

ORDINANCE NO. 2019-1

AN ORDINANCE CALLING A SPECIAL ELECTION IN THE CITY OF VILONIA, ARKANSAS ON THE QUESTIONS OF ISSUING BONDS UNDER AMENDMENT NO. 62 TO THE CONSTITUTION OF THE STATE OF ARKANSAS FOR THE PURPOSE OF FINANCING AND REFINANCING THE COST OF CAPITAL IMPROVEMENTS; LEVYING A ONE-HALF OF ONE PERCENT (0.5%) SALES AND USE TAX AND A ONE-QUARTER OF ONE PERCENT (0.25%) SALES AND USE TAX FOR THE PURPOSE OF RETIRING SUCH BONDS; AND PRESCRIBING OTHER MATTERS PERTAINING THERETO.

WHEREAS, the City Council of the City of Vilonia, Arkansas (the "City") has determined that the City is in need of extensions, betterments and improvements to the City's sewer system (the "Sewer Improvements"); and

WHEREAS, pursuant to a special election held September 10, 2013, the City issued and has outstanding its Sales and Use Tax Bonds, Series 2013 (the "2013 Bonds"); and

WHEREAS, the 2013 Bonds financed park and recreational improvements and are secured by and payable from collections of 0.5% City-wide sales and use tax levied pursuant to Ordinance No. 2013-3 of the City adopted June 13, 2013 (the "2013 0.5% Tax"); and

WHEREAS, the City Council of the City has determined to refund the 2013 Bonds (the "Refunding"); and

WHEREAS, the City Council proposes to issue capital improvement bonds (the "Bonds") under the authority of Amendment No. 62 to the Constitution of the State of Arkansas ("Amendment 62") and Title 14, Chapter 164, Subchapter 3 of the Arkansas Code of 1987 Annotated (the "Authorizing Legislation"), allocated as follows: (i) \$4,845,000 in maximum principal amount for the Sewer Improvements and (ii) \$1,005,000 in maximum principal amount for the Refunding; and

WHEREAS, the Bonds will finance all or a portion of the costs of the Refunding with any balance to be paid with funds held in connection with the 2013 Bonds; and

WHEREAS, the Bonds will finance a portion of the costs of the Sewer Improvements with the balance to be financed with revenue bonds to be issued by the City and available funds of the City; and

WHEREAS, the City can pay the principal of and interest on the Bonds from the proceeds of two new City-wide sales and use taxes to be levied under the authority of the Authorizing Legislation as follows: (i) a 0.5% sales and use tax (the "Replacement 0.5% Tax") that will replace the 2013 0.5% Tax and (ii) a 0.25% sales and use tax (the "New 0.25% Tax"); and

WHEREAS, the purpose of this Ordinance is to submit to the electors of the City the questions of issuing the Bonds for the Sewer Improvements and the Refunding under Amendment 62 and the Authorizing Legislation at a special election to be called for that purpose and to levy the Replacement 0.5% Tax and the New 0.25% Tax on the receipts from the sales at retail within the City of all items which are subject to taxation under the Arkansas Gross Receipts Act of 1941, as amended (A.C.A. §§26-52-101, et seq.), and the receipts from storing, using, distributing or consuming within the City tangible personal property under the Arkansas Compensating Tax Act of 1949, as amended (A.C.A. §§26-53-101, et seq.) (collectively, the "Sales and Use Taxes");

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

Section 1. There is hereby called a special election to be held on November 12, 2019, at which election there shall be submitted to the electors of the City the questions of issuing the Bonds under Amendment 62 and the Authorizing Legislation to pay all or a portion of the costs of accomplishing the Refunding and the Sewer Improvements in the maximum principal amounts described above, to be payable from collections of the Sales and Use Taxes remaining after deduction of the administrative charges of the State of Arkansas and required rebates.

Section 2. In order to provide for the payment of the principal of and interest on the Bonds and all obligations of the City in connection therewith, there is hereby levied the Replacement 0.5% Tax and the New 0.25% Tax, for a combined sale and use tax rate of 0.75%. The levy of the Sales and Use Taxes shall not become effective until the special election called in Section 1 above has been held and the issuance of the Bonds for one or both purposes is approved by the voters; provided, however, that no Bonds will be issued unless the issuance of the Bonds for the Refunding is approved. The effective date of the Replacement 0.5% Tax will be the day following the date the 2013 0.5% Tax is terminated. The effective date of the New 0.25% Tax shall be in accordance with the Authorizing Legislation. The Sales and Use Taxes shall be levied and collected on the gross receipts, gross proceeds or sales price in the maximum amount allowed from time to time by Arkansas law, subject to rebates and limitations as from time to time required by Arkansas statutes for certain single transactions.

Section 3. The questions of issuing the Bonds and levying the Sales and Use Taxes shall be placed on the ballot for the election in substantially the following form:

If the bonds for one or both purposes are approved and one of such purposes is the Refunding Bonds, there will be levied two new sales and use taxes, one at the rate of 0.5% and one at the rate of 0.25%, for a combined rate of 0.75%, the net collections of which remaining after the State of Arkansas deducts its administrative charges and required rebates, will be used solely to retire the bonds and obligations of the City with respect thereto. The tax levied at the rate of 0.5% will replace the City's existing 0.5% sales and use tax levied in 2013 for the sole purpose of retiring bonds. The effective date of the new 0.5% tax will be the day following the date the existing 0.5% tax is terminated. The effective date of the new 0.25% tax will be in accordance with Arkansas law. The combined rate of taxation will not exceed 0.75% even if bonds for both

purposes are approved. The bonds described below that are approved may be combined into a single issue or may be issued in series from time to time.

REFUNDING BONDS

Bonds of the City of Vilonia in the maximum principal amount of \$1,005,000 for the purpose of refunding the City's outstanding Sales and Use Tax Bonds, Series 2013 and, in order to pay the bonds, the levy and pledge of two local sales and use taxes within the City, one at a rate of 0.5% and one at a rate of 0.25%, for a combined rate of 0.75%.

FOR.....

AGAINST.....

SEWER IMPROVEMENT BONDS

Bonds of the City of Vilonia in the maximum principal amount of \$4,845,000 for the purpose of financing a portion of the costs of extensions, betterments and improvements to the City's sewer system, with the balance to be financed with the proceeds of revenue bonds to be issued by the City and available funds of the City, and, in order to pay the bonds, the levy and pledge of two local sales and use taxes within the City, one at the rate of 0.5% and one at the rate of 0.25%, for a combined rate of 0.75%.

FOR.....

AGAINST.....

Section 4. The election shall be held and conducted and the vote canvassed and the results declared under the law and in the manner now provided for municipal elections unless otherwise provided in the Authorizing Legislation and only qualified voters of the City shall have the right to vote at the election.

Section 5. The results of the election shall be proclaimed by the Mayor, and his Proclamation shall be published one time in a newspaper having a general circulation in the City, which Proclamation shall advise that the results as proclaimed shall be conclusive unless attacked in the courts within thirty days after the date of publication.

Section 6. A copy of this Ordinance shall be filed with the Faulkner County Clerk at least 60 days prior to the date of the special election. A copy of this Ordinance shall be given to the Faulkner County Board of Election Commissioners so that the necessary election officials and supplies may be provided. A certified copy of this Ordinance shall also be provided to the Commissioner of Revenues of the State of Arkansas as soon as practical.

Section 7. The Mayor and City Recorder, for and on behalf of the City, are hereby authorized and directed to do any and all things necessary to call and hold the special election as herein provided and to perform all acts of whatever nature necessary to carry out the authority conferred by this Ordinance.

Section 8. If any Bonds are approved and issued, the City intends to negotiate with Stephens Inc., which has assisted the City in preparation of the Bond size and repayment structure, for the sale of such Bonds.

Section 9. When provision has been made for the retirement of the 2013 Bonds as a result of the issuance of the Bonds for the Refunding, the 2013 0.5% Tax shall be abolished at the proper time so that the 2013 0.5% Tax and the Replacement 0.5% Tax are not in effect at the same time. Collections of the 2013 0.5% Tax received after the date the Bonds are issued shall be used, if necessary or appropriate, to provide for the payment of the Bonds.

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


PASSED: August 20, 2019.

APPROVED:

ATTEST:



City Recorder



Mayor

(SEAL)

CERTIFICATE

The undersigned, City Recorder of Vilonia, Arkansas hereby certifies that the foregoing pages are a true and perfect copy of Ordinance No. 2019-1, passed at a regular session of the City Council of Vilonia, Arkansas, held at the regular meeting place of the City Council at 7 o'clock p.m., on the 20 day of August, 2019, and that the Ordinance is of record in Ordinance Record Book No. _____, Page _____ now in my possession.

GIVEN under my hand and seal this 20 day of August, 2019.

Eric Simmons
City Recorder

(SEAL)