

1 RESOLUTION NO. _____

2
3 A RESOLUTION TO ADOPT REVISIONS TO THE INVESTMENT
4 POLICY FOR THE CITY OF LITTLE ROCK, ARKANSAS; REPEALING
5 LITTLE ROCK, ARK., RESOLUTION NO. 14,890 (NOVEMBER 5, 2018);
6 AND FOR OTHER PURPOSES.

7
8 WHEREAS, the Board of Directors of the City of Little Rock, Arkansas last adopted a revised
9 Investment Policy, pursuant to Little Rock, Ark., Resolution No. 14,890 (November 5, 2018); and,

10 WHEREAS, changes to position titles of authorized personnel, names of custodial organizations, and
11 investment processes occur, periodical updates to the investment policy are necessary.

12 NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CITY
13 OF LITTLE ROCK, ARKANSAS:

14 Section 1. The revised Investment Policy makes technical corrections to job titles as they have changed
15 over time.

16 Section 2. The third-party collateral agreement between the City of Little Rock, the Federal Reserve or
17 the First National Banker Bankshares, Inc., attached as Exhibit A, is updated in accordance with state law
18 as to the municipal investment of public funds.

19 Section 3. This Resolution removes the requirement that broker/dealers are required to have a physical
20 presence in the city limits of Little Rock, which broadens competition and increases the yield on
21 investments.

22 Section 5. *Severability*. In the event any title, section, paragraph, item, sentence, clause, phrase, or
23 word of this ordinance is declared or adjudged to be invalid or unconstitutional, such declaration or
24 adjudication shall not affect the remaining portions of the ordinance, which shall remain in full force and
25 effect as if the portion so declared or adjudged invalid or unconstitutional was not originally a part of the
26 ordinance.

27 Section 6. *Repealer*. All ordinances, resolutions, bylaws, and other matters inconsistent with this
28 resolution are hereby repealed to the extent of such inconsistency.

29 //
30 //
31 //
32 //
33 //
34 //

1 **ADOPTED: March 18, 2025**

2 **ATTEST:**

APPROVED:

3

4

5 _____
Allison Segars, City Clerk

_____ **Frank Scott. Jr., Mayor**

6 **APPROVED AS TO LEGAL FORM:**

7

8

9 _____
Thomas M. Carpenter, City Attorney

10 //

11 //

12 //

13 //

14 //

15 //

16 //

17 //

18 //

19 //

20 //

21 //

22 //

23 //

24 //

25 //

26 //

27 //

28 //

29 //

30 //

31 //

32 //

33 //

34 //

Exhibit A

First Security Bank Collateral Agreement

This Collateral Agreement ("**Agreement**") is entered into as of this 1st day of January, 2023 by and between the City of Little Rock ("**Depositor**"), a public entity with its principal office at 500 West Markham, Little Rock, Arkansas and First Security Bank, ("**Institution**"), with its principal office at 314 N. Spring, Searcy, Arkansas 72145-1409 and First National Bankers Bank ("**Custodian**"), with its Arkansas office at 325 W. Capitol Ave., Suite 300, Little Rock, Arkansas 72201.

The undersigned **Institution** enters into this **Agreement** with the **Depositor** and **Custodian** to set forth the understanding of the parties with regard to certificated and non-certificated securities held in a joint safekeeping account at the **Custodian** for the **Depositor** as collateral for **Depositor** monies, including, but not limited to deposits and investment accounts, held by **Institution**. **Institution** agrees to hold such deposits and investment accounts in accordance with the policies and procedures set out below.

Whereas, the **Depositor** maintains substantial deposits of its funds, including funds held in the name of the Little Rock Police Pension and Relief Fund and Little Rock Firemen's Relief and Pension Fund, with **Institution**; and

Whereas, the **Depositor** is a public entity, and

Whereas, the **Institution** may upon deposit with it of any funds by such a political subdivision, give security for the safekeeping and prompt payment of such funds pursuant to 12 U.S.C. 90, Arkansas law and City of Little Rock Ordinance;

Whereas, the **Depositor** has agreed to deposit funds with the **Institution** pursuant to the terms and provisions of this **Agreement** for funds held in deposit by and between the **Depositor** and the **Institution**; and

Whereas, pursuant to the terms and provisions of this **Agreement**, the **Institution** has agreed to assign, pledge and convey to the **Depositor** a perfected security interest in certain eligible securities owned by the **Institution** (the "**Collateral**"); and

Whereas, in order to perfect the **Depositor's** security interest in the **Collateral**, the **Custodian**, as agent for the **Depositor**, will accept from the **Institution**, take possession of and hold such **Collateral** solely for the benefit of the **Depositor**.

Now, therefore, in consideration of the mutual covenants and premises herein contained, the parties do hereby agree as follows:

ARTICLE I DEPOSIT OF COLLATERAL

1.01 The **Custodian** hereby accepts employment as the **Depositor's** custodian and depository pursuant to the terms of this **Agreement**.

1.02 The **Custodian** shall accept and retain as **Custodian** solely for the benefit of the **Depositor** all securities tendered by the **Institution** as **Collateral** for its obligations under this **Agreement**. Upon receipt of **Collateral** from the **Institution** for the benefit of the **Depositor**, the **Custodian** shall:

- a) Immediately notify the **Depositor**, by telephone or otherwise, of the **Collateral** pledged;
- b) Issue a written receipt to the **Institution** evidencing **Custodian's** receipt of the **Collateral**; and
- c) Within three business days issue and provide Delivery to **Depositor** written confirmation evidencing **Institution** has pledged and **Custodian** has received **Collateral**.

1.03 The **Custodian** shall identify on its books and records as being pledged to the **Depositor** specific securities or a quantity of specific securities received by it for, or for the account of, the **Depositor**. The **Custodian** shall have no power or authority to transfer, assign, hypothecate, pledge or otherwise dispose of any such securities, except pursuant to instructions from the **Depositor** and pursuant to the terms of this **Agreement**.

1.04 Any pledge hereunder shall be a continuing pledge and shall secure not only such deposits that are held by the **Institution** at the time of the transfer of the **Collateral** to the **Depositor** hereunder, but also any and all subsequent deposits of funds with the **Institution** by the **Depositor**, notwithstanding the account or accounts in which such funds may be held or identified by the **Institution**.

1.05 The **Custodian** agrees to provide to the **Depositor**, a monthly statement of holdings reflecting the securities pledged by the **Institution**. In addition, the **Custodian** agrees to provide to the **Depositor** current market price valuations of the securities constituting the **Collateral**, as may be requested by the **Depositor**.

1.06 This **Agreement** may be amended at any time by written agreement between the **Depositor** and the **Custodian**, with prior written notice to the **Institution**

1.07 The **Institution** represents and warrants that it is the legal and actual owner, free and clear of all liens and claims, of the **Collateral**.

ARTICLE II THE SECURITY INTEREST

2.01 The **Institution** hereby grants to the **Depositor** a security interest in and hereby pledges solely to the **Depositor**, the **Collateral** as security for repayment of the total daily deposits of public funds plus accrued interest.

2.02 The total fair value of the **Collateral** shall be at least equal to the following percentages of the total amount of cash funds on deposit with **Institution**.

- (a) United States government bonds, notes and bills with maturities of less than five years – 104%.

(b) United States government bonds, notes and bills with maturities of more than five years – 110%

(c) Agencies backed by the full faith and credit of the United States government with maturities of less than five years – 104%

(d) Agencies backed by the full faith and credit of the United States government with maturities of more than five years – 110%.

(e) Arkansas school district bonds – 120%

(f) Bonds of other Arkansas political subdivisions – 120%

(g) Arkansas industrial development revenue bonds – 120%

(h) Arkansas general obligation bonds – 120%

(i) Arkansas municipal bonds – 120%

2.03 If any political subdivision, school district, improvement district, or other issuer has defaulted on any bonds or other obligations within the preceding period of ten (10) years, bonds or other obligations of the defaulting political subdivision, school district, improvement district, or other issuer shall not be eligible Collateral or as security required to be deposited in connection with public funds.

2.04. Any deposit of Collateral of the description contained in Section 2.02(e) through (i) shall be subject to the prior approval of **Depositor**.

ARTICLE III VALUATION OF AND CHANGES IN COLLATERAL

3.01. **Institution** shall recalculate the market value of the individual securities comprising the Collateral at least monthly.

3.02. If at any time the ratio of market value of the Collateral to the deposits of **Depositor**, plus accrued interest, is less than required by this **Agreement**, **Institution** shall immediately, within 24 hours, make such additions to the Collateral such that the ratio of market value of the Collateral to the deposits of **Depositor** is in an amount required by this **Agreement**. If at any time the ratio of market value of the Collateral to the deposits, plus accrued interest, is greater than required by this **Agreement**, **Institution** may withdraw excess Collateral, subject to the prior written approval of the **Depositor** as to the specific Collateral to be withdrawn.

3.03. For so long as **Custodian** has not received written notice of default hereunder from **Depositor**, and with the **Depositor's** prior written approval, **Custodian** may permit **Institution** to substitute securities comprising the Collateral.

**ARTICLE IV
AUTHORITY OF CUSTODIAN**

4.01 **Designation.** The First National Bankers Bank is hereby designated as **Custodian** for the purpose of holding the Collateral pursuant to the terms of this Agreement.

4.02 **Authority.** The **Custodian** shall be authorized to do the following:

- (a) Deliver receipts to the **Institution** upon receipt of any Collateral;
- (b) Hold the Collateral as security in the manner set forth herein;
- (c) Release Collateral to the **Institution** pursuant to Section 3.03;
- (d) Keep the Collateral separate and apart in the joint account maintained by **Depositor** and the **Institution**;
- (e) Collect maturing interest coupons and principal of the Collateral;
- (f) Surrender to the **Institution** any of the Collateral that are maturing, have been called or redeemed, or are being substituted for by the **Institution**, provided that the **Institution** shall, either prior to or concurrently with such surrender, substitute therefore other securities meeting the requirements hereof;
- (g) Accept securities being substituted for Collateral in accordance with paragraph (f) above;
- (h) Accept and deliver, as applicable, securities representing the Collateral upon increase or decrease in deposits of **Depositor** as verified to the **Custodian** by the **Institution**;
- (i) Release Collateral to **Depositor** upon default of the **Institution** upon written notice from **Depositor** and the **Institution** to do so as proved in Article V hereof;
- (j) Release all Collateral to the **Institution** upon termination of this Collateral Agreement as provided herein.

**ARTICLE V
PERFORMANCE BY THE INSTITUTION**

5.01 **Pledge.** The **Institution** pledges to faithfully perform all duties and obligations required by law; that it will pay upon presentment all checks drawn upon any demand deposit account; and that **Depositor** funds will be faithfully kept and accounted for according to law.

5.02 **Default.** In the event **Institution** shall fail to pay to **Depositor** any funds which **Depositor** has on deposit therein in accordance with the terms of such deposit; or should the **Institution** fail or suspend active operations, the deposit in such **Institution** shall become due and payable immediately. Upon receipt of written notice of default by the **Institution** from **Depositor**, the **Institution** authorizes the release of Collateral to **Depositor** and no authorization from **Institution** shall be required by the **Custodian** to release the Collateral to **Depositor**.

5.03 **Right to Sell.** After default by **Institution**, **Depositor** shall also have the right to sell the said securities at any public or private sale at its option without advertising such sale, upon not less than one (1) day notice to the **Institution** and the **Custodian**. In the event of such sale, **Depositor**, after deducting all legal expenses and other costs, including reasonable attorney's fees, from the proceeds of such sale, shall apply the remainder on any one or more of the liabilities of the **Institution** to **Depositor** and shall return the surplus, if any, to the **Institution**.

ARTICLE VI
TERM

6.01 **Term.** This **Agreement** will continue in duration until terminated by the respective parties thereto by sixty (60) days written notice delivered by any party to the others.

ARTICLE VII
MISCELLANEOUS

7.01 **Agreement Maintained as Official Record.** This **Agreement** and any amendments thereto will be maintained as an official record of the Institution and reflected in the minutes of the approving body.

7.02 **Arkansas Law.** The laws of the State of Arkansas shall govern this **Agreement**.

7.03 **Venue.** Venue shall be Little Rock, Pulaski County, Arkansas, and the Eastern District of Arkansas.

7.04 **Binding on Successors and Assigns.** This **Agreement** shall be binding upon the parties and their respective successors and assigns.

7.05 **Service Charges.** The **Institution** shall pay any service charges due **Custodian** in connection with this **Agreement**.

7.06 **Authority to Enter Agreement.** This **Agreement** is made pursuant to authorization by the bylaws of the **Institution** and its Board of Directors, by the bylaws of the **Custodian** and its Board of Directors, and by resolution of the **Depositor's** Board of Directors.

7.07 **Agents.** The parties designated as their agents for receipt of notices and correspondence the following:

(a) For **Depositor**

City of Little Rock
City Hall
500 West Markham, Room 100
Little Rock, AR 72201
Attention: Scott Massanelli

(b) For the **Institution**

First Security Bank
P.O. Box 17770
Little Rock, Arkansas 72223
Attention: John Rutledge

(c) For **Custodian**:

First National Bankers Bank
325 W. Capitol Ave., Suite 300
Little Rock, Arkansas 72201
Attention: Mary Bryant

- 7.08. In the absence of bad faith on the part of **Custodian**, the **Custodian** shall be permitted to rely upon the authenticity of, and truth of the statements and accuracy of the opinions expressed in, and will be protected in acting upon, any document believed by the **Custodian** to be genuine and to have been signed, affixed or presented by the property party or parties. The **Custodian** shall not be liable with respect to any action taken or omitted to be taken by it in accordance with any instruction or request of the **Depositor**. In addition, the **Custodian** shall not be liable for any error of judgment made in good faith by an officer of **Custodian** unless it shall be proved that the **Custodian** was negligent in ascertaining pertinent facts.
- 7.09 On January 1, 2023, this Agreement shall hereby replace and terminate the First Security Bank Collateral Agreement entered into as of February 18, 2016 by and between the City of Little Rock, First Security Bank, and First National Bankers Bank.

Signatures Appear on Following Page


IN WITNESS WHEREOF, the parties hereto, each acting through its respective duly authorized representative, have caused this Agreement to be signed in their name and delivered as of the date first above written.

DEPOSITOR:

CITY OF LITTLE ROCK


Bruce T. Moore, City Manager

DATE: 8/30/22


Susan Lanney, City Clerk

DATE: 08/30/22

APPROVED AS TO LEGAL FORM:

Thomas M. Carpenter, City Attorney

By: 
Beth B. Carpenter, Deputy City Attorney

CUSTODIAN:


FIRST NATIONAL BANKERS BANK

BY: 
Mary Bryant, Vice President

DATE: 9/6/2022

INSTITUTION:

FIRST SECURITY BANK

BY: 
TITLE: President

DATE: 9-2-2022