

RESOLUTION NO. 2017-_____

CITY OF TONTITOWN, WASHINGTON COUNTY, ARKANSAS

A RESOLUTION APPROVING INTERIM FINANCING WITH BANK OF FAYETTEVILLE FOR THE CONSTRUCTION OF WATER TOWER FOR THE CITY OF TONTITOWN

WHEREAS, the City of Tontitown, Arkansas desires to obtain interim financing with the Bank of Fayetteville to begin construction of the water tank; and

WHEREAS, the Mayor and the City Council believe that the financial commitment of \$1,280,000.00 with Bank of Fayetteville should be approved to comply with financing requirements for the USDA financing of the water tank project.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the city of Tontitown, Arkansas:

Section 1: That the City Council of the City of Tontitown, Arkansas approves the interim financing commitment of \$1,280,000.00 with Bank of Fayetteville, and authorizes the Mayor or his agent to execute the commitment, in anticipation of further financing documents which will be executed upon approval of USDA and in accordance with Arkansas Law.

Section 2: Pursuance to Arkansas Law, the interim financing shall be in compliance with Arkansas Law and the Arkansas Constitution.

PASSED AND APPROVED THIS _____ DAY OF _____, 2017

Paul Colvin, Jr., Mayor

ATTEST:

Rhonda Ardemagni, City Recorder-Treasurer
(SEAL)

THE BANK OF
FAYETTEVILLE



479 444 4444
One South Block Avenue
Fayetteville, AR 72701
MeBanking.com

September 7, 2017

City of Tontitown Water and Sewer Department
201 East Henri De Tonti,
Tontitown, Arkansas 72770

Dear Mayor and City Council Members:

The Bank of Fayetteville ("Lender") is pleased to provide City of Tontitown Water and Sewer Department ("Borrower") with this financing commitment pursuant to the following terms and conditions for financing, all of which shall be expressly subject to the terms, conditions, and requirements set forth below and as contained in loan and closing documents acceptable to Lender and approved by Lender and its attorneys (this "Commitment").

We are pleased to inform you that Lender is conditionally prepared to commit to the following general terms regarding the financing (the "Loan"):

Borrower: City of Tontitown Water and Sewer Department
Type: Commercial Construction
Purpose: Construct a water tower
Maximum
Loan
Amount: \$1,280,000.00
Rate: 3.78%
Accrual
Method: 360
Origination
Fee: N/A
Maturity
Date: One year from date of note.
Payments: Interest paid quarterly

Prepayment: N/A

Collateral: Assignment of water and sewer revenue

Guarantors: N/A

Other
Requirements
And
Conditions: Requirements of USDA

Financial
Reporting
Requirements: Annual Audited Financial Statements

Loan
Covenants: Requirements of USDA

Closing
Costs: All closing costs, including but not limited to, loan origination fees, recording fees and attorney fees, if any, shall be paid by Borrower in advance or at closing.

This Commitment is intended for discussion purposes, and is not intended, and should not be construed, as an offer or agreement to lend, nor should it be construed as an attempt to establish all of the terms and conditions relating to the loan or credit facility described above. Instead, this Commitment is intended only to be indicative of certain limited business terms and conditions around which final credit approval may be sought, and if approved, how the loan documents may be structured, and shall not preclude negotiations over these or any other terms and conditions.

This Commitment does not represent a complete statement of the terms and conditions of the proposed loan to Borrower, it being agreed that such terms and conditions will be set forth in the definitive documents and agreements evidencing, securing, and guaranteeing repayment of such loan, each of which shall be prepared by Lender and/or Lender's counsel, and each of which will be in form and substance as required by Lender in Lender's sole and absolute discretion.

This Commitment is provided in response to Borrower's request and is based upon the financial statements and other diligence materials that Borrower has submitted to Lender. If there has been a misstatement or a change of circumstances between the date such information was submitted to Lender and the closing date of the loan contemplated by this Commitment, which Lender, in Lender's sole and absolute discretion deems significant or material, Lender reserves the right to revise and/or terminate this Commitment without liability of any kind to Borrower or anyone acting for or on behalf of either of them.

Borrower and Guarantors each understand and acknowledge that Lender will incur significant costs and fees during the underwriting, review, documentation and preparation of the

Loan. Thus, by signing below Borrower and Guarantors agree that they shall pay all costs associated with the Loan, including (without limitation), the fees and costs of Lender's legal counsel, due diligence fees and associated reviews, the cost of any environmental investigation and reports, the cost of a property condition assessment report, appraisal costs, any loan, escrow, recording and transfer fees and taxes, title charges, survey costs, realty tax service fee, and all other out-of-pocket costs incurred by Lender in connection with the Loan, whether or not the Loan actually closes.

This commitment expires on 60 days from the date of this letter unless extended by Lender in writing.

Sincerely,

A handwritten signature in black ink, appearing to read "Bob King". The signature is written in a cursive style with a horizontal line through the middle.

Bob King
Community Bank President

The undersigned is agreeable to the above terms and conditions.

Signed this _____ day of _____, 2017.

Borrower: City of Tontitown and Sewer Department

Borrower: _____

By: _____
Mayor and City Council Members

Its: _____

Guarantors:

[Name]

[Name]