# OFFICE OF THE CITY MANAGER
# LITTLE ROCK, ARKANSAS

## BOARD OF DIRECTORS COMMUNICATION
## AUGUST 18, 2026, Meeting

| **Subject:** Promissory Note Issuance for LRFD Fire Apparatus Purchase.<br><br>**Submitted By:** Finance Department | **Action Required:**<br><br>√ **Ordinance**<br>Resolution | **Approved By:**<br><br><br>Delphone Hubbard<br>City Manager |
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| **SYNOPSIS** | An ordinance to authorize the City of Little Rock to issue a Promissory Note in the principal amount of Five Million Dollars ($5,000,000.00) pursuant to Arkansas Constitutional Amendment No. 78 and applicable Arkansas law; to enter into a contract with Regions Equipment Finance Corporation for the Note which will bear interest at a rate of 3.95% per annum and will be repaid through five substantially equal annual amortized installments of principal and interest. The bond proceeds will be used to finance the acquisition of self-contained breathing apparatus for the Little Rock Fire Department. |
| **FISCAL IMPACT** | The principal amount of the Promissory Note is $5,000,000, with interest accruing at a fixed annual rate of 3.95%. The Note will be repaid over a five-year period through five substantially equal annual amortized payments of principal and interest. Annual debt service will be paid from the City's General Fund revenues as required by Amendment No. 78. The Ordinance appropriates sufficient General Fund revenues for payment of the annual debt service obligations. The issuance will provide short-term financing for the acquisition of self-contained breathing apparatus without requiring payment of the full acquisition cost from current-year appropriations. |
| **RECOMMENDATION** | Pass the Ordinance. |
| **BACKGROUND** | The Little Rock Fire Department proposes to acquire self-contained breathing apparatus necessary to support the health, safety, and operational readiness of City firefighters. The equipment constitutes tangible personal property with an expected useful life of more than one year which qualifies for financing under Arkansas Constitutional Amendment No. 78 and Act No. 1808 of 2001, codified at Title 14, Chapter 78 of the Arkansas Code, which authorizes municipalities to issue |

**BACKGROUND CONTINUED**

notes and use the proceeds to finance the acquisition of tangible personal property having an expected useful life of more than one year, subject to applicable constitutional and statutory limitations.

The City solicited interest rate bids from financial institutions for the proposed financing. Regions Equipment Finance Corporation submitted the lowest bid, offering a fixed interest rate of 3.95% per annum. Regions Equipment Finance Corporation has offered to purchase the City's Promissory Note at par in accordance with its Letter of Offer and Representations.

The proposed Ordinance authorizes the issuance of the $5,000,000 Note, establishes the interest rate and repayment terms, provides for payment of annual debt service from the City's General Fund revenues, and authorizes City officials to execute the documents necessary to complete the financing. The Ordinance also includes the customary covenants and provisions necessary to preserve the federal income tax treatment of the interest on the Note, including provisions concerning arbitrage, private activity use, reimbursement of expenditures, and required federal reporting.

The Ordinance further provides that the aggregate principal amount of the Note, together with the City's outstanding indebtedness issued or incurred under Amendment No. 78, will not exceed five percent (5%) of the assessed value of taxable property located within the City, as determined by the last tax assessment.

Approval of the Ordinance will authorize the City to proceed with the financing and acquisition of the self-contained breathing apparatus for the Little Rock Fire Department and will provide the Department with the necessary equipment while spreading the cost of the acquisition over the five-year term of the Note.