

MINUTES OF BOARD OF DIRECTORS SPECIAL MEETING

TUESDAY ~ AUGUST 11, 2015 ~ 12:00 NOON

FORT SMITH PUBLIC LIBRARY COMMUNITY ROOM

The special meeting was called by Directors George Catsavis, Keith Lau, Andre'

Good and Don Hutchings to consider the following:

- Resolution rescinding Resolution No. R-134-15 and authorizing the offering of Water and Sewer Revenue Bonds to refund outstanding Water and Sewer Revenue Bonds, Series 2005B and to finance sewer improvements; and prescribing other matters relating thereto *(Underwriting allocation of 65% to Stephens, Inc. / 35% to Raymond James; and, designating Stephens, Inc. as the Book Running Manager)*

The special meeting was called to order by Mayor Sandy Sanders, presiding. On roll call the following members of the Board were present: Directors Keith Lau, Andre' Good, Mike Lorenz, George Catsavis, Tracy Pennartz, Kevin Settle and Don Hutchings. The Mayor declared a quorum present.

The Mayor inquired if any Board member had any item of business to present that was not already on the agenda. There was none presented.

Acting City Administrator Jeff Dingman briefed the Board advising the proposed resolution authorizes the issuance of Series 2015 Bonds to finance sewer improvements and to sell said bonds on a negotiated basis to Stephens Inc. and Raymond James & Associates, Inc. as underwriters with Stephens, Inc. serving as the senior book running manager and receiving all associated management fees. Upon approval, the bonds shall be allocated between the underwriters with 65% to Stephens, Inc. and 35% to Raymond James & Associates, Inc. The resolution rescinds Resolution No. R-134-15, adopted at

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the August 4, 2015 regular meeting, which authorized a 50/50 split between Stephens, Inc. and Raymond James for underwriting services and designated Raymond James as the senior book running manager for the Series 2015 Bonds (intending that such designation will alternate between the Underwriters on any subsequent issues).

The following individuals were present to address the Board whereby each spoke in favor of and encouraged the Board to return to the originally utilized underwriting services allocation of 80% to Stephens, Inc. and 20% to Raymond James, and retaining Stephens, Inc. as the senior book running manager:

- Philip Merry
Fort Smith, Arkansas
- Pam Weber
Fort Smith, Arkansas
- Cole Goodman
Fort Smith, Arkansas

Settle, seconded by Pennartz, moved to amend the resolution authorizing the management fees be split in accordance with the determined underwriting services percentage. Prior to the vote, Director Lau requested a clarification of the motion.

Director Settle advised the third paragraph from the bottom on page 1 states, “...with Stephens, Inc. serving as the senior book running manager and receiving all associated management fees...”; therefore, he clarified his motion is to authorize all associated management fees to be allocated at the same percentage as the underwriting services.

Mayor Sanders confirmed the senior book running manager has historically received all associated management fees.

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Director Hutchings spoke in opposition to the proposed motion and urged the Board to defeat the motion.

There was brief discussion with multiple clarifications provided.

Hutchings, seconded by Good, offered a substitute motion to amend the resolution authorizing allocation of underwriting services with 80% to Stephens, Inc.; 20% to Raymond James; and, designating Stephens, Inc. as the senior book running manager. The members voted as follows: ayes - Lau, Good, Catsavis and Hutchings; nays - Lorenz, Pennartz and Settle. The Mayor declared the motion carried.

With the originally proposed motion to amend remaining on the floor, Director Pennartz conveyed reservation with only one (1) of the underwriters receiving all the management fees and spoke in favor of splitting the management fees 80/20 citing such provides a profit motive for both entities to *“do well.”*

Director Lau requested clarification that if the management fees are split 80/20 (same as the underwriting services), both entities will share the book running manager responsibilities as opposed to the past when only one (1) of the underwriters would oversee said duties.

Mr. Dennis Hunt with Stephens, Inc. addressed the Board advising when the underwriting services started being shared, initially with Morgan Keegan, the management fees were split accordingly; however, Morgan Keegan shared very little of the management responsibility. Due to such, Stephens, Inc. took sole responsibility of management services thereby receiving all associated management fees. Provided Raymond James is involved

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in management of the bond issuance, he conveyed no objection to sharing the management fees as prescribed by the Board.

Mr. Ron Pyle with Raymond James also addressed the Board. Upon approval of the proposed resolution as amended, his company will take on a liability to underwrite 20% of the bonds. Due to such, he spoke in favor of the proposed motion to receive 20% of the management fees as well.

Director Pennartz expressed concern that the City of Fort Smith does not have an in-house, municipal advisor for bond issuance.

Director Hutchings called the question to end debate on the matter.

The motion remaining on the floor on the floor (*allocate management fees according to the percentage determined by the Board, i.e. 80% to Stephens / 20% to Raymond James via the aforementioned substitute motion*), the members voted as follows: ayes, Lau, Good, Lorenz, Catsavis, Settle and Hutchings; nays - Pennartz. The Mayor declared the motion carried.

Director Settle urged the Board to listen to the comments of John Carson with Raymond James at the August 4, 2015 regular meeting. "*Competition is good*" and Mr. Carson even encouraged competition in his remarks at the aforementioned meeting. With regard to the proposed 80/20 split, he spoke in opposition to such citing such is not fair and equitable. The Board is currently in an attitude of change; however, he questioned how to determine if change is good, if a change is never made. He encouraged the Board to do what is right and fair, i.e. the originally adopted 50/50 split, and defeat the proposed resolution as amended.

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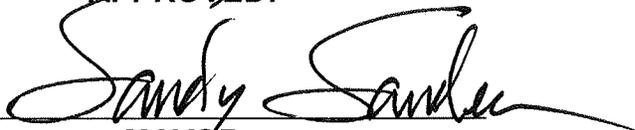
Director Catsavis conveyed no objection to the comments of Director Settle citing competition is good; however, *“when an employee of a company calls me and threatens me over a vote, that crossed the line”* and *“do I want to do business with a company like that? No sir, but I’m going to be equitable about this. 80/20 is fine and who knows what the future holds.”*

Director Hutchings called the question to end debate on the matter.

Hutchings, seconded by Good, moved adoption of the resolution as amended. The members voted as follows: ayes - Lau, Good, Catsavis and Hutchings; nays - Lorenz, Pennartz and Settle. The Mayor declared the motion carried and the resolution was adopted as amended and given Resolution No. R-147-15.

There being no further business to come before the Board, Good moved that the meeting adjourn. The motion was seconded by Lau and the members all voting aye, the Mayor declared the motion carried, and the special meeting stood adjourned at 12:29 p.m.

APPROVED:


MAYOR

ATTEST:


CITY CLERK