

1 **ORDINANCE NO. \_\_\_\_\_**

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3 **AN ORDINANCE AUTHORIZING THE ISSUANCE OF A PROMISSORY**  
4 **NOTE TO PROVIDE SHORT-TERM FINANCING UNDER AMENDMENT**  
5 **NO. 78 TO THE ARKANSAS CONSTITUTION FOR THE ACQUISITION,**  
6 **CONSTRUCTION AND INSTALLATION OF REAL PROPERTY AND**  
7 **TANGIBLE PERSONAL PROPERTY; PRESCRIBING OTHER MATTERS**  
8 **PERTAINING THERETO; AND DECLARING AN EMERGENCY.**

9

10 **WHEREAS**, the City of Little Rock, Arkansas (the "City") is authorized and empowered under the  
11 provisions of Amendment No. 78 to the Arkansas Constitution ("Amendment No. 78") and Act No. 1808  
12 of 2001 (codified as Title 14, Chapter 78 of the Arkansas Code of 1987 Annotated) (the "Act"), to issue  
13 notes and to expend the proceeds thereof to finance all or a portion of the cost of acquiring, constructing  
14 and installing real property or tangible personal property having an expected useful life of more than one  
15 (1)-year; and

16 **WHEREAS**, the City proposes to finance all or a portion of the costs of (i) the construction of, and the  
17 acquisition and installation of equipment for, the Southwest Fire Station and (ii) the acquisition of vehicles  
18 and equipment for the Little Rock Fire Department (collectively, the "Property to be Financed"); and

19 **WHEREAS**, it is proposed that the City issue its promissory note in the principal amount of Four  
20 Million, Six Hundred Three Thousand Dollars (\$4,603,000) (the "Note") under Amendment No. 78 and the  
21 Act for the purpose of financing all or a portion of the costs of the Property to be Financed; and

22 **WHEREAS**, the City intends to arrange for a loan (the "Loan") from a banking institution (the  
23 "Lender") and to issue the Note to the Lender in consideration for the Loan;

24 **NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF DIRECTORS OF THE CITY**  
25 **OF LITTLE ROCK, ARKANSAS:**

26 **Section 1:** The Board of Directors hereby finds that the Property to be Financed is real property or  
27 tangible personal property and will have a useful life of more than one (1)-year. The Board of Directors  
28 further finds that the aggregate principal amount of the Note and the City's outstanding indebtedness issued  
29 or incurred under Amendment No. 78, does not exceed 5% of the assessed value of taxable property located  
30 within the City as determined by the last tax assessment.

31 **Section 2:** Under the authority of the Constitution and laws of the State of Arkansas (the "State"),  
32 including particularly Amendment No. 78 and the Act, the Note is hereby authorized and ordered issued in  
33 the principal amount of Four Million, Six Hundred Three Thousand Dollars (\$4,603,000) for the purpose

1 of financing all or a portion of the costs of acquiring, constructing and installing the Property to be Financed  
2 and paying expenses of issuing the Note. The Note shall be dated the date of issuance and shall bear interest  
3 on the outstanding principal amount at a fixed rate not to exceed 5% per annum. The Note shall be repaid  
4 in five substantially equal annual amortized installments of principal and interest, commencing one year  
5 from the date of the Note and on the same day of each year thereafter, with the final installment due five  
6 years from the date of the Note. The Note shall be issued in fully registered form. The Note shall be  
7 executed by the Mayor and the City Clerk and the seal of the City shall be affixed to the Note.

8 **Section 3:** The Note shall be issued to the Lender in consideration for the Loan. The Lender shall be  
9 selected by the City Manager based upon the commitment or proposal for the Loan that the City Manager  
10 determines to have the lowest cost to the City and the best terms. The City Treasurer is hereby authorized  
11 and directed to solicit proposals or commitments for the Loan from at least three (3) banking institutions  
12 having offices in the City, in such manner as shall be approved by the City Manager. The City Manager  
13 shall have the right to reject any and all proposals and commitments.

14 **Section 4:** As provided in Amendment No. 78, the annual debt service payments on the Note in each  
15 fiscal year shall be charged against and paid from the general revenues of the City for such fiscal year. For  
16 the purpose of making the annual debt service payments, there is hereby, and shall be, appropriated to pay  
17 the Note, an amount of general revenues of the City sufficient for such purposes. The City Treasurer is  
18 hereby authorized and directed to withdraw from the General Fund of the City the amounts and at the times  
19 necessary to make the annual debt service payments on the Note.

20 **Section 5:** (a) The City covenants with the owner of the Note (the "Owner") from time to time that it  
21 shall not take any action or suffer or permit any action to be taken or condition to exist which causes or  
22 may cause the interest payable on the Note to be included in gross income for federal income tax purposes.  
23 Without limiting the generality of the foregoing, the City covenants with the Owner that the proceeds of  
24 the sale of the Note will not be used directly or indirectly in such manner as to cause the Note to be treated  
25 as an "arbitrage bond" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended  
26 (the "Code").

27 (b) The City covenants with the Owner that it will not use or permit the use of the Property to  
28 be Financed or the proceeds of the Note, in such manner as to cause the Note to be a "private activity bond"  
29 within the meaning of Section 141 of the Code.

30 (c) The City covenants with the Owner that it will not reimburse itself from Note proceeds for  
31 any costs paid prior to the date the Note is issued except in compliance with United States Treasury  
32 Regulation § 1.150-2 (the "Regulation"). This ordinance shall constitute an "official intent" for purposes  
33 of the Regulation.

1 (d) The City covenants with the Owner that it will submit to the Secretary of the Treasury of  
2 the United States, not later than the 15th day of the second calendar month after the close of the calendar  
3 quarter in which the Note is issued, a statement concerning the Note which contains the information  
4 required by Section 149(e) of the Code.

5 **Section 6:** The City shall provide such financial information to the Lender as the Lender may  
6 reasonably request.

7 **Section 7:** The Mayor, City Manager, City Treasurer, City Attorney and City Clerk are hereby  
8 authorized and directed, for and on behalf of the City, to perform all acts of whatever nature necessary to  
9 effect and carry out the authority conferred by this ordinance and to execute all papers, documents,  
10 certificates and other instruments that may be required for the carrying out of such authority or to evidence  
11 the exercise thereof.

12 **Section 8: *Severability.*** In the event any title, section, paragraph, item, sentence, clause, phrase, or  
13 word of this ordinance is declared or adjudged to be invalid or unconstitutional, such declaration or  
14 adjudication shall not affect the remaining portions of this ordinance which shall remain in full force and  
15 effect as if the portion so declared or adjudged invalid or unconstitutional were not originally part of this  
16 ordinance.

17 **Section 9: *Repealer.*** All laws, ordinances, resolutions, or parts of the same which are inconsistent  
18 with the provisions of this Ordinance are hereby repealed to the extent of such inconsistency.

19 **Section 10: *Emergency Clause.*** The Board of Directors hereby determines that the instigation and  
20 completion of the Property to be Financed is essential to the public health, safety and welfare of the citizens  
21 of the City and must be financed as quickly as possible; an emergency is, therefore, declared to exist and  
22 this ordinance shall be in full force and effect from and after the date of its execution.

23 **PASSED: November 15, 2016**

24 **ATTEST:**

**APPROVED:**

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26 \_\_\_\_\_  
27 **Susan Langley, City Clerk**

\_\_\_\_\_ **Mark Stodola, Mayor**

28 **APPROVED AS TO LEGAL FORM:**

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30 \_\_\_\_\_  
31 **Thomas M. Carpenter, City Attorney**

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