

LOAN AGREEMENT

THIS LOAN AGREEMENT ("Agreement") dated as of April 4, 2011 ("Effective Date"), is entered into among **CITY OF JONESBORO, ARKANSAS**, an instrumentality and political subdivision of the State of Arkansas, 515 West Washington Avenue, Jonesboro, Arkansas 72401 ("Borrower") and **INTEGRITY FIRST BANK**, 400 East Highland, Jonesboro, Arkansas 72401 ("Lender").

WITNESSETH:

WHEREAS, the Act (as defined below) authorizes Arkansas municipalities to issue "short term obligations" for the purpose of acquiring, constructing, installing, and renting real property or tangible personal property having an expected useful life of more than one (1) year;

WHEREAS, Borrower is an Arkansas municipality and is authorized under the Act to issue "short term financing obligations" as such term is defined in the Act;

WHEREAS, Borrower desires to issue certain "short-term financing obligations" and to use the proceeds thereof for certain Capital Improvement Projects;

WHEREAS, Borrower has requested a loan from Lender in the amount of Ten Million Five Hundred Thousand and No/100 Dollars (\$10,500,000.00) to finance the Capital Improvement Projects (the "Loan");

WHEREAS, the Loan has been duly authorized by the Legislative Body of the Borrower; and

WHEREAS, Lender is willing to make the Loan to Borrower in accordance with the Act (as defined below) and on the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and the mutual promises herein set forth, Lender and Borrower agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Certain Defined Terms. In addition to the terms defined elsewhere herein, the following terms used in this Agreement have the following meanings, applicable to both the singular and plural forms of the terms defined as used in this Agreement:

- (a) **Act.** Act means the "Local Government Short-Term Financing Obligations Act of 2001," as amended, which is codified at A.C. A. §14-78-101 *et seq.*
- (b) **Advances.** Advances shall mean advances of principal under the Note in accordance with the terms of the Loan Documents.
- (c) **Agreement.** Agreement means this Loan Agreement, including the Exhibits attached hereto and any amendments hereto.

- (d) **Borrower.** Borrower means the City of Jonesboro, Arkansas.
- (e) **Borrower's Counsel.** Borrower's Counsel means the City Attorney for the City of Jonesboro, Arkansas.
- (f) **Capital Improvement Projects.** Capital Improvement Projects means those projects of Borrower described in **Exhibit "A"** to this Agreement.
- (g) **Chief Executive Officer.** Chief Executive Officer shall mean the Mayor of the City of Jonesboro.
- (h) **Code.** Code means the Internal Revenue Code of 1986, as amended from time to time, or any successor federal income tax statute or code, and the applicable regulations and ruling as promulgated thereunder.
- (i) **Legislative Body.** Legislative Body means the City Council of the City of Jonesboro, Arkansas.
- (j) **Loan.** Loan shall mean the Loan from Lender to Borrower in the sum of Ten Million Five Hundred Thousand and No/100 Dollars (\$10,500,000.00) together with all future loan and financial accommodations from Lender to Borrower.
- (k) **Loan Documents.** Loan Documents shall mean all documents executed in connection with or pursuant to the terms of this Agreement or as evidence for payment of the Loan or of performance of Borrower's obligations hereunder, including, without limitation, this Agreement and the Note.
- (l) **Opinion Letter.** Opinion Letter shall mean a favorable opinion from Borrower's counsel addressed to Lender as to such customary matters concerning Borrower and the Loan Documents as Lender may reasonably request and substantially in the form attached hereto as **Exhibit "B"**.
- (m) **Ordinance.** Ordinance shall mean Ordinance No. 11:033 adopted by the Legislative Body of Borrower authorizing the Loan and the execution of the Loan Documents by the Chief Executive Officer.

ARTICLE II

AMOUNT AND TERMS OF THE LOAN

Section 2.01. Loan. Subject to the terms and conditions contained herein, Lender agrees to make the Loan to Borrower, to be evidenced by Borrower's Ten Million Five Hundred Thousand and No/100 Dollars (\$10,500,000.00) promissory note (the "Note") payable to Lender. The Note shall be in form and substance substantially similar to that attached as **Exhibit "C"** to this Agreement.

Section 2.02. Interest Rate The Note shall bear interest on the principal amount thereof outstanding from time to time from the date of disbursements to final payment at a fixed rate of two and 370/1000 percent (2.370%) per annum. In no event shall the Note, either before or after the Final Maturity Date, bear interest at a rate higher than the maximum rate of interest allowable under applicable Arkansas and federal law.

Section 2.03. Payment Schedule. The principal and interest on the Note shall be payable as due at Lender's address stated herein, or such other place as Lender may designate in writing, in: (a) one (1) payment of accrued interest only due and payable on April 4, 2012; (b) beginning on April 4, 2013, the unpaid principal balance of the Note shall be amortized over a period of four (4) years, at the same rate of interest provided for in Section 2.02, and Borrower shall make equal annual payments of principal and interest thereon beginning on April 4, 2013 and continuing on the same day annually thereafter until the Final Maturity Date; and (c) one (1) final payment of the entire unpaid balance of principal and interest and any other charges allowable under the Note shall be due and payable on April 4, 2016 ("Final Maturity Date"). Lender and Borrower shall enter into a written agreement for the extension and modification of the Note to reflect the exact payment amounts due under this Section 2.03 (b) and (c). All payments of principal and interest shall be made in lawful money of the United States of America which shall be legal tender in payment of all debts, public and private, at the time of payment.

Section 2.04. Closed End Credit/Renewal of Loan. Borrower acknowledges and agrees that the Loan is a closed-end line of credit. Repayment of all or any portion of the Loan shall not obligate Lender to renew the Loan or extend any additional advances. Borrower and Lender hereby further acknowledge and agree that the Loan is not and shall not be construed or interpreted to be a revolving line of credit. Lender shall be under no obligation to renew the Loan upon the Final Maturity Date.

Section 2.05. Use of Proceeds. The Borrower will use the proceeds of the Loan to finance the Capital Improvement Projects.

ARTICLE III

ADVANCES

Section 3.01. Disbursement of Loan Proceeds. Subject to the limitation set forth in Section 3.02, provided that Borrower is not in default under the terms of the Loan Documents, and provided all conditions precedent set forth in this Agreement have been satisfied at the time of the requested Advance, upon request by Borrower, Lender shall make Advances as directed by Borrower, subject to the satisfaction of the conditions set forth in Article V hereof.

Section 3.02. Limitation on Advances. Borrower may request Advances on the Loan through April 4, 2013. After April 4, 2013, Borrower shall not be entitled to request any additional Advances under the Loan and Lender shall not be obligated to make any additional Advances on the Loan. Borrower acknowledges that it shall not be entitled to Advances of any amounts of the Loan not drawn by Borrower and advanced by Lender as of the end of April 4, 2013 and that the amount of principal owed on the Loan shall be fixed as of such date. Lender and Borrower shall enter into a written agreement for the extension and modification of the Note to reflect the exact payment amounts due under Section 2.03 (b) and (c).

ARTICLE IV

CONDITIONS OF MAKING OF LOAN

Section 4.01. Conditions of Loan. The obligation of Lender to make the Loan and any Advances is subject to the conditions precedent that Lender shall have received on or before the date of the Loan or any Advances thereunder the following, duly executed (where appropriate), and in form and substance satisfactory to Lender:

(a) **Ordinance.** Properly adopted Ordinance of Borrower, in form and substance satisfactory to Lender, which authorizes the Loan and the execution and delivery and performance by Borrower of the Loan Documents to which Borrower is or is to become a party;

(b) **Loan Documents.** Execution of all of the Loan Documents in form and substance satisfactory to Lender;

(c) **Opinion Letter.** Execution and delivery of the Opinion Letter;

(d) **Material Adverse Change.** No material adverse change shall have occurred with respect to the financial condition, business, operations, capitalization, liabilities, or prospects of Borrower since the date of Borrower's loan application and as of the date of execution of the Loan Documents or the date of the requested Advances; and

(e) **Other.** All actions to be taken in connection with the transaction contemplated by this Agreement and all documents incident thereto shall be satisfactory in form and substance to Lender and its counsel, and Lender shall have received copies of all documents which it may reasonably request in connection with such transaction and all corporate proceedings with respect thereto in form and substance satisfactory to Lender and its counsel.

Section 4.02. Accuracy. The obligation of Lender to make the Loan and any Advances is also subject to the further conditions precedent that on the date thereof the following statements shall be true and complete and Borrower shall be deemed to have represented and warranted to Lender on each such date that:

(a) The respective representations, warranties and covenants contained in Articles VI and VII are true and correct on and as of such date as though made on and as of such date (except to the extent that such representations, warranties and covenants relate solely to an earlier date); and

(b) No event has occurred and is continuing, or would result from the making of the Loan which constitutes an Event of Default or would constitute an Event of Default, but for the requirement that notice be given or time elapse or both.

ARTICLE V

GENERAL TERMS AND CONDITIONS APPLICABLE TO THE LOAN

Section 5.01. Disbursement of Loan. The initial Advance under the Loan shall be made as soon as reasonably possible, at the request of Borrower, against receipt by Lender of the documents required by the terms hereof, and the satisfaction of the other conditions set forth in this Agreement.

Section 5.02. Prepayment. Borrower shall have the right at any time and from time to time to prepay the outstanding principal amount of the Loan in whole or in part without premium or penalty, as set forth in the Loan Documents.

Section 5.03. Place of Payment. All payments hereunder and under the Loan on account of the principal and interest shall be made to Lender at its principal office at 400 East Highland, Jonesboro, Arkansas 72401, or such other place as may be designated in writing by Lender to Borrower, in

immediately available funds. When the Loan Documents are paid in full, Lender will cancel and return them to Borrower.

Section 5.04. Interest Computation. Interest shall be computed on the basis of a 365-day year factor for the Loan.

Section 5.05. Payment Days and Late Fees. Whenever any payment to be made hereunder or under the Loan shall be stated to be due on a Saturday, Sunday, or a public holiday under the laws of the State of Arkansas, such payment may be made on the next succeeding business day and such extension of time shall in such case be included in computing interest, if any, in connection with such payment. If a payment is made more than ten (10) days after it is due, Borrower shall pay a late charge of ten percent (10%) of the payment amount with a minimum amount of Ten Dollars (\$10.00) and a maximum amount of One Hundred Dollars (\$100.00).

ARTICLE VI

REPRESENTATIONS AND WARRANTIES

Section 6.01. Borrower. In order to induce Lender to make the Loan, Borrower, represents and warrants to Lender as follows:

(a) **Corporate Organization.** Borrower is a municipality, instrumentality and political subdivision of the State of Arkansas.

(b) **Authorization and Power.** The Borrower has all requisite power and authority to enter into this Agreement, to execute and deliver the Loan Documents, and to carry out and consummate all transactions contemplated by this Agreement.

(c) **Borrower Legal and Authorized.** The consummation of the transactions provided for in this Agreement and the Loan Documents and compliance by the Borrower with the provisions of this Agreement and the Loan Documents: (i) are within its powers and have been duly authorized by all necessary action on the part of the Legislative Body of the Borrower; and (ii) will not result in any breach of any of the terms, conditions or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrances upon any property or assets of the Borrower pursuant to, any indenture, loan agreement or other instrument (other than this Agreement and the Loan Documents) to which the Borrower is a party or by which the Borrower may be bound, nor will such action result in any violation of the provisions of laws, ordinances, governmental rules, regulations or court orders to which the Borrower or its properties or operations is subject.

(d) **Consents, Approvals and Authorizations.** The Borrower has obtained all consents, approvals and authorizations required for the making and performance by the Borrower of its obligations under this Agreement and the Loan Documents. No consent, approval or authorization that has not been obtained is required on the part of the Borrower as a condition to the execution and delivery of this Agreement and the Loan Documents or the consummation of any transaction herein contemplated.

(e) **No Conflicts or Consents.** Neither the execution and delivery of the Loan Documents, nor the consummation of any of the transactions herein or therein contemplated, nor

compliance with the terms and provisions thereof, will contravene or conflict with any provision of law, statute, or regulation to which Borrower is subject, or any indenture, loan agreement, mortgage, deed of trust, or other agreement or instrument to which the Borrower is a party or by which Borrower may be bound, or to which Borrower may be subject. No consent, approval, authorization or order of any court or governmental authority or third party is required in connection with the execution and delivery by Borrower of the Loan Documents or to consummate the transactions contemplated thereby other than the Ordinance.

(f) **Enforceable Obligations.** The Loan Documents to which Borrower is a party are valid, legal, and binding obligations of Borrower, enforceable in accordance with their respective terms, except as may be limited by bankruptcy, insolvency, or other laws affecting the rights of creditors generally.

(g) **No Litigation.** There are no pending or threatened actions or proceedings before any court or administrative agency which may have a materially adverse effect on the financial condition or operations of Borrower.

(h) **Financial Condition.** All financial information provided to Lender by Borrower is true and correct.

(i) **No Default.** No event has occurred and is continuing which constitutes an Event of Default (as hereinafter defined) or which, with the lapse of time or giving of notice or both, would constitute an Event of Default.

(j) **Use of Loan Proceeds.** The proceeds of the Loan will be used for public governmental purposes and the Loan Documents do not constitute an industrial development bond.

(k) **General Obligation of Borrower.** The Loan constitutes a general obligation of the Borrower and is not supported, or intended to be supported, by any assessment upon any specific property including, but not limited to, sewers, sidewalks or streets.

(l) **Authorization Under the Act.** The Loan is authorized, qualifies and meets all of the terms and conditions for "short term financial obligations" under the Act.

Section 6.02. Survival. All representations and warranties set forth herein shall survive delivery of the Loan Documents and the making of the Loan, shall be considered as continuing representations and warranties, and shall remain in full force and effect until all obligations of Borrower are satisfied in full.

ARTICLE VII

COVENANTS OF BORROWER

Section 7.01. Affirmative Covenants. During the period of this Agreement and so long as any obligations under the Loan Documents shall be outstanding, Borrower will:

(a) **Financial Statements, Reports, and Documents of Borrower:** Borrower shall provide Lender with a copy of its annual audited financial statement within thirty (30) days of

completion of the statement. Borrower shall also provide Lender with such other information respecting the financial condition and operations of Borrower as Lender may from time to time reasonably request.

(b) **Inspection of Properties, Books, and Records of Borrower.** Borrower will allow any representative of Lender (including an accountant or consultant or firm of accountants or firm of consultants selected by Lender) to visit and inspect the Borrower and the Capital Improvement Projects, to examine, copy and make extracts from its books, records and accounts and to discuss Borrower's affairs, finances and accounts with Borrower's officers and independent certified public accountants, at all such reasonable times and as often as Lender may reasonably request.

(c) **Compliance with Agreements.** Borrower will perform all of the obligations to be performed by Borrower pursuant to the terms of each indenture, agreement, contract and other instrument by which Borrower is bound.

(d) **Maintenance of Assets.** Borrower will maintain, keep and preserve in good working order and condition, ordinary wear and tear excepted, all of Borrower's assets and properties which are necessary to the proper conduct of Borrower's business and make all necessary repairs and replacements thereof.

(e) **Compliance with Laws.** Borrower will comply with all applicable laws, rules, regulations, and orders of any court or governmental authority.

(f) **Notice of Litigation, Material Adverse Changes, and Events of Default.** Borrower will promptly give Lender notice in writing of (i) any litigation or any proceeding before any governmental agency to which Borrower is a party which, if adversely determined, would materially and adversely affect the financial condition, affairs of operations or Borrower; (ii) any other matter which would materially and adversely affect the financial condition, affairs or operations of Borrower; (iii) the occurrence of any Event of Default; (iv) any notice sent by any governmental authority relating to any failure or alleged failure to comply with any environmental law related to the properties or operations of Borrower or any liability with respect thereto; and (v) any casualty or condemnation affecting any of the assets of Borrower.

(g) **Maintenance of Books and Records.** Borrower will maintain proper books of record and account in which full, true, and correct entries in accordance with generally accepted accounting principles consistently applied will be made of all Borrower's dealings and business affairs.

(h) **Payment of Loan.** Borrower will pay when due all of Borrower's indebtedness to Lender evidenced by the Loan Documents, and will repay immediately on demand all expenses (including all reasonable attorneys' fees) reasonably incurred by Lender in connection with the Loan and all such indebtedness.

(i) **Compliance Certificate.** Upon request by Lender, an appropriate officer of Borrower shall execute and deliver a compliance certificate to certify to Lender that: (i) the Financial Reports (as defined below) are accurate and complete; (ii) Borrower is in compliance with this Agreement; (iii) whether Borrower has reason to believe that any of its representations, warranties, and covenants in this Agreement and the Loan Documents have been breached by

Borrower (iv) no Event of Default has occurred; and (v) all such matters are reasonably requested by Lender.

(j) **Financial Reports.** Upon request by Lender, Borrower shall deliver to Lender an accurate and complete copy of the Financial Reports. The Financial Reports shall be accurate and complete. The Financial Reports shall be prepared in accordance with generally accepted accounting principles. "Financial Reports" means all of the financial statements, balance sheets, income statements, and statements of cash flow, and all other documents delivered by, or on behalf of, Borrower to Lender.

(k) **Further Assurances.** Borrower will execute and deliver such further agreements, documents, and instruments that are reasonable and take such further reasonable action as may be requested by Lender to carry out the provisions and purposes of the Loan Documents, and to evidence the Loan.

ARTICLE VIII

EVENTS OF DEFAULT

Section 8.01. Events of Default. An "Event of Default" shall exist if any of the following events shall occur and be continuing:

(a) The Borrower does not fully pay any required payment of principal or interest on the Note by the tenth (10th) day after the due date thereof, or shall fail to pay by the tenth (10th) day after the due date therefore any other fee, expense or other payment required hereunder;

(b) Any representation or warranty made in any of the Loan Documents or any other document or in any certificate or statement furnished or made to Lender pursuant hereto or in connection herewith or with the Loans, shall prove to be untrue or inaccurate in any material respect as of the date on which such representation or warranty was or is made;

(c) Borrower shall default in the performance of any other term, covenant or agreement contained in the Loan Documents or any other document executed in conjunction therewith, and such default shall continue unremedied for thirty (30) days following Borrower's occurrence;

(d) Borrower shall: (1) file a petition seeking relief for under Title 9 of the United States Code, as now constituted or hereafter amended, or file an answer consenting to, admitting the material allegations of or otherwise not controverting, or fail timely to controvert a petition filed against it seeking relief under Title 9 of the United States Code, as now constituted or hereafter amended; or (2) file such petition or answer with respect to relief under the provisions of any other now existing or future applicable bankruptcy, insolvency, or other similar law of the United States of America or any State thereof or of any other country or jurisdiction providing for the reorganization, winding-up or liquidation of entities or arrangements, compositions, extensions, or adjustments with creditors;

(e) An order for relief shall be entered against Borrower under Title 9 of the United States Code, as now constituted or hereafter amended, which order is not stayed or upon the entry of an order, judgment, or decree by operation of law or by a court having jurisdiction in the

premises, which is not stayed, adjudging Borrower a bankrupt or insolvent under, or ordering relief against Borrower under, or approving as properly filed a petition seeking relief against Borrower under the provisions of any other now existing or future applicable bankruptcy, insolvency, or other similar law of the United States of America or any State thereof or of any other country or jurisdiction providing for the reorganization, winding-up, or liquidation of entities or any arrangement, composition, extension, or adjustment with creditors, or appointing a receiver, liquidator, assignee, sequestrator, trustee, or custodian of Borrower or of any substantial part of Borrower's property, or ordering the reorganization, winding-up, or liquidation of Borrower's affairs, or upon the expiration of thirty (30) days after the filing of any involuntary petition against Borrower seeking any of the relief specified in Section 8.01(d) or this Section 8.01(e) without the petition being dismissed prior to that time; and

(f) Borrower shall: (i) make a general assignment for the benefit of Borrower's creditors; (ii) apply for or consent to the appointment of or taking possession by a receiver, liquidator, assignee, sequestrator, trustee, or custodian of Borrower of all or any substantial part of Borrower's property; (iii) admit Borrower's insolvency or inability to pay Borrower's debts generally as such debts become due; (iv) fail generally to pay Borrower's debts as such debts become due; or (v) take any action (or if such action is taken by Borrower's directors or majority stockholders) looking to the dissolution or liquidation of Borrower.

Section 8.02. Remedies on Default. If an Event of Default shall have occurred and be continuing, then Lender may exercise any one or more of the following rights and remedies and any other remedies provided in the Loan Documents, as Lender, in its sole discretion, may deem necessary or appropriate: (a) terminate Lender's commitment to lend hereunder; (b) declare the principal of the Note, and all interest then accrued thereon, and any other liabilities hereunder or under any of the Loan Documents to be immediately due and payable without demand, presentment, notice of dishonor, notice of acceleration or intent to accelerate, or protest, all of which are hereby expressly waived by Borrower, provided, however, acceleration shall occur automatically without any action by Lender if the Event of Default is of the type set forth in Section 8.01(d), (e) or (f) hereof; (c) reduce any claim to judgment; and/or (d) without notice of default or demand, pursue and enforce any of the Lender's rights and remedies under the Loan Documents, or otherwise provided under or pursuant to any applicable law or agreement.

ARTICLE IX

MISCELLANEOUS

Section 9.01. Waiver. No failure or delay on the part of Lender in exercising any power, right, or remedy or under any of the Loan Documents shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power, or remedy preclude any other or further exercise thereof or the exercise of any other right, power, or remedy thereunder. No notice to or demand on Borrower in any case shall entitle Borrower to any other or further notice or demand in similar or other circumstances. Lender shall in no event be required to exercise any of its remedies in respect of any of the Loan Documents before exercising any remedies hereunder or otherwise to enforce the provisions of any of the Loan Documents. The rights, powers, and remedies of Lender under the Loan Documents shall be in addition to all other rights provided by law and/or equity.

Section 9.02. Suits for Enforcement. If any Events of Default shall occur and be continuing, Lender may proceed to protect and enforce Borrower's rights or remedies, by arbitration or by suit in

equity or action at law, or both, whether for the specific performance of any covenant, agreement, or other provision contained in the Loan Documents and to enforce the terms and conditions of the Loan Documents or any other legal or equitable right or remedy. No course of dealing between Borrower and Lender or any failure or delay on the part of Lender in exercising any rights or remedies hereunder shall operate as a waiver of any rights or remedies of Lender, and no single or partial exercise of any rights or remedies hereunder shall operate as a waiver or preclude the exercise of any other rights or remedies hereunder.

Section 9.03. Costs. In the event Lender shall retain or engage an attorney to collect, enforce, or protect Borrower's interests with respect to the Loan Documents or any other documents, delivered pursuant to this Agreement, Borrower shall pay all costs and expenses of such collection, enforcement, or protection, including reasonable attorneys' fees.

Section 9.04. Final Agreement; Modification. The Loan Documents represent the final agreement between the parties and may not be contradicted by evidence of prior, contemporaneous, or subsequent oral agreement of the parties. There are no unwritten oral agreements between the parties. No modification or waiver of any provision of the Loan Documents, nor consent to any departure by Borrower or Lender therefrom shall be effective unless the same shall be in writing and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given.

Section 9.05. Notices. All communications and notices provided for hereunder shall be in writing and shall be deemed to have been duly given to a party hereto if mailed by certified mail, prepaid, to the parties hereto at their respective addresses set forth at the first of this Agreement, or as to each party, at such other address as shall be designated by such party in a written notice to the other parties.

Section 9.06. Accounting Terms. All accounting terms not specifically defined herein shall be construed in accordance with generally accepted accounting principles consistently applied.

Section 9.07. Governing Law. The Loan Documents shall be deemed to be contracts under the laws of the State of Arkansas and for all purposes shall be governed by and construed in accordance with the laws of said state or the laws of the United States of America, as shall be applicable.

Section 9.08. Termination. This Agreement shall remain in full force and effect until all liabilities under all Loan Documents are irrevocably paid in full.

Section 9.9. Successors. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective heirs, legal representatives, successors and assigns of the Parties hereto. Borrower shall not assign this Agreement or any right, benefit or obligation hereunder.

Section 9.10. Binding Effect. The Loan Documents shall be binding on the parties hereto and their permitted successors and assigns.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first above written.

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INTEGRITY FIRST BANK

By: G.L. Liebnow
Name: G.L. LIEBLOW
Title: PRESIDENT

Exhibit "A"
Capital Improvement Projects

Estimated Capital Improvement Projects Cost

Capital Improvement Projects	Estimated Cost
Public Works Facility	\$5,689,650
Fire Station #4	1,920,000
City Hall Expansion/Relocation*	2,890,350
Total Projects Cost	\$10,500,000

* Amount undetermined

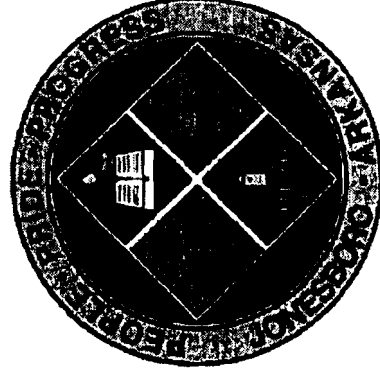


Exhibit "B"
Opinion Letter

March 29, 2011

Integrity First Bank
400 E. Highland Drive
Jonesboro, AR 72401

Re: City of Jonesboro - \$10,500,000.00 Loan
Loan Agreement dated March ___, 2011

Gentlemen:

I am City Attorney for the City of Jonesboro.

In rendering this Opinion Letter, I have reviewed the following documents made (except as otherwise noted) as of March 30, 2011:

- A. Loan Agreement by and between the Borrower and Lender relating to the \$10,500,000.00 loan (the "Loan") from the Lender to the Borrower (the "Loan Agreement");
- B. Promissory Note in the principal sum of \$10,500,000.00 from Borrower to Lender (the "Promissory Note");
- C. Disbursement Authorization;
- D. Commercial Loan Application; and
- E. Advance Agreement.

The documents listed above are collectively referred to herein as the "Loan Documents" and sometimes individually referred to herein as a "Loan Document."

Subject to the qualifications and limitations set forth below, I am of the opinion that:

1. Borrower is a municipality, instrumentality and political subdivision of the State of Arkansas.
2. Borrower has all requisite power and authority to execute and deliver the Loan Documents to which it is a party and to perform its respective obligations under the terms of the Loan Documents. The Loan Documents have been duly and validly authorized by proper action on the part of Borrower and have been duly executed and delivered by the Ordinance (as defined the Loan Agreement) of Borrower, and constitute the valid and binding obligations of Borrower, enforceable in accordance with their respective terms, except as the enforceability thereof may be (a) limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforceability of creditors' rights generally, and (b) subject to general principles of equity,

including the right to specific performance, estoppel and waiver (regardless of whether enforceability is considered in a proceeding in equity or at law).

3. All consents, approvals and authorizations on the part of Borrower in connection with the execution and delivery of the Loan Documents has been obtained.

4. The execution and delivery by Borrower of the Loan Documents to which it is a party, does not (i) violate any provision of the laws of the State of Arkansas applicable to Borrower, or (ii) violate any provision of any judgment, order, writ or decree known to us of any federal or state governmental body, agency or court in Arkansas having jurisdiction over Borrower.

5. The Loan is authorized, qualifies and meets all of the terms and conditions under the Act.

The opinions hereinafter expressed are subject to the following qualifications and limitations:

(a) All of the opinions expressed herein are limited to the laws of the State of Arkansas and the laws of the United States of America.

(b) Subject to the last paragraph hereof, this opinion is rendered at your request and it may be relied upon only by you, your successors and assigns and your counsel, Barrett & Deacon, a professional association, in connection with the matters referred to herein. No other person or entity may rely or claim reliance upon this opinion.

(c) My opinion is rendered as of the date hereof and does not cover the effect of any amendment or supplement to the Loan Documents or the validity or enforceability of any amendment or supplement thereto. No opinions may be implied beyond those expressly stated herein. The opinions expressed herein represent our judgment as to certain matters of law based upon the facts presented or assumed and should not be considered or construed as a guaranty.

Very truly yours,

Phillip Crego, City Attorney

Exhibit "C"
Form of Note

F:\USERS\RW\Integrity First Bank\City of JB Loan\Loan Agreement 03.wpd

CITY OF JONESBORO, ARKANSAS C/O CITY HALL, 516 WEST WASHINGTON, P.O. BOX 1845 JONESBORO, AR 72403-1845	INTEGRITY FIRST BANK A DIVISION OF FIRST NATIONAL BANK & TRUST CO 400 EAST HIGHLAND DRIVE JONESBORO, AR 72401	LORP INT GLLSV Loan Number 74110035 Date 03-30-2011 Maturity Date 03-30-2013 Loan Amount \$ 10,500,000.00 Renewal Of SS# 71-0013749
BORROWER'S NAME AND ADDRESS *I includes each borrower above, jointly and severally.	LENDER'S NAME AND ADDRESS *You means the lender, its successors and assigns.	

For value received, I promise to pay to you, or your order, at your address listed above the PRINCIPAL sum of TEN MILLION FIVE HUNDRED THOUSAND AND NO/100 Dollars \$ 10,500,000.00

Single Advance: I will receive all of this principal sum on _____ . No additional advances are contemplated under this note.
 Multiple Advance: The principal sum shown above is the maximum amount of principal I can borrow under this note. On 03-30-2011 I will receive the amount of \$ 0.00 and future principal advances are contemplated.
 Conditions: The conditions for future advances are UPON REQUEST OF BORROWER AND APPROVAL BY LOAN OFFICER

Open End Credit: You and I agree that I may borrow up to the maximum principal sum more than one time. This feature is subject to all other conditions and expires on _____ .
 Closed End Credit: You and I agree that I may borrow (subject to all other conditions) up to the maximum principal sum only one time.

INTEREST: I agree to pay interest on the outstanding principal balance from 03-30-2011 at the rate of 2.370% per year until 03-30-2013.

Variable Rate: This rate may then change as stated below.
 Index Rate: The future rate will be _____ the following index rate: _____

No Index: The future rate will not be subject to any internal or external index. It will be entirely in your control.
 Frequency and Timing: The rate on this note may change as often as _____ .
 A change in the interest rate will take effect _____ .
 Limitations: During the term of this loan, the applicable annual interest rate will not be more than _____ % or less than _____ % . The rate may not change more than _____ % each _____ .

Effect of Variable Rate: A change in the interest rate will have the following effect on the payments:
 The amount of each scheduled payment will change. The amount of the final payment will change.

ACCUAL METHOD: Interest will be calculated on a ACTUAL/365 basis.

POST MATURITY RATE: I agree to pay interest on the unpaid balance of this note owing after maturity, and until paid in full, as stated below:
 on the same fixed or variable rate basis in effect before maturity (as indicated above).
 at a rate equal to _____ .

LATE CHARGE: If a payment is made more than 10 days after it is due, I agree to pay a late charge of 10.000% OF THE PAYMENT AMOUNT WITH A MIN OF \$10.00 AND A MAX OF \$100.00

ADDITIONAL CHARGES: In addition to interest, I agree to pay the following charges which are are not included in the principal amount above: _____

PAYMENTS: I agree to pay this note as follows:
 ON DEMAND, BUT IF NO DEMAND IS MADE THEN ANNUAL PAYMENTS OF ACCRUED INTEREST CALCULATED ON THE AMOUNT OF CREDIT OUTSTANDING BEGINNING ON 03-30-2012 AND PRINCIPAL DUE ON 03-30-2013.

PURPOSE: The purpose of this loan is CAPITAL IMPROVEMENTS

ADDITIONAL TERMS:
 BUSINESS, UNSECURED
 BORROWER AGREES TO PROVIDE FYE FINANCIAL STATEMENT AND PROFIT AND LOSS STATEMENT

SECURITY

SECURITY INTEREST: I give you a security interest in all of the Property described below that I own or have sufficient rights in which to transfer an interest, now or in the future, wherever the Property is or will be located, and all proceeds and products of the Property. "Property" includes all parts, accessories, repairs, replacements, improvements, and accessories to the Property; any original evidence of title or ownership; and all obligations that support the payment or performance of the Property. "Proceeds" includes anything acquired upon the sale, lease, license, exchange, or other disposition of the Property; any rights and claims arising from the Property; and any collections and distributions on account of the Property.

- Accounts and Other Rights to Payment: All rights to payment, whether or not earned by performance, including, but not limited to, payment for property or services sold, leased, rented, licensed, or assigned. This includes any rights and interests (including all liens) which I have by law or agreement against any account debtor or obligor.
Inventory: All inventory held for ultimate sale or lease, or which has been or will be supplied under contracts of service, or which are raw materials, work in process, or materials used or consumed in my business.
Equipment: All equipment including, but not limited to, machinery, vehicles, furniture, fixtures, manufacturing equipment, farm machinery and equipment, shop equipment, office and record keeping equipment, parts, and tools. The Property includes any equipment described in a list or schedule I give to you, but such a list is not necessary to create a valid security interest in all of my equipment.
Instruments and Chattel Paper: All instruments, including negotiable instruments and promissory notes and any other writings or records that evidence the right to payment of a monetary obligation and tangible and electronic chattel paper.
General Intangibles: All general intangibles including, but not limited to, tax refunds, patents and applications for patents, copyrights, trademarks, trade secrets, goodwill, trade names, customer lists, permits and franchisees, payment intangibles, computer programs and all supporting information provided in connection with a transaction relating to computer programs, and the right to use my name.
Documents: All documents of title including, but not limited to, bills of lading, dock warrants and receipts, and warehouse receipts.
Farm Products and Supplies: All farm products including, but not limited to, all poultry and livestock and their young, along with their produce, products, and replacements; all crops, annual or perennial, and all products of the crops; and all feed, seed, fertilizer, medicines, and other supplies used or produced in my farming operations.
Government Payments and Programs: All payments, accounts, general intangibles, and benefits including, but not limited to, payments in kind, deficiency payments, letters of entitlement, warehouse receipts, storage payments, emergency assistance and diversion payments, production flexibility contracts, and conservation reserve payments under any preexisting, current, or future federal or state government program.
Investment Property: All investment property including, but not limited to, certificated securities, uncertificated securities, securities entitlements, securities accounts, commodity contracts, commodity accounts, and financial assets.
Deposit Accounts: All deposit accounts including, but not limited to, demand, time, savings, passbook, and similar accounts.
Specific Property Description: The Property includes, but is not limited by, the following:

I am giving you a security interest in property to secure this loan. I understand that I must keep this property insured against loss, expense or damage or other events that in the event you require. If I fail to do so, you are authorized to purchase insurance to protect your interest in the property, and may add the cost to the amount I owe you.
If applicable, enter real estate description and record owner information:

The Property will be used for a [] personal [X] business [] agricultural [] purpose.
Borrower/Owner State of organization/registration (if applicable) AL

ADDITIONAL TERMS OF THE SECURITY AGREEMENT

GENERALLY - This agreement secures this note and any other debt I have with you, now or later. However, it will not secure other debts if you fail with respect to such other debts, to make any required disclosure about this security agreement or if you fail to give any required notice of the right of rescission. If property described in this agreement is located in another state, this agreement may also, in some circumstances, be governed by the law of the state in which the Property is located.
NAME AND LOCATION - My name indicated on page 1 is my exact legal name. If I am an individual, my address is my principal residence. If I am not an individual, my address is the location of my chief executive offices or sole place of business. If I am an entity organized and registered under state law, my address is located in the state in which I am registered, unless otherwise indicated on page 2. I will provide verification of registration and location upon your request. I will provide you with at least 30 days notice prior to any change in my name, address, or state of organization or registration.
OWNERSHIP AND DUTIES TOWARD PROPERTY - I represent that I own all of the Property, or to the extent this is a purchase money security interest I will acquire ownership of the Property with the proceeds of the loan. I will defend it against any other claim. Your claim to the Property is ahead of the claims of any other creditor. I agree to do whatever you require to protect your security interest and to keep your claim in the Property ahead of the claims of other creditors. I will not do anything to harm your position. I will not use the Property for a purpose that will violate any laws or subject the Property to forfeiture or seizure.
I will keep books, records and accounts about the Property and my business in general. I will let you examine these records at any reasonable time. I will prepare any report or accounting you request, which deals with the Property.
I will keep the Property in my possession and will keep it in good repair and use it only for the purposes described on page 1 of this agreement. I will not change this specified use without your express written permission. I represent that I am the original owner of the Property and, if I am not, that I have provided you with a list of prior owners of the Property.
I will keep the Property at my address listed on page 1 of this agreement, unless we agree I may keep it at another location. If the Property is to be used in another state, I will give you a list of those states. I will not try to sell the Property unless it is inventory or I receive your written permission to do so. If I sell the Property, I will have the payment made payable to the order of you and me.
You may demand immediate payment of the debt(s) if the debtor is not a natural person and without your prior written consent; (1) a beneficial interest in the debtor is sold or transferred, or (2) there is a change in either the identity or number of members of a partnership, or (3) there is a change in ownership of more than 25 percent of the voting stock of a corporation.
I will pay all taxes and charges on the Property as they become due. You have the right of reasonable access in order to inspect the Property. I will immediately inform you of any loss or damage to the Property.
If I fail to perform any of my duties under this security agreement, or any mortgage, deed of trust, lien or other security interest, you may

without notice to me perform the duties or cause them to be performed. Your right to perform for me shall not create an obligation to perform and your failure to perform will not preclude you from exercising any of your other rights under the law or this security agreement.
PURCHASE MONEY SECURITY INTEREST - For the sole purpose of determining the extent of a purchase money security interest arising under this security agreement: (a) payments on any nonpurchase money loan also secured by this agreement will not be deemed to apply to the Purchase Money Loan, and (b) payments on the Purchase Money Loan will be deemed to apply first to the nonpurchase money portion of the loan, if any, and then to the purchase money obligations in the order which the items of collateral were acquired or if acquired at the same time, in the order selected by you. No security interest will be terminated by application of this formula. "Purchase Money Loan" means any loan the proceeds of which, in whole or in part, are used to acquire any collateral securing the loan and all extensions, renewals, consolidations and refinancing of such loan.
PAYMENTS BY LENDER - You are authorized to pay, on my behalf, charges I am or may become obligated to pay to preserve or protect the secured property (such as property insurance premiums). You may treat those payments as advances and add them to the unpaid principal under the note secured by this agreement or you may demand immediate payment of the amount advanced.
INSURANCE - I agree to buy insurance on the Property against the risks of loss or damage for the amounts you require and to furnish you continuing proof of coverage. I will have the insurance company name you as loss payee on any such policy. You may require added security if you agree that insurance proceeds may be used to repair or replace the Property. I will buy insurance from a firm licensed to do business in the state where you are located. The firm will be reasonably acceptable to you. The insurance will last until the Property is released from this agreement.
If I fail to obtain or maintain this insurance, or name you as a loss payee, you may obtain insurance to protect your interest in the Property. This insurance may include coverages not required of me. This insurance may be written by a company other than one I would choose. It may be written at a rate higher than a rate I could obtain if I purchased the property insurance required by this Contract. You may add the premium

Any person who signs within this box does so to give you a security interest in the Property described on this page. This person does not promise to pay the note. "I" as used in this security agreement will include the borrower and any person who signs within this box.
Date
Signed

for this insurance to the amount I owe you. Any amount you pay will be due immediately. This amount will earn finance charges from the date paid.

WARRANTIES AND REPRESENTATIONS - If this agreement includes accounts, I will not settle any account for less than its full value without your written permission. I will collect all accounts until you tell me otherwise. I will keep the proceeds from all the accounts and any goods which are returned to me or which I take back in trust for you. I will not mix them with any other property of mine. I will deliver them to you at your request. If you ask me to pay you the full price of any returned items or items retained by myself, I will do so. You may exercise my rights with respect to obligations of any account debtors, or other persons obligated on the Property, to pay or perform, and you may enforce any security interest that secures such obligations.

If this agreement covers inventory, I will not dispose of it except in my ordinary course of business at the fair market value for the Property, or at a minimum price established between you and me.

If this agreement covers farm products I will provide you, at your request, a written list of the buyers, commission merchants or selling agents to or through whom I may sell my farm products. In addition to those parties named on this written list, I authorize you to notify at your sole discretion any additional parties regarding your security interest in my farm products. I remain subject to all applicable penalties for selling my farm products in violation of my agreement with you and the Food Security Act. In this paragraph the terms farm products, buyers, commission merchants and selling agents have the meanings given to them in the Federal Food Security Act of 1985.

If this agreement covers chattel paper or instruments, either as original collateral or proceeds of the Property, I will note your interest on the face of the chattel paper or instruments.

REMEDIES - I will be in default on this security agreement if I am in default on any note this agreement secures or if I fail to keep any promise contained in the terms of this agreement. If I default, you have all of the rights and remedies provided in the note and under the Uniform Commercial Code. You may require me to make the secured property available to you at a place which is reasonably convenient. You may take possession of the secured property and sell it as provided by law. The proceeds will be applied first to your expenses and then to the debt. I agree that 10 days written notice sent to my last known address by first class mail will be reasonable notice under the Uniform Commercial Code. My current address is on page 1.

PERFECTION OF SECURITY INTEREST - I authorize you to file a financing statement covering the Property. I will comply with, facilitate, and otherwise assist you in connection with obtaining possession of or control over the Property for purposes of perfecting your security interest under the Uniform Commercial Code.

ADDITIONAL TERMS OF THE NOTE

APPLICABLE LAW - This note and any agreement securing this note will be governed by the laws of the State of Arkansas and federal law, including, but not limited to, the maximum interest rate or amount of interest, discount points, finance charges, or other similar charges allowed by the provisions of Section 731 of the Gramm-Leach-Bliley Financial Modernization Act of 1999, which amended section 44 of the Federal Deposit Insurance Act, being codified at 12 U.S.C.

Any term of this agreement which is contrary to applicable law will not be effective, unless the law permits you and me to agree to such a variation. If any provision of this agreement cannot be enforced according to its terms, this fact will not affect the enforceability of the remainder of this agreement. No modification of this agreement may be made without your express written consent. Time is of the essence in this agreement.

PAYMENTS - Each payment I make on this note will first reduce the amount I owe you for charges which are neither interest nor principal. The remainder of each payment will then reduce accrued unpaid interest, and then unpaid principal. If you and I agree to a different application of payments, we will describe our agreement on this note. I may prepay a part of, or the entire balance of this loan without penalty, unless we specify to the contrary on this note. Any partial prepayment will not excuse or reduce any later scheduled payment until this note is paid in full (unless, when I make the prepayment, you and I agree in writing to the contrary).

INTEREST - If I receive the principal in more than one advance, each advance will start to earn interest only when I receive the advance. The interest rate in effect on this note at any given time will apply to the entire principal sum outstanding at that time. Notwithstanding anything to the contrary, I do not agree to pay and you do not intend to charge any rate of interest that is higher than the maximum rate of interest you could charge under applicable law for the extension of credit that is agreed to in this note (either before or after maturity). If any notice of interest accrual is sent and is in error, we mutually agree to correct it, and if you actually collect more interest than allowed by law and this agreement, you agree to refund it to me.

INDEX RATE - The index will serve only as a device for setting the interest rate on this note. You do not guarantee by selecting this index, or the margin, that the interest rate on this note will be the same rate you charge on any other loans or class of loans you make to me or other borrowers.

POST MATURITY RATE - For purposes of deciding when the "Post Maturity Rate" (shown on page 1) applies, the term "maturity" means the date of the last scheduled payment indicated on page 1 of this note or the date you accelerate payment on the note, whichever is earlier.

SINGLE ADVANCE LOANS - If this is a single advance loan, you and I expect that you will make only one advance of principal. However, you may add other amounts to the principal if you make any payments described in the "PAYMENTS BY LENDER" paragraph below.

MULTIPLE ADVANCE LOANS - If this is a multiple advance loan, you and I expect that you will make more than one advance of principal. If this is

closed and credit, repaying a part of the principal will not entitle me to additional credit.

SET-OFF - I agree that you may set off any amount due and payable under this note against any right I have to receive money from you. "Right to receive money from you" means:

- (1) any deposit account balance I have with you;
 - (2) any money owed to me on an item presented to you or in your possession for collection or exchange; and
 - (3) any repurchase agreement or other nondeposit obligation.
- "Any amount due and payable under this note" means the total amount of which you are entitled to demand payment under the terms of this note at the time you set off. This total includes any balance the due date for which you properly accelerate under this note.

If my right to receive money from you is also owned by someone who has not agreed to pay this note, your right of set-off will apply to my interest in the obligation and to any other amounts I could withdraw on my sole request or endorsement. Your right of set-off does not apply to an account or other obligation where my rights are only as a representative. It also does not apply to any Individual Retirement Account or other tax-deferred retirement account.

You will not be liable for the dishonor of any check when the dishonor occurs because you set off this debt against any of my accounts. I agree to hold you harmless from any such claims arising as a result of your exercise of your right to set-off.

DEFAULT - I will be in default if any one or more of the following occur:

- (1) I fail to make a payment on time or in the amount due;
- (2) I fail to keep the Property insured, if required;
- (3) I fail to pay, or keep any promise, on any debt or agreement I have with you;
- (4) any other creditor of mine attempts to collect any debt I owe him through court proceedings;
- (5) I die, am declared incompetent, make an assignment for the benefit of creditors, or become insolvent (either because my liabilities exceed my assets or I am unable to pay my debts as they become due);
- (6) I make any written statement or provide any financial information that is untrue or inaccurate at the time it was provided;
- (7) I do or fail to do something which causes you to believe you will have difficulty collecting the amount I owe you;
- (8) any collateral securing this note is used in a manner or for a purpose which threatens confiscation by a legal authority;
- (9) I change my name or assume an additional name without first notifying you before making such a change;
- (10) I fail to plant, cultivate and harvest crops in due season;
- (11) any loan proceeds are used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity, as further explained in 7 C.F.R. Part 1840, Subpart G, Exhibit M.

REMEDIES - If I am in default on this note you have, but are not limited to, the following remedies:

- (1) You may demand immediate payment of all I owe you under this note (principal, accrued unpaid interest and other accrued unpaid charges).
- (2) You may set off this debt against any right I have to the payment of money from you, subject to the terms of the "SET-OFF" paragraph herein.
- (3) You may demand security, additional security, or additional parties to be obligated to pay this note as a condition for not using any other remedy.
- (4) You may refuse to make advances to me or allow purchases on credit by me.
- (5) You may use any remedy you have under state or federal law.
- (6) You may make use of any remedy given to you in any agreement securing this note.

By selecting any one or more of these remedies you do not give up your right to use later any other remedy. By waiving your right to declare an event to be a default, you do not waive your right to consider later the event a default if it continues or happens again.

COLLECTION COSTS AND ATTORNEY'S FEES - I agree to pay all costs of collection, replevin or any other or similar type of cost if I am in default. In addition, if you hire an attorney to collect this note, I also agree to pay any fee you incur with such attorney plus court costs (except where prohibited by law). To the extent permitted by the United States Bankruptcy Code, I also agree to pay the reasonable attorney's fees and costs you incur to collect this debt as awarded by any court exercising jurisdiction under the Bankruptcy Code.

WAIVER - I give up my rights to require you to do certain things. I will not require you to:

- (1) demand payment of amounts due (presentment);
- (2) obtain official certification of nonpayment (protest); or
- (3) give notice that amounts due have not been paid (notice of dishonor).

OBLIGATIONS INDEPENDENT - I understand that I must pay this note even if someone else has also agreed to pay it (by, for example, signing this form or a separate guarantee or endorsement). You may sue me alone, or anyone else who is obligated on this note, or any number of us together, to collect this note. You may without notice release any party to this agreement without releasing any other party. If you give up any of your rights, with or without notice, it will not affect my duty to pay this note. Any extension of new credit to any of us, or renewal of this note by all or less than all of us will not release me from my duty to pay it. (Of course, you are entitled to only one payment in full.) I agree that you may, at your option extend this note or the debt represented by this note, or any portion of the note or debt, from time to time without limit or notice and for any term without affecting my liability for payment of the note. I will not assign my obligation under this agreement without your prior written approval.

FINANCIAL INFORMATION - I agree to provide you, upon request, any financial statement or information you may deem necessary. I warrant that the financial statements and information I provide to you are or will be accurate, correct and complete.

SIGNATURES: I AGREE TO THE TERMS OF THIS NOTE (INCLUDING THOSE ON PAGES 1 AND 2). I have received a copy on today's date.

CITY OF JONESBORO, ARKANSAS

HAROLD PERRIN, MAYOR

DORNA JACKSON, CITY CLERK

SIGNATURE FOR LENDER:

G L WIELONG, LOAN OFFICER