



**City of Conway, Arkansas
Resolution No. R-14-40**

A RESOLUTION AUTHORIZING AND ADOPTING CONTINUING DISCLOSURE COMPLIANCE POLICIES AND PROCEDURES WITH RESPECT TO CITY DEBT ISSUES; AUTHORIZING THE MAYOR OR HIS DESIGNEE TO SELF-REPORT AND ACCEPT SETTLEMENT TERMS UNDER THE U.S. SECURITIES AND EXCHANGE COMMISSION'S MUNICIPALITIES CONTINUING DISCLOSURE COOPERATION INITIATIVE; AND PRESCRIBING OTHER MATTERS PERTAINING THERETO.

WHEREAS, the City has previously issued and sold and may in the future issue and sell its bonds or other evidences of indebtedness ("Bonds") in such manner as to subject the City to the requirements of U.S. Securities and Exchange Commission ("SEC") Rule 15c2-12 (the "Rule") regarding continuing disclosure of annual reports and certain specified events to investors; and

WHEREAS, in order to comply with the Rule, the City has entered into and will in the future enter into certain continuing disclosure undertakings ("Undertakings"); and

WHEREAS, on March 10, 2014, the SEC announced its Municipalities Continuing Disclosure Cooperation Initiative ("MCDC"), which is designed to afford favorable treatment terms to municipal issuers such as the City, as well as the underwriters of municipal obligations, with respect to any instances in the previous five years in which an issuer failed to properly disclose a failure to comply "in all material respects" with its Undertakings under the Rule; and

WHEREAS, to participate in the MCDC program, issuers must self-report to the SEC possible material misstatements or omissions relating to prior compliance with their continuing disclosure obligations no later than December 1, 2014; and

WHEREAS, if the SEC staff recommends an enforcement action against an issuer as a result of such self-reporting, the issuer may, without admitting or denying the findings of the SEC and without the imposition of civil penalties, agree to comply with certain recommended settlement terms, and agree to accept a settlement pursuant to which the issuer consents to the institution of a cease and desist proceeding by the SEC against it that will be a matter of public record; and

WHEREAS, as part of any settlement, the issuer will likely be required to undertake to follow certain procedures, including (but not limited to) the following: (i) establishing appropriate policies and procedures and training regarding continuing disclosure undertakings; (ii) complying with existing continuing disclosure undertakings, including updating past delinquent filings within 180 days; (iii) cooperating with any subsequent investigation by the SEC, including the roles of individuals (e.g., municipal officials) or other parties involved in the offering; (iv) disclosing in a clear and conspicuous fashion the settlement terms in any official statement for an offering by the issuer within the next five years; and (v) providing the SEC with a compliance certificate

regarding the foregoing on the one year anniversary of the date of the institution of the proceedings; and

WHEREAS, the City may determine that it is in its best interest to self-report certain possible material misstatements or omissions relating to prior compliance, either because it is concerned the SEC may view them as a material misstatement, because an underwriter has elected to self-report such statements, or because of other valid business considerations, and the Mayor or his designee needs to be authorized to self-report and in so doing to consent to the applicable settlement terms under MCDC;

THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CONWAY, ARKANSAS:

Section 1. That in order to better assure timely compliance with the City's ongoing commitments in its Undertakings, the City hereby formalizes its policies and procedures regarding continuing disclosure compliance through the adoption of policies and procedures in substantially the form attached hereto as Exhibit A.

Section 2. That the Mayor or his designee is hereby authorized to self-report under MCDC and to accept the MCDC settlement terms (including a cease and desist proceeding), if applicable, all under terms and conditions acceptable to the Mayor or his designee, if it is determined to be in the best interests of the City.

Section 3. That this Resolution shall be effective from and after its date of adoption.

PASSED AND APPROVED this 11th day of November, 2014.

Approved:



Mayor Tab Townsell

Attest:



Michael O. Garrett
City Clerk/Treasurer

[SEAL]

EXHIBIT A

CONTINUING DISCLOSURE COMPLIANCE POLICIES AND PROCEDURES

The U.S. Securities and Exchange Commission (the "SEC") has strongly recommended that the issuers of municipal bonds (and other obligated parties with respect thereto) adopt written policies and procedures to assure appropriate compliance with their present and future undertakings ("Undertakings") pursuant to SEC Rule 15c2-12 (the "Rule"). These Continuing Disclosure Compliance Policies and Procedures (these "Policies and Procedures") are designed to ensure the accuracy, completeness and timeliness of posting of the annual operating data and financial statements (collectively, "Annual Reports") and notices ("Event Notices") of the occurrence of specified events ("Specified Events") which the City is obligated to provide in its Undertakings. The Rule requires that such postings be made through the Electronic Municipal Market Access ("EMMA") facility of the Municipal Securities Rulemaking Board (the "MSRB").

Assignment of Responsibility. (1) Primary oversight responsibility for continuing disclosure compliance with respect to all Undertakings not related to the City's utility revenue bonds is assigned to the City's Chief Financial Officer (the "City CFO") and to any successor to such position. Certain specific compliance responsibilities may be assigned by the City CFO to any other employee of the City ("Designated City Representative") as deemed necessary by the City CFO.

(2) Primary oversight responsibility for continuing disclosure compliance with respect to all Undertakings related to the City's utility revenue bonds is assigned to the Chief Financial Officer of Conway Corporation (the "Corporation CFO") and to any successor to such position. Certain specific compliance responsibilities may be assigned by the Corporation CFO to any other employee of Conway Corporation ("Designated Corporation Representative") as deemed necessary by the Corporation CFO.

Consultation with City or Corporation Officials or Outside Professionals. The City CFO, the Corporation CFO, and any Designated City Representative or Designated Corporation Representative may consult with any City or Corporation officials, Bond Counsel or other municipal finance advisors or professionals that they deem appropriate to meet the requirements of these Policies and Procedures.

Duties and Responsibilities. With respect to each Undertaking, the City CFO or Designated City Representative, or Corporation CFO or Designated Corporation Representative, as applicable, shall:

(1) Familiarize himself or herself with the content required in the Annual Report described in such Undertaking;

(2) Establish a system assuring reminders of the dates by which Annual Reports are required to be delivered to any dissemination agent ("Dissemination Agent") identified in the Undertaking and the dates by which said Annual Reports are required to be posted on the EMMA system;

(3) Prepare or cause the preparation of Annual Reports containing all required information;

- (4) Deliver or cause the delivery of Annual Reports to the Dissemination Agent by the required dates;
- (5) Post or confirm the posting of the Annual Reports on the EMMA system;
- (6) Establish a system assigning responsibility for tracking the occurrence of the Specified Events listed in such Undertaking;
- (7) Prepare or cause the preparation of Event Notices upon the occurrence of Specified Events containing all required information;
- (8) Deliver or cause the delivery of Event Notices to the Dissemination Agent by the required dates; and
- (9) Post or confirm the posting of the Annual Reports on the EMMA system.

Training Requirements. The City CFO and Corporation CFO will each develop a training program that is designed to inform any successor of the requirements of these Policies and Procedures and periodically to train all Designated City Representatives and Designated Corporation Representatives of their respective duties and responsibilities under these Policies and Procedures. Such a training program may be developed with internal materials or those supplied by Bond Counsel or other municipal finance advisors or professionals and shall include a review of each of the City's then effective Undertakings and a review of the City's and Corporation's postings on the EMMA system.

Revision of Policies and Procedures. The City CFO and Corporation CFO will periodically seek the advice of City and Corporation officials and Bond Counsel or such other municipal finance advisors or professionals as he or she feels appropriate to revise the terms of these Policies and Procedures. Any such revisions shall be ratified by the City Council.

Recordkeeping. All documentation relating to the City's Undertakings and compliance with respect thereto shall be maintained for a period of ten years following the final maturity or redemption prior to maturity of the bonds to which such Undertakings and compliance documentation relate.