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City of Conway, Arkansas
Ordinance No. O-12-47

AN ORDINANCE AUTHORIZING THE ISSUANCE OF A PROMISSORY NOTE TO PROVIDE SHORT-TERM FINANCING UNDER AMENDMENT NO. 78 TO THE ARKANSAS CONSTITUTION FOR CERTAIN INFRASTRUCTURE IMPROVEMENTS REQUIRED FOR THE RELOCATED CONWAY MUNICIPAL AIRPORT; PROVIDING FOR PAYMENT OF THE PRINCIPAL OF THE INTEREST ON THE NOTE; APPROPRIATING FUNDS FROM THE SALE OF EXISTING AIRPORT PROPERTY FOR LOAN REPAYMENT AND AIRPORT IMPROVEMENTS; 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 Title 14), 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, the City is required, by special conditions in the several Federal Aviation Administration grants the City has received, to utilize the proceeds from the sale or value of the existing Cantrell Field property to provide aviation related infrastructure and improvements at the Relocated Conway Airport. The City desires to maintain and operate the existing Cantrell Field until the Relocated Conway Municipal Airport is opened and available to accommodate the aviation needs of the City and thus must postpone the closing of the sale of existing Cantrell Field property until the relocated facility is open. The infrastructure and improvements funded by the proceeds for the sale of the existing Cantrell field are necessary for the opening an operation of he Relocated Conway Airport; and

WHEREAS, it is proposed that the City issue its Promissory Note in the principal amount up to \$7,500,000 (the "Note") under Amendment No. 78 and the Act for the purpose of interim financing all or a portion of the cost for certain infrastructure improvements to be funded by proceeds from the sale of the existing Cantrell Field at the Relocated Conway Municipal Airport in the Lollie Bottoms area of Conway. Specifically the construction, architectural, engineering and other related cost associated with the Terminal Building and furnishings, hangers for aircraft, aviation related parking areas and driveways, offsite and onsite waterlines, wastewater facilities to accommodate airport uses, aviation fueling facilities, equipment to provide aviation aids, buyout of existing Cantrell Filed FBO Lease, mitigate nearby waterfowl and wildlife attractant areas, airport operation and maintenance equipment, and loan accrued interest (the "Projects"); 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 Projects are 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 Note and the outstanding principal amount of the City's promissory notes 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 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 Note is hereby authorized and ordered issued in the principal amount up to \$7,500,000 for the purpose of financing all or a portion of the cost for construction of improvements upon, and/or acquisition of, the Property and paying expenses of issuing the Note. The Note shall be dated the date of issuance and shall bear interest on the outstanding principal amount at a fixed rate not to exceed 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 upon the sale of existing City of Conway's Cantrell Field property or alternate financial arrangements

in a lump sum amount equal to the principal and all accumulated and accrued interest. The Note shall be issued in fully registered form. If required by the lender, the mayor is hereby authorized to pledge the existing 151 acres of land associated with existing Cantrell Field as security for the loan and said the city will transfer title to said property to the lender if the loan is not repaid.

SECTION 3. That the Lender shall be selected by the Mayor, and approved by the City Council, based upon the commitment or proposal for the Loan that the Mayor determines to have the lowest cost to the City. The City has solicited proposals or commitments for the Loan from at least three financial institutions having offices in Faulkner County. The Mayor shall have the right to reject any and all proposals and commitments.

SECTION 4. That the first draw on the borrowings will occur on or about June 1, 2012 and the City will execute the Promissory Note prior to that date. Interest will begin to accrue on only the amount borrowed as of the date of the first draw on borrowings.

SECTION 5. The debt service payments on the Note repayment shall be charged against and paid from the general revenue of the City within five years. For the purpose of making the debt service, sufficient proceeds from the sale of the existing Cantrell Filed Property (151 Acres) to cover the repayment of all funds borrowed under this agreement along with accrued interest, and shall be, deposited in general revenue of the City sufficient for such purposes. Upon closing of the sale of said property and deposit of those funds in the General Fund account, the City's Director of Finance is hereby authorized and directed to withdraw from the General Fund of the City the amounts necessary to make the lump sum debt service payment on the Note.

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 such borrowings are hereby appropriated and budgetary authority is provided for the Projects in an amount up to \$7,500,000.

SECTION 10: That funds provided be appropriated from General Fund Proceeds of Promissory Note revenue account (001.109.4612) into General Fund airport CIP project account (001.109.5990) as projects are awarded, money is borrowed and received for the Projects in an amount up to \$7,500,000.

Passed on this 8th day of May, 2012.

Attest:



Michael O. Garrett
City Clerk/Treasurer

Approved:



Mayor Tab Townsell