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City of Conway, Arkansas
Ordinance No. O-13-61

Doc#2013- 12571

Date 07/10/2013

08:17:53 AM

Filed & Recorded in

Official Records of

Faulkner County

RHONDA WHARTON

FAULKNER COUNTY CIRCUIT CLERK

Fees \$25.00

by

Rln

D. C.

386404

AN ORDINANCE AMENDING ORDINANCE NO. O-09-103 WHICH AUTHORIZED THE ISSUANCE OF A PROMISSORY NOTE TO PROVIDE SHORT-TERM FINANCING UNDER AMENDMENT NO. 78 TO THE ARKANSAS CONSTITUTION FOR CERTAIN INFRASTRUCTURE IMPROVEMENTS TO THE CITY OF CONWAY STREET SYSTEM; PROVIDING FOR PAYMENT OF THE PRINCIPAL AND THE INTEREST ON THE NOTE; APPROPRIATING FUNDS FROM GENERAL STREET REVENUES; REPEALING ANY ORDINANCES IN CONFLICT HERewith; AND PRESCRIBING OTHER MATTERS PERTAINING THERETO.

WHEREAS, the City of Conway, 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 (codified as Arkansas Code Annotated § 14-78-101, *et seq.*, the "Act"), to incur tax exempt short term financing obligations maturing over a period of, or having a term not to exceed five (5) years for the purpose of acquiring, constructing, installing and renting real property or tangible personal property having an expected useful life of more than one year; and

WHEREAS, it is proposed that the City issue its Promissory Note in the principal amount up to \$2,500,000 (the "Note") under Amendment No. 78 and the Act for the purpose of providing financing for all or a portion of the cost for certain infrastructure improvements for the City of Conway, specifically improvements to Prince Street (the "Project"); and

WHEREAS, the City intends to arrange for the loan (the "Loan") from a financial institution (the "Lender") and to issue the Promissory Note to the Lender at a price of par in consideration for the Loan.

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

SECTION 1: The City of Conway City Council (the "City Council") hereby finds that the Project 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 proposed Promissory Note and the outstanding principal amount of the City's other promissory notes issued under the authority of Amendment 78 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 proposed Promissory Note.

SECTION 2: That under the authority of the Constitution and laws of the State of Arkansas, including particularly Amendment No. 78 and the Act, the previous authorization of the Promissory Note is hereby confirmed in the principal amount of up to \$2,500,000 for the purpose of financing all or a portion of the cost of the Project. The Note shall be dated the date of its issuance and shall bear interest on the outstanding principal amount at a fixed rate of 1.92% per annum (calculated on the basis of the actual number of days elapsed in a year of 365 days (366 days in a leap year). The Note shall be repaid within five years from the first draw thereunder, and the Note shall commence to bear interest as of such date as contemplated by Arkansas Code Annotated § 14-78-102(4) and § 14-78-104(d), respectively. The Note shall be issued in fully registered form.

SECTION 3. That the Lender has previously been selected by the Mayor, and approved by the City Council, based upon the commitment or proposal for the Loan that the Mayor has determined to have the lowest cost to the City after soliciting proposals or commitments for the Loan from at least three financial institutions having offices in Faulkner County.

SECTION 4. That the first draw on the borrowings will occur on or about July 1, 2013 and the City will execute the Promissory Note immediately prior to such draw. Interest will begin to accrue on only the amount borrowed as of the date of each draw.

SECTION 5. That as provided in Amendment No. 78, the debt service payments on the Note shall be charged against and paid from the general revenue of the City within five years, but not later than five (5) years from the date of the first draw when the obligation commences to bear interest, as contemplated by Arkansas Code Annotated § 14-78-102(4) and § 14-78-104(d), respectively. For the purpose of making the annual debt service, there is hereby, and shall be, appropriated to pay the Promissory Note, an amount of general revenue of the City sufficient for such purposes. The City's Director of Finance is hereby authorized and directed to withdraw from the Street Fund of the City the amounts and the times necessary to make the annual debt service payments on the Promissory Note. Such funds may be provided by pay as you go funding provided by the Quarter Cent Sales and Use Tax dedicated to major street projects, Street Impact Funds, or any other funds typically available for infrastructure improvements to the City of Conway street system.

SECTION 6: That the Mayor and City Clerk, for and on the 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 City Clerk are hereby further authorized and directed, for and on behalf of the City, and 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 7. That 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 be 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: That all ordinances or resolutions of the City in conflict herewith are hereby repealed to the extent of such conflict.

SECTION 9: That funds provided through the issuance of the Promissory Note are hereby appropriated and budgetary authority is provided for the Project in an amount up to \$2,500,000.

SECTION 10: That funds provided be appropriated from the Street Sales and Use Tax Fund Proceeds of Promissory Note revenue account (613.201.4612) into the Street Sales and Use Tax Fund CIP project account (613.201.5990) as money is borrowed and received for the Project in an amount up to \$2,500,000.

Passed on this 25th day of June, 2013.

Attest:



Michael O. Garrett
City Clerk/Treasurer

Approved:



Mayor Tab Townseil

