

ORDINANCE NO. _____

AN ORDINANCE AUTHORIZING THE ISSUANCE OF A PROMISSORY NOTE TO PROVIDE SHORT-TERM FINANCING UNDER AMENDMENT NO. 78 TO THE ARKANSAS CONSTITUTION FOR THE CONSTRUCTION OF WATER AND SEWER LINES; PROVIDING FOR THE PAYMENT OF THE PRINCIPAL OF AN INTEREST ON THE NOTE; DESIGNATING THE NOTE AS A QUALIFIED TAX EXEMPT OBLIGATION AND PRESCRIBING OTHER MATTERS PERTAINING THERETO; DECLARING AN EMERGENCY; AND FOR OTHER PURPOSES

WHEREAS, the City of Tontitown, Arkansas (the “City”) is authorized and empowered under the provisions of Amendment No. 78 to the Arkansas Constitution (“Amendment No. 78”) and Act No. 1808 of 2001, as amended (codified as Title 14, Chapter 78 of the Arkansas Code of 1987 Annotated) (collectively, the “Act”), to issue notes and to expend the proceeds thereof to finance all or a portion of the costs of acquiring, constructing, installing and renting real property or tangible personal property having an expected useful life of more than one year;

WHEREAS, it is proposed that the City issue its promissory Note in the principal amount of \$1,000,000 (the “Note”) under the Act for the purpose of financing the construction of water and sewer lines (the “Financed Property”); and

WHEREAS, the City intends to arrange for a loan (the “Loan”) from Grand Savings Bank (the “Lender”) and to issue the Note to the Lender at a price of par in consideration of the Loan;

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF TONTITOWN, ARKANSAS:

SECTION 1: That the Tontitown City Council (the “City Council”) hereby finds that the Financed Property is real or tangible personal property having a useful life of more than one year. The City Council further finds that the sum of the principal amount of the Note and the outstanding principal amount of the City’s other outstanding promissory notes do not exceed five percent (5%) of the assessed value of taxable property located within the City as determined by the last tax assessment completed before the issuance of the Note.

SECTION 2: That under the authority of the Constitution and laws of the State of Arkansas, including particularly the Act, the Note is hereby authorized and ordered to be issued to the Lender in consideration for the Loan in the principal amount not to exceed \$1,000,000 for the purpose of financing all or a portion of the cost of the Financed Property and paying expenses of issuing the Note. The Note shall be dated the date of issuance and shall bear interest on the outstanding principal amount at a fixed rate not to exceed the lawful rate of interest. The Note shall be issued in fully registered form and may be prepaid at the times and in the manner permitted in the Note.

SECTION 3: That, as provided in the Act, the annual debt service payments on the Note in each fiscal year shall be charged against and paid from the general revenues of the City for such fiscal year. For the purpose of making the debt service payments, there is hereby, and shall be, appropriated to pay the Note, an amount of unrestricted general revenues of the City sufficient for such purposes. The City's chief financial officer is hereby authorized and directed to withdraw unrestricted general revenues of the City in the amounts and at the times necessary to make the debt service payments on the Note.

SECTION 4: The City shall provide such financial information to the Lender as the Lender may reasonably request.

SECTION 5: The Mayor and Recorder-Treasurer, for and on behalf of the City, are hereby authorized and directed to do any and all things necessary to effect the issuance, execution, and delivery of the Note, and the performance of all acts of whatever nature necessary to effect and carry out the authority conferred by this Ordinance. The Mayor and Recorder-Treasurer 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 or to evidence the exercise thereof.

SECTION 6: The City hereby represents that it reasonably expects that it will not issue more than \$10,000,000 of tax-exempt obligations (not counting private-activity bonds except for qualified 501(c)(3) bonds as defined in the Code) during the calendar year in which the Note is executed and delivered. The City hereby designates the Note as a "qualified tax-exempt obligation" for the purposes of the Code.

SECTION 7: Severability. In the event any title, section, paragraph, item, sentence, clause, phrase, or word of this Ordinance is declared or adjudged to be invalid or unconstitutional, such declaration or adjudication shall not affect the remaining portions of this Ordinance, which shall remain in full force and effect as if the portion so declared or adjudged invalid or unconstitutional was not originally a part of this Ordinance.

SECTION 8: All ordinances or resolutions of the City in conflict herewith are hereby repealed to the extent of such conflict.

SECTION 9: It is hereby found and determined that the construction of water and sewer lines is immediately necessary in order to preserve the public health, safety and welfare; THEREFORE, an emergency is hereby declared to exist, and this Ordinance shall be in full force and effect from and after its passage and approval.

PASSED:

APPROVED:

Mayor

ATTEST:

Recorder-Treasurer