ORDINANCE 2004-12

AN ORDINANCE TO ADOPT A PROJECT PLAN FOR THE MULBERRY REDEVELOPMENT DISTRICT #1

WHEREAS, the City of Mulberry, Arkansas, a City of the Second Class, pursuant to Amendment 78 of the Arkansas Constitution and Act 1197 of 2001 (Arkansas Code Annotated 14-168-301, et seq.) the Mulberry City Council approved and passed Ordinance # 2004-10 creating the Mulberry Redevelopment District # 1 on November 23, 2004; and

WHEREAS, the Act requires a Project Plan for the Mulberry Redevelopment District # 1.

WHEREAS, pursuant to Section 7 of the Act, notice has been hand delivered to the chief executive officer of all local governmental districts and to the Board of the Mulberry School District and was published in the general circulation newspaper; and

WHEREAS, the Crawford County Tax Assessor's Certification has been received as required by Section 7 (c) (5) of the Act; and

WHEREAS, on December 21, 2004, a Public Hearing was held at which interested parties were afforded a reasonable opportunity to express their views on the Proposed Project Plan.

NOW, THEREFORE BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF MULBERRY, ARKANSAS:

SECTION 1. The Project Plan for the Mulberry Redevelopment District # 1 has been prepared and is hereby approved. The following Project Plan 30 pages attached hereto and made a part by reference.

SECTION 2. The City has determined that the Project Plan has been reviewed and is economically feasible

SECTION 3. The provisions of this ordinance are hereby declared to be severable and separable and if any such provision shall for any reason be held illegal or invalid, such holding shall not affect the validity of the remainder of this ordinance.

SECTION 4. That all ordinances or parts of ordinances in conflict herewith are hereby repealed.

PASSED AND APPROVED THIS 21ST DAY OF DECEMBER 2004.

APPROVED: _____
Jeff Marvin, Mayor

ATTEST: _____
Jerry Dickerson, Recorder-Treasurer

CITY OF MULBERRY SEAL

CITY OF MULBERRY, ARKANSAS
MULBERRY REDEVELOPMENT DISTRICT NUMBER 1
(OK INDUSTRIES PROJECT)
PROJECT PLAN

Section One

Introduction

O.K. Industries (the "Developer") is proposing a $36 million master plan related to the development of a fully cooked poultry processing facility situated on approximately 96 acres of land located within The Mulberry Redevelopment District #1 of the City of Mulberry, Arkansas, (the "OK Industries Project").

The Master Plan is specifically designed to benefit the City of Mulberry and surrounding areas by providing critically needed infrastructure improvements to make the project financially feasible. It is estimated that 40% of the populations will receive a more adequate water supply as a direct benefit of the infrastructure improvements. The project will provide in excess of $2,000,000 worth of infrastructure and amenities benefiting the public. The project will encourage the industrial development of the real property, thereby preventing the development and spread of blighted, deteriorated and deteriorating areas, and discourage the loss of commerce, industry and employment.

The OK Industries Facility, with its venders and construction contractors will create a strong regional draw. The development will increase the number of out-of-town visitors as well as improve the quality of available jobs to the residents of Mulberry and the surrounding area. In phase one of the OK Industries Project, approximately 300 new jobs will be created, exclusive of the number of temporary construction jobs.

Section Two

(1) Public Improvements

The proposed public improvements associated with the OK Industries Project are as follows:

Description & Location

a) Construction of 550,000 gallon elevated water storage tank
b) Sanitary Sewer upgrades
c) Water transmission line upgrades & extensions
d) Fire Protection upgrades
e) Street and Road improvements
f) Upgrading Water Treatment Plant capacity
g) Associated costs of Design & Engineering

(2) Economic Feasibility

(a) Construction Start Date Tentative May 1, 2005

* Construction Schedule listed on the following pages.

Detailed construction and engineering time line to be submitted at a later date and attached to this project plan.

(b) Impact Analysis

i) Job Creation

PHASE 1

Approximately 300 jobs will be created upon completion of the proposed OK Industries Project. Of these 300 jobs, all jobs would be classified as new jobs currently not existing within the local market. Additionally, these figures do not take into account the numerous temporary construction jobs needed for the construction of the project.

ii) New Tax Revenues and Overall Economic Impact

The development of the project will create hundreds of local construction and construction-related jobs, with a large percentage of these wages spent on consumer goods in the City of Mulberry. As well we expect a large amount to be spent on consumer goods by those persons regularly employed by OK Industries.

Entity	Sales Tax Rate	Annual Sales Tax
State of Arkansas	6%	$108,000.00
Crawford County	**1%**	$ 18,000.00
City of Mulberry	2%	$ 30,000.00
City of Mulberry Franchise		$30,000.00

c) Estimated Sources and Uses of Funds

Private Financing

Bank of Mulberry Private Placement Bond:	$ 300,000.00
CDBG Fed / State Assistance	$1,000,000.00
Tax Increment Financing:	$1,000,000.00
Total Sources:	$2,300,000.00

Use of Funds:

Construction Proceeds:	$ 2,260.721.00
Capitalized Interest:	$ 29,279.00
Debt Service Reserve:	$ 0.00
Costs of Issuance:	$ 10,000.00
Total Uses:	$ 2,300,000.00

(d) Tax Increment Financing

Tax Increment Finance (TIF) Bonds and/or notes used to fund the. OK Industries Facility TIF Project will be secured by and repayable from 100% of the City, County, and School District Real Estate Tax Increments resulting from the development of the project and allocable to parcels within the Mulberry Redevelopment District # 1. OK Industries, as guarantor of the estimated taxes from the pledged parcels, will be obligated to make minimum payments for the duration of the bonds / notes in an amount equal to annual debt service on the bonds/notes. Such agreements will transfer with property ownership.

(e) Pledged Parcels

The following parcels are being pledged in respect to their real estate tax increments:

Owner	Parcel Number
Kirksey Family	001-06884-000 001-06787-000
Mulberry Industrial Development Corp.	760-00629-013E 760-00629-014E 760-00629-015E 760-01298-003E 760-01298-004E
City of Mulberry	760-00629-012E
City of Mulberry (Industrial Park Rd. (Exsorbet Drive (Marla Lane	All City Streets inside the Mulberry Industrial Park as recorded on Plat 1999-20 (Sept. 29, 1999)

(f) Non-Pledged Parcels

All Parcels within the Mulberry Redevelopment District are being pledged with respect to their real estate tax increments.

(g) Tax Base for Purpose of Increment Calculation

The 2004 assessed value of the Pledged Parcels will be used as the "Base" for calculating the real estate tax increment.

(h) Interest Earnings

Any interest earnings will be used towards debt service on the TIF bonds/notes, including the payment of Capitalized Interest and prepayment of the TIF bond/note as permitted.

(i) Estimated Construction Schedule

IMPROVEMENTS	DATE CONSTRUCTION BEGINS
Public Improvements (Water Storage Tower)	**May 1, 2005**
Ground Breaking for OK Plant	**Aug. 1, 2005**
Sewer Improvements	**Sept. 1, 2005**
Building Construction	**Oct. 1, 2005**
Road Improvements	**Jan. 1, 2006**
Building & Facility Completed	**Oct. 1, 2006**
Project Completion Date	**Jan. 1, 2007**

(3) Estimated Project Costs

The total estimated Costs of the improvements within the OK Industry District are as follows:

Water System Improvements	$ 1,146,000.00
Sanitary Sewer System:	$ 46,400.00
Asphalt/ Gutter/Road Improvements	$ 488,500.00
Layout/Engineering/Observation:	$ 327,626.00
Contingencies	$ 252,195.00
TOTAL	$ 2,260,721.00

(4) Financing of Estimated Project Costs

The proposed financing for the Infrastructure improvements within the Mulberry Redevelopment District and the estimated date that such obligations will be incurred are as follows:

Source	Amount	Estimated Funding Date
CDBG	$1,000,000.00	June 1, 2005
Tax Increment Financing	$1,000,000.00	June 1, 2005
City of Mulberry Bond Issue	$300,000.00	June 1, 2005

(5) Tax Assessor Certification

The certification by the Tax Assessor of Crawford County, Arkansas of the base value, total ad valorem rate, debt service ad valorem rate and the applicable ad valorem rate for the OK Industries District is attached on the following page.

Mulberry, Arkansas

Tax Increment Financing

Tax Assessor Certification

Government Entity	Millage
Mulberry School District	36.4
Crawford County General Fund	1.9
Crawford County Road Fund	3.0
Crawford County Library	1.4
Mulberry City General	3.2
Total	**45.9**

Base Year Calculation

Parcel	Base Value	Assessment Ratio	Assessed Value	Millage Rate	Base Year Tax	2003 Actual
*001-06884-000	5150.00	20%	1030.00	45.9	47.28	
*001-06787-000	4200.00	20%	840.00	45.9	38.56	
760-00629-013E	0		0			
760-00629-014E	0		0			
760-00629-015E	0		0			
760-01298-003E	0		0			
760-01298-004E	0		0			
760-00629-012E	0		0			
Total	***$9,350.00**	**20%**	**$1,870.00**	**45.9**	**85.84**	**$97.83**

Completion Value	Assessment Ratio	Assessed Value	Millage Rate	Total Taxes	Base Year Tax	Potential Increment
$19,000,000.00	20%	$3,800,000.00	45.9	$174,420.00	$85.84	$174,322.17

Assessor Calculations:

* Base Valuation:	9,350.00	X 20 %	=	$1,870.00
* Current (Projected Value)	19,000,000.00	X 20 %	=	$3,800,000.00
* Total Ad Valorem Tax Rate (mills)				45.9
* Debt Service Ad Valorem Tax rate (mills)				11.4
* Applicable Ad Valorem Tax Rate (mills)				34.5

A – (Total Rate X Current Assessed Value	45.9 X 3,800,000.00	=	$174,420.00
B – (Applicable Rate X Base Assessed Value)	34.5 X 1,870.00	=	64.51
C – (Debt Service Rate X Current Assessed Value	11.4 X 3,800,000.00	=	43,320.00
D – (Applicable Rate X Increment Value)	34.5 x (3,800,000.00 - 1,870.00)	=	129,230.00

Percentage Calculations:

A.	64.51	/	174,420.00	=	.1 %
	43,320.00	/	174,420.00	=	25 %
C.	129,230.00	/	174,420.00	=	74.9%
					100.00%

Dianna Faucher

Dianna Faucher
Crawford County Assessor

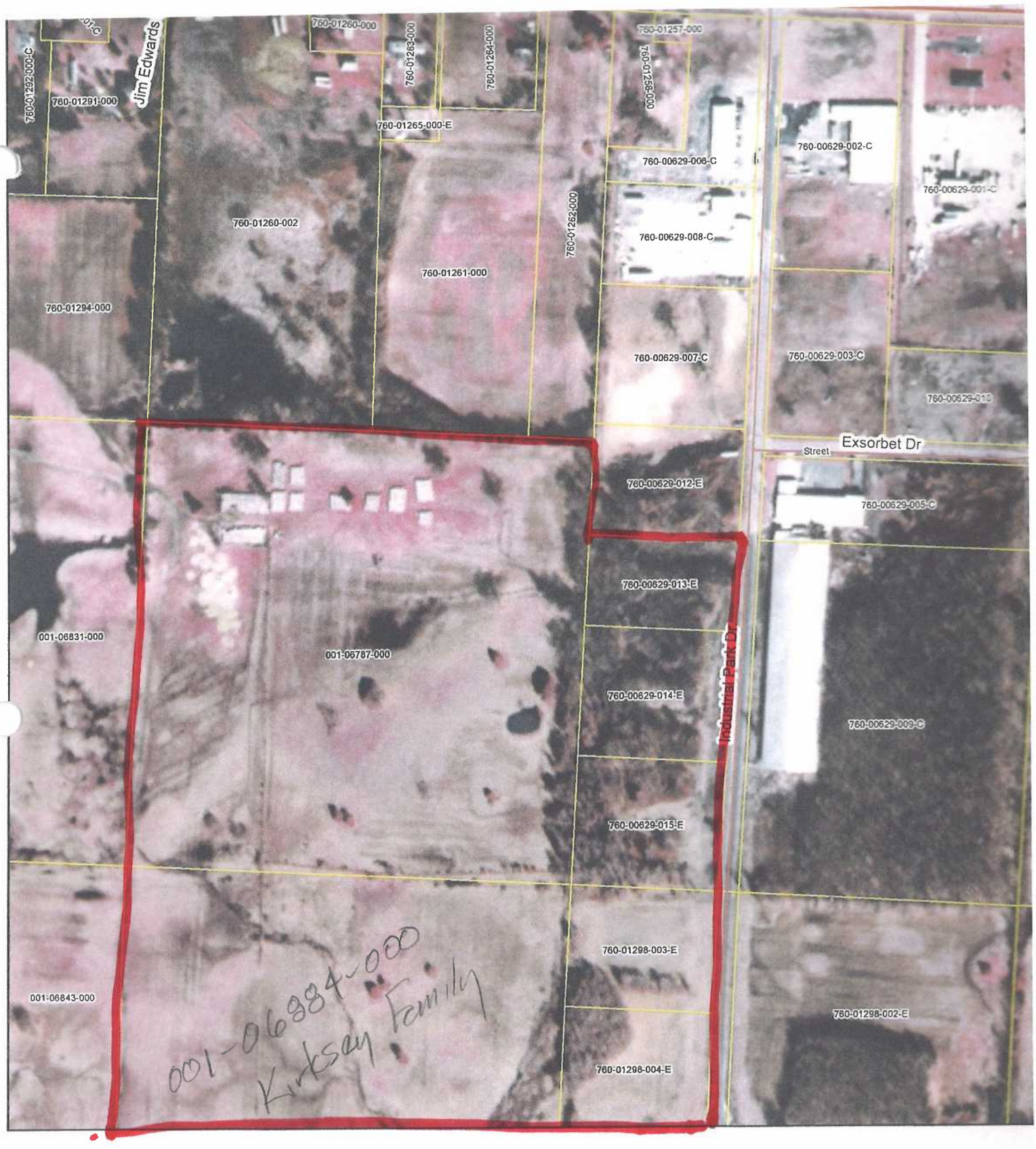
Dec. 16, 2004

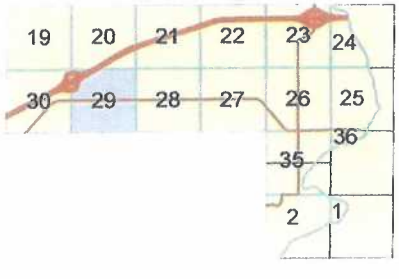
Date Signed

(6) Special Fund – Estimated Deposit of Other Revenues

Property owners will execute minimum payments guarantees which in the aggregate are intended to equal the annual debt service on the tax increment financing obligations. Such amounts will be determined on an annual basis and, if required, deposited to the Special Fund. Further, if it is determined that in order to secure the TIF bonds additional credit enhancement is required (i.e. Letters of Credit/Guarantees), such enhancement will be deposited and/or pledged to the Special Fund.

(7) Map of OK Industries District with Existing Uses





Scale:

400 Feet

Mulberr

This map is provided by the
local review of parcel bo
accuracy of the Crawford Co
omissions to Mi

(8) Map of OK Industries District with Proposed Improvements and Uses

<Hwy 64 West>
<Industrial Park Rd>
N
Fire Station #2
<Exsorbet Dr>
Proposed Poultry Facility
<Air Gas
Railroad

(9) Proposed Zoning Changes

The Pledged Parcels of the OK Industries project are zoned I-1. No zoning change is necessary.

(10) Cross reference to Master Plans, Maps, Building Codes Affected by Project Plan

The Comprehensive Development Plan for the City of Mulberry, although having not been updated for some time, has been used in the past. This Land Use Plan shows that the property located within the OK Industries District will be for a large scale development and heavy industrial development. Therefore, there will be no conflict with the City of Mulberry Development Plan.

The proposed Ok Industries Project will comply with all existing federal, state and local laws, codes and ordinances.

Current building codes utilized by the City of Mulberry will have no adverse affect on the proposed project.

(11) Estimate of Non Project Costs

All costs will be Project Costs as defined in Ark. Code Annotated Section 14-168-301.

(12) Displaced Persons or Businesses

There are no residences located within the OK Industries District that had to be relocated. The balance of the land within the District has been unimproved land for many years.

SECTION 3

(1) Proposed Improvements Financed with TIF Proceeds

Upon designation of the OK Industries District Tax Increment Financing District (the "TIF District"), the City of Mulberry, Arkansas will issue tax-exempt and/or taxable bonds/notes in an amount not to exceed $1 million. The bonds/notes will be repaid from the real estate increments realized by the Mulberry School District (the "School District"), the City of Mulberry (the "City"), and Crawford County, Arkansas (the "County"), and other revenues as described in item (6) resulting from the development of the OK Industries Project and other properties within the TIF District, all of which shall be deposited into the Mulberry Redevelopment District # 1 Special Fund (the "Special Fund").

(2) Estimate of Tax Increment

As detailed in Section 3, the estimated tax increment to be generated upon completion of the project is $1,000,000.00

(3) Calculations for Estimated Tax Increment

The Base Year values of the pledged parcels and the estimated real estate tax increment is shown below:

Government Entity	Millage
Mulberry School District	36.4
Crawford County General Fund	1.9
Crawford County Road Fund	3.0
Mulberry City Library	1.4
Mulberry Police Pension	3.2
Mulberry Fire Pension	
Total	**45.9**

Base Year Calculation

Parcel	Base Value	Assessment Ratio	Assessed Value	Millage Rate	Base Year Tax	2003 Actual
*001-06884-000	5150.00	20%	1030.00	45.9	47.28	
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760-00629-014E	0		0			
760-00629-015E	0		0			
760-01298-003E	0		0			
760-01298-004E	0		0			
760-00629-012E	0		0			
Total	***$9,350.00**	**20%**	**$1,870.00**	**45.9**	**85.84**	**97.83**

Completion Value	Assessment Ratio	Assessed Value	Millage Rate	Total Taxes	Base Year Tax	Potential Increment
$19,000,000.00	**20%**	**$3,800,000.00**	**45.9**	**$174,420.00**	**87.84**	**$174,322.17**

Assessor Calculations:

* Base Valuation:	9,350.00	X	20%	=	$1,870.00
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C – (Debt Service Rate X Current Assessed Value	11.4	X	3,800,000.00	= 43,320.00

D – (Applicable Rate X Increment Value) **34.5 x (3,800,000.00 - 1,870.00) = 129,230.00**

(4) Other Revenues Securing Bonds/Notes

Property owner (s) will execute minimum payments guarantees which in the aggregate are intended to equal the annual debt service on the tax increment financing obligations. Such amounts will be determined on an annual basis and, if required, deposited to the Special Fund. Further, if it is determined that in order to secure the TIF bonds additional credit enhancement is required (i.e. Letters of Credit/Guarantees), such enhancement will be deposited and/or pledged to the Special Fund.

City of Mulberry
Jeff Marvin, Mayor
P.O. Box 448
Phone (479) 997-1321 Mulberry, AR 72947 Fax(479) 997-1232

SALARY INCENTIVE SCHEDULE

Department of Public Works

Water Operators License	Monthly Salary Increase
Grade 1	
Treatment	$25.00
Distribution	$25.00
Grade 2	
Treatment	$75.00
Distribution	$75.00
Grade 3	
Treatment	$75.00
Distribution	$75.00
Wastewater Operator License	
Class 1	$75.00
Class 2	$75.00
Class 3	N/A
Class 4	N/A
Other License	
Plumbing Inspection License	$50.00
Commercial Drivers License	$50.00

PASSED AND APPROVED THIS 23RD DAY OF NOVEMBER, 2004, BY THE MULBERRY CITY COUNCIL.

Jeff Marvin, Mayor

Jerry Dickerson, Recorder/Treasurer