

RESOLUTION NO. R-03- de

A RESOLUTION AUTHORIZING THE ENTRY INTO AN AGREEMENT TO ISSUE BONDS FOR THE PURPOSE OF ASSISTING IN THE FINANCING OF INDUSTRIAL FACILITIES WITHIN OR NEAR THE CITY OF CONWAY, ARKANSAS, TO BE LEASED TO IG ARKANSAS LLC PURSUANT TO THE AUTHORITY OF THE LAWS OF THE STATE OF ARKANSAS, INCLUDING PARTICULARLY AMENDMENT 65 TO THE ARKANSAS CONSTITUTION AND THE MUNICIPALITIES AND COUNTIES INDUSTRIAL DEVELOPMENT REVENUE BOND LAW

WHEREAS, the City of Conway, Arkansas, is authorized under the provisions of Amendment 65 to the Arkansas Constitution and the Municipalities and Counties Industrial Development Revenue Bond Law, Arkansas Code Annotated §§ 14-164-201 to -224 (Repl. 1998 & Supp. 2001) (the "Act"), to own, acquire, construct, equip, and lease facilities to secure and develop industry and to assist in the financing thereof by the issuance of bonds payable from the revenues derived from such facilities; and

WHEREAS, IG Arkansas LLC (the "Company"), has evidenced its interest in acquiring, constructing, and equipping an industrial facility within or near the City if the permanent financing can be provided through the issuance of bonds under the authority of the Act; and

WHEREAS, the City desires to assist the Company in order to secure and develop industry within or near the City, and to aid in the financing thereof under the provisions of the Act; and

WHEREAS, it is desirable that the City enter into an Agreement to Issue Bonds for such purpose.

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

Section 1. The Mayor and the City Clerk of the City are hereby authorized to enter into an Agreement to Issue Bonds in substantially the form and substance as follows:

AGREEMENT TO ISSUE BONDS

THIS AGREEMENT is made as of March 13th, 2003, by and between the City of Conway, Arkansas, a city of the first class under the laws of the State of Arkansas (the "City"), and IG Arkansas LLC (the "Company"), for the purpose of carrying out the purposes set forth in the Municipalities and Counties Industrial Development Revenue Bond Law, Arkansas Code Annotated §§ 14-164-201 to -224 (Repl. 1998 & Supp. 2001) (the "Act").

WITNESSETH:

WHEREAS, the City is authorized by Amendment 65 to the Arkansas Constitution and the Act to own, acquire, construct, reconstruct, extend, equip, improve,

operate, maintain, sell, lease, or contract concerning, or otherwise deal in or dispose of any land, buildings, or facilities of any and every nature that can be used in securing or developing industry within or near or near the City; and

WHEREAS, the City has determined that such purposes may be served by cooperation with the Company in the acquisition, construction, and equipping of an industrial facility within or near the City, consisting of acquisition of land, existing buildings, and improvements, renovation of existing buildings and improvements, and acquisition of equipment for the manufacture of cargo trailers (the "Project"); and

WHEREAS, the City and the Company desire to cooperate in the acquisition, constructing, and equipping of the Project and to have the costs of the Project financed from the proceeds of revenue bonds of the City (the "Bonds") to be issued pursuant to the Act in an aggregate principal amount now estimated not to exceed \$3,000,000 (excluding any bonds issued to refund the Bonds); and

WHEREAS, the City and the Company intend to enter into a Lease Agreement (the "Lease") of the real and personal property constituting the Project, which contemplates that the Project will be leased to the Company, with an option to purchase for a nominal price, and the rental payments therefor together with other moneys available shall be sufficient to pay debt service on the Bonds and all related costs;

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration under the mutual benefits, covenants, and agreements herein expressed, the City and the Company agree as follows:

1. **Proceedings.** All proceedings in connection with the issuance of the Bonds shall be consistent with the requirements of the Act. All references contained herein to the issuance of the Bonds shall be subject to compliance with the formalities of the Act when the facts required to do so are determined.

2. **Acquisition, Construction, and Equipping.** The City and the Company will cooperate in causing to be commenced and continued the required acquisition, construction, and equipping of the Project, and the Company may provide, or cause to be provided, the necessary interim financing to permit work on the Project to commence and continue expeditiously pending the issuance of Bonds. Not later than the date of issuance of the Bonds, the Company will convey and transfer or cause to be conveyed and transferred to the City, for an amount approximately equal to that then expended by the Company (including at the Company's option any costs of interim financing), the Project or portions thereof theretofore acquired, constructed, and equipped. There shall also be conveyed to the City any easements and rights-of-way necessary to permit construction, equipping, installation, operation, and maintenance of the Project or such portion.

3. **Lease.** The City and the Company shall enter into the Lease under which the Company will lease the Project, with an option to purchase for a nominal price, from the City and will agree to make rental payments sufficient to pay the principal of and premium, if any, and interest on the Bonds, together with all charges of any Trustee and any Paying Agent for the Bonds.

4. **Sale of Bonds, Security.** The City will take such steps as are necessary to issue, sell, and deliver the Bonds, pursuant to the terms of the Act, for the purposes of financing the costs of the Project, in each case only upon receipt of the written designation by the Company of the purchaser(s) or underwriter(s) thereof, such Bonds to be in such principal amount, to mature in such amount and times, to bear interest at such rate or rates, to be payable on such dates, and to have such optional and mandatory redemption features and prices as are determined by the City and approved in writing by the Company. The City further agrees that it will enter into the Lease and a trust indenture with a bank or trust company, qualified to exercise trust powers where necessary, for the purpose of providing rental payments sufficient, with other amounts available from the Company or directly or indirectly from the proceeds of the Bonds, to pay the principal of and premium, if any, and interest on the Bonds as they become due together with the charges of any Trustee and Paying Agent for the Bonds, and pledging and otherwise securing the payment of such rental payments for the benefit of the holder(s) of the Bonds. The Lease, the trust indenture, other related documents, and the Bonds shall contain such terms and conditions as are agreed upon by the City and the Company. The City will cooperate in consummating the transactions so contemplated and in attempting to realize the desire of the parties hereto that the interest on all Bonds be excluded from gross income for purposes of Federal income taxation.

5. **Bonds to be Special Obligations.** The City shall have no financial responsibility with respect to the Project, the Bonds, or the costs associated with either, and the Bonds shall be special obligations of the City and shall never constitute a general obligation, indebtedness, or pledge of the credit of the City within the meaning of any constitutional or statutory provision and shall never be paid in whole or in part out of any funds raised or to be raised by taxation or any other revenues or other funds of the City except those (including unexpended Bond proceeds) derived from or in connection with the sale or lease of the Project as provided for herein.

6. **Conditions of Issuance.** The Bonds may be issued either at one time or in several series from time to time, in such aggregate principal amount or amounts as the Company shall request in writing; provided, however, that all conditions of the Act shall have been met. It is further agreed that the proceeds of the Bonds shall not be invested so as to constitute any of the Bonds as arbitrage bonds within the meaning of section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and applicable regulations promulgated pursuant thereto.

7. **Costs to be Financed.** The costs of the Project may include any costs permissible under the Act, including but not limited to reasonable and necessary costs, expenses, and fees incurred by the City in connection with the issuance of the Bonds or in connection with the Project, such as out-of-pocket expenses incurred by any employee of the City; fees and out-of-pocket expenses of Rose Law Firm, a Professional Association, as bond counsel; fees and expenses of any trustee; fees and expenses, if any, required in connection with the underwriting or placement of the Bonds; recording costs; rating agency's fees, if any; and printing costs. The City will upon request provide or cause to be provided any data or information which may be reasonably required to verify any of the costs, expenses, and fees enumerated above.

8. **Termination.** In the event that the Bonds shall not be sold within three years from the date hereof, this Agreement shall automatically terminate unless the parties hereto shall agree in writing to its extension for a further period of time specified in such writing, which agreement on the part of the City shall not be unreasonably withheld. The Company may unilaterally terminate this Agreement without liability to the City (except for any amounts due and owing by the Company to the City arising out of the transactions occurring on or before the time of such termination, which shall be promptly paid by the Company to the City) by giving notice by ordinary mail, postage prepaid, to the City specifying therein the date of termination, which may be the date of the notice.

9. **Company's Expectations.** The Company hereby declares its official intent pursuant to United States Treasury Regulation § 1.150-2 to reimburse itself for original expenditures made in planning, designing, acquiring, constructing, and equipping the Project between the date that is 60 days prior to the date of this Resolution and the date the Bonds are issued, plus a de minimis amount and preliminary expenditures, as such terms are defined in § 1.150-2(f) of the Federal Income Tax Regulations.

10. **Protection to the City.** The Company shall pay all of the City's costs and expenses reasonably and necessarily incurred in connection with this Agreement or any other related document or instrument. The Company will at all times indemnify and hold harmless the City against any and all losses, costs, damages, expenses, and liabilities of whatsoever nature directly or indirectly resulting from, arising out of, or related to matters in connection with this Agreement.

11. **Ad Valorem Taxation Exemption.** The City and the Company recognize that under the Arkansas Constitution and decisions of the Supreme Court of Arkansas and in accordance with Arkansas Code Annotated (Repl. 1998 & Supp. 2001) §§ 14-164-701 to -703, the Project will be exempt from ad valorem taxation. The City agrees that the Company shall be required to enter into an Agreement for Payments in Lieu of Taxes ("PILOT Agreement") with the City for payments in lieu of a portion of the ad valorem taxes that would otherwise be levied by local public bodies with taxing authority.

12. **Purpose and Effect.** The Bonds are to be issued, sold, and delivered under the authority of the Act and all related actions and documents shall be in conformity therewith. The City intends this Agreement to be the expression of its present intent, pursuant to the terms hereof, to issue the Bonds up to \$3,000,000 aggregate principal amount outstanding at any one time, and also to issue additional Bonds if the Project costs exceed such amount, and to expend the Bond proceeds to defray the costs of the Project. The City considers this Agreement to be its declaration of intent to reimburse an original expenditure with proceeds of an obligations for all purposes of § 1.150-2(f) of the Federal Income Tax Regulations.

13. **Assignment.** The Company may assign this Agreement in whole or in part to an affiliate of the Company without the prior written consent of the City. Notwithstanding the foregoing, no assignment and no dealings or transactions between the City and any assignee shall relieve the Company of any of its obligations under this Agreement.

IN WITNESS WHEREOF, the City of Conway, Arkansas, acting pursuant to a Resolution of its City Council, has caused its name to be hereunto subscribed by its Mayor and the Company has caused its corporate name to be subscribed hereto by its duly authorized officer, all as of the year and date first above written.

CITY OF CONWAY, ARKANSAS

By: *Tab Townsell*
Mayor

IG ARKANSAS LLC

By: _____
Chief Executive Officer

Section 2. This Resolution shall be in full force and effect from and after its adoption.

PASSED this 13th day of March 2003.

Tab Townsell
TAB TOWNSELL, MAYOR

ATTEST:

Michael O. Garrett
MICHAEL O. GARRETT, CITY CLERK