

AN ORDINANCE AUTHORIZING THE ISSUANCE OF AN ELECTRIC SYSTEM REFUNDING REVENUE BOND, SERIES 2016; AUTHORIZING A TRUST INDENTURE SECURING THE BOND; AUTHORIZING THE SALE OF THE BOND; PRESCRIBING OTHER MATTERS PERTAINING THERETO; AND DECLARING AN EMERGENCY.

WHEREAS, the City of North Little Rock, Arkansas (the “City”) owns an electric generation, transmission and distribution system (the “System”); and

WHEREAS, in order to achieve debt service savings, the City Council has determined that it is in the best interest of the City to refund its Electric System Capital Improvement Revenue Bonds, Series 2011 (the “Bonds Refunded”); and

WHEREAS, the City can finance the refunding of the Bonds Refunded (the “Refunding”) by the issuance of an Electric System Refunding Revenue Bond, Series 2016 in the principal amount of not to exceed \$13,850,000 (the “Bond”); and

WHEREAS, the Bond will be secured by a lien on revenues of the System which will be on a parity with the lien on revenues of the System in favor of the City's outstanding Electric System Revenue Bonds, Taxable Refunding Series 2012-A and Series 2012-B (the “Parity Bonds”); and

WHEREAS, Stephens Inc., as Placement Agent (the “Placement Agent”), has made arrangements with Regions Capital Advantage, Inc. (the "Lender") to purchase the Bond as evidence of a loan from the Lender, at a price of par; and

WHEREAS, Municipal Assurance Corp., a stock insurance company (the “Reserve Insurer”), will be issuing a municipal bond debt service reserve insurance policy (the “Reserve Policy”) in order to provide a debt service reserve for the Bond in the amount equal to 50% of the maximum annual principal and interest requirement on the Bond; and

WHEREAS, the following documents have been prepared in connection with the issuance of the Bond and have been reviewed by the City and Friday, Eldredge & Clark, LLP, Bond Counsel: (a) a Trust Indenture (the "Indenture"), between the City and Regions Bank, as Trustee (the "Trustee"), establishing the general provisions and details of the Bond, establishing the funds and accounts relating to the Bond, and providing for the security and payment of the Bond and the rights of the owner thereof, (b) an Insurance Agreement between the City and the Reserve Insurer (the “Reserve Agreement”) providing for the issuance of the Reserve Policy and the reimbursement and other payment obligations of the City in connection therewith, and (c) a Placement Agent Agreement between the City and the Placement Agent (the “Placement Agreement”).

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF NORTH LITTLE ROCK, ARKANSAS:

SECTION 1: The Refunding is hereby authorized. The Mayor and other officials of the City

are hereby authorized to take, or cause to be taken, all action necessary to accomplish the Refunding and to execute all required contracts. The Bonds Refunded maturing on and after May 1, 2019 shall be called for redemption on May 1, 2018.

SECTION 2: All moneys in the Debt Service Fund and the Debt Service Reserve Fund established for the Bonds Refunded are hereby appropriated and shall be used as necessary for the accomplishment of the Refunding, with any balance to be deposited into the debt service fund established under the Indenture.

SECTION 3: The sale of the Bond to the Lender at a price of par to evidence the loan from the Lender, subject to the terms and provisions hereafter in this Ordinance set forth in detail be, and is hereby approved, and the Bond is hereby sold to the Lender.

SECTION 4: Under the authority of the Constitution and laws of the State of Arkansas, including particularly Title 14, Chapter 203 of the Arkansas Code of 1987 Annotated, the Bond, to be designated "City of North Little Rock, Arkansas Electric System Refunding Revenue Bond, Series 2016," is hereby authorized and ordered issued in the principal amount of not to exceed \$13,850,000, the proceeds of the sale of which are necessary to provide the funds, along with other funds appropriated hereby, to accomplish the Refunding, pay expenses incidental thereto and expenses of issuing the Bond and to pay the premium for the Reserve Policy.

The Bond shall bear interest at a fixed rate per annum for 96 months equivalent to 2.47% and at a fixed rate per annum equivalent to 2.57% for the remaining 78 months. Interest will be payable semiannually (calculated on the basis of a 360 day year and actual number of days elapsed) on May 1 and November 1 of each year, commencing May 1, 2017. The interest rate on the Bond is subject to adjustment as provided in the Indenture (i) in the event the City defaults in making the scheduled payments of the principal of and interest on the Bond when due and (ii) upon the occurrence of a determination of taxability with respect to the Bond.

The Bond shall be dated the date of delivery to the Lender. Principal of the Bond shall be paid annually, on a graduated basis, on May 1 of each year, commencing May 1, 2017 with the final payment due May 1, 2031. The weighted average maturity of the Bond shall not exceed 8.5 years.

SECTION 5: The Bond shall be executed on behalf of the City by the Mayor and City Clerk and shall have impressed thereon the seal of the City. The Bond is not a general obligation of the City but is a special obligation, the principal of and interest on which are secured by a pledge of and are payable from revenues derived from the System and the other security provided therefor in the Indenture. The Bond and interest thereon shall not constitute an indebtedness of the City within any constitutional or statutory limitation. The lien on and pledge of revenues of the System in favor of the Bond is on a parity with the lien on and pledge of revenues of the System in favor of the Parity Bonds.

SECTION 6: To prescribe the terms and conditions upon which the Bond is to be executed, authenticated, delivered, issued, accepted, held and secured, the Mayor and City Clerk are hereby authorized and directed to execute and deliver the Indenture. The Indenture is hereby approved in substantially the form submitted at this meeting, with such modifications as shall be approved by the Mayor and the City Clerk, their execution to constitute conclusive evidence of such approval.

SECTION 7: The Mayor and the City Clerk are hereby authorized and directed to execute and deliver the Reserve Agreement. The Reserve Agreement is hereby approved in substantially the form submitted to this meeting, with such changes as shall be approved by the Mayor and City Clerk, their execution to constitute conclusive evidence of such approval.

SECTION 8: The Mayor is hereby authorized and directed to execute and deliver the Placement Agreement. The Placement Agreement is hereby approved in substantially the form submitted to this meeting, with such changes as shall be approved by the Mayor, his execution to constitute conclusive evidence of such approval.

SECTION 9: The Bond may be prepaid by the City, in whole or in part, on and after 60 months from the date of the Bond, without penalty.

SECTION 10: 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 execution and delivery of the Indenture; the execution and delivery of the Reserve Agreement; and the execution and delivery of the Placement Agreement; and the performance of all acts of whatever nature necessary to effect and carry out the authority conferred by this Ordinance. The Mayor and City Clerk are hereby 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 as to evidence the exercise thereof.

SECTION 11: The City hereby acknowledges, represents and warrants as follows:

(a) The Lender and its representatives are not registered municipal advisors and do not provide advice to municipal entities or obligated persons with respect to municipal financial products or the issuance of municipal securities (including regarding the structure, timing, terms and similar matters concerning municipal financial products or municipal securities issuances) or engage in the solicitation of municipal entities or obligated persons for the provision by non-affiliated persons or municipal advisory services and/or investment advisory services. With respect to this Ordinance and any other information, materials or communications provided by the Lender: (i) the Lender and its representatives are not recommending an action to any municipal entity or obligated person; (ii) the Lender and its representatives are not acting as an advisor to any municipal entity or obligated person and do not owe a fiduciary duty pursuant to Section 15B of the Securities Exchange Act of 1934 to any municipal entity or obligated person with respect to this Ordinance, information, materials or communications; (iii) the Lender and its representatives are acting for their own interests; and (iv) the City has been informed that the City should discuss this Ordinance and the terms related to the sale of the Bond and any such other information, materials or communications with any and all internal and external advisors and experts that the City deems appropriate before acting on this Ordinance or any such other information, materials or communications.

(b) The City acknowledges and agrees that the Lender is purchasing the Bond in evidence of a privately negotiated loan and in that connection the Bond shall not be (i) assigned a separate rating by any municipal securities rating agency, (ii) registered with The Depository Trust Company or any other securities depository, (iii) issued pursuant to any type of offering document or official statement or (iv) assigned a CUSIP number by Standard & Poor's CUSIP Service.

SECTION 12: The City Clerk shall maintain, in the permanent records of the City, for inspection by any interested person, a copy of the Indenture, the Reserve Agreement and the

Placement Agent Agreement.

SECTION 13: The provisions of this Ordinance are hereby declared to be severable and if any provision shall for any reason be held illegal or invalid, such holding shall not affect the validity of the remainder of the Ordinance.

SECTION 14: All Ordinances and resolutions or parts thereof in conflict herewith are hereby repealed to the extent of such conflict.

SECTION 15: It is hereby ascertained and declared that the Refunding must be accomplished as soon as possible in order to take advantage of low interest rates for tax-exempt bonds, such as the Bond. It is, therefore, declared that an emergency exists and this Ordinance being necessary for the immediate preservation of the public peace, health and safety shall take effect and be in force from and after its passage.

PASSED:

SPONSOR:

Joe A. Smith
Mayor Joe A. Smith *m-sm*

APPROVED AS TO FORM:

C. Jason Carter
C. Jason Carter, City Attorney *m-sm*

APPROVED:

Mayor Joe A. Smith

ATTEST:

Diane Whitbey, City Clerk

PREPARED BY LAW OFFICES OF FRIDAY, ELDREDGE & CLARK, LLP/JSR
FORMATTED BY THE OFFICE OF THE CITY ATTORNEY/b

CERTIFICATE

The undersigned, City Clerk of the City of North Little Rock, Arkansas (the "City"), hereby certifies that the foregoing pages are a true and correct copy of Ordinance No. _____, adopted at a regular session of the City Council of the City, held at the regular meeting place of the City Council at _____ p.m., on the ____ day of _____, 2016, and that said Ordinance is of record in Ordinance Record Book No. _____ of the City, now in my possession.

GIVEN under my hand and seal this ____ day of _____, 2016.

City Clerk

(SEAL)