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 Washington County, AR  
 Kyle Sylvester Circuit Clerk

ORDINANCE NO. 2021-03-932 File **2021-00009212**

AN ORDINANCE AUTHORIZING THE EXECUTION OF A MASTER EQUIPMENT LEASE PURCHASE AGREEMENT WITH COMMUNITY FIRST NATIONAL BANK; AND PRESCRIBING OTHER MATTERS PERTAINING THERETO.

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 Title 14, Chapter 78 of the Arkansas Code of 1987 Annotated (the "Authorizing Legislation") to enter into a lease purchase agreement for the purpose of acquiring tangible personal property having an expected useful life of more than one (1) year; and

WHEREAS, the City proposes to acquire a fire truck (the "Equipment"); and

WHEREAS, it is proposed that the City enter into a Master Equipment Lease Purchase Agreement with Community First National Bank (the "Lessor") under Amendment No. 78 and the Authorizing Legislation (the "Lease") for the purpose of financing the acquisition of the Equipment;

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

Section 1. The City Council hereby finds that the Equipment will have a useful life of more than one (1) year and that the aggregate principal amount of the Lease and any other obligations incurred under Amendment No. 78 and the Authorizing Legislation does not exceed five (5%) of the assessed value of taxable property located within the City as determined by the last tax assessment.

Section 2. The Lease is hereby authorized and shall be in substantially the form submitted to this meeting with such changes as shall be approved by the Mayor, his execution to constitute conclusive evidence of such approval. The expiration date of the Lease shall be five years after the commencement date, unless earlier terminated in accordance with the Lease. The commencement date for the Lease shall be the date that the Lease is executed by the Mayor, or such other later date as is mutually agreed upon. The principal portion of the Lease shall be \$230,000. Interest shall accrue at the rate of 2.62% per annum. Annual principal and interest payments of approximately \$49,683.63 shall be made to the Lessor on the first, second, third and fourth anniversaries of the commencement date with the remaining principal and interest due on the expiration date of the Lease.

Section 3. As provided in Amendment No. 78, the principal and interest payments on the Lease in each fiscal year (the "Payments") shall be charged against and paid from the general revenues of the City for such fiscal year. For the purpose of making the Payments, there is hereby appropriated to pay the Lease, an amount of general revenues of the City sufficient for such purposes. The City Clerk-Treasurer is hereby authorized and directed to withdraw from general revenues of the City the amounts and at the times necessary to make the Payments in accordance with the Lease.

Section 4. (a) The City covenants that it shall not take any action or suffer or permit any action to be taken or condition to exist which causes or may cause the interest portion of the Lease to be included in gross income for federal income tax purposes. Without limiting the generality of the foregoing, the City covenants that the proceeds of the Lease will not be used directly or indirectly in such manner as to cause the Lease to be treated as an "arbitrage bond" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code").

(b) The City represents that it will not use or permit the use of the Equipment or the proceeds of the Lease, in such manner as to cause the Lease to be a "private activity bond" within the meaning of Section 141 of the Code. In this regard, the City covenants that (i) it will not use (directly or indirectly) the proceeds of the Lease to make or finance loans to any person, and (ii) that while the Lease is outstanding the Equipment will only be used by state and local governmental entities and by other persons on a basis as members of the general public.

(c) The Lease is hereby designated as a "qualified tax exempt obligation" within the meaning of the Code. The City represents that the aggregate principal amount of its qualified tax exempt obligations (excluding "private activity bonds" within the meaning of Section 141 of the Code which are not "qualified 501(c)(3) bonds" within the meaning of Section 145 of the Code), including those of its subordinate entities, issued in calendar year 2021 will not exceed \$10,000,000.

(d) The City covenants that it will submit to the Secretary of the Treasury of the United States, not later than the 15th day of the second calendar month after the close of the calendar quarter in which the commencement date of the Lease occurs, a statement concerning the Lease which contains the information required by Section 149(e) of the Code.

(e) The City covenants that it will not reimburse itself from proceeds of the Lease for any costs paid prior to the commencement date of the Lease except in compliance with United States Treasury Regulation §1.150-2 (the "Regulation"). This Ordinance shall constitute an "official intent" for purposes of the Regulation.

(f) The City expects to spend all proceeds of the Lease within six months of the commencement date of the Lease.

Section 5. The Mayor, for and on behalf of the City, is hereby authorized and directed to do any and all things necessary to effect the execution and delivery of the Lease and the performance of all obligations of the City thereunder, and the performance of all acts of whatever nature necessary to effect and carry out the authority conferred by this Ordinance. The Mayor and City Clerk-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 Clerk-Treasurer is hereby authorized and directed to file in the office of the City Clerk-Treasurer, as a part of the minutes of the meeting at which this Ordinance is adopted, for inspection by any interested person, a copy of the Lease and such document shall be on file for inspection by any interested person.

Section 7. The provisions of this Ordinance are hereby declared to be separable, and if any article, phrase or provision shall for any reason be declared to be invalid, such declaration shall not affect the validity of the remainder of the articles, phrases and provisions.

Section 8. All ordinances, resolutions and parts thereof in conflict herewith are hereby repealed to the extent of such conflict.

PASSED: 2nd March, 2021

APPROVED:

ATTEST:

Rhonda Ardemagni  
Rhonda Ardemagni, City Clerk-Treasurer

Paul Colvin, Jr.  
Paul Colvin, Jr., Mayor

(SEAL)

CERTIFICATE

The undersigned, City Clerk-Treasurer of the City of Tontitown, Arkansas (the "City"), hereby certifies that the foregoing pages are a true and perfect copy of Ordinance No. 2021-03-932 adopted at a Regulars session of the City Council at 6 p.m., on the 2nd day of March 2021, and that the Ordinance is of record in Ordinance Record Book No. 2021, Page NA now in my possession.

GIVEN under my hand and seal on this 2nd day of March, 2021.

Rhonda Ardemagni  
Rhonda Ardemagni, City Clerk-Treasurer

(SEAL)