

ORDINANCE NO. O-15-121

AN ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF NOT TO EXCEED \$25,000,000 OF ELECTRIC REVENUE IMPROVEMENT BONDS, SERIES 2015, BY THE CITY OF CONWAY, ARKANSAS FOR THE PURPOSE OF FINANCING THE COST OF CERTAIN CAPITAL IMPROVEMENTS BENEFITTING THE CITY'S ELECTRIC SYSTEM; AUTHORIZING THE EXECUTION AND DELIVERY OF A TRUST INDENTURE PURSUANT TO WHICH THE BONDS WILL BE ISSUED AND SECURED; AUTHORIZING THE EXECUTION AND DELIVERY OF AN OFFICIAL STATEMENT PURSUANT TO WHICH THE BONDS WILL BE OFFERED; AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT PROVIDING FOR THE SALE OF THE BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A CONTINUING DISCLOSURE AGREEMENT; PRESCRIBING OTHER MATTERS RELATING THERETO; AND DECLARING AN EMERGENCY.

WHEREAS, the City of Conway, Arkansas (the "City"), a city of the first class, presently owns an electric generation and distribution system (the "Electric System") serving the residents of the City, which Electric System is operated and maintained by Conway Corporation, a nonprofit corporation organized and existing under the laws of the State of Arkansas (the "Corporation"), pursuant to a lease from the City and an exclusive franchise to operate the Electric System granted to the Corporation by the City; and

WHEREAS, the City is authorized under the provisions of Amendment 65 to the Constitution of the State of Arkansas and Arkansas Code Annotated §§14-164-401 *et seq.* and §§14-203-101 *et seq.* (the "Authorizing Legislation") to issue and sell its electric revenue bonds for the purpose of financing the cost of improvements to the Electric System; and

WHEREAS, in order to secure funds necessary to finance certain betterments and improvements with respect to the Electric System, including primarily the (i) acquisition, construction and equipping of an administration building to be located at the corner of Locust and Prairie Streets, (ii) the acquisition, construction and equipping of an electric substation to be located at 1725 Middle Road, (iii) the acquisition and installation of certain automated electric and water metering equipment, (iv) the acquisition and installation of street lights and controls, and (v) the acquisition and installation of interstate lighting equipment (collectively, the "Project"), to fund a debt service reserve, and to pay printing, legal, underwriting and other expenses incidental to the issuance of electric revenue bonds for such purposes, the City has now determined to issue its Electric Revenue Improvement Bonds, Series 2015, in an aggregate principal amount of not to exceed \$25,000,000 (the "Bonds"); and

WHEREAS, the City has determined to issue and secure the Bonds pursuant to a Trust Indenture (the "Indenture"), by and among the City, the Corporation and The Bank of New York Mellon Trust Company, N.A., St. Louis, Missouri, as trustee (the "Trustee"), a form of which has been presented to and is before this meeting; and

WHEREAS, the City proposes to enter into a Bond Purchase Agreement (the “Bond Purchase Agreement”) in substantially the form presented to and before this meeting, with Crews & Associates, Inc. and Stephens Inc., Little Rock, Arkansas (the “Underwriters”), providing for the sale of the Bonds; and

WHEREAS, an open public hearing on the questions of the issuance of the Bonds and the financing of the Project has been held before the City Council and Mayor of the City on October 27, 2015, following publication of notice of such public hearing in the *Log Cabin Democrat* on October 16, 2015.

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

Section 1. The City Council hereby finds and declares that the acquisition, construction, equipping and installation of the Project is in the best interest of the City and the customers of the Electric System.

Section 2. Under the authority of the Constitution and laws of the State of Arkansas, including particularly Amendment 65 to the Constitution of Arkansas and the Authorizing Legislation, there is hereby authorized the issuance of bonds of the City to be designated as “Electric Revenue Improvement Bonds, Series 2015” (the “Bonds”). The Bonds shall be issued in the original aggregate principal amount of not to exceed Twenty Five Million Dollars (\$25,000,000), and shall mature not later than December 1, 2027, in the principal amounts and bearing interest at the rates specified in the Bond Purchase Agreement. In no event shall the true interest cost relating to the Bonds exceed 3.25% per annum.

The proceeds of the Bonds will be utilized to acquire, construct, equip and install the Project, to fund a debt service reserve, and to pay printing, underwriting, legal and other expenses incidental to the issuance of the Bonds. The payment of the principal of and interest on the Bonds will be secured by a pledge of the revenues of the Electric System as provided in a Trust Indenture to be dated as of December 1, 2015 (the “Indenture”), by and among the City, the Corporation and the Trustee. The Bonds shall be issued in the forms and denominations, shall be dated, shall be numbered, shall mature, shall be subject to redemption prior to maturity, and may contain such other terms, covenants and conditions, all as set forth in the Indenture.

The Mayor is hereby authorized and directed to execute and deliver the Bonds in substantially the form thereof contained in the Indenture submitted to this meeting, and the City Clerk is hereby authorized and directed to execute and deliver the Bonds and to affix the seal of the City thereto, and the Mayor and City Clerk are hereby authorized and directed to cause the Bonds to be accepted and authenticated by the Trustee. The Mayor is hereby authorized to confer with the Trustee, the Underwriters, and Kutak Rock LLP, Little Rock, Arkansas (“Bond Counsel”), in order to complete the Bonds in substantially the form contained in the Indenture submitted to this meeting, with such changes as shall be approved by such persons executing the Bonds, their execution to constitute conclusive evidence of such approval.

Section 3. To prescribe the terms and conditions upon which the Bonds are to be executed, authenticated, issued, accepted, held and secured, the Mayor is hereby authorized and

directed to execute and acknowledge the Indenture, by and among the City, the Corporation and the Trustee, and the City Clerk is hereby authorized and directed to execute and acknowledge the Indenture and to affix the seal of the City thereto, and the Mayor and the City Clerk are hereby authorized and directed to cause the Indenture to be accepted, executed and acknowledged by the Corporation and the Trustee. The Indenture is hereby approved in substantially the form submitted to this meeting, including, without limitation, the provisions thereof pertaining to the pledge of the Electric System revenues to the Bonds and the terms of the Bonds. The Mayor is hereby authorized to confer with the Corporation, the Trustee, the Underwriters and Bond Counsel in order to complete the Indenture in substantially the form submitted to this meeting with such changes as shall be approved by such persons executing the Indenture, their execution to constitute conclusive evidence of such approval.

(Advice is given that a copy of the Indenture in substantially the form authorized to be executed is on file with the City Clerk and is available for inspection by any interested person.)

Section 4. There is hereby authorized and approved a Preliminary Official Statement of the City, including the cover page and appendices attached thereto, relating to the Bonds. The Preliminary Official Statement is hereby “deemed final” within the meaning of U.S. Securities and Exchange Commission Rule 15c2-12. The distribution and use of the Preliminary Official Statement in connection with the offer and sale of the Bonds is hereby approved. The Preliminary Official Statement, as amended to conform to the terms of the Bond Purchase Agreement, including Exhibit A thereto, and with such other changes and amendments as are mutually agreed to by the City, the Corporation and the Underwriters, is herein referred to as the “Official Statement,” and the Mayor is hereby authorized to execute the Official Statement for and on behalf of the City. The Official Statement is hereby approved in substantially the form of the Preliminary Official Statement submitted to this meeting, and the Mayor is hereby authorized to confer with the Corporation, the Trustee, the Underwriters and Bond Counsel in order to complete the Official Statement in substantially the form of the Preliminary Official Statement submitted to this meeting with such changes as shall be approved by such persons, the Mayor’s execution to constitute conclusive evidence of such approval.

(Advice is given that a copy of the Preliminary Official Statement is on file with the City Clerk and is available for inspection by any interested person.)

Section 5. In order to prescribe the terms and conditions upon which the Bonds are to be sold to the Underwriters, the Mayor is hereby authorized and directed to execute, at the request of the Corporation, a Bond Purchase Agreement on behalf of the City, to be dated as of the date of its execution (the “Bond Purchase Agreement”), by and between the City and the Underwriters, and the Bond Purchase Agreement is hereby approved in substantially the form submitted to this meeting, and the Mayor is hereby authorized to confer with the Corporation, the Underwriters and Bond Counsel in order to complete the Bond Purchase Agreement in substantially the form submitted to this meeting with such changes as shall be approved by such persons executing the Bond Purchase Agreement, their execution to constitute conclusive evidence of such approval.

(Advice is given that a copy of the Bond Purchase Agreement in substantially the form authorized to be executed is on file with the City Clerk and is available for inspection by any interested person.)

Section 6. In order to provide for continuing disclosure of certain financial and operating information with respect to the Electric System in compliance with the provisions of Rule 15c2-12 of the U.S. Securities and Exchange Commission, the Mayor is hereby authorized and directed to execute a Continuing Disclosure Agreement to be dated as of the date of its execution (the "Continuing Disclosure Agreement"), by and among the City, the Corporation and The Bank of New York Mellon Trust Company, N.A., as dissemination agent (the "Dissemination Agent"), and the Mayor is hereby authorized and directed to cause the Continuing Disclosure Agreement to be executed by the Corporation and the Dissemination Agent. The Continuing Disclosure Agreement is hereby approved in substantially the form submitted to this meeting, and the Mayor is hereby authorized to confer with the Corporation, the Dissemination Agent, the Underwriters and Bond Counsel in order to complete the Continuing Disclosure Agreement in substantially the form submitted to this meeting with such changes as shall be approved by such persons executing the Continuing Disclosure Agreement, their execution to constitute conclusive evidence of such approval.

(Advice is given that a copy of the Continuing Disclosure Agreement in substantially the form authorized to be executed is on file with the City Clerk and is available for inspection by any interested person.)

Section 7. 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 issuance, sale, execution and delivery of the Bonds and to effect the execution and delivery of the Indenture, the Continuing Disclosure Agreement, the Bond Purchase Agreement, the Official Statement and a Tax Compliance Agreement relating to the tax exemption of interest on the Bonds, and to perform all of the obligations of the City under and pursuant thereto. The Mayor and the City Clerk are 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 8. Kutak Rock LLP, Little Rock, Arkansas, is hereby appointed to act as Bond Counsel on behalf of the City in connection with the issuance and sale of the Bonds.

Section 9. The provisions of this Ordinance are hereby declared to be severable, and if any section, phrase or provision shall for any reason be declared to be illegal or invalid, such declaration shall not affect the validity of the remainder of the sections, phrases or provisions of this Ordinance.

Section 10. All ordinances, resolutions and parts thereof in conflict herewith are hereby repealed to the extent of such conflict.

Section 11. It is hereby found and determined that there is an urgent need to finance certain improvements and betterments to the Electric System in order to alleviate hardships to the residents of the City, and in order to do so on the most favorable terms, it is necessary to enter

into the Bond Purchase Agreement as soon as possible. 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 force and take effect immediately upon and after its passage.

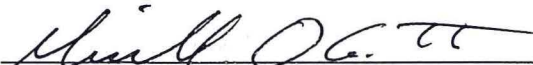
ADOPTED AND APPROVED THIS 27th DAY OF OCTOBER 2015.

Approved:



Mayor Tab Townsell

Attest:



Michael O. Garrett
City Clerk/Treasurer
(S E A L)

