

ORDINANCE NO. 2016-09

AN ORDINANCE AUTHORIZING THE EXECUTION AND DELIVERY OF AN AMENDMENT TO LEASE-PURCHASE AGREEMENT BETWEEN THE CITY OF MALVERN, ARKANSAS AND THE ARKANSAS NATURAL RESOURCES COMMISSION FOR THE PURPOSE OF REDUCING THE INTEREST RATE ON THE FINANCING OF EXTENSIONS, BETTERMENTS AND IMPROVEMENTS TO THE CITY'S WATER FACILITIES; PRESCRIBING OTHER MATTERS RELATING THERETO; AND DECLARING AN EMERGENCY.

WHEREAS, the City of Malvern, Arkansas (the "City") owns a water and sewer system (the "System"); and

WHEREAS, in order to finance a portion of the costs of extensions, betterments and improvements to the water facilities of the System, including particularly, without limitation, a water line and other improvements that provide wholesale water service to the Town of Poyen and the Fenter community, the City entered into a Lease-Purchase Agreement with the Arkansas Natural Resources Commission (formerly the Arkansas Soil and Water Conservation Commission) dated July 22, 2005 (the "Lease-Purchase Agreement"); and

WHEREAS, the Arkansas Natural Resources Commission has agreed, effective June 1, 2016, to reduce the interest rate on the Lease-Purchase Agreement from 4.5% per annum to 3.9% per annum if the City will agree that it will not exercise its option to purchase under the Lease-Purchase Agreement prior to June 1, 2026; and

WHEREAS, the outstanding principal amount of the Lease-Purchase Agreement as of June 1, 2016 is \$1,084,569 and the City will realize a savings as a result of the reduction of the interest rate; and

WHEREAS, the Lease-Purchase Agreement was authorized by the City pursuant to Ordinance No. 05-11 adopted June 13, 2005;

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

Section 1. The Amendment to Lease-Purchase Agreement is hereby approved and the Mayor and the City Clerk are hereby authorized and directed to execute and deliver the Amendment to Lease-Purchase Agreement for and on behalf of the City, in substantially the form and content now before this meeting, but with such changes, modifications, additions and

deletions therein from the form and content of the Amendment to Lease-Purchase Agreement now before this meeting as shall be approved by the Mayor, her execution to constitute conclusive evidence of such approval.

Section 2. All ordinances and resolutions and parts thereof in conflict herewith are hereby repealed to the extent of such conflict.

Section 3. It is hereby ascertained and declared that the Amendment to Lease-Purchase Agreement must be effective immediately in order to lower the interest cost on obligations of the System. Therefore, it is declared that an emergency exists and this Ordinance being necessary for the preservation of the public peace, health and safety shall be in force and take effect immediately upon and after its passage.

ADOPTED THIS DATE: June 13, 2016.

APPROVED:

Brenda J. Welder  
Mayor

ATTEST:

Phyllis Dial  
City Clerk

(SEAL)

CERTIFICATE

The undersigned, City Clerk of the City of Malvern, Arkansas (the "City"), hereby certifies that the foregoing pages are a true and perfect copy of Ordinance No. 2016-09 adopted at a regular session of the City Council of the City, held at the regular meeting place in the City at 7 o'clock p.m., on the 13<sup>th</sup> day of June, 2016, and that the Ordinance is of record in Ordinance Record Book No. 2016, Page 09, now in my possession.

GIVEN under my hand and seal on this 14<sup>th</sup> day of June, 2016.

Hughes  
City Clerk

(SEAL)