upon its request for all reasonable expenses, disbursements, and advances incurred or made by the Trustee in accordance with any provision of this Indenture, any other agreement relating to the Bonds to which it is a party, or in complying with any request by the Issuer or any Rating Service with respect to the Bonds, including the reasonable compensation, expenses, and disbursements of its agents and Counsel, except any such expense, disbursement, or advance attributable to the Trustee's negligence or bad faith; and

(c) to indemnify, defend, and hold the Trustee harmless from and against any loss, liability, or expense incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of the office of Trustee under this Indenture, including the costs of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder or thereunder.

In the event the Trustee incurs expenses or renders services in any proceedings under the Bankruptcy Code relating to the Issuer, the expenses so incurred and compensation for services so rendered are intended to constitute expenses of administration under the Bankruptcy Code.

As security for the performance of the obligations of the Issuer under this Section, the Trustee shall have a lien, which it may exercise through a right of setoff, prior to the Bonds upon all property or funds held or collected by the Trustee pursuant to this Indenture for the payment of principal of and interest on the Bonds. The obligations of the Issuer to make the payments described in this Section shall survive discharge of this Indenture and payment in full of the Bonds.

Section 8.06 Qualifications of Trustee. There shall at all times be a trustee hereunder which shall be a corporation or banking association organized and doing business under the laws of the United States of America or of any state, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least \$25,000,000, and subject to supervision or examination by federal or state banking authority. If such corporation or banking association publishes reports of condition at least annually, pursuant to law or the requirements of any supervising or examining authority above referred to, then for purposes of this Section the combined capital and surplus of such corporation or banking association shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, it shall resign promptly in the manner and with the effect specified in this Article.

Section 8.07 Resignation or Removal of Trustee; Appointment of Successor Trustee.

(a) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee under *Section 8.08*.

(b) The Trustee may resign at any time by giving written notice to the Issuer. Upon receiving such notice of resignation, the Issuer shall promptly appoint a successor Trustee by an instrument in writing. If an instrument of acceptance has not been delivered to the resigning Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee or any holder of a Bond then Outstanding may petition a court of competent jurisdiction for the appointment of a successor Trustee.

(c) Prior to the occurrence and continuance of an Event of Default hereunder, or after the curing or waiver of any such Event of Default, the Issuer or the holders of a majority in aggregate principal amount of the Outstanding Bonds may remove the Trustee and shall appoint a successor Trustee. In the event there shall have occurred and be continuing an Event of Default hereunder, the holders of a majority in aggregate principal amount of the Outstanding Bonds may remove the Trustee and shall appoint a successor Trustee. In each instance such removal and appointment shall be accomplished by an instrument or concurrent instruments in writing signed by the Issuer or such holders, as the case may be, and delivered to the Trustee, the Issuer, and holders of the Outstanding Bonds.

(d) If at any time: (1) the Trustee shall cease to be eligible and qualified under *Section 8.06* and shall fail or refuse to resign after written request to do so by the Issuer or the holder of any Bond or (2) the Trustee shall become incapable of acting or shall be adjudged insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take charge or control of the Trustee, its property, or affairs for the purpose of rehabilitation, conservation, or liquidation, then in either such case (A) the Issuer may remove the Trustee and appoint a successor Trustee in accordance with the provisions of subsection (c); or (B) any holder of a Bond then Outstanding may, on behalf of the holders of all Outstanding Bonds, petition a court of competent jurisdiction for removal of the Trustee and appointment of a successor Trustee.

(e) The Issuer shall give written notice of each resignation or removal of the Trustee and each appointment of a successor Trustee to each holder of Bonds then Outstanding as listed in the Bond

Register. Each such notice shall include the name and address of the corporate trust office of the successor Trustee.

Section 8.08 Acceptance of Appointment by Successor Trustee.

(a) Every successor Trustee appointed hereunder shall execute, acknowledge, and deliver to the Issuer and the predecessor Trustee an instrument accepting its appointment. The resignation or removal of the retiring Trustee shall thereupon become effective, and the successor Trustee shall, without further act, deed, or conveyance, become vested with all the estates, properties, rights, powers, and duties of the predecessor Trustee. Upon the request of the Issuer or the successor Trustee, the predecessor Trustee shall execute and deliver an instrument transferring to the successor Trustee all the estates, properties, rights, powers, and duties of the predecessor Trustee under this Indenture, and shall duly assign, transfer, deliver, and pay over to the successor Trustee all moneys and other property then held under this Indenture, subject, however, to the lien, if any, provided for in *Section 8.05*. The successor Trustee shall promptly give written notice of its appointment to the holders of all Bonds Outstanding in the manner prescribed herein, unless such notice has previously been given.

(b) No successor Trustee shall accept appointment as provided in this Section unless, as of the date of such acceptance, it is eligible and qualified under the provisions of *Section 8.06*.

Section 8.09 Merger or Consolidation of Trustee. Any corporation or association: (a) into which the Trustee is merged or with which it is consolidated, (b) resulting from any merger or consolidation to which the Trustee is a party, or (c) succeeding to all or substantially all of the corporate trust business of the Trustee shall be the successor Trustee without the execution or filing of any document or the taking of any further action. Any such successor shall nevertheless be eligible and qualified under the provisions of *Section 8.06*.

Article IX: Defeasance

Section 9.01 Defeasance. If (a) the principal of the Bonds and the interest due or to become due thereon shall be paid, or is caused to be paid, or is provided for under *Section 9.02*, at the times and in the manner to which reference is made in the Bonds, according to the true intent and meaning thereof, or the outstanding Bonds shall have been paid and discharged in accordance with this Article, and (b) all of the covenants, agreements, obligations, terms, and conditions of the Issuer under this Indenture shall have been kept, performed, and observed and there shall have been paid to the Trustee, the Bond Registrar, and the Paying Agents all sums of money due or to become due to them in accordance with the terms and provisions hereof, then the right, title, and interest of the Trustee in the Trust Estate shall thereupon cease and the Trustee, on request of the Issuer and at the expense of the Issuer, shall release this Indenture and the Trust Estate and shall execute such documents to evidence such release as may be reasonably required by the Issuer and shall turn over to the Issuer, or to such other Person as may be entitled to receive the same, all balances remaining in any Funds hereunder except for amounts required to pay such Bonds or held pursuant to *Section 4.09*.

Section 9.02 Deposit of Funds for Payment of Bonds. If the Issuer deposits with the Trustee moneys or Defeasance Obligations which, together with the earnings thereon, are sufficient to pay

the principal of any particular Bond or Bonds becoming due, either at maturity or by call for redemption or otherwise, together with all interest accruing thereon to the due date or Redemption Date, and pays or makes provision for payment of all fees, costs, and expenses of the Trustee due or to become due with respect to such Bonds, all liability of the Issuer with respect to such Bond or Bonds shall cease, such Bond or Bonds shall be deemed not to be Outstanding hereunder, the holder or holders of such Bond or Bonds shall be restricted exclusively to the moneys or Defeasance Obligations so deposited, together with the earnings thereon, for any claim of whatsoever nature with respect to such Bond or Bonds, and the Trustee shall hold such moneys, Defeasance Obligations, and earnings in trust for such holder or holders. In determining the sufficiency of the moneys and Defeasance Obligations deposited pursuant to this Section, together with the earnings thereon, the Trustee shall be entitled to receive, at the expense of the Issuer, and may rely upon: (a) a verification report of an Accountant; and (b) an opinion of Bond Counsel to the effect that (1) all conditions set forth in this Article have been satisfied and (2) that defeasance of the Bonds will not affect the tax-exempt status of the Bonds. Upon such defeasance all rights of the Issuer, including its right to provide for optional redemption of Bonds on dates other than planned pursuant to such defeasance, shall cease unless specifically retained by filing a written notification thereof with the Trustee.

Section 9.03 Notice of Defeasance.

(a) In case any of the Bonds, for the payment of which moneys or Defeasance Obligations have been deposited with the Trustee pursuant to *Section 9.02*, are to be redeemed on any date prior to their maturity, the Issuer shall give to the Trustee in form satisfactory to it irrevocable instructions to give notice of redemption of such Bonds on the redemption date for such Bonds as provided in *Section 3.06*.

(b) In addition to the foregoing notice, in the event such Bonds to be redeemed are not by their terms subject to redemption within the next succeeding 65 days, the Trustee shall give further notice that the deposit required by *Section 9.02* has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with this Article and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal of said Bonds; such further notice shall be given promptly following the making of the deposit required by *Sections 9.01 or 9.02*; but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of the deposit.

(c) If the Issuer has retained any rights pursuant to the last sentence of *Section 9.02*, notice thereof shall be sent to Bondholders of such Bonds as soon as practicable and not later than any notice required by subsections (a) or (b).

Article X: Supplemental Indentures

Section 10.01 Supplemental Indentures Without Bondholders' Consent. The Issuer and the Trustee may from time to time and at any time enter into trust indentures supplemental hereto, without the consent of or notice to any Bondholder, to effect any one or more of the following:

(a) cure any ambiguity, defect, or omission, or correct or supplement any provision herein or in any supplemental indenture;

(b) grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers, authority, or security that may lawfully be granted to or conferred upon the Bondholders or the Trustee which are not contrary to or inconsistent with this Indenture as theretofore in effect or to subject to the pledge and lien of this Indenture additional revenues, properties, or collateral;

(c) add to the covenants and agreements of the Issuer in this Indenture other covenants and agreements thereafter to be observed by the Issuer or to surrender any right or power herein reserved to or conferred upon the Issuer which are not contrary to or inconsistent with this Indenture as theretofore in effect;

(d) permit the appointment of a co-trustee under this Indenture;

(e) modify, alter, supplement, or amend this Indenture in such manner as shall permit the qualification hereof, if required, under the Trust Indenture Act of 1939 or the Securities Act of 1933, as from time to time amended, or any similar federal statute hereafter in effect;

(f) make any other change herein which is determined by the Trustee to be not materially adverse to the interests of the Bondholders and which does not involve a change described in *Section 10.02*; or

(g) if the Bonds are all Book Entry Bonds, amend, modify, alter, or replace the Letter of Representations or other provisions relating to Book Entry Bonds.

The Trustee shall not be obligated to enter into any such supplemental indenture which adversely affects the Trustee's own rights, duties, or immunities under this Indenture.

Section 10.02 Supplemental Indentures Requiring Bondholders' Consent. The Issuer and the Trustee, at any time and from time to time, may execute and deliver a supplemental indenture for the purpose of making any modification or amendment to this Indenture, but only with the written consent, given as provided in *Section 10.03*, of the holders of at least two-thirds in aggregate principal amount of the Bonds Outstanding at the time such consent is given, and in case less than all of the Bonds then Outstanding are affected by the modification or amendment, of the holders of at least two-thirds in aggregate principal amount of the Bonds so affected and Outstanding at the time such consent is given; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds so affected remain Outstanding, the consent of the holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section. Notwithstanding the foregoing, no modification or amendment contained in any such supplemental indenture shall permit any of the following, without the consent of each Bondholder whose rights are affected thereby: (a) a change in the terms of stated maturity or redemption of any Bond or of any installment of interest thereon; (b) a reduction in the principal amount of any Bond or in the rate of interest thereon or a change in the coin or currency in which such Bond is payable; (c) the creation of a lien on or a pledge of any part of the Trust Estate or the money or assets pledged under this Indenture, or any part thereof; (d) the granting of a preference or priority of any Bond or Bonds over any other Bond or Bonds; (e) a reduction in the aggregate principal amount of Bonds of which the consent of the Bondholders is required to effect any such modification or amendment;

or (f) a change in the provisions of *Section 7.15*. Notwithstanding the foregoing, the holder of any Bond may extend the time for payment of the principal of or interest on such Bond; provided, however, that upon the occurrence of an Event of Default, funds available hereunder for the payment of the principal of and interest on the Bonds shall not be applied to any payment so extended until all principal and interest payments which have not been extended have first been paid in full.

Section 10.03 Consents of Bondholders and Opinions. Each supplemental indenture executed and delivered pursuant to the provisions of *Section 10.02* shall take effect only when and as provided in this Section. A copy of such supplemental indenture (or brief summary thereof or reference thereto in form approved by the Trustee), together with a request to Bondholders for their consent thereto in form satisfactory to the Trustee, shall be sent by the Trustee to Bondholders, at the expense of the Issuer, by first class mail, postage prepaid, provided that a failure to mail such request shall not affect the validity of the supplemental indenture when consented to as provided hereinafter. Such supplemental indenture shall not be effective unless and until there shall have been filed with the Trustee (a) the written consents of Bondholders of the percentage of Bonds specified in *Section 10.02* given as provided in *Section 11.10*, and (b) the opinion of Counsel described in *Section 10.06*. Any such consent shall be binding upon the Bondholder giving such consent and upon any subsequent holder of such Bonds and of any Bonds issued in exchange therefor or in lieu thereof (whether or not such subsequent Bondholder has notice thereof), unless such consent is revoked in writing by the Bondholder giving such consent or a subsequent holder of such Bonds by filing such revocation with the Trustee prior to the date the Trustee receives the material required in subsections (a) and (b).

Section 10.04 Exclusion of Certain Bonds. Bonds owned or held by or for the account of the Issuer shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in this Article, and the Issuer shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in this Article or elsewhere in this Indenture. At the time of any consent or other action taken under this Article or elsewhere in this Indenture, the Issuer shall furnish the Trustee an Officer's Certificate of the Issuer, upon which the Trustee may rely, describing all Bonds so to be excluded.

Section 10.05 Notation on Bonds. Bonds authenticated and delivered after the effective date of any action taken as provided in this Article may, and if the Issuer so determines shall, bear a notation by endorsement or otherwise in form approved by the Trustee as to such action, and in that case upon demand of the holder of any Outstanding Bond at such effective date and presentation of such Bond for the purpose at the Principal Office of the Trustee, or upon any transfer of any Bond Outstanding at such effective date, suitable notation shall be made on such Bond or upon any Bond issued upon any such transfer by the Trustee as to any such action. If the Issuer shall so determine, new Bonds so modified as in the opinion of the Trustee and the Issuer to conform to such action shall be prepared, authenticated, and delivered, and upon demand of the holder of any Bond then Outstanding shall be exchanged, without cost to such Bondholder for Bonds then Outstanding, upon surrender of such Bonds for Bonds of an equal aggregate principal amount and of the same series, maturity, and interest rate, in any Authorized Denomination.

Section 10.06 Reliance upon Counsel's Opinion with Respect to Supplemental Indentures. Subject to the provisions of *Section 8.01*, the Trustee in executing or accepting the

additional trusts permitted by this Article or the modifications thereby of the trusts created by this Indenture may rely, and shall be fully protected in relying on, an opinion of Counsel acceptable to it stating that: (a) the execution of such supplemental indenture is authorized or permitted by this Indenture and (b) all conditions precedent to the execution and delivery of such supplemental indenture have been complied with. The Trustee may accept and rely upon such opinion of Counsel as conclusive evidence that any supplemental indenture executed pursuant to the provisions of this Article complies with the requirements of this Article.

Section 10.07 Effect of Supplemental Indentures. Upon the execution of any supplemental indenture under this Article, this Indenture shall be modified in accordance therewith; such supplemental indenture shall form a part of this Indenture for all purposes; and every holder of any Bond theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

Article XI: Miscellaneous Provisions

Section 11.01 Limitation of Rights. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Indenture or the Bonds is intended or shall be construed to give to any Person other than the parties hereto and the Bondholders any legal or equitable right, remedy, or claim under or in respect to this Indenture. This Indenture and all of the covenants, conditions, and provisions hereof are intended to be and being for the sole and exclusive benefit of the parties hereto and the Bondholders, as herein provided.

Section 11.02 Severability. If any term or provision of this Indenture or the Bonds shall be invalid, inoperative, or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because it conflicts with any other provision or provisions hereof or any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatever, and such term and provision shall be valid and enforced to the fullest extent permitted by law.

Section 11.03 Notices. Except as otherwise provided herein, all notices, certificates, or other communications hereunder shall be in writing and shall be deemed given upon receipt, by hand delivery, mail, overnight delivery, telecopy, or other electronic means addressed as follows:

Issuer:	City of Texarkana, Arkansas Attention: City Manager East 3rd & Walnut Streets Texarkana, AR 71854
---------	--

Trustee:	Bank OZK Attention: Corporate Trust _____ Little Rock, Arkansas _____
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In case by reason of the suspension of regular mail service, it shall be impracticable to give notice by first class mail of any event to any Bondholder or the Issuer, when such notice is required to be given pursuant to any provisions of this Indenture, then any manner of giving such notice as

shall be satisfactory to the Trustee shall be deemed to be sufficient giving of such notice. The Issuer and the Trustee may, by notice pursuant to this Section, designate any different addresses to which subsequent notices, certificates, or other communications shall be sent. For purposes of this Section, “electronic means” means telecopy or facsimile transmission or other similar electronic means of communication which produces evidence of transmission. Notwithstanding the foregoing, notices to the Trustee shall be effective only upon receipt.

Section 11.04 Holidays. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Indenture, is not a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided in this Indenture and no interest shall accrue on the payment so deferred during the intervening period.

Section 11.05 Counterparts. This Indenture may be executed in any number of counterparts, each of which when so executed and delivered shall constitute an original, but all of which, when taken together, shall constitute but one and the same instrument, and shall become effective when copies hereof shall be delivered to each of the parties hereto, which copies, when taken together, bear the signatures of each of the parties hereto.

Section 11.06 Applicable Law. This Indenture shall be governed in all respects including validity, interpretation, and effect by, and shall be enforceable in accordance with, the laws of the United States of America and of the State.

Section 11.07 Immunity of Certain Persons; Non-Recourse Provision. Notwithstanding anything to the contrary contained herein, for payment of the obligations of the Issuer under this Indenture and the Bonds, the Trustee, the Bondholders, and any other party entitled to seek payment from the Issuer under or to enforce this Indenture and the Bonds will be entitled to look solely to amounts on deposit with and held by the Trustee for the benefit of the Bondholders, subject to the terms of this Indenture, the Project, and such collateral, if any, as may now or hereafter be given to secure the payment of the obligations of the Issuer under this Indenture and the Bonds, and no other property or assets of the Issuer or any officer or director of the Issuer shall be subject to levy, execution, or other enforcement procedure for the satisfaction of the remedies hereunder, or for any payment required to be made under this Indenture and the Bonds, or for the performance of any of the covenants or warranties contained herein.

Section 11.08 Successors and Assigns. All the covenants, promises, and agreements in this Indenture contained by or on behalf of the Issuer, or by or on behalf of the Trustee, shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

Section 11.09 Form of Documents Delivered to Trustee. In any case where several matters are required to be certified by, or covered by an opinion of, any specified person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such person, or that they be so certified or covered by only one document, but one such person may certify or give an opinion with respect to some matters and one or more other such persons as to other matters, and any such person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an official of the Issuer may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, Counsel, unless such official or officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his or her certificate or opinion is based are erroneous. Any opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an official or officials of the Issuer stating that the information with respect to such factual matters is in the possession of the Issuer, unless such Counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

Where any person is required to make, give, or execute two or more applications, requests, consents, certificates, statements, opinions, or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

Section 11.10 Consent of Holders. Any consent, request, direction, approval, objection, or other instrument required by this Indenture to be signed and executed by the Bondholders may be in any number of concurrent writings of similar tenor and must be signed or executed by such Bondholders in person or by agent appointed in writing. Proof of execution of any such consent, request, direction, approval, objection, or other instrument or of the writing appointing any such agent and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes of this Indenture, and shall be conclusive in favor of the Trustee with regard to any action taken by it under such request or other instrument, namely:

(a) The fact and date of the execution by any person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such writing acknowledged the execution thereof, or by an affidavit of any witness to such execution.

(b) The Issuer may establish a Record Date for the purpose of identifying Bondholders entitled to issue any such consent, request, direction, approval, or instrument.

[Balance of this page left blank intentionally.]

In Witness Whereof, the Issuer has caused this Indenture to be signed in its name by its Mayor and attested by its City Clerk, and the Trustee, in acceptance of the trusts created hereunder, has caused this Indenture to be signed in its corporate name by its officer thereunder duly authorized all as of the day and year first above written.

CITY OF TEXARKANA, ARKANSAS

By: _____
Mayor

Attest:

By: _____
City Clerk

Bank OZK, as Trustee

By: _____

ACKNOWLEDGMENT

STATE OF ARKANSAS)
) ss.
COUNTY OF _____)

On this ____ day of _____, 2020, before me, a Notary Public duly commissioned, qualified and acting within and for the County and State aforesaid, appeared in person the within named Allen L. Brown and Heather Soyars, Mayor and City Clerk, respectively, of the City of Texarkana, Arkansas, to me personally known, who stated that they were duly authorized in their respective capacities to execute the foregoing instrument for and in the name and behalf of the City and further stated and acknowledged that they had so signed, executed, and delivered the foregoing instrument for the consideration, uses, and purposes therein mentioned and set forth.

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal.

Notary Public

My Commission expires:

(SEAL)

ACKNOWLEDGMENT

STATE OF ARKANSAS)
) ss.
COUNTY OF PULASKI)

On this ____ day of _____ 2020, before me, a Notary Public duly commissioned and acting within and for the State and County aforesaid, appeared in person the within named _____, _____ of Bank OZK, to me personally known, who stated that she was duly authorized in her capacity to execute the foregoing instrument for and in the name and behalf of the Bank, and further stated and acknowledged that she had so signed, executed, and delivered the foregoing instrument for the consideration, uses, and purposes therein mentioned and set forth.

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal.

Notary Public

My Commission expires:

(SEAL)

APPENDIX A: FORM OF BOND

No. R-[A-__ or B-__]

\$_____

United States of America
State of Arkansas
City of Texarkana, Arkansas
Franchise Fee Secured Refunding Revenue Bond, Series 2021-[A or B]

Maturity Date: September 1, _____ CUSIP No.: _____ Interest Rate: _____%

Principal Amount: _____ Dollars

Registered Owner: _____

The City of Texarkana, Arkansas, a city of the first class of the State of Arkansas (the “Issuer”), for value received, hereby promises to pay (but only out of the Revenues, as defined in the Indenture hereinafter mentioned, and other assets pledged therefor as hereinafter mentioned) to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above (subject to any right of prior redemption hereinafter mentioned), the Principal Amount identified above in lawful money of the United States of America; and to pay interest on the Principal Amount hereof in like lawful money (a) from _____, if this Bond is authenticated prior to _____, or (b) otherwise from the _____ 1 or _____ 1 that is, or that immediately precedes, the date on which this Bond is authenticated (unless payment of interest is in default, in which case this Bond shall bear interest from the date to which interest has been paid) until payment of such Principal Amount shall be discharged as provided in the Indenture, at the Interest Rate per annum set forth above, payable on _____ 1 and _____ 1 (or, if such day is not a Business Day, on the next succeeding Business Day) in each year, commencing _____ (each, an “Interest Payment Date”). The principal hereof is payable upon presentation hereof upon maturity, redemption, or acceleration at the principal corporate trust office of the Paying Agent identified below in Little Rock, Arkansas (together with any successor as paying agent under the Indenture, the “Paying Agent”). Interest hereon is payable by check or draft mailed to the registered owner (as defined in the Indenture) hereof. Such interest is payable to the person whose name appears on the bond registration books of the Trustee, as Bond Registrar, as the owner hereof as of the Record Date.

It is hereby certified and recited that any and all conditions, things, and acts required to exist, to have happened, and to have been performed precedent to and in the issuance of this bond do exist, have happened, and have been performed in due time, form, and manner as required by the Trust Indenture dated as of _____ (the “Indenture”) between the Issuer and Bank of the Ozarks, as trustee, paying agent, and registrar (herein “Trustee,” “Paying Agent,” and “Bond Registrar,” respectively) and by the Constitution and laws of the State of Arkansas, and that the amount of this bond is not in excess of the amount of Bonds permitted to be issued under the Indenture.

This bond is one of a duly authorized issue of bonds of the Issuer designated as “City of Texarkana, Arkansas Franchise Fee Secured Refunding Revenue Bonds, Series 2021” (the

“Bonds”), issued in the aggregate principal amount of \$11,585,000 pursuant to the provisions of an ordinance of the Issuer adopted on _____, 2020 (the “Bond Ordinance”), and pursuant to the Indenture. The Bonds are issued to finance public safety capital improvements consisting generally of the acquisition of fire trucks and police communication equipment; to fund a debt service reserve; and to pay the costs of issuance of the Bonds.

The Bonds are issued on a parity of security as to the Revenues with the Issuer’s \$2,260,000 original principal amount Franchise Fee Secured Capital Improvement Revenue Bonds, Series 2018 (the “Series 2018 Bonds”). Under certain circumstances set forth in the Indenture, the Issuer may issue Additional Parity Indebtedness (as defined in the Indenture) ranking on a parity with the Series 2018 Bonds and the Bonds. Reference is hereby made to the Indenture for a description of the rights, duties, and obligations of the Issuer, the Trustee, and the owners of the Bonds and the terms upon which the Bonds are issued and secured.

The Bonds are issued pursuant to and in full compliance with the Constitution and laws of the State of Arkansas, including particularly the Local Government Capital Improvement Revenue Bond Act of 1985, as amended (Ark. Code Ann. §§ 14-164-401 *et seq.*) (the “Act”). The Bonds are special obligations of the Issuer, payable solely from and secured by all revenues received by the Issuer from the franchise fees charged for the privilege of using the Issuer’s streets and rights-of-way (i) to public utilities pursuant to the authority contained in Ark. Code Ann. §§ 14-200-101 to -112, (ii) as voluntary payments in lieu of taxes from the Issuer’s water utility pursuant to the authority contained in Ark. Code Ann. § 14-234-114, and (iii) to a cable service provider pursuant to the Issuer’s cable service franchise ordinance and agreement for a term ending May 21, 2022 (the “Revenues”), and by amounts held in funds and accounts established pursuant to the Indenture, subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture. In no event shall the Bonds constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory limitation.

Reference is hereby made to the Indenture (copies of which are on file at the principal corporate trust office of the Trustee) and all indentures supplemental thereto and to the Bond Ordinance for a description of the rights thereunder of the owners of the Bonds, of the nature and extent of the security, of the rights, duties, and immunities of the Trustee, and of the rights and obligations of the Issuer thereunder, to all the provisions of which Indenture the owner of this bond, by acceptance hereof, assents and agrees.

[The Series 2021-A Bonds maturing September 1, 2040 are subject to mandatory sinking fund redemption at a redemption price equal to the principal amount thereof redeemed plus accrued interest to the redemption date in the principal amounts set forth in this Indenture.] [The Taxable Series 2021-B Bonds maturing September 1, 2038 are subject to mandatory sinking fund redemption at a redemption price equal to the principal amount thereof redeemed plus accrued interest to the redemption date in the principal amounts set forth in this Indenture.]

The Bonds maturing on or after _____ are also subject to redemption by the Issuer prior to maturity any time on or after _____, in whole or in part at any time (and if in part from maturities in such order as determined by the Issuer, and by lot within any maturity, subject to selection by the Securities Depository or the Trustee), at the redemption price of 100 percent of

the principal amount thereof plus accrued interest to and including the redemption date.

If this bond is called for redemption and payment is duly provided therefor as specified in the Indenture, interest shall cease to accrue hereon from and after the date fixed for redemption.

Notice of any redemption of Bonds shall be given by mail to the registered owners of Bonds to be redeemed at least 30 days prior to the date fixed for redemption.

This bond shall not be entitled to any benefit under the Indenture, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon endorsed shall have been signed by the Trustee.

IN WITNESS WHEREOF, the Issuer has caused this bond to be executed in its name and on its behalf by the manual or facsimile signature of its Mayor and attested by the manual or facsimile signature of its City Clerk and its corporate seal (or a facsimile thereof) to be impressed or imprinted hereon all as of _____.

CITY OF TEXARKANA, ARKANSAS

By: _____
Mayor

Attest: _____
City Clerk

(SEAL)

FORM OF CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is one of the City of Texarkana, Arkansas Franchise Fee Secured Refunding Revenue Bonds, Series 2021, referred to in the within-mentioned Indenture.

BANK OZK

Date of Authentication: _____

By: _____
Authorized Signatory

FORM OF ASSIGNMENT

For value received the undersigned does hereby sell, assign, and transfer unto

[Insert Name and Social Security or Tax Identification Number of Assignee.]
the within-mentioned registered bond and hereby irrevocably constitute(s) and appoint(s)
_____ attorney, to transfer
the same on the books of the Bond Registrar with full power of substitution in the premises.

Registered Owner

Dated: _____

Signature guaranteed:
NOTE: Signature must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

NOTE: The signature on this assignment must correspond with the name as it appears the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

FORM OF LEGEND FOR BOOK-ENTRY ONLY BONDS

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Issuer or its agent for registration of transfer, exchange, or payment, and any Bond 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 requested 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.



CITY OF TEXARKANA, AR BOARD OF DIRECTORS

AGENDA TITLE: Adopt a Resolution to amend the FY 2020 General Fund and Public Works Department Budget and authorize hazard pay to all City of Texarkana, Arkansas employees and Texarkana Water Utilities (TWU) employees due to the COVID-19 pandemic. (FIN) Finance Director TyRhonda Henderson.

AGENDA DATE: December 7, 2020

ITEM TYPE: Ordinance Resolution Other : _____

DEPARTMENT: Administration

PREPARED BY: Heather Soyars, City Clerk

REQUEST: Hazard pay for City employees an TWU employees

EMERGENCY CLAUSE: N/A

SUMMARY: In late September, the City was notified that we had been awarded CARES Act funding to be used on personnel expenditures incurred from March through December 2020 due to the pandemic. I am recommending an across the board hazard pay of \$3,750 to all City employees and \$500 to all TWU employees.

The General Fund budget will need to be amended to include \$713,807 for hazard pay for General Fund employees, \$129,180 to transfer to the Public Works fund, \$56,516 to agencies for hazard pay for BiState employees, to transfer \$86,120 to TWU, and to record \$985,623 in CARES Act funds.

The Public Works budget will need to be amended to include the \$129,180 transfer from the General Fund and corresponding expense for hazard pay.

EXPENSE REQUIRED: \$985,623

AMOUNT BUDGETED: \$0.00

**APPROPRIATION
REQUIRED:** \$985,623

**RECOMMENDED
ACTION:** The City Manager and staff recommend Board approval.

EXHIBITS: Resolution and Hazard Pay Calculation

RESOLUTION NO. _____

WHEREAS, the City of Texarkana, Arkansas, has been awarded \$985,623.00 in CARES Act funding to be used in personnel expenditures incurred from March through December of 2020; and

WHEREAS, the City Manager recommends that such funding be distributed, such that \$500.00 hazard pay be paid to each current Texarkana Water Utilities (TWU) employee and \$3,750.00 hazard pay be paid to each current city employee; and

WHEREAS, it is necessary to amend the budget to recognize receipt of such funds award and, further, to allocate from that award: \$713,807.00 for General Fund employee hazard pay, \$129,180.00 for Public Works Fund employee hazard pay, \$56,516.00 for BiState employee hazard pay, and \$86,120.00 for TWU employee hazard pay; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the City of Texarkana, Arkansas, that the FY2020 Budget is amended to recognize receipt of the CARES Act funds and expenditure of the same as more specifically described above.

PASSED AND APPROVED this 7th day of December, 2020.

Allen L. Brown, Mayor

ATTEST:

Heather Soyars, City Clerk

APPROVED:

George Matteson, City Attorney

City of Texarkana, Arkansas

Hazard Pay Calculation

Year End 2020

Department	General Fund	Public Works	BiState	TWU	Total
Employees	185	32	14	160	391
Hazard Pay	\$ 3,750	\$ 3,750	\$ 3,750	\$ 500	
Total Hazard Pay	\$ 693,750	\$ 120,000	\$ 52,500	\$ 80,000	\$ 946,250
FICA	\$ 9,998	\$ 7,440	\$ 3,255	\$ 4,960	\$ 25,653
Medicare	\$ 10,059	\$ 1,740	\$ 761	\$ 1,160	\$ 13,721
Total	\$ 713,807	\$ 129,180	\$ 56,516	\$ 86,120	\$ 985,623