

ORDINANCE NO. 097-19

AN ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF NOT TO EXCEED \$6,000,000 OF ELECTRIC REVENUE BONDS BY THE CITY OF CONWAY, ARKANSAS FOR THE PURPOSE OF FINANCING THE ACQUISITION OF THREE ELECTRIC DISTRIBUTION SUBSTATIONS LOCATED WITHIN THE CITY; 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; 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 "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 a lease from the City and an exclusive franchise to operate the System granted to the Corporation by the City pursuant to Ordinance No. **0-79-25** of the City, adopted and approved on May **22, 1979**; and

WHEREAS, the City has outstanding an issue of Electric Revenue Refunding Bonds, Series **1993** (the "Series **1993** Bonds"), issued under and secured by the provisions of Ordinance No. **0-93-13** of the City, adopted and approved on March **10, 1993**; and

WHEREAS, the Series **1993** Bonds are secured by a pledge of the net revenues of the System; and

WHEREAS, the City is authorized under the provisions of the Constitution of the State of Arkansas and Arkansas Code Annotated Sections **14-203-101 et seq. (1987 & Supp. 1995)** (the "Act") to issue and sell revenue bonds for the purpose of financing the acquisition of improvements to the System; and

WHEREAS, the Corporation has recommended to the City that three electric distribution substations presently located within the City be acquired from Entergy Arkansas (the "Project") using the proceeds of electric revenue bonds issued pursuant to the Act; and

WHEREAS, to secure funds necessary to finance 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 determined to issue its Electric Revenue Bonds, Series **1997**, in an aggregate principal amount not to exceed \$6,000,000 (the "Series **1997** Bonds"); and

WHEREAS, the City has determined to issue the Series 1997 Bonds on a subordinate basis to the Series 1993 Bonds pursuant to a Trust Indenture (the "Trust Indenture"), by and between the City, the Corporation and First Commercial Trust Company, National Association, as trustee (the "Trustee"), a form of which has been presented to and is before this meeting; and

WHEREAS, a form of Preliminary Official Statement (the "Preliminary Official Statement"), offering the Series 1997 Bonds for sale 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., Little Rock, Arkansas (the "Underwriter"), providing for the sale of the Series 1997 Bonds; and

WHEREAS, in order to provide for continuing disclosure of certain financial and operating information with respect to the City and the System in compliance with U.S. Securities and Exchange Commission Rule 15c2-12, the City proposes to enter into a Continuing Disclosure Agreement (the "Continuing Disclosure Agreement") with the Trustee and the Corporation, in substantially the form presented to and before this meeting; and

WHEREAS, an open public hearing on the question of the issuance of the Series 1997 Bonds has been held before the City Council of the City on this date, following publication of notice of such public hearing in *The Log Cabin Democrat* on March 2, 1997.

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 of the Project is in the best interest of the City and the customers of the 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 Act, there is hereby authorized the issuance of bonds of the City to be designated as "Electric Revenue Bonds, Series 1997" (the "Series 1997 Bonds"). The Series 1997 Bonds shall be issued in the original aggregate principal amount of not to exceed Six Million Dollars (\$6,000,000), shall mature not later than April 1, 2007, and shall bear interest at the rates specified in the Bond Purchase Agreement. In no event shall the interest rate borne by any Series 1997 Bond exceed 6.00% per annum. The Series 1997 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 shall contain such other terms, covenants and conditions, all as set forth in the Trust Indenture.

Section 3. To prescribe the terms and conditions upon which the Series 1997 Bonds are to be executed, authenticated, issued, accepted, held and secured, the Mayor is hereby authorized and directed to execute and acknowledge a Trust Indenture (the "Trust Indenture"), by and among the City, the Corporation and First Commercial Trust Company, National Association, Little Rock, Arkansas, as trustee (the "Trustee"), and the City Clerk is hereby authorized and directed to execute and acknowledge the Trust 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 Trust Indenture to be accepted, executed and acknowledged by the Corporation and the Trustee. The Trust Indenture is hereby approved in substantially the form submitted to this meeting, including, without limitation, the provisions thereof pertaining to the maintenance of rates for services of the System, the pledge of System revenues to the Series 1997 Bonds, the deposit and handling of System revenues, and the terms of the Series 1997 Bonds. The Mayor is hereby authorized to confer with the Corporation, the Trustee and the Underwriter in order to complete the Trust Indenture in substantially the form submitted to this meeting with such changes as shall be approved by such persons executing the Trust Indenture, their execution to constitute conclusive evidence of such approval.

(Advice is given that a copy of the Trust 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 1997 Bonds. The Preliminary Official Statement is hereby "deemed final" within the meaning of Rule 15c2-12 of the Securities Exchange Act of 1934. The execution and distribution of the Preliminary Official Statement is hereby approved and 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 Underwriter, 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 submitted to this meeting, and the Mayor is hereby authorized to confer with the Corporation, the Trustee and the Underwriter in order to complete the Official Statement in substantially the form 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 1997 Bonds are to be sold to the Underwriter, 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 among the City, the

Corporation and the Underwriter, 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 and the Underwriter 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 City and the System in compliance with the provisions of Rule 15c2-12 of the Securities Exchange Act of 1934, the Mayor is hereby authorized and directed to execute a Continuing Disclosure Agreement (the "Continuing Disclosure Agreement"), by and among the City, the Corporation and the Trustee, and the Mayor is hereby authorized and directed to cause the Continuing Disclosure Agreement to be accepted, executed and acknowledged by the Corporation and the Trustee. 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 Trustee and the Underwriter 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 Series 1997 Bonds and to effect the execution and delivery of the Trust Indenture, the Continuing Disclosure Agreement, the Bond Purchase Agreement, the Official Statement and a Tax Regulatory Agreement relating to the tax exemption of interest on the Series 1997 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. Rose Law Firm, a Professional Association, of 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 1997 Bonds.

Section 9. The Series 1997 Bonds are hereby designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code"). The City hereby represents and covenants that the aggregate principal amount of its tax-exempt obligations (not including "private activity bonds" within the meaning of Section 141 of the Code which are not "qualified 501(c)(3) bonds" with the meaning of Section 145 of the Code), including those of its subordinate entities, to be issued in calendar year 1997 will not exceed \$10,000,000.

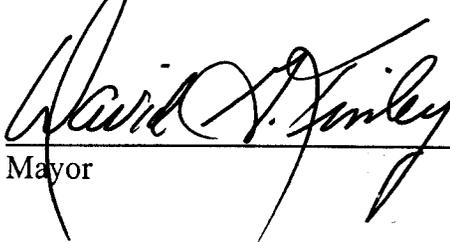
Section 10. The provisions of this Ordinance are hereby declared to be severable, and if any section, phrase or provision shall for any reason be declared to be illegal or invalid, such declaration shall not affect the validity of the remainder of the sections, phrases or provisions of this Ordinance.

Section 11. All ordinances, resolutions and parts thereof in conflict herewith are hereby repealed to the extent of such conflict.

Section 12. It is hereby found and determined that there is an urgent need to finance certain improvements and betterments to the 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.

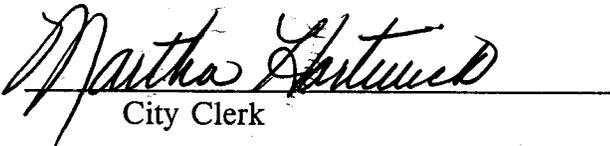
ADOPTED AND APPROVED THIS 25th DAY OF MARCH, 1997.

APPROVED:



Mayor

ATTEST:



City Clerk

(S E A L)