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City Of North Little Rock, Arkansas
Office Of The City Attorney

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May 23, 2016

To: North Little Rock City Council
From: C. Jason Carter, City Attorney
RE: Recommendations from Investment Advisory Board

The City's Investment Advisory Board, established by Resolution No. 8613, convened on May 20, 2016 to discuss two outstanding revenue bond issues, 2011 and 2012C, of the North Little Rock Electric Department. The Board recommended two actions requiring City Council approval which I describe below.

- 1. Refinance 2011 bonds for better interest rate.** These bonds were originally issued in the amount of \$16.0M with an interest rate of 4.68%. There is an outstanding balance of \$14.6M. Due to favorable interest rates, the Investment Advisory Board believes that these bonds should be refinanced without extending the term. This would reduce annual interest expense by approximately \$175,000.
- 2. Redeem 2012C bonds with excess reserves.** These bonds were originally issued in the amount of \$10.2M with an interest rate of 3.56%. There is an outstanding balance of \$7.9M. The Investment Advisory Board believes these bonds should be redeemed in order to reduce annual debt payments by approximately \$1.48M. Savings will be used to replenish reserves. It is possible, though unlikely, that reserves will be needed before they are replenished in order to respond to some unforeseen disaster. If this occurs, funds for disaster recovery would have to be borrowed through temporary (Amendment 78) financing or issuance of another revenue bond.

FILED _____ A.M. 1:10 P.M.
 BY Becky - City Atty Ofc.
 DATE 5-23-16
 Diane Whitbey, City Clerk and Collector
 North Little Rock, Arkansas
 RECEIVED by J. Manhart