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City of Conway
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ORDINANCE NO. O-15-26 By MMW D. C.

AN ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF \$26,970,000 OF SALES AND USE TAX CAPITAL IMPROVEMENT AND REFUNDING BONDS, SERIES 2015, FOR THE PURPOSE OF REFUNDING THE CITY'S OUTSTANDING SALES AND USE TAX CAPITAL IMPROVEMENT AND REFUNDING BONDS, SERIES 2012, AND FINANCING THE CONSTRUCTION, EXTENSION AND IMPROVEMENT OF CERTAIN CITY STREETS; 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 DELARING AN EMERGENCY.

WHEREAS, the City Council of the City of Conway, Arkansas (the "City") has determined that there is a critical need for a source of revenue to finance the construction, extension and improvement of certain City streets (the "Project"); and

WHEREAS, the City is authorized and empowered under the provisions of the Constitution and laws of the State of Arkansas, including particularly Amendment 62 to the Constitution of the State of Arkansas ("Amendment 62") and Arkansas Code Annotated (1998 Repl. & 2013 Supp.) Sections 14-164-301 *et seq.* (as from time to time amended, the "Local Government Bond Act"), to issue and sell its capital improvement bonds to finance the costs of various capital improvements such as those comprising the Project, which capital improvement bonds may be secured by and payable from the receipts of the special city-wide sales and use tax authorized by the Local Government Bond Act; and

WHEREAS, pursuant to the authority of Amendment 62 and the Local Government Bond Act, the City has previously issued its Sales and Use Tax Capital Improvement and Refunding Bonds, Series 2012 (the "Series 2012 Bonds"), presently outstanding in the aggregate principal amount of \$8,475,000; and

WHEREAS, the provisions of the Municipal General Sales and Use Tax Act of 1981, codified as Arkansas Code of 1987 Annotated (2008 Repl. & 2013 Supp.) Sections 26-75-201 *et seq.* (as from time to time amended, the "Municipal General Sales and Use Tax Act"), authorizes the levy of general citywide sales and use taxes; and

WHEREAS, pursuant to the provisions of Ordinance No. O-11-108 of the City, adopted and approved on December 13, 2011 (the "General Sales and Use Tax Levying Ordinance"), there has previously been levied a general citywide sales and use tax at the rate of one-eighth of

one percent (0.125%) under the provisions of the Municipal General Sales and Use Tax Act (the "General Sales and Use Tax"), which levy was approved by the qualified electors of the City at a special election held February 14, 2012; and

WHEREAS, pursuant to the provisions of Ordinance No. O-14-48 of the City, adopted and approved on June 10, 2014 (the "Election Ordinance"), there was submitted to the qualified electors of the City the questions of (i) the issuance of not to exceed \$7,500,000 in principal amount of refunding bonds pursuant to Amendment 62 and the Local Government Bond Act for the purpose of refunding the Series 2012 Bonds, and (iii) the issuance of not to exceed \$21,000,000 in principal amount of capital improvement bonds pursuant to Amendment 62 and the Local Government Bond Act for the purpose of financing the Project, said refunding bonds and capital improvement bonds to be secured by a pledge of and lien upon all of the receipts of a special citywide sales and use tax at the rate of one-eighth of one percent (0.125%) levied pursuant to the Local Government Bond Act (the "Special Sales and Use Tax") and, to the extent needed to pay scheduled debt service on the refunding bonds, a pledge of and lien upon all of the receipts of the General Sales and Use Tax; and

WHEREAS, at a special election held September 9, 2014, a majority of the qualified electors of the City voting on the aforementioned questions approved the issuance of the refunding bonds and the capital improvement bonds, the corresponding levy of the Special Sales and Use Tax, and the pledge of the receipts of the General Sales and Use Tax and the Special Sales and Use Tax to the payment of the refunding bonds and the capital improvement bonds; and

WHEREAS, as authorized under the provisions of Amendment 62 and the Local Government Bond Act, and as approved by the qualified electors of the City, the City has now determined to issue and sell its Sales and Use Tax Capital Improvement and Refunding Bonds, Series 2015, in the principal amount of \$26,970,000 (the "Bonds"), for the purposes of refunding all of the outstanding Series 2012 Bonds and financing the Project; and

WHEREAS, the City has made arrangements for the sale of the Bonds to Stephens Inc. and Crews & Associates, Inc. (the "Underwriters"), pursuant to the terms of a Bond Purchase Agreement between the City and the Underwriters (the "Bond Purchase Agreement") in substantially the form presented to and before this meeting;

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

Section 1. Under the authority of the Constitution and laws of the State of Arkansas, including particularly Amendment 62 to the Constitution of the State of Arkansas and the Local Government Bond Act, there is hereby authorized the issuance of bonds of the City to be designated as "Sales and Use Tax Capital Improvement and Refunding Bonds, Series 2015" (the "Bonds"). The Bonds shall be issued in the original aggregate principal amount of Twenty Six Million Nine Hundred Seventy Thousand Dollars (\$26,970,000), shall mature (or be subject to mandatory sinking fund redemption) on the dates, and shall bear interest as follows:

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
2016	\$ 510,000	2.000%	0.400%
2017	570,000	2.000%	0.790%
2018	580,000	2.000%	1.220%
2019	590,000	3.000%	1.540%
2020	610,000	3.000%	1.800%
2021	630,000	3.000%	2.020%
2122	645,000	4.000%	2.300%
2023	670,000	4.000%	2.490%
2024	700,000	4.000%	2.600%**
2025	725,000	4.000%	2.680%**
2026	755,000*	4.500%	3.130%**
2027	790,000*	4.500%	3.130%**
2028	825,000*	4.500%	3.130%**
2029	865,000*	4.500%	3.130%**
2030	900,000	4.500%	3.130%**
2031	945,000*	4.500%	3.350%**
2032	985,000*	4.500%	3.350%**
2033	1,030,000*	4.500%	3.350%**
2034	1,075,000*	4.500%	3.350%**
2035	1,125,000	4.500%	3.350%**
2036	1,175,000*	3.750%	3.900%
2037	1,220,000*	3.750%	3.900%
2038	1,265,000*	3.750%	3.900%
2039	1,310,000*	3.750%	3.900%
2040	1,360,000	3.750%	3.900%
2041	1,410,000*	3.875%	4.000%
2042	1,465,000*	3.875%	4.000%
2043	1,525,000*	3.875%	4.000%
2044	715,000	3.875%	4.000%

* Mandatory sinking fund redemption

* Priced to the first optional redemption date of May 1, 2023

Of the \$26,970,000 aggregate amount of Bonds hereby authorized, \$6,604,143.90 shall be deemed to apply to the refunding of the Series 2012 Bonds (Question 1 on the special election ballot), and \$20,365,856.10 shall be deemed to apply to the Project (Question 2 on the special election ballot), and the proceeds of the Bonds shall be allocated accordingly. The proceeds of the Bonds will be utilized (i) to redeem the Series 2012 Bonds, (ii) to finance the Project, (iii) to establish a debt service reserve, and (iv) to pay printing, underwriting, legal and other expenses incidental to the issuance of the Bonds.

The Bonds shall be issued in the forms and denominations, shall be dated, shall be numbered, shall be subject to redemption prior to maturity, and shall contain such other terms, covenants and conditions, all as set forth in that certain Trust Indenture (the "Indenture"), by and

between the City and Regions Bank, Little Rock, Arkansas, as trustee (the "Trustee"), to be entered into by the City and the Trustee in substantially the form submitted to this meeting.

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 thereof 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 2. In order to pay the principal of and interest on the Bonds as they mature or are called for redemption prior to maturity, there is hereby pledged all receipts of the Special Sales and Use Tax levied by the Election Ordinance and all receipts of the General Sales and Use Tax levied by the General Sales and Use Tax Levying Ordinance and approved by the voters. Receipts of the General Sales and Use Tax shall be utilized to pay scheduled debt service on the Bonds only to the extent needed after application of receipts of the Special Sales and Use Tax for such purpose. The levy and collection of the Special Sales and Use Tax shall commence on the date provided in the Local Government Bond Act. The levy and collection of the Special Sales and Use Tax shall continue only until such time as the Bonds are no longer outstanding or sufficient funds are on deposit with the Trustee under the Indenture to redeem the Bonds in full. The City covenants and agrees that all receipts from the Special Sales and Use Tax and the General Sales and Use Tax will be accounted for separately as special funds on the books of the City, and receipts of said Special Sales and Use Tax and General Sales and Use Tax will be deposited and will be used solely as provided in the Indenture.

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, 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 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 receipts of the Special Sales and Use Tax and the General Sales and Use Tax and the terms of the Bonds. The Mayor is hereby authorized to confer with 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

previous distribution and use of the Preliminary Official Statement in connection with the offer and sale of the Bonds is hereby ratified. The Preliminary Official Statement is hereby “deemed final” by the City within the meaning of U.S. Securities and Exchange Commission Rule 15c2-12. 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 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 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 a Bond Purchase Agreement on behalf of the City, to be dated as of the date of its execution (the “Bond Purchase Agreement”), and the Bond Purchase Agreement is hereby approved in substantially the form submitted to this meeting. The Mayor is hereby authorized to confer with 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 Special Sales and Use Tax, the General Sales and Use Tax and the City 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 between the City and Regions Bank, 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 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 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 Bond Purchase Agreement, the Official Statement, the Continuing Disclosure Agreement and a Tax Regulatory 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. 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 9. All ordinances, resolutions and parts thereof in conflict herewith are hereby repealed to the extent of such conflict.

Section 10. The City Council hereby finds and determines that there is a critical need to restructure the City's existing indebtedness through the refunding of the Series 2012 Bonds and to obtain an additional source of revenue to finance essential City operations and capital improvements such as the Project, all in order to promote and protect the health, safety and welfare of the inhabitants of the City. It is, therefore, declared that an emergency exists 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.

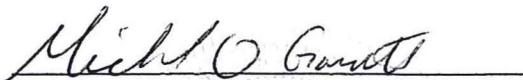
ADOPTED AND APPROVED THIS 10th DAY OF March, 2015.

APPROVED:



Mayor

ATTEST:



City Clerk

(S E A L)