

ORDINANCE NO. 2012-07

AN ORDINANCE AUTHORIZING THE ISSUANCE OF A PROMISSORY NOTE TO PROVIDE SHORT-TERM FINANCING UNDER AMENDMENT NO. 78 TO THE ARKANSAS CONSTITUTION FOR THE ACQUISITION OF POLICE VEHICLES AND EQUIPMENT; AND PRESCRIBING OTHER MATTERS PERTAINING THERETO.

WHEREAS, the City of Bryant, 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 issue notes and to expend the proceeds thereof to finance all or a portion of the cost of acquiring and constructing real property or tangible personal property having an expected useful life of more than one (1) year; and

WHEREAS, the City proposes to acquire police vehicles and equipment (the "Police Equipment"); and

WHEREAS, it is proposed that the City issue its promissory note in the principal amount of \$1,300,000 (the "Note") under Amendment No. 78 and the Authorizing Legislation for the purpose of financing the costs of acquiring the Police Equipment; and

WHEREAS, the City has made arrangements with IBERIABANK (the "Purchaser") to purchase the Note;

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

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

Section 2. The issuance of the Note in the principal amount of \$1,300,000 is hereby authorized under Amendment No. 78 and the Authorizing Legislation in order to finance the costs of the acquisition of the Police Equipment. The Note shall be dated the date of issuance (the "Closing Date") and shall bear interest on the outstanding principal amount at the rate of 1.70% per annum. The Note shall be subject to prepayment in whole or in part at any time.

Section 3. The Note shall be sold to the Purchaser for the purchase price of 100% of par. The purchase price shall be paid in multiple advances as follows: (a) \$600,000 on the Closing Date; (b) \$400,000 on May 14, 2012 and (c) \$300,000 on June 15, 2012. The Note

shall be repaid in four annual amortized installments of principal and interest, commencing one year from the Closing Date and on the same day of each year thereafter, with the final payment due not later than 48 months after the Closing Date.

Section 4. As provided in Amendment No. 78, the 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 general revenues of the City sufficient for such purposes. The Finance Director is hereby authorized and directed to withdraw general revenues in the amounts and at the times necessary to make the debt service payments on the Note.

Section 5. (a) The City covenants with the Purchaser 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 payable on the Note to be included in gross income for federal income tax purposes. Without limiting the generality of the foregoing, the City covenants with the Purchaser that the proceeds of the sale of the Note will not be used directly or indirectly in such manner as to cause the Note 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 covenants with the Purchaser that it will not use or permit the use of the Police Equipment or the proceeds of the Note in such manner as to cause the Note to be a "private activity bond" within the meaning of Section 141 of the Code. In this regard, the City covenants with the Purchaser (i) that it will not use (directly or indirectly) the proceeds of the Note to make or finance loans to any person, and (ii) that while the Note is outstanding the Police 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 Note is hereby designated as a "qualified tax-exempt obligation" (bank qualified) within the meaning of the Code. The City represents to the Purchaser 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 2012 is not expected to exceed \$10,000,000.

(d) The City expects to spend all proceeds of the Note within six months of the Closing Date to acquire the Police Equipment.

(e) The City covenants with the Purchaser that it will not reimburse itself from Note proceeds for any costs paid prior to the date the Note is issued except in compliance with United States Treasury Regulation No. 1.150-2 (the "Regulation"). This Ordinance shall constitute an "official intent" for purposes of the Regulation.

(f) The City covenants with the Purchaser 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 Note is issued, a statement concerning the Note which contains the information required by Section 149(e) of the Code.

Section 6. The City covenants with the Purchaser that it will provide the Purchaser with the following information while the Note is outstanding:

(a) not later than 90 days after the end of each fiscal year, financial statements of the City for such fiscal year; and

(b) not later than December 31 of each year, a budget for the next fiscal year.

Section 7. The Note may be secured by a lien on and security interest in all or a portion of the Police Equipment.


Section 8. The Mayor and City Clerk, for and on behalf of the City, are hereby authorized and directed to do any and all things necessary to evidence and grant a lien on and security interest in the Police Equipment to secure the Note and to effect the issuance, execution, sale 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, to execute all papers, documents, agreements, certificates and other instruments that may be required for the carrying out of such authority or to evidence the exercise thereof.

Section 9. The provisions of this Ordinance are hereby declared to be separable, and if any section, phrase or provision shall for any reason be declared to be invalid, such declaration shall not affect the validity of the remainder of the sections, phrases and provisions.

Section 10. All ordinances, resolutions and parts thereof in conflict herewith are hereby repealed to the extent of such conflict.

PASSED: March 1, 2012

APPROVED:



Mayor

ATTEST:



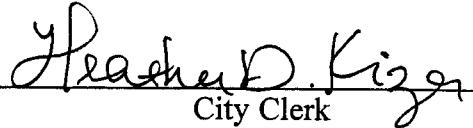
City Clerk

(SEAL)

CERTIFICATE

The undersigned, City Clerk of the City of Bryant, Arkansas (the "City"), hereby certifies that the foregoing pages are a true and perfect copy of Ordinance No. 2012-07, adopted at a Special Session of the City Council at 5:30 p.m., on the 1 day of March, 2012, and that the Ordinance is of record in Ordinance Record Book No. 2012, at page 44, now in my possession.

GIVEN under my hand and seal on this 1 day of March, 2012.


City Clerk

(SEAL)