



LITTLE ROCK SCHOOL DISTRICT

810 WEST MARKHAM STREET
LITTLE ROCK, ARKANSAS

BOARD OF DIRECTORS
SPECIAL MEETING
September 13, 2017
7:30 AM

I. Second Lien Bond Resolution

[ATTACHMENTS](#)



LITTLE ROCK SCHOOL DISTRICT

810 WEST MARKHAM STREET
LITTLE ROCK, ARKANSAS

DATE: September 13, 2017 7:30:00 AM
FROM: Mike Poore
Superintendent of Schools
SUBJECT: Second Lien Bond Resolution

RECOMMENDATION:

Adopt the Second Lien Bond Resolution which authorizes the issuance and delivery of Bonds and the execution of closing documents in connection therewith.

PREPARED BY:

Michael Poore, Superintendent and Kelsey Bailey, Chief Financial Officer

**RESOLUTION AUTHORIZING THE ISSUANCE AND DELIVERY OF BONDS;
AND PRESCRIBING OTHER MATTERS PERTAINING THERETO**

WHEREAS, on July 10, 2014, the State Board of Education (the "State Board") classified Baseline Elementary (removed March 10, 2016), Cloverdale Middle School (removed February 9, 2017), Henderson Middle School, Hall High School, J.A. Fair High School and McClellan High School (removed February 9, 2017) in the Little Rock School District of Pulaski County, Arkansas (the "District") as being in academic distress;

WHEREAS, as a result, the State Board has removed the Board of Directors (the "Board") of the District;

WHEREAS, in the absence of the Board, the Commissioner of the Department of Education, Mr. Johnny Key, has assumed all authority of the Board as necessary for the day-to-day governance of the District; and

WHEREAS, Mr. Mike Poore is currently Superintendent of Schools and works under the authority and supervision of the Commissioner of Education;

BE IT RESOLVED by the Little Rock School District of Pulaski County, Arkansas:

Section 1. Sale of Bonds by District. (a) Little Rock School District of Pulaski County, Arkansas (the "District"), has offered its \$92,055,000 Construction Bonds, dated September 21, 2017 (the "Bonds"), for public sale on competitive bids. The District received four (4) bids for its Bonds as follows:

	True Interest Cost (%)
Bank of America Merrill Lynch	2.775189
Robert W. Baird & Co., Inc.	2.888520
Wells Fargo Bank, National Association	2.939999
Morgan Stanley & Co., LLC	3.300161

(b) The bid submitted by Bank of America Merrill Lynch (the "Purchaser") has been accepted.

(c) The District has previously employed Stephens Inc. and The RSI Group, LLC, as co-municipal advisors for the District in connection with the sale and issuance of the Bonds pursuant to the terms of a contract (the "Municipal Advisor Agreement"). The Municipal Advisor Agreement is ratified, approved and confirmed.

(d) The municipal advisors prepared and distributed a Preliminary Official Statement in connection with the offering of the Bonds for

public sale. The Preliminary Official Statement is ratified, approved and confirmed. The municipal advisor is authorized to prepare and deliver to the successful bidder a final Official Statement. The Official Statement shall be in substantially the form of the Preliminary Official Statement, with such additions, deletions and modifications as deemed appropriate by the District's municipal advisor.

(e) The execution and delivery of the Bonds to the Purchaser, for the purchase price of \$93,528,734.47 is authorized and directed.

Section 2. The Bonds. Under the authority of the Constitution and laws of the State of Arkansas, including particularly Subchapter 12 of Chapter 20, Title 6, Ark. Code Ann., the Bonds are hereby authorized and ordered issued in the principal amount of \$92,055,000 for the purpose of providing permanent financing of capital improvements as described in the Preliminary Official Statement prepared and distributed by the District's municipal advisor. The Bonds shall be fully registered bonds without coupons and shall be in denominations of \$5,000 or an integral multiple thereof.

The Bonds shall be registered initially in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), which shall be considered to be the registered owner of the Bonds for all purposes under this Resolution, including, without limitation, payment by the District of principal of, redemption price, premium, if any, and interest on the Bonds, and receipt of notices and exercise of rights of registered owners. There shall be one certificated, typewritten bond for each stated maturity date which shall be immobilized in the custody of or on behalf of DTC with the beneficial owners having no right to receive the Bonds in the form of physical securities or certificates. DTC and its participants shall be responsible for maintenance of records of the ownership of beneficial interests in the Bonds by book-entry on the system maintained and operated by DTC and its participants, and transfers of ownership of beneficial interests shall be made only by DTC and its participants, by book-entry, the District having no responsibility therefor. DTC is expected to maintain records of the positions of participants in the Bonds, and the participants and persons acting through participants are expected to maintain records of the purchasers of beneficial interests in the Bonds. The Bonds as such shall not be transferable or exchangeable, except for transfer to another securities depository or to another nominee of a securities depository, without further action by the District.

If any securities depository determines not to continue to act as a securities depository for the Bonds for use in a book-entry system, the District may establish a securities depository/book-entry system relationship with another securities depository. If the District does not or is unable to do so, or upon request of the beneficial owners of all outstanding Bonds, the District and the Trustee, after the Trustee has made provision for notification of the

beneficial owners by the then securities depository, shall permit withdrawal of the Bonds from the securities depository, and authenticate and deliver bond certificates in fully registered form (in denominations of \$5,000 or integral multiples thereof) to the assigns of the securities depository or its nominee, all at the cost and expense (including costs of printing definitive bonds) of the District, if the District fails to maintain a securities depository/book-entry system, or of the beneficial owners, if they request termination of the system.

Prior to issuance of the Bonds, the District shall have executed and delivered to DTC a written agreement (the “Representation Letter”) setting forth (or incorporating therein by reference) certain undertakings and responsibilities of the District with respect to the Bonds so long as the Bonds or a portion thereof are registered in the name of Cede & Co. (or a substitute nominee) and held by DTC. Notwithstanding such execution and delivery of the Representation Letter, the terms thereof shall not in any way limit the provisions of this Section or in any other way impose upon the District any obligation whatsoever with respect to persons having interests in the Bonds other than the registered owners, as shown on the registration books kept by the Trustee. The Trustee shall take all action necessary for all representations of the District in the Representation Letter with respect to the Trustee to at all times be complied with.

Principal of the Bonds shall be payable to the registered owners thereof upon presentation at the principal corporate trust office of U.S. Bank National Association (the “Trustee”), in the City of Olive Branch, Mississippi. Interest is payable February 1, 2018, and semiannually thereafter on each August 1 and February 1. Payment of each installment of interest shall be made at the time and in the manner specified in the bond form in Section 4. The Bonds shall be numbered from 1 upward in order of issuance and shall mature on February 1 of each year and bear interest as follows:

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate (%)</u>
2018	\$5,755,000	3.000
2019	4,830,000	3.000
2020	4,930,000	3.000
2021	5,125,000	3.000
2022	5,210,000	3.000
2023	5,395,000	3.000
2024	5,485,000	3.000
2025	5,580,000	3.000
2026	5,675,000	3.000
2027	5,790,000	3.000
2028	6,010,000	3.000
2029	6,140,000	3.000
2030	6,285,000	3.000
2031	6,445,000	3.000
2032	6,610,000	3.000
2033	6,790,000	3.000

Section 3. Definitions. In addition to other definitions herein, capitalized terms used in this Resolution shall, unless the context requires a different meaning, have the meanings specified below.

The term “Code” means the Internal Revenue Code of 1986, as amended.

The term “Debt Service” means the scheduled amount of interest and amortization of principal payable on the Bonds during the period of computation, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

The term “Issue Price” for the purpose of computation of the Yield of the Bonds, has the same meaning as the term “issue price” in Sections 1273 and 1274 of the Code, and, in general, means the first price at which a substantial amount of the Bonds is sold to the Public or, if the Bonds are privately placed, the price paid by the first buyer of the Bonds. Provided the District meets the definition of Competitive Sale set forth in Section 1.148-1(f) of the Regulations, the District may treat the reasonably expected initial offering price to the Public as of the Sale Date as the Issue Price if the District obtains from the winning bidder a certification of the Bonds’ reasonably expected initial offering price to the Public as of the Sale Date upon which the price in the winning bid is based.

The term “Net Proceeds,” when used with reference to the Bonds, means the face amount of the Bonds, plus accrued interest and premium, if any, less original issue discount.

The term “Private Business Use” means use directly or indirectly in a trade or business carried on by a natural person or in any activity carried on by a person other than a natural person, excluding, however, use by a state or local governmental unit and use as a member of the general public.

The term “Project” means the erecting and equipping of new school facilities and the making of additions and improvements to existing facilities as will be more specifically described in the District’s certificate regarding use of proceeds of the Bonds to be delivered to the Trustee at the time of issuance of the Bonds.

The term “Public” means any person (including an individual, trust, estate, partnership, association, company or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes herein generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

The term “Regulations” means temporary and permanent regulations promulgated under the Code.

The term “Underwriter” shall mean (i) any person that agrees pursuant to a written contract with the District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract

directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The term “Yield” means that yield which, when used in computing the present worth of all payments of principal and interest on the Bonds produces an amount equal to the Issue Price of the Bonds, all computed as prescribed in applicable Regulations.

Section 4. Bond Form. The Bonds shall be executed on behalf of the District by the manual signatures of the Commissioner of the Department of Education and the Superintendent of Schools and shall have impressed thereon the corporate seal of the District. The Bonds shall be in substantially the following form:

(Face of Bond)

REGISTERED

REGISTERED

No. _____

\$_____

STATE OF ARKANSAS
LITTLE ROCK SCHOOL DISTRICT OF
PULASKI COUNTY, ARKANSAS
CONSTRUCTION BOND

Dated Date: September 21, 2017

Interest Rate: _____%

Maturity Date: February 1, _____

CUSIP No.: _____

Registered Owner: Cede & Co.

Principal Amount: _____ Dollars

For value received, Little Rock School District of Pulaski County, Arkansas, promises to pay to the Registered Owner shown above the Principal Amount shown above on the Maturity Date identified above and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on the unpaid principal amount hereof at the Interest Rate per annum set forth above from the interest payment date next preceding the date on which this bond is authenticated unless this bond is authenticated on an interest payment date, in which case it shall bear interest from such date, or unless this bond is authenticated prior to the first interest payment date for the bonds of this issue, in which case it shall bear interest from the Dated Date, or unless this bond is authenticated during the period from the Record Date (as defined below) to the next interest payment date, in which case it shall bear interest from such interest payment date, or unless at the time of authentication of this bond, interest is in default hereon, in which case it shall bear interest from the date to which interest has been paid. Interest is payable on each February 1 and August 1, commencing February 1, 2018.

Principal of this bond is payable to the Registered Owner, in lawful money of the United States of America, upon presentation when due at the principal corporate trust office of U.S. Bank National Association (the "Trustee"), in Olive Branch, Mississippi. Payment of each installment of interest shall be made to the person in whose name this bond is registered on the registration books of the District maintained by the Trustee at the end of the fifteenth day of the month next preceding each interest payment date (the "Record Date"), irrespective of any transfer or exchange of this bond subsequent to such Record Date and prior to such interest payment date.

Such interest payments shall be by check of the Trustee mailed to such Registered Owner at the address appearing on such registration books.

Unless this bond is presented by an authorized representative of The Depository Trust Company, a New York corporation (“DTC”), to the Trustee for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is required by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

This bond is issued under the authority of the Constitution and laws of the State of Arkansas, including particularly Subchapter 12 of Chapter 20, Title 6, Ark. Code Ann. It shall not be valid unless the Certificate of Authentication shall have been signed by the Trustee.

This bond is one of an issue of bonds of the District designated “Construction Bonds,” dated September 21, 2017 (the “Bonds”), in the principal amount of \$92,055,000.

The Bonds are being issued for the purpose of financing capital improvements for the public schools of the District. The Bonds have been issued and delivered in full compliance with the Constitution and laws of the State of Arkansas and pursuant to a Resolution (the “Resolution”) of the District.

The Bonds are limited, general obligations of the District. No specific tax has been voted for payment of these Bonds, but the Bonds are secured by a pledge of surplus revenues (being revenues in excess of the amount necessary to insure the payment when due of principal of, interest on and fees of trustees and paying agents in connection with the bonds for which voted) derived from debt service taxes heretofore or hereafter voted for payment of other bond issues of the District, subject to prior pledges of such surplus revenues. Any surplus of the pledged revenues over and above the amount necessary to insure the payment as due of principal of, interest on and fees of the Trustee in connection with the Bonds will be released from the pledge and may be used for other school purposes.

In addition to the pledged revenues, the District also covenants to use for payment of principal of and interest on the Bonds, as and to the extent necessary, all other revenues of the District that may legally be used for the purpose.

The Bonds are not secured by any lien on or security interest in any physical properties of the District.

The Bonds are issuable only in the form of registered bonds without coupons in denominations of \$5,000 or an integral multiple thereof. The District and the Trustee may deem and treat the registered owner hereof as the absolute owner of this bond for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes, and shall not be affected by any notice to the contrary.

This bond is transferable, in whole or in part, only upon delivery to the Trustee of the bond, accompanied by a written instrument of transfer in substantially the form endorsed hereon, duly executed by the registered owner or his attorney-in-fact or legal representative. Upon such transfer, the Trustee shall enter the transfer of ownership in the registration books and shall authenticate and deliver in the name or names of the new registered owner or owners a new fully registered bond or bonds of authorized denominations of the same maturity and interest rate for the aggregate principal amount of the bond transferred at the earliest practicable time. There shall be no charge to the transferor or transferee for any transfer, except an amount or amounts sufficient to reimburse the District and the Trustee for any tax, fee or other governmental charge required to be paid with respect to such transfer. The District and the Trustee shall not be required to transfer any bond which has been called for redemption in whole or in part.

The Bonds are subject to extraordinary and optional redemption prior to maturity, as follows:

(1) Extraordinary Redemption. The Bonds must be redeemed from proceeds of the Bonds not needed for the purposes intended, on any interest payment date, in whole or in part, at a price equal to the principal amount being redeemed plus accrued interest to the redemption date, in inverse order of maturity (and by lot within a maturity in such manner as the Trustee may determine).

(2) Optional Redemption. The Bonds are subject to redemption prior to maturity, at the option of the District, in whole, or in part, at any time on or after August 1, 2022, at a redemption price equal to 100% of the principal amount redeemed plus accrued interest to the redemption date. If fewer than all of the Bonds are called for redemption, the particular maturities to be redeemed shall be selected by the District in its discretion. If fewer than all of the of any maturity shall be called for redemption, the particular Bonds or portion thereof to be redeemed from such maturity shall be selected by lot by the Trustee.

Notice of early redemption identifying the bonds or portions thereof (which must be \$5,000 or an integral multiple thereof) to be redeemed and the date fixed for redemption shall be sent by the Trustee by mail or by other standard means, including electronic or facsimile communications, not less than 30 nor more than 60 days prior to the redemption date, to all registered

owners of Bonds to be redeemed. Failure to send an appropriate notice or any such notice to one or more registered owners of Bonds to be redeemed shall not affect the validity of the proceedings for redemption of other Bonds as to which notice of redemption is duly given and in proper and timely fashion. All such Bonds or portions thereof thus called for redemption shall cease to bear interest on and after the date fixed for redemption, provided funds for redemption are on deposit with the Trustee at that time.

Notwithstanding the above, so long as the Bonds are issued in book-entry only form, if fewer than all the Bonds of an issue are called for redemption, the particular Bonds to be redeemed will be selected pursuant to the procedures established by DTC. So long as the Bonds are issued in book-entry only form, notice of redemption will be given only to Cede & Co., as nominee for DTC. The Trustee will not give any notice of redemption to the beneficial owners of the Bonds.

The District covenants that it will not, so long as any of these Bonds remain outstanding, redeem any bonds of another issue for the payment of which a specific debt service tax was voted prior to issuance of these Bonds if the result of the redemption would be to reduce either the rate or duration of the aggregate debt service taxes of the District.

The District hereby covenants and warrants that it is duly and legally existing as a school district under the Constitution and laws of the State of Arkansas, that all acts, conditions and things required precedent to and in the issuance of this bond have been done, have happened and have been performed in due time, form and manner as required by the Constitution and laws of the State of Arkansas; and that the total indebtedness of the District does not exceed any constitutional or statutory limitation.

On July 10, 2014, the State Board of Education (the “State Board”) classified six (6) schools in the District as being in academic distress. As a result, the State Board voted to remove all current Board of Directors (the “Board”) of the District. In the absence of the Board, the Commissioner of the Department of Education, Mr. Johnny Key, assumed all authority of the Board as necessary for the day-to-day governance of the District. Mr. Mike Poore is currently serving as Superintendent of Schools and works under the authority and supervision of the Commissioner of the Department of Education.

IN WITNESS WHEREOF, the Commissioner of the Department of Education and the Superintendent of Schools of the District have caused this bond to be executed by their manual signatures and its corporate seal to be reproduced hereon all as of the Dated Date set forth above.

Commissioner of the
Department of Education

Superintendent of Schools

(SEAL)

CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds described in the within mentioned Resolution and is one of the Construction Bonds, dated September 21, 2017, of Little Rock School District of Pulaski County, Arkansas.

Date of Authentication: _____

U.S. BANK NATIONAL ASSOCIATION
Olive Branch, Mississippi
Trustee

By _____
Authorized Officer

ASSIGNMENT

FOR VALUE RECEIVED, _____
_____ (“Transferor”), hereby sells, assigns
and transfers unto _____,
the within bond and all rights thereunder, and hereby irrevocably constitutes
and appoints _____ as attorney to transfer the within
bond on the books kept for registration thereof with full power of substitution
in the premises.

DATE: _____

(Transferor)

GUARANTEED BY:

NOTICE: Signature(s) must be guaranteed by a guarantor acceptable to the
Trustee.

Section 5. Security and Source of Payment. (a) For the punctual payment of the Bonds and all interest thereon when and as due and payable, the District irrevocably pledges all surplus revenues (being revenues in excess of the amount necessary to insure the payment when due of principal of, interest on and trustee's and paying agent's fees in connection with the bonds for which voted) derived from debt service taxes heretofore or hereafter voted for payment of other debts of the District, subject to prior pledges of such surplus revenues.

(b) The Bonds are not secured by any lien on or security interest in any physical properties of the District.

(c) In addition to the pledged revenues, the District covenants to use for payment of principal of and interest on the Bonds, as and to the extent necessary, all other revenues of the District that may lawfully be used for the purpose.

Section 6. Bond Fund. The pledged revenues shall be set aside into a separate account designated "Bond Fund," which is hereby created and shall continue until the principal of and interest on the Bonds are paid in full. The Bond Fund shall be held by, or under the direction of, the District. Moneys in the Bond Fund shall be used solely for the payment of principal of, interest on and Trustee's fees in connection with the Bonds, except as otherwise specifically provided herein. Any surplus of the pledged revenues over and above the amount necessary to insure the payment as due of principal of, interest on and Trustee's fees in connection with the bonds of this issue will be released from the pledge and may be withdrawn from the Bond Fund and used for other school purposes.

Section 7. Redemption. The Bonds shall be subject to redemption prior to maturity, in whole or in part, in accordance with the terms set out in the face of the bond form in Section 4 of this Resolution. If any bond redeemed only in part shall be surrendered to the Trustee the Trustee shall, without further direction of the District and without charge to the registered owner, authenticate and deliver to the registered owner a new bond or bonds of the same maturity and interest rate of any authorized denomination or denominations, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the bond so surrendered.

Section 8. Withdrawal from Bond Fund. The Treasurer of the District is hereby ordered and directed to withdraw from the Bond Fund and to deposit with the Trustee, on or before fifteen (15) calendar days prior to the maturity date of any bond issued hereunder, on or before fifteen (15) calendar days prior to each interest payment date and on or before fifteen (15) calendar days prior to the due date of any Trustee fees, moneys in an amount equal to the amount of such bonds or interest, or Trustee's fees, for the sole purpose of

paying the same, and the Trustee shall apply such moneys for such purpose. The term “moneys” as used in this Section is defined as coin or currency which is legal tender for payment of debts due the United States of America and in remitting funds by warrant or other instrument for the payment of moneys there shall be taken into consideration the time required for the Trustee to convert such instrument into “moneys” as herein defined. This instruction to the Treasurer and to the Trustee is irrevocable and may be enforced by mandamus.

If a District shall fail to make any payment required pursuant to this Section when due, the Trustee shall notify the Commissioner of the State Department of Education, General Education Division, the Department of Education’s Coordinator of Loans and Bonds and the Superintendent of that District in writing. If the Trustee does not receive the bond payment from the District at least five (5) calendar days before the date the payment is due under this Resolution, the Arkansas Department of Education (the “Department”) shall immediately cure any deficiency in payment by making payment in the full amount of the deficiency to the Trustee. Unless the payment deficiency has been cured within the time limits set forth above, the District shall be indebted to the Department in the full amount paid by the Department and immediately shall remit the full amount to the Department. If the District does not remit the full amount to the Department, the Department shall withhold from the District the next distribution of state funding in an amount sufficient to reimburse the Department for the payment. The Department shall continue to withhold state funding due to the District until the Department is fully reimbursed.

Section 9. Default. (a) If there be any default in the payment of the principal of or interest on any of the bonds, or if the District defaults in the performance of any other covenant contained in this Resolution, the Trustee may, and upon the written request of the registered owners of not less than ten percent (10%) in principal amount of the bonds then outstanding shall, by proper suit compel the performance of the duties of the officials of the District under the Constitution and laws of the State of Arkansas and under this Resolution and protect and enforce the rights of the registered owners by instituting appropriate proceedings at law or in equity or by other action deemed necessary or desirable by the Trustee. If any default in the payment of principal of or interest on the bonds shall continue for thirty days the Trustee may, and upon request of the registered owners of not less than ten percent (10%) in principal amount of the outstanding bonds shall, declare all outstanding bonds immediately due and payable together with accrued interest thereon.

(b) No registered owner of any bond shall have any right to institute any suit, action, mandamus or other proceeding in equity or at law for the protection or enforcement of any right under this Resolution or under the

Constitution and laws of the State of Arkansas unless such registered owner previously shall have given to the Trustee written notice of the default on account of which such suit, action or proceeding is to be taken, and unless the registered owners of not less than ten percent (10%) in principal amount of the bonds then outstanding shall have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers herein granted or granted by the Constitution and laws of the State of Arkansas, or to institute such action, suit or proceeding in its name, and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the cost, expenses and liabilities to be incurred thereon or thereby and the Trustee shall have refused or neglected to comply with such request within a reasonable time, and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trust of this Resolution or to any other remedy hereunder. It is understood and intended that no one or more registered owners of the bonds hereby secured shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Resolution, or to enforce any right hereunder except in the manner herein provided, that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the benefit of all registered owners of the outstanding bonds, and that any individual rights of action or other right given to one or more of such registered owners by law are restricted by this Resolution to the rights and remedies herein provided. Nothing in this Resolution shall, however, affect or impair the right of any registered owner to enforce the payment of the principal of and interest on any bond at and after the maturity thereof, or the obligation of the District to pay the principal of and interest on each of the bonds issued hereunder to the registered owner thereof at the time and place specified in the bonds.

(c) All rights of action under this Resolution or under any of the bonds secured hereby, enforceable by the Trustee, may be enforced by it without the possession of any of the bonds, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name and for the benefit of all the registered owners of the bonds, subject to the provisions of this Resolution.

(d) No remedy herein conferred upon or reserved to the Trustee or to the registered owners of the bonds is intended to be exclusive of any other remedy or remedies herein provided, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or given by any law or by the Constitution of the State of Arkansas.

(e) No delay or omission of the Trustee or of any registered owners of the bonds to exercise any right or power accrued upon any default

shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy given by this Resolution to the Trustee and to the registered owners of the bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

(f) The Trustee may, and upon the written request of the registered owners of not less than ten percent (10%) in principal amount of the bonds then outstanding shall, waive any default which shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted under the provisions of this Resolution or before the completion of the enforcement of any other remedy, but no such waiver shall extend to or affect any other existing or any subsequent default or defaults or impair any rights or remedies consequent thereon.

Section 10. Deposit of Sale Proceeds. (a) The Bonds shall be delivered to the Trustee, which shall authenticate them and deliver them to the Purchaser upon payment in cash of the purchase price (“total sale proceeds”).

(b) The amount, if any, necessary to pay interest on the Bonds until revenues from tax collections are available in sufficient amount therefor shall be deposited in the Bond Fund. The balance of the total sale proceeds (less certain costs of issuance) shall be deposited in the Construction Fund created by subsection (c).

(c) There is hereby created a separate account to be named the “Construction Fund” to be held by, or under the direction of, the District. Amounts in the Construction Fund shall be disbursed for capital expenditures (as defined in the Code) and expenses of the Project (including interest on the Bonds during the construction period) upon filing in the official records pertaining to said Fund of a certificate of the District describing such disbursement, setting forth the portion, if any, of the Net Proceeds of the Bonds to be used for a Private Business Use or to make or finance a loan to other than a state or local governmental unit and certifying that there has been compliance with Sections 18 and 19 hereof relating to the Private Business Use limitation and the private loan limitation. Amounts, if any, remaining in the Construction Fund shall, upon filing in the official records pertaining to the Fund of a certificate of the District to the effect that no further amounts are required to be disbursed for costs and expenses of the Project, be transferred into the Redemption Fund and the Construction Fund shall be closed.

(d) The District shall keep detailed records of all expenditures.

Section 11. Investments. (a) The District may, from time to time invest moneys held for the credit of the Construction Fund in Authorized Investments or in bank certificates of deposit.

(b) The District may, from time to time, invest moneys held for the credit of the Bond Fund in Authorized Investments or in bank certificates of deposit the principal of and interest on which are fully insured by the Federal Deposit Insurance Corporation.

(c) The Trustee shall, to the extent practicable, invest moneys held for the credit of the Redemption Fund in Government Obligations at a Yield not in excess of the Yield on the Bonds. All Government Obligations purchased pursuant to this subsection (c) shall be purchased at prevailing market prices and shall be limited to securities for which there is an established market. To the extent that eligible Government Obligations are not available at a Yield not in excess of the Yield on the Bonds, the Trustee shall hold amounts in the Redemption Fund uninvested.

(d) Investments shall remain a part of the Fund from which the investment was made. All earnings and profits from investments shall be credited to and all losses charged against, the Fund from which the investment was made.

(e) All investments made pursuant to subsections (a), (b) or (c) shall have maturity dates on or before the dates that the invested funds will be needed for authorized purposes.

(f) The term "Authorized Investments" means direct obligations of the United States of America or obligations the principal of and interest on which are fully guaranteed by the United States of America ("Government Obligations").

(g) The District shall keep detailed records of all investments.

Section 12. Trustee. The Trustee shall only be responsible for the exercise of good faith and reasonable prudence in the execution of its trust. The recitals in this Resolution and in the face of the Bonds are the recitals of the Board and not of the Trustee. Except as specifically provided herein, the Trustee shall not be required to take any action as Trustee for the protection of registered owners of the bonds unless it shall have been requested to do so in writing by the registered owners of not less than ten percent (10%) in principal amount of the bonds then outstanding and shall have been offered reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby. The Trustee shall be entitled to reasonable compensation from the District for performing its services, such compensation to be subject to all applicable rules and regulations of the Arkansas

Department of Education. The Trustee may resign by giving notice in writing to the District. Such resignation shall be effective upon the appointment of a successor Trustee by the District and acceptance of appointment by the successor. If the District fails to appoint a successor Trustee within 30 days of receiving notice of resignation, the Trustee may apply to a court of competent jurisdiction for appointment of a successor. The registered owners of a majority in principal amount of the outstanding bonds, or the District, may at any time, with or without cause, remove the Trustee and appoint a successor Trustee by a written instrument or instruments filed with the District. The original Resolution shall be filed with the District. A copy of the written instrument or instruments or Resolution designating a successor Trustee shall be mailed by first class mail, or sent by electronic communication, to the registered owners of all outstanding bonds. The original Trustee (by endorsement hereon) and any successor Trustee (by separate instrument) shall file a written acceptance and agreement to execute the trusts imposed upon it by this Resolution, but only upon the terms and conditions set forth in this Resolution and subject to the provisions of this Resolution, to all of which the registered owners of the bonds agree. The written acceptance of each successor shall be filed with the District and a copy thereof, together with a copy of the instrument of appointment, shall be placed in the bond transcript. Any successor Trustee shall have all the rights, powers and responsibilities herein granted to the original Trustee.

Section 13. Payment of Principal and Interest. The Trustee shall maintain at its principal corporate trust office a registration book showing the registered owners of all outstanding bonds, together with their addresses and social security or federal employer identification numbers. Payment of interest on the Bonds shall be made by the Trustee to the registered owners at their addresses as reflected on the bond registration book. The Trustee shall make payment of principal of the bonds to the registered owners on or after the maturity of the bond.

Section 14. Defeasance. Any bond issued under this Resolution shall be deemed to be paid when payment of the principal of and interest on such bond (whether at maturity or upon redemption prior to maturity as provided in this Resolution, or otherwise), either (a) shall have been made or caused to be made in accordance with the terms of this Resolution, or (b) shall have been provided for by irrevocably depositing with an escrow agent or with another bank or trust company (which other bank or trust company must be a member of the Federal Reserve System), in trust and irrevocably setting aside exclusively for such payment, (i) moneys sufficient to make such payment or (ii) noncallable Government Obligations (provided that such deposit will not affect the tax exempt status of the interest on any of the bonds or cause any of the bonds to be classified as arbitrage bonds within the meaning of Section 148 of the Code), maturing as to principal and interest in such amounts and at such times as will provide sufficient moneys to make such payments, together with

all necessary and proper fees, compensation and expenses of the Trustee pertaining to the Bonds with respect to which such deposit is made and all other liabilities of the District under this Resolution shall have been paid or the payment thereof provided for to the satisfaction of the Trustee.

The District may at any time surrender to the Trustee for cancellation by it any bonds previously authenticated and delivered hereunder, which the District may have acquired in any manner whatsoever, and such bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

All bonds which are paid, either at maturity or redemption prior to maturity shall be canceled and returned to the District, unless the District directs the Trustee to dispose of the bonds. If the Trustee is directed to dispose of the bonds it shall do so by cremating, shredding or other disposition and shall execute and forward to the District an appropriate certificate describing the bonds involved and the manner of disposition.

Section 15. Modification of Resolution and of Bonds. (a) The terms of this Resolution and of the Bonds shall constitute a contract between the District and the registered owners of the bonds and no variation or change in the undertaking herein set forth shall be made while any of the bonds are outstanding, except as hereinafter set forth in subsections (b) and (c).

(b) The District shall make such additions, deletions or modifications of this Resolution as may be necessary to assure compliance with Section 148(f) of the Code relating to required rebate of excess investment earnings to the United States of America or otherwise as may be necessary to assure exemption from federal income taxation of interest on the Bonds.

(c) The registered owners of not less than seventy-five percent (75%) in aggregate principal amount of the bonds then outstanding shall have the right, from time to time, anything contained in this Resolution to the contrary notwithstanding, to consent to and approve the adoption by the District of such Resolution supplemental hereto as shall be necessary or desirable for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Resolution or in any supplemental resolution; provided, however, that nothing herein contained shall permit or be construed as permitting (a) an extension of the maturity of the principal of or interest on any bond issued hereunder, or (b) a reduction in the principal amount of any bond or the rate of interest thereon, or (c) the creation of any additional pledge on the revenues pledged to the Bonds other than the pledge created, and other pledges authorized, by this Resolution, or (d) a privilege or priority of any bond or bonds over any other bond or bonds, or (e) a reduction in the aggregate principal amount of the Bonds required for consent to such supplemental resolution.

Section 16. Tax Covenants. The District covenants that it will not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of the interest on the Bonds under Section 103 of the Code. The District will not directly or indirectly use or permit the use of any proceeds of the Bonds or any other funds of the District, or take or omit to take any action that would cause the Bonds to be “arbitrage bonds” within the meaning of Section 148(a) of the Code. To that end, the District will comply with all requirements of Section 148 of the Code to the extent applicable to the Bonds. In the event that at any time the District is of the opinion that for purposes of this Section 16 it is necessary to restrict or limit the Yield on the investment of any moneys held by the Trustee under this Resolution, the District shall so instruct the Trustee in writing, and the Trustee shall take such action as may be necessary in accordance with such instructions.

The District covenants that it will not reimburse itself from proceeds of the bonds for costs paid prior to the date the bonds are issued except in compliance with United States Treasury Regulation No. 1.150-2 (the “Regulation”). This Resolution shall constitute an “official intent” for the purposes of the Regulation.

Section 17. Rebate Covenant. The District covenants that it will, in compliance with the requirements of Section 148(f) of the Code, pay to the United States Government in accordance with the requirements of Section 148(f) of the Code, from time to time, an amount equal to the sum of (1) the excess of (A) the amount earned on all nonpurpose investments attributable to the Bonds, other than investments attributable to such excess over (B) the amount which would have been earned if such nonpurpose investments attributable to the Bonds were invested at a rate equal to the Yield on the Bonds, plus (2) any income attributable to the excess described in (1), subject to the exceptions set forth in Section 148 of the Code. Anything herein to the contrary notwithstanding this provision may be modified or rescinded if in the opinion of Bond Counsel such modification or rescission will not affect the tax-exempt status of the Bonds for federal income tax purposes.

Section 18. Private Business Use Limitation. The District shall assure that (i) not in excess of ten percent (10%) of the Net Proceeds of the Bonds is used for Private Business Use if, in addition, the payment of more than ten percent (10%) of the principal or ten percent (10%) of the interest due on the Bonds during the term thereof is, under the terms of the Bonds or any underlying arrangement, directly or indirectly secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the District, in respect of property or borrowed moneys used or to be used for a Private Business Use; and (ii) that, in the event that both (A) in excess of five percent (5%) of the Net Proceeds of

the Bonds are used for a Private Business Use, and (B) an amount in excess of five percent (5%) of the principal or five percent (5%) of the interest due on the Bonds during the term thereof is, under the terms of the Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the District, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said five percent (5%) of Net Proceeds of the Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project.

Section 19. Private Loan Limitation. The District shall assure that not in excess of five percent (5%) of the Net Proceeds of the Bonds are used, directly or indirectly, to make or finance a loan to persons other than state or local government units.

Section 20. Federal Guarantee Prohibition. The District shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code and Regulations promulgated thereunder.

Section 21. Post-Issuance Compliance. The District has previously established procedures to ensure that all nonqualified bonds of the Bonds are remediated according to the requirements under the Code and Regulations. Furthermore, the District has previously established procedures to monitor the requirements of Section 148 of the Code. In conjunction therewith, the Post-Issuance Compliance Policy Manual (the “Manual”) attached hereto is accepted as District policy. The Responsible Party set forth in the Manual is authorized to do any and all things necessary to ensure the procedures and guidelines contained in the Manual are followed by the District. The District covenants and agrees that it will comply with and carry out the provisions of the Manual. Failure of the District to comply with the Manual shall not be considered an Event of Default.

The District hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Resolution, failure of the District to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; however, any owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the District to comply with its obligations under this Section.

“Continuing Disclosure Certificate” shall mean that certain Continuing Disclosure Certificate dated the date of issuance and delivery of the Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

Section 22. Information Reporting. The Superintendent of Schools of the District shall, not later than the 15th day of the second calendar month after the close of the calendar quarter in which the Bonds are issued, submit to the Secretary of the Treasury a statement concerning the Bonds which will satisfy the requirements of paragraph (2) of Section 149(e) of the Code and applicable Regulations.

Section 23. Extension and Collection of Taxes Levied. The District covenants that it will cause all taxes levied by the District to be extended and collected as provided by law, and that all debt service taxes will be extended and collected from year to year until retirement of the indebtedness for which voted.

Section 24. Transfer of Bonds. Each of the bonds is transferable by the registered owner thereof or by his attorney duly authorized in writing at the principal corporate trust office of the Trustee. Upon such transfer a new fully registered bond or bonds of the same maturity, of authorized denomination or denominations, for the same aggregate principal amount will be issued to the transferee in exchange therefor. The Trustee shall, without further direction from the District, make all such transfers as are requested.

Section 25. Mutilated, Destroyed or Lost Bonds. In case any bond shall become mutilated or be destroyed or lost, the District shall, if not then prohibited by law, cause to be executed and the Trustee may authenticate and deliver a new bond of like date, number, maturity and tenor in exchange and substitution for and upon cancellation of such mutilated bond, or in lieu of and in substitution for such bond destroyed or lost, upon the holder's paying the reasonable expenses and charges of the District and Trustee in connection therewith, and, in the case of a bond destroyed or lost, his filing with the Trustee evidence satisfactory to it that such bonds were destroyed or lost, and of his ownership thereof, and furnishing the District and the Trustee with indemnity satisfactory to them. The Trustee is hereby authorized to authenticate any such new bond. In the event any such bonds shall have matured, instead of issuing a new bond, the District may pay the same without surrender thereof. Upon the issuance of a new bond under this Section 25, the District may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) connected therewith.

Section 26. Provisions of Resolution are Separable. The provisions of this Resolution are hereby declared to be separable, and in the event that any section, phrase or provision shall be held or declared to be invalid, such holding or declaration shall not affect the remainder of the provisions, sections and phrases of this Resolution.

Section 27. Repealer. All resolutions in conflict herewith are repealed to the extent of such conflict.

Section 28. Emergency. This Resolution shall be in full force and effect from and after its adoption.

CERTIFICATE

I, the undersigned, Superintendent of Schools of the above District, certify the foregoing to be a true copy of a Resolution duly adopted on the _____ day of _____, 2017. The Resolution appears in the official minutes which are in my custody.

Superintendent of Schools

(SEAL)

APPROVAL

I, Johnny Key, Commissioner of the Department of Education, hereby approve the Resolution adopted by the District on _____.

Johnny Key, Commissioner of the
Department of Education