

ORDINANCE NO. O-15-41

AN ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF \$10,185,000 OF WATER REVENUE REFUNDING BONDS, SERIES 2015, BY THE CITY OF CONWAY, ARKANSAS FOR THE PURPOSE OF REFUNDING THE CITY'S OUTSTANDING WATER REVENUE REFUNDING BONDS, SERIES 2010; AUTHORIZING THE EXECUTION AND DELIVERY OF A TRUST INDENTURE PURSUANT TO WHICH THE SERIES 2015 BONDS WILL BE ISSUED AND SECURED; AUTHORIZING THE EXECUTION AND DELIVERY OF AN OFFICIAL STATEMENT PURSUANT TO WHICH THE SERIES 2015 BONDS WILL BE OFFERED; AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT PROVIDING FOR THE SALE OF THE SERIES 2015 BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A CONTINUING DISCLOSURE AGREEMENT; AUTHORIZING THE EXECUTION AND DELIVERY OF AN ESCROW DEPOSIT AGREEMENT PROVIDING FOR THE PAYMENT OF THE SERIES 2010 BONDS TO BE REFUNDED; 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 a water storage, treatment and distribution system (the "System") serving the residents of the City, which System is operated and maintained by the Conway Corporation, a nonprofit corporation organized and existing under the laws of the State of Arkansas (the "Corporation"), pursuant to an exclusive franchise to operate the System granted to the Corporation by the City; and

WHEREAS, the City is authorized and empowered under the provisions of the Constitution and laws of the State of Arkansas, including particularly Amendment 65 and Arkansas Code Annotated Sections 14-164-401 *et seq.* (Repl. 1998 & 2013 Supp.) (as from time to time amended, the "Act") to issue and sell its water revenue bonds for the purpose of financing and refinancing the cost of improvements to the System; and

WHEREAS, the City has outstanding an issue of its Water Revenue Refunding Bonds, Series 2010, issued in the original principal amount of \$13,100,000, of which \$11,230,000 in principal amount currently remains outstanding (the "Series 2010 Bonds"), issued pursuant to the provisions of Ordinance No. O-10-08 of the City, adopted and approved on January 26, 2010; and

WHEREAS, in order to secure funds necessary to refund the Series 2010 Bonds, to fund a debt service reserve, and to pay printing, legal, underwriting and other expenses incidental to the issuance of water revenue bonds for such purposes, the City has now determined to issue its Water Revenue Refunding Bonds, Series 2015, in the aggregate principal amount of \$10,185,000 (the "Series 2015 Bonds"); and

WHEREAS, the City has determined to issue and secure the Series 2015 Bonds pursuant to the terms and provisions of a Trust Indenture (the "Trust 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 Stephens Inc. and Crews & Associates, Inc., Little Rock, Arkansas (the “Underwriters”), providing for the sale of the Series 2015 Bonds.

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 refunding of the Series 2010 Bonds is in the best interest of the City and the customers of the System due to a reduction in the amount of interest expense secured by revenues of the System following such refunding. Accordingly, the refunding of the Series 2010 Bonds is hereby authorized.

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 Act, there is hereby authorized the issuance of bonds of the City to be designated as “Water Revenue Refunding Bonds, Series 2015” (the “Series 2015 Bonds”). The Series 2015 Bonds shall be issued in the original aggregate principal amount of Ten Million One Hundred Eighty-Five Thousand Dollars (\$10,185,000), shall mature on the dates, shall bear interest, and shall be priced to result in yields as follows:

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
December 1, 2015	\$ 285,000	2.000%	0.400%
December 1, 2016	1,090,000	2.000%	0.650%
December 1, 2017	1,110,000	3.000%	1.030%
December 1, 2018	1,170,000	4.000%	1.380%
December 1, 2019	1,215,000	4.000%	1.670%
December 1, 2020	1,260,000	3.000%	1.930%
December 1, 2021	1,300,000	4.000%	2.140%
December 1, 2022	1,350,000	4.000%	2.270%*
December 1, 2023	1,405,000	4.000%	2.410%*

* Priced to the first optional call date of June 1, 2022

The proceeds of the Series 2015 Bonds will be utilized to refund the Series 2010 Bonds, to fund a debt service reserve, and to pay printing, underwriting, legal and other expenses incidental to the issuance of the Series 2015 Bonds. The payment of the principal of and interest on the Series 2015 Bonds will be secured by a pledge of System revenues, as provided in the Trust Indenture to be dated as of May 1, 2015 (the Indenture”), by and among the City, the Corporation and the Trustee. The Series 2015 Bonds shall be issued in the forms and denominations, shall be dated, shall be numbered, 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 Series 2015 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 Series 2015 Bonds and to affix the seal of the City thereto, and the Mayor and City Clerk are hereby authorized and directed to cause the Series 2015 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 Series 2015 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 Series 2015 Bonds, their execution to constitute conclusive evidence of such approval.

Section 3. To prescribe the terms and conditions upon which the Series 2015 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 System revenues to the Series 2015 Bonds and the terms of the Series 2015 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 Series 2015 Bonds. The previous distribution and use of the Preliminary Official Statement in connection with the offer and sale of the Series 2015 Bonds is hereby ratified. 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 Series 2015 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 the redemption of the Series 2010 Bonds, the Mayor is hereby authorized and directed to execute an Escrow Deposit Agreement to be dated as of the date of its execution (the "Escrow Agreement"), by and between the City and The Bank of New York Mellon Trust Company, N.A., as escrow trustee (the "Escrow Trustee"), and the Mayor is hereby authorized and directed to cause the Escrow Agreement to be executed by the Escrow Trustee. The Escrow 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 Escrow Agreement in substantially the form submitted to this meeting with such changes as shall be approved by such persons executing the Escrow Agreement, their execution to constitute conclusive evidence of such approval.

(Advice is given that a copy of the Escrow 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. In order to provide for continuing disclosure of certain financial and operating information with respect to the City and the 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., St. Louis, Missouri, 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 8. 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 Series 2015 Bonds and to effect the execution and delivery of the Indenture, the Continuing Disclosure Agreement, the Bond Purchase Agreement, the Escrow Agreement, the Official Statement and a Tax Compliance Agreement relating to the tax exemption of interest on the Series 2015 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 9. 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 Series 2015 Bonds.

Section 10. The rates for services of the System previously enacted pursuant to Ordinance No. O-08-71 are hereby ratified and confirmed.

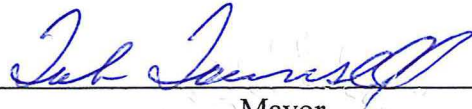
Section 11. The provisions of this Ordinance are hereby declared to be severable, and if any section, phrase or provision shall for any reason be declared to be illegal or invalid, such declaration shall not affect the validity of the remainder of the sections, phrases or provisions of this Ordinance.

Section 12. All ordinances, resolutions and parts thereof in conflict herewith are hereby repealed to the extent of such conflict.

Section 13. It is hereby found and determined that there is an urgent need to refinance certain outstanding indebtedness of the City secured by revenues of the System in order to lower the interest cost on obligations payable from System revenues, 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 14th DAY OF APRIL, 2015.

APPROVED:



Mayor

ATTEST:


City Clerk

(S E A L)