OFFICIAL STATEMENT

NEW ISSUE
BOOK-ENTRY ONLY

*RATINGS: S&P: “AA” (stable outlook)
(Build America Mutual Assurance Company)
Underlying “A+” (stable outlook)

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representation and continuing compliance with certain covenants, interest on the Series 2014 Bonds is excluded from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. Under existing law, Bond Counsel is of the opinion that the Series 2014 Bonds and the interest thereon are exempt from all state, county and municipal taxes in the State of Arkansas. See the caption “TAX MATTERS” herein.

$10,980,000
CITY OF FAYETTEVILLE, ARKANSAS
HOTEL, MOTEL AND RESTAURANT GROSS RECEIPTS TAX AND TOURISM REVENUE CAPITAL IMPROVEMENT AND REFUNDING BONDS
SERIES 2014

Dated: November 1, 2014

The Hotel, Motel and Restaurant Gross Receipts Tax and Tourism Revenue Capital Improvement and Refunding Bonds, Series 2014 (the “Series 2014 Bonds”), are being issued by the City of Fayetteville, Arkansas (the “City”) for the purpose of (i) paying a portion of the costs of redeeming the City’s Hotel and Restaurant Gross Receipts Tax Refunding Bonds, Series 2003 (the “Series 2003 Bonds”), (ii) paying a portion of the costs of expanding and renovating Walton Arts Center, (iii) paying a portion of the costs of acquiring, constructing and equipping a regional park, (iv) purchasing a municipal bond debt service reserve insurance policy for deposit to a debt service reserve, (v) purchasing a municipal bond insurance policy, and (vi) paying certain expenses in connection with the issuance of the Series 2014 Bonds. See the captions “SOURCES AND USES OF FUNDS,” “REFUNDING PROGRAM,” “THE PROJECTS” and “BOND INSURANCE” herein.

The Series 2014 Bonds are issuable only as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York, to which principal, premium, if any, and interest payments on the Series 2014 Bonds will be made as long as Cede & Co. is the registered owner of the Series 2014 Bonds. Individual purchases of the Series 2014 Bonds will be made only in book-entry form, in denominations of $5,000 or integral multiples thereof. Individual purchasers (“Beneficial Owners”) of Series 2014 Bonds will not receive physical delivery of bond certificates. See the caption “BOOK-ENTRY ONLY SYSTEM” herein.

The Series 2014 Bonds shall bear interest from their dated date, payable on May 1 and November 1 of each year, commencing May 1, 2015. All such interest payments shall be payable to the persons in whose name such Series 2014 Bonds are registered on the bond registration books maintained by the Simmons First Trust Company, N.A., Pine Bluff, Arkansas, as trustee and paying agent (the “Trustee”), as of the fifteenth day of the calendar month next preceding the calendar month in which the applicable interest payment date falls. Principal of and premium, if any, on the Series 2014 Bonds shall be payable at the principal corporate trust office of the Trustee. So long as DTC or its nominee is the registered owner of the Series 2014 Bonds, disbursement of such payments to DTC Participants is the responsibility of DTC, and the disbursement of such payments to Beneficial Owners is the responsibility of DTC Participants or Indirect Participants, as more fully described herein.

Pursuant to a Trust Indenture dated as of November 1, 2014 (the “Indenture”), between the City and the Trustee, the payment of the principal of, premium, if any, and interest on the Series 2014 Bonds is secured by a pledge of the receipts from a one percent (1%) city-wide tax (the “Tax”) levied by the City upon (i) the gross receipts and gross proceeds derived from renting, leasing or otherwise furnishing hotel or motel accommodations for profit within the boundaries of the City, and (ii) the portion of gross receipts or gross proceeds received by restaurants, cafes, cafeterias, delis, drive-in restaurants, carry-out restaurants, concession stands, convenience stores, grocery stores, restaurants, caterers and similar businesses from the sale of prepared food and beverages for on-premises or off-premises consumption. See the caption “SECURITY FOR THE BONDS” herein. Assuming the satisfaction of certain coverage tests, the City has reserved the right to issue additional bonds to be secured on a parity basis with the Series 2014 Bonds. See the caption “THE SERIES 2014 BONDS – Additional Bonds” herein. The Series 2014 Bonds are subject to optional and mandatory redemption prior to maturity as more fully described herein under the caption “THE SERIES 2014 BONDS - Redemption.”

The scheduled payment of principal of and interest on the Series 2014 Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Series 2014 Bonds by Build America Mutual Assurance Company.

The Series 2014 Bonds are special obligations of the City secured by and payable solely from receipts of the Tax. The Series 2014 Bonds do not constitute an indebtedness of the City within the meaning of any constitutional or statutory debt limitation or restriction. The issuance of the Series 2014 Bonds shall not directly, indirectly or contingently obligate the City to levy or pledge any taxes whatsoever or to make any appropriation for the payment of the Series 2014 Bonds, except as described herein with respect to the Tax.

The Series 2014 Bonds are offered when, as and if issued by the City and are subject to the final approving opinion of Kutak Rock LLP, Little Rock, Arkansas, Bond Counsel. Certain matters will be passed upon for the City by its counsel, Kit Williams, Esq., City Attorney. It is expected that the Series 2014 Bonds will be available for delivery in New York, New York, on or about November 19, 2014.

Stephens Inc.

The date of this Official Statement is October 28, 2014.

* See the caption “RATINGS” herein.
## MATURITY SCHEDULE

<table>
<thead>
<tr>
<th>Maturity (November 1)</th>
<th>Principal Amount</th>
<th>Interest Rate</th>
<th>Yield</th>
<th>CUSIP</th>
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<tr>
<td>2015</td>
<td>$295,000</td>
<td>2.000%</td>
<td>0.300%</td>
<td>312665 AA0</td>
</tr>
<tr>
<td>2016</td>
<td>300,000</td>
<td>2.000%</td>
<td>0.590%</td>
<td>312665 AB8</td>
</tr>
<tr>
<td>2017</td>
<td>310,000</td>
<td>2.000%</td>
<td>0.900%</td>
<td>312665 AC6</td>
</tr>
<tr>
<td>2018</td>
<td>315,000</td>
<td>2.000%</td>
<td>1.210%</td>
<td>312665 AD4</td>
</tr>
<tr>
<td>2019</td>
<td>320,000</td>
<td>2.500%</td>
<td>1.520%</td>
<td>312665 AE2</td>
</tr>
<tr>
<td>2020</td>
<td>330,000</td>
<td>2.750%</td>
<td>1.860%</td>
<td>312665 AF9</td>
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<tr>
<td>2021</td>
<td>335,000</td>
<td>3.000%</td>
<td>2.150%</td>
<td>312665 AG7</td>
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<tr>
<td>2022</td>
<td>345,000</td>
<td>3.000%</td>
<td>2.390%</td>
<td>312665 AH5</td>
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<tr>
<td>2023</td>
<td>355,000</td>
<td>3.000%</td>
<td>2.520%</td>
<td>312665 AJ1</td>
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<tr>
<td>2024</td>
<td>370,000</td>
<td>3.000%</td>
<td>2.620%</td>
<td>312665 AK8</td>
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<tr>
<td>2025</td>
<td>380,000</td>
<td>3.000%</td>
<td>2.720%</td>
<td>312665 AL6</td>
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</table>

$1,655,000 4.000% Term Bond due November 1, 2029  Yield: 3.125%  CUSIP: 312665 AM4

$2,525,000 5.000% Term Bond due November 1, 2034  Yield: 2.870%  CUSIP: 312665 AN2

$3,145,000 3.750% Term Bond due November 1, 2039  Yield: 3.860%  CUSIP: 312665 AP7

(Plus accrued interest)
CITY OF FAYETTEVILLE, ARKANSAS
Issuer

City Council
Lioneld Jordan, Mayor
Rhonda Adams
Adella Gray
Mark Kinion
Alan Long
Sarah Marsh
Matthew Petty
Martin Schoppmeyer, Jr.
Justin Tennant

Don Marr, Chief of Staff
Paul Becker, Finance Director
Sondra Smith, City Clerk
Kit Williams, City Attorney

Fayetteville Advertising and Promotion Commission
Ching Mong, Chair
Matt Behrend
Robert Ferrell
Tim Freeman
Matthew Petty
Justin Tennant
Hannah Withers

Marilyn Heifner, Executive Director

SIMMONS FIRST TRUST COMPANY, N.A.
Pine Bluff, Arkansas
Trustee and Paying Agent

KUTAK ROCK LLP
Little Rock, Arkansas
Bond Counsel

STEPHENS INC.
Fayetteville, Arkansas
Underwriter
No dealer, broker, salesman or other person has been authorized by the City or by Stephens Inc. (the “Underwriter”) to give any information or to make any representations, other than those contained herein; and, if given or made, such other information or representations must not be relied upon as having been authorized by either of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of any Series 2014 Bonds in any jurisdiction in which such offer is not authorized, or in which the person making such offer, solicitation or sale is not qualified to do so, or to any person to whom it is unlawful to make such offer, solicitation or sale. The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof.

Build America Mutual Assurance Company (“BAM”) makes no representation regarding the Series 2014 Bonds or the advisability of investing in the Series 2014 Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading “BOND INSURANCE” and “EXHIBIT B – Specimen Municipal Bond Insurance Policy”.

THE SERIES 2014 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE TRUST INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON CERTAIN EXEMPTIONS FROM SUCH REGISTRATION AND QUALIFICATION CONTAINED IN SUCH LAWS.

CERTAIN INFORMATION CONTAINED HEREIN HAS BEEN OBTAINED FROM THE CITY, THE DEPOSITORY TRUST COMPANY, BUILD AMERICA MUTUAL ASSURANCE COMPANY AND OTHER SOURCES WHICH ARE BELIEVED TO BE RELIABLE. THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, ITS RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITER DOES NOT GUARANTY THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2014 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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OFFICIAL STATEMENT

$10,980,000
CITY OF FAYETTEVILLE, ARKANSAS
HOTEL, MOTEL AND RESTAURANT GROSS RECEIPTS TAX AND TOURISM REVENUE
CAPITAL IMPROVEMENT AND REFUNDING BONDS
SERIES 2014

INTRODUCTORY STATEMENT

The following introductory statement is subject in all respects to the more complete information set forth in this Official Statement. All descriptions and summaries of documents hereinafter set forth are qualified in their entirety by reference to each such document. Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms under the caption “DEFINITIONS OF CERTAIN TERMS” herein.

This Official Statement, including the cover page and the Appendices hereto, is furnished in connection with the offering of Hotel, Motel and Restaurant Gross Receipts Tax and Tourism Revenue Capital Improvement and Refunding Bonds, Series 2014, in the principal amount of $10,980,000 (the “Series 2014 Bonds”), by the City of Fayetteville, Arkansas (the “City”).

The City is a city of the first class organized and existing under the laws of the State of Arkansas (the “State”). The City is authorized under the laws of the State, including particularly, the Advertising and Promotion Commission Act, Arkansas Code Annotated (2008 Repl. & 2013 Supp.) §§26-75-601 et seq. (as from time to time amended, the “Act”), to issue and sell its bonds for the purpose of financing and refinancing the cost of tourism projects, such as cultural arts and entertainment facilities and public recreation facilities. Pursuant to the Act, the City has previously issued and there are currently outstanding its Hotel and Restaurant Gross Receipts Tax Refunding Bonds, Series 2003 (the “Series 2003 Bonds”).

The Series 2014 Bonds are to be issued by the City pursuant to the Act and Ordinance No. 5713, adopted and approved by the City Council on September 16, 2014 (the “Authorizing Ordinance”), for the purpose of (i) paying a portion of the costs of redeeming all of the outstanding Series 2003 Bonds, (ii) paying a portion of the costs of expanding and renovating Walton Arts Center, a cultural arts facility owned by and located within the City (the “Walton Arts Center Project”), (iii) paying a portion of the costs of acquiring, constructing and equipping a regional park within the City (the “Park Project”), (iv) purchasing a municipal bond debt service reserve insurance policy for deposit to a debt service reserve, (v) purchasing a municipal bond insurance policy, and (vi) paying certain expenses in connection with the issuance of the Series 2014 Bonds. See the captions “SOURCES AND USES OF FUNDS,” “REFUNDING PROGRAM” and “THE PROJECTS” herein. The issuance of the Series 2014 Bonds for the aforementioned purposes was approved by a majority of the qualified electors of the City at a special election held November 12, 2013.

The Series 2014 Bonds are not general obligations of the City, but are special obligations payable solely from and secured by a pledge of the revenues derived by the City from a one percent (1%) tax (the “Tax”) originally levied in 1977 upon (i) the gross receipts and gross proceeds derived from renting, leasing or otherwise furnishing hotel or motel accommodations for profit within the boundaries of the City, and (ii) the portion of gross receipts or gross proceeds received by restaurants, cafes, cafeterias, delis, drive-in restaurants, carry-out restaurants, concession stands, convenience stores, grocery store-restaurants and similar businesses from the sale of prepared food and beverages for on-premises and off-premises consumption. The regularly scheduled payment of principal of and interest on the Series 2014 Bonds when due is guaranteed under a municipal bond insurance policy (the “Policy”) issued concurrently with the delivery of the Series 2014 Bonds by Build America Mutual Assurance Company, a New York domiciled mutual insurance corporation (“BAM”). See the captions “SECURITY FOR THE BONDS,” “BOND INSURANCE” and “SUMMARY OF THE INDENTURE” herein.

The faith and credit of the City are not pledged to the payment of the Series 2014 Bonds, and the Series 2014 Bonds do not constitute an indebtedness of the City within the meaning of any constitutional or statutory debt limitation or restriction. The issuance of the Series 2014 Bonds shall not directly, indirectly or contingently obligate the City to levy or pledge any taxes whatsoever or to make any appropriation for the payment of the Series 2014 Bonds, except as described herein with respect to the Tax Receipts.
Additional Bonds may be issued on a parity of security with the Series 2014 Bonds under certain circumstances set forth in the Indenture (hereinafter defined). The Series 2014 Bonds and any such Additional Bonds are herein collectively referred to as the “Bonds.” See the caption “THE SERIES 2014 BONDS - Additional Bonds” and “- Superior Obligations Prohibited” herein.

The Series 2014 Bonds are subject to optional and mandatory redemption as provided under the caption “THE SERIES 2014 BONDS – Redemption” herein.

Pursuant to the provisions of a Continuing Disclosure Agreement dated as of the date of delivery of the Series 2014 Bonds, by and between the City and Simmons First Trust Company, N.A., as dissemination agent (the “Continuing Disclosure Agreement”), the City has undertaken certain obligations with respect to providing ongoing disclosure of certain financial and operating data concerning the City and the Tax Receipts and of the occurrence of certain material events. See the caption “SUMMARY OF THE CONTINUING DISCLOSURE AGREEMENT” herein.

This Official Statement contains brief descriptions or summaries of, among other matters, the City, the Series 2014 Bonds, the Tax Receipts, the Continuing Disclosure Agreement, and the Trust Indenture dated as of November 1, 2014, (the “Indenture”), by and between the City and Simmons First Trust Company, N.A., Pine Bluff, Arkansas, as trustee and paying agent (the “Trustee”), pursuant to which the Series 2014 Bonds are issued and secured. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Indenture and the Continuing Disclosure Agreement are qualified in their entirety by reference to each such document, and all references to the Series 2014 Bonds are qualified in their entirety by reference to the definitive form thereof and the information with respect thereto included in the Indenture. Copies of the Continuing Disclosure Agreement, the Indenture, and the form of Series 2014 Bond included therein, are available from the City by writing to the attention of the City Clerk, City of Fayetteville, City Administration Building, 113 West Mountain, Fayetteville, Arkansas 72701, and, during the initial offering period only, from the Underwriter, Stephens Inc., 3425 North Futrall, Suite 201, Fayetteville, Arkansas 72703. Tax Receipt data has been provided by the City from the audited records of the City and certain demographic information has been obtained from other sources which are believed to be reliable.

THE SERIES 2014 BONDS

Description. The Series 2014 Bonds will be initially dated as of November 1, 2014, and will bear interest payable semiannually on May 1 and November 1 of each year, commencing May 1, 2015, at the rates set forth on the inside cover page hereof. The Series 2014 Bonds will mature on November 1 in the years and in the principal amounts set forth on the inside cover page hereof.

The Series 2014 Bonds are issuable only in the form of fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York, to which principal, premium, if any, and interest payments on the Series 2014 Bonds will be made so long as Cede & Co. is the registered owner of the Series 2014 Bonds. Individual purchases of the Series 2014 Bonds will be made only in book-entry form, in denominations of $5,000 or integral multiples thereof. Individual purchasers (“Beneficial Owners”) of Series 2014 Bonds will not receive physical delivery of bond certificates. See the caption “BOOK-ENTRY ONLY SYSTEM” herein.

All interest payments on the Series 2014 Bonds shall be payable to the persons in whose name such Series 2014 Bonds are registered on the bond registration books maintained by the Trustee, as of the fifteenth day of the calendar month next preceding the calendar month in which the applicable interest payment date falls. Principal of and premium, if any, on the Series 2014 Bonds shall be payable at the principal corporate trust office of the Trustee. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Series 2014 Bond to the extent of the sum or sums so paid. So long as DTC or its nominee is the registered owner of the Series 2014 Bonds, disbursement of such payments to Beneficial Owners is the responsibility of DTC Participants or Indirect Participants, as more fully described herein.

Redemption. (1) The Series 2014 Bonds are subject to redemption prior to maturity at the election of the City, on and after November 1, 2024, in whole or in part (in any order of maturities directed by the City, and by lot within a maturity) at any time, at a redemption price equal to 100% of the principal amount being redeemed, plus accrued interest to the date of redemption.

(2) The Series 2014 Bonds shall be redeemed prior to maturity, in whole or in part (in inverse order of maturities and by lot within a maturity), on any Interest Payment Date, at a redemption price equal to 100% of the
principal amount being redeemed, plus accrued interest to the date of redemption, from moneys on deposit in the Projects Fund in excess of the amount needed to complete the Walton Arts Center Project or the Park Project.

(3) The Series 2014 Bonds maturing on November 1, 2029, are subject to mandatory sinking fund redemption prior to maturity in part, selected by lot by the Trustee in such manner as it may determine, on November 1 in the years and amounts set forth below at a redemption price equal to 100% of the principal amount being redeemed, plus accrued interest to the date of redemption.

<table>
<thead>
<tr>
<th>Year</th>
<th>Principal Amount</th>
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<tr>
<td>2026</td>
<td>$390,000</td>
</tr>
<tr>
<td>2027</td>
<td>405,000</td>
</tr>
<tr>
<td>2028</td>
<td>420,000</td>
</tr>
<tr>
<td>2029 (maturity)</td>
<td>440,000</td>
</tr>
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</table>

(4) The Series 2014 Bonds maturing on November 1, 2034, are subject to mandatory sinking fund redemption prior to maturity in part, selected by lot by the Trustee in such manner as it may determine, on November 1 in the years and amounts set forth below at a redemption price equal to 100% of the principal amount being redeemed, plus accrued interest to the date of redemption.

<table>
<thead>
<tr>
<th>Year</th>
<th>Principal Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2030</td>
<td>$435,000</td>
</tr>
<tr>
<td>2031</td>
<td>480,000</td>
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<tr>
<td>2032</td>
<td>505,000</td>
</tr>
<tr>
<td>2033</td>
<td>530,000</td>
</tr>
<tr>
<td>2034 (maturity)</td>
<td>555,000</td>
</tr>
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(5) The Series 2014 Bonds maturing on November 1, 2039, are subject to mandatory sinking fund redemption prior to maturity in part, selected by lot by the Trustee in such manner as it may determine, on November 1 in the years and amounts set forth below at a redemption price equal to 100% of the principal amount being redeemed, plus accrued interest to the date of redemption.

<table>
<thead>
<tr>
<th>Year</th>
<th>Principal Amount</th>
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<tbody>
<tr>
<td>2035</td>
<td>$585,000</td>
</tr>
<tr>
<td>2036</td>
<td>605,000</td>
</tr>
<tr>
<td>2037</td>
<td>630,000</td>
</tr>
<tr>
<td>2038</td>
<td>650,000</td>
</tr>
<tr>
<td>2039 (maturity)</td>
<td>675,000</td>
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</table>

At its option, to be exercised on or before the 45th day next preceding any mandatory sinking fund redemption date for any Series 2014 Bonds maturing November 1, 2029, November 1, 2034 and November 1, 2039 (the “Series 2014 Term Bonds”), the City may deliver to the Trustee for cancellation Series 2014 Term Bonds, or portions thereof ($5,000 or any integral multiple thereof), in any aggregate principal amount desired. Each such Series 2014 Term Bond, or portion thereof, so delivered or previously redeemed (otherwise than through mandatory sinking fund redemption) and canceled by the Trustee shall be credited by the Trustee at 100% of the principal amount thereof on the obligation of the City on such mandatory sinking fund redemption date, and any excess over such amount shall be credited on future mandatory sinking fund redemption obligations with respect to the Series 2014 Term Bonds in chronological order, and the principal amount of such Series 2014 Term Bonds so to be redeemed shall be accordingly reduced.

Partial Redemption of a Series 2014 Bond. If less than all of the Series 2014 Bonds of a maturity are called for redemption, the particular Series 2014 Bonds or portions of Series 2014 Bonds to be redeemed shall be selected by lot in such manner as the Trustee in its discretion may deem fair and appropriate. So long as DTC or its nominee is the sole registered owner of the Series 2014 Bonds, the procedures established by DTC shall control with respect to the selection of the particular Series 2014 Bonds to be redeemed.

Notice of Redemption. Notice of the call for any redemption (other than mandatory sinking fund redemption), identifying the Series 2014 Bonds or portions thereof being called and the date on which they shall be presented for payment, shall be mailed by the Trustee by first class mail (or, so long as DTC or its nominee is the sole registered owner of the Series 2014 Bonds, by any other means acceptable to DTC, including facsimile) to the registered owner of each such Series 2014 Bond addressed to such registered owner at his registered address and placed in the mails not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption;
provided, however, that failure to give such notice by mailing, or any defect therein, shall not affect the validity of
any proceeding for the redemption of any Series 2014 Bond with respect to which no such failure or defect has
occurred. Any notice mailed as provided above shall be conclusively presumed to have been duly given, whether or
not the registered owner receives the notice.

Additional Bonds. The City may issue from time to time one or more series of Additional Bonds for the
purpose of (i) financing Project costs in connection with the acquisition, construction and/or equipping of a Project,
(ii) refunding the Series 2014 Bonds or any series of Additional Bonds, in whole or in part, or (iii) any combination
thereof. Additional Bonds shall be secured equally and ratably with the Series 2014 Bonds and any other series of
Additional Bonds theretofore issued and then Outstanding, except insofar as any terms or conditions of redemption
or purchase established under the Indenture may afford additional benefit or security for the Bonds of any particular
series and except for the security afforded by any municipal bond insurance obtained with respect to any particular
series of Bonds. Before any Additional Bonds are authenticated, there shall be delivered to the Trustee the items
required for the issuance of Bonds by the Indenture, plus a Certificate of the Finance Director of the City certifying
that, based upon necessary investigation, the Tax Receipts deposited into the Revenue Fund during the most recent
twelve (12) months were not less than (i) 140% of the maximum Annual Debt Service on all then Outstanding
Bonds, plus the Additional Bonds then proposed to be issued, and (ii) the amount, if any, needed to make required
deposits to the Debt Service Reserve Fund. No Additional Bonds shall be issued unless there is no default at the
time of issuance under the Indenture.

Superior Obligations Prohibited. Except to the extent as provided above with respect to the issuance of
Additional Bonds, so long as Bonds are Outstanding under the Indenture, the City has covenanted not to create or
permit the creation of any indebtedness, or to issue any bonds, notes, warrants, certificates or other obligations or
evidences of indebtedness payable in any manner from the Tax Receipts or otherwise from the Trust Estate which
(i) will in any way be superior to or rank on a parity with the Bonds, or (ii) will in any way be secured by a lien and
charge on the Tax Receipts or on the moneys deposited in or to be deposited in the Revenue Fund, prior to or equal
with the lien, pledge and charge created in the Indenture for the security of the Bonds, or (iii) will be payable prior
to or equal with the payments to be made from the Tax Receipts or the Revenue Fund into the Bond Fund or Debt
Service Reserve Fund, or from said Bond Fund or Debt Service Reserve Fund for the payment of the Bonds. The
City is not prohibited or restricted from issuing bonds payable from Tax Receipts so long as use of the Tax Receipts
in favor of said bonds shall be made expressly subject and subordinate to the pledge and use of Tax Receipts to pay
principal and premium, if any, and interest on the Bonds and to make all required deposits into all funds held by
the Trustee pursuant to the Indenture.

Transfer or Exchange. The Bonds may be transferred on the books of registration kept by the Trustee by
the registered owner in person or by the owner’s duly authorized attorney, upon surrender thereof, together with a
written instrument of transfer duly executed by the registered owner or the owner’s duly authorized attorney. Upon
surrender for transfer of any Bond at the principal corporate office of the Trustee, the City shall execute and the
Trustee shall authenticate and deliver in the name of the transferee or transferees a new Bond or Bonds of the same
series and in the same aggregate principal amount and of any authorized denomination or denominations.

Transfers of registration or exchanges of Bonds shall be without charge to the Holders of such Bonds, but
any taxes or other governmental charges required to be paid with respect to the same shall be paid by the Holder of
the Bond requesting such transfer or exchange as a condition precedent to the exercise of such privilege.

The Trustee shall not be required to transfer or exchange any Bond during the period from and including a
Record Date to the next succeeding interest payment date of such Bond nor to transfer or exchange any Bond after
the mailing of notice calling such Bond for redemption has been made, and prior to such redemption.

So long as DTC or its nominee is the sole registered owner of the Series 2014 Bonds, transfers of beneficial
interests in the Series 2014 Bonds shall be in accordance with the rules and procedures of DTC and its direct and
indirect participants. See the caption “BOOK-ENTRY ONLY SYSTEM” herein.

SECURITY FOR THE BONDS

Tax Receipts. The Bonds are special obligations of the City secured by and payable from the revenues
derived by the City from a one percent (1%) tax (the “Tax”) levied upon (i) the gross receipts and gross proceeds
derived from renting, leasing or otherwise furnishing hotel or motel accommodations for profit within the
boundaries of the City, and (ii) the portion of gross receipts or gross proceeds received by restaurants, cafes,
cafeterias, delis, drive-in restaurants, carry-out restaurants, concession stands, convenience stores, grocery store-
restaurants and similar businesses from the sale of prepared food and beverages for on-premises and off-premises consumption.

Pursuant to the Act, the City levied the Tax in 1977. The Tax is limited by statute to 3% of the amount of such gross receipts and proceeds. Pursuant to the Act and the Indenture, the City has pledged the receipts of the Tax (the “Tax Receipts”) to the payment of the Bonds. The Advertising and Promotion Commission of the City of Fayetteville, Arkansas (the “Commission”) has approved such pledge, as required by statute. The City has continuously collected the Tax since June 1, 1977, following approval by the citizens of the City in a special election held on May 3, 1977.

The City has covenanted in the Indenture that, for so long as there are Outstanding Bonds, the Tax will not be repealed and the current Tax rate of 1% will not be reduced. In addition, the City has further covenanted that all necessary action will be taken, from time to time, to collect such tax in full amount due and to apply the Tax Receipts in the manner provided in the Indenture.

The following table shows Tax Receipts for the years 2002 through 2014.

<table>
<thead>
<tr>
<th>Calendar Year</th>
<th>Tax Receipts</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>$ 1,489,011</td>
</tr>
<tr>
<td>2003</td>
<td>1,556,511</td>
</tr>
<tr>
<td>2004</td>
<td>1,756,319</td>
</tr>
<tr>
<td>2005</td>
<td>1,944,250</td>
</tr>
<tr>
<td>2006</td>
<td>2,063,875</td>
</tr>
<tr>
<td>2007</td>
<td>2,030,913</td>
</tr>
<tr>
<td>2008</td>
<td>2,171,452</td>
</tr>
<tr>
<td>2009</td>
<td>2,165,809</td>
</tr>
<tr>
<td>2010</td>
<td>2,181,585</td>
</tr>
<tr>
<td>2011</td>
<td>2,298,187</td>
</tr>
<tr>
<td>2012&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>2,732,282</td>
</tr>
<tr>
<td>2013</td>
<td>2,624,137</td>
</tr>
<tr>
<td>2014&lt;sup&gt;(2)&lt;/sup&gt;</td>
<td>1,775,061</td>
</tr>
</tbody>
</table>

<sup>(1)</sup> Includes $211,138 in accruals due to revenue recognition timing change.

<sup>(2)</sup> Unaudited; for the eight months ended August 31, 2014.

Source: City records.

The faith and credit of the City are not pledged to the payment of the Series 2014 Bonds, and the Series 2014 Bonds do not constitute an indebtedness of the City within the meaning of any constitutional or statutory debt limitation or restriction. The issuance of the Series 2014 Bonds shall not directly, indirectly or contingently obligate the City to levy or pledge any taxes whatsoever or to make any appropriation for the payment of the Series 2014 Bonds, except as described herein with respect to the Tax Receipts.

Debt Service Reserve. The Indenture creates a Debt Service Reserve Fund and requires that it be maintained in an amount equal to the least of (a) 10% of the face amount of each series of Outstanding Bonds, (b) the maximum Annual Debt Service on each series of Outstanding Bonds, or (c) 1.25 times the average Annual Debt Service on each series of Outstanding Bonds. The Debt Service Reserve Fund shall be used solely to pay the principal of and interest on Outstanding Bonds as due for which there are no available funds in the Bond Fund to make such payments.

The Indenture authorizes the City to obtain a debt service reserve insurance policy in place of fully funding the Debt Service Reserve Fund. Accordingly, application has been made to Build America Mutual Assurance Company (“BAM”), and BAM has made a commitment to issue a debt service reserve insurance policy (the “Reserve Policy”), effective as of the date of issuance of the Series 2014 Bonds, for the purpose of funding the Debt Service Reserve Fund. The Series 2014 Bonds will only be delivered upon the issuance of such Reserve Policy. The premium on the Reserve Policy is to be fully paid at or prior to the issuance and delivery of the Series 2014 Bonds.

The Reserve Policy provides that BAM will make payment to the Trustee of that portion of the principal of and interest on the Series 2014 Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the City, as provided in the Reserve Policy, on the later of (i) the Business Day on which such principal and interest becomes Due for Payment and (ii) the first Business Day following the Business Day on which
BAM shall have received a completed Notice of Nonpayment in a form reasonably satisfactory to it. Payment by BAM to the Trustee for the benefit of the Owners of the Series 2014 Bonds shall, to the extent thereof, discharge the obligation of BAM under the Reserve Policy.

The amount available at any particular time to be paid to the Trustee under the terms of the Reserve Policy shall automatically be reduced by and to the extent of any payment under the Reserve Policy. However, after such payment, the amount available under the Reserve Policy shall be reinstated in full or in part, but only up to the Policy Limit, to the extent of the reimbursement of such payment (after taking into account the payment of interest and expenses) to BAM by or on behalf of the City.

Unless otherwise defined under this caption, all capitalized terms used in the language under this caption shall have the respective meanings set forth in the Reserve Policy.

For information on BAM see the caption “BOND INSURANCE” herein.

**Bond Insurance.** Subject to certain limitations as described herein, the payment of the principal of and interest on the Series 2014 Bonds is unconditionally and irrevocably guaranteed by BAM pursuant to its municipal bond insurance policy (the “Policy”). See the caption “BOND INSURANCE” herein for further information concerning the terms and conditions of the Policy and a description of BAM. A specimen of the Policy appears as Appendix B to this Official Statement.

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**BOND INSURANCE**

**Bond Insurance Policy**

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company (“BAM”) will issue its Municipal Bond Insurance Policy for the Series 2014 Bonds (the “Policy”). The Policy guarantees the scheduled payment of principal of and interest on the Series 2014 Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

**Build America Mutual Assurance Company**

BAM is a New York domiciled mutual insurance corporation. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: [www.buildamerica.com](http://www.buildamerica.com).

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM’s financial strength is rated “AA/Stable” by Standard and Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business (“S&P”). An explanation of the significance of the rating and current reports may be obtained from S&P at [www.standardandpoors.com](http://www.standardandpoors.com). The rating of BAM should be evaluated independently. The rating reflects S&P’s current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Series 2014 Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Series 2014 Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Series 2014 Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Series 2014 Bonds, nor does it guarantee that the rating on the Series 2014 Bonds will not be revised or withdrawn.

**Capitalization of BAM**

BAM’s total admitted assets, total liabilities, and total capital and surplus, as of June 30, 2014 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $477.8 million, $17.9 million and $459.9 million, respectively.
BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM’s most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM’s website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Series 2014 Bonds or the advisability of investing in the Series 2014 Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading “BOND INSURANCE”.

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM’s analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM’s website at buildamerica.com/creditinsights/.

Obligor Disclosure Briefs. Subsequent to closing, BAM posts an Obligor Disclosure Brief on every issue insured by BAM, including the Series 2014 Bonds. BAM Obligor Disclosure Briefs provide information about the gross par insured by CUSIP, maturity and coupon; sector designation (e.g. general obligation, sales tax); a summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. The Obligor Disclosure Briefs are also easily accessible on BAM’s website at buildamerica.com/obligor/.

Disclaimers. The Obligor Disclosure Briefs and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Obligor Disclosure Briefs and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Obligor Disclosure Briefs and Credit Insight videos are prepared by BAM and have not been reviewed or approved by the issuer of or the underwriter for the Series 2014 Bonds, and they assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Series 2014 Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Series 2014 Bonds, whether at the initial offering or otherwise.

BOOK-ENTRY ONLY SYSTEM

The Series 2014 Bonds will be issued only as one fully registered Series 2014 Bond for each maturity, in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), as registered owner of all the Series 2014 Bonds. The fully registered Series 2014 Bonds will be retained and immobilized in the custody of DTC.

DTC (or any successor securities depository) or its nominee for all purposes under the Indenture will be considered by the City and the Trustee to be the owner or holder of the Series 2014 Bonds.

Owners of any book entry interests in the Series 2014 Bonds (the “book entry interest owners”) described below, will not receive or have the right to receive physical delivery of the Series 2014 Bonds, and will not be considered by the City and the Trustee to be, and will not have any rights as, owners or holders of the Series 2014 Bonds under the bond proceedings and the Indenture except to the extent, if any, expressly provided thereunder.

CERTAIN INFORMATION REGARDING DTC AND DIRECT PARTICIPANTS IS SET FORTH BELOW. THIS INFORMATION HAS BEEN PROVIDED BY DTC. THE CITY, THE UNDERWRITER AND BOND COUNSEL ASSUME NO RESPONSIBILITY FOR THE ACCURACY OF SUCH STATEMENTS.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues and money market instruments (from over 120 countries and territories) that
DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges among Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, the National Securities Clearing Corporation and the Fixed Income Clearing Corporation, all of which are registered agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The DTC Rules applicable to its Direct and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.com.

Purchases of Series 2014 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2014 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2014 Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2014 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2014 Bonds, except in the event that use of the Book-Entry System for the Series 2014 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2014 Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2014 Bonds with DTC and their registration in the name of Cede & Co. or such other name do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2014 Bonds, DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2014 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Redemption notices shall be sent to DTC. If less than all of the Series 2014 Bonds within a maturity are to be redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Series 2014 Bonds unless authorized by a Direct Participant in accordance with DTC’s Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the Record Date. The Omnibus Proxy will assign Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts the Series 2014 Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Payment of debt service and redemption proceeds with respect to the Series 2014 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the City or the Trustee on payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC, the Trustee or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and debt service to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.
BENEFICIAL OWNERS SHOULD CONSULT WITH THE DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS FROM WHOM THEY PURCHASE A BOOK ENTRY INTEREST TO OBTAIN INFORMATION CONCERNING THE SYSTEM MAINTAINED BY SUCH DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS TO RECORD SUCH INTERESTS, TO MAKE PAYMENTS, TO FORWARD NOTICES OF REDEMPTION AND OF OTHER INFORMATION.

THE CITY AND THE TRUSTEE HAVE NO RESPONSIBILITY OR LIABILITY FOR ANY ASPECTS OF THE RECORDS OR NOTICES RELATING TO, OR PAYMENTS MADE ON ACCOUNT OF, BOOK ENTRY INTEREST OWNERSHIP, OR FOR MAINTAINING, SUPERVISING OR REVIEWING ANY RECORDS RELATING TO THAT OWNERSHIP.

The Trustee and the City, so long as a book entry method of recording and transferring interest in the Series 2014 Bonds is used, will send any notice of redemption or of any Indenture amendment or supplement or other notices to Bondholders under the Indenture only to DTC (or any successor securities depository) or its nominee. Any failure of DTC to advise any Direct Participants, or of any Direct Participants or Indirect Participants to notify any Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of the Series 2014 Bonds called for redemption, the Indenture amendment or supplement, or any other action premised on notice given under the Indenture.

The City and the Trustee cannot and do not give any assurances that DTC, Direct Participants, Indirect Participants or others will distribute payments of debt service on the Series 2014 Bonds made to DTC or its nominee as the registered owner of the Series 2014 Bonds, or any redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or that DTC will serve and act in a manner described in this Official Statement.

DTC may discontinue providing its services as securities depository with respect to the Series 2014 Bonds at any time by giving reasonable notice to the City or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, bond certificates are required to be printed and delivered.

In addition, the City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered.

**REFUNDING PROGRAM**

*Purpose.* A portion of the proceeds of the Series 2014 Bonds will be utilized, along with other available moneys, to effect a current refunding of $650,000 outstanding principal amount of the City’s Hotel and Restaurant Gross Receipts Tax Refunding Bonds, Series 2003 (the “Series 2003 Bonds”). The Series 2003 Bonds were issued to refund a prior series of bonds approved by a majority of the qualified electors of the City at a special election held August 5, 1997, for the purpose of financing a portion of the costs of constructing the Fayetteville Town Center, a multipurpose civic center located on the south side of the downtown square.

*Refunded Bonds.* The Series 2003 Bonds will be called for redemption by the City on December 22, 2014, pursuant to the provisions of the trust indenture under which the Series 2003 Bonds were issued, and will be paid from funds deposited with the BOKF, NA, Tulsa, Oklahoma, as escrow trustee (the “Escrow Trustee”) under the provisions of an Escrow Deposit Agreement to be dated as of the date of delivery of the Series 2014 Bonds (the “Escrow Agreement”), between the City and the Escrow Trustee.

The Indenture provides that a portion of the proceeds from the sale of the Series 2014 Bonds, together with moneys released from the bond fund relating to the Series 2003 Bonds, will be held by the Escrow Trustee under the Escrow Agreement in an escrow fund (the “Escrow Fund”) and used to purchase direct obligations of the United States of America (or their equivalents) (the “Defeasance Securities”). The Underwriter will verify at the time of delivery of the Series 2014 Bonds that the Defeasance Securities will mature and yield interest in such amounts which, together with uninvested funds, if any, in the Escrow Fund will be sufficient to pay, when due, the principal of and interest on the Series 2003 Bonds.

Pursuant to the terms of the Escrow Agreement, the Escrow Fund is irrevocably pledged to the payment of the principal of and interest on the Series 2003 Bonds.

By the deposit of Defeasance Securities and uninvested cash with the Escrow Trustee pursuant to the Escrow Agreement, the City will have defeased the Series 2003 Bonds. In the opinion of Bond Counsel, the Series 2003 Bonds will no longer be payable from, or secured by a pledge of, the Tax Receipts, but will be payable solely from the principal of and the interest on the Defeasance Securities and uninvested cash held for such purpose by the Escrow Trustee, and the pledge of Tax Receipts securing the Series 2003 Bonds, together with all other obligations
THE PROJECTS

Walton Arts Center Project. The total cost of the Walton Arts Center expansion and renovation is estimated to be $16.5 million. Approximately $6,953,000 of this amount will be funded with proceeds of the Series 2014 Bonds, with the remainder to be provided by private donations solicited by the Walton Arts Center Foundation or from existing assets of the Foundation. The City’s funding share of the Walton Arts Center Project will be limited to available proceeds of the Series 2014 Bonds deposited in the Walton Arts Center Account of the Projects Fund. Such proceeds are expected to be applied to costs associated with site and structural improvements for the Walton Arts Center lobby and Starr Theater, the back staging area of the theater, lobby restrooms, and electrical and HVAC infrastructure enhancements.

Park Project. The Park Project is the first phase of the acquisition, construction and equipping of a regional park facility in the southwestern portion of the City near the intersection of U.S. Interstate 40 and Cato Springs Road. The current estimated total cost of the regional park is $28 million to be completed in phases as funding becomes available. Approximately $3,527,000 of the proceeds of the Series 2014 Bonds will be deposited into the Park Account of the Projects Fund and applied to pay for Phase One of the regional park. Phase One components are expected to include baseball fields and soccer fields and related improvements, as well as a pavilion and playground to be located on the “Great Lawn” of the park.

SOURCES AND USES OF FUNDS

The proceeds of the Series 2014 Bonds and other available moneys will be used as follows:

**Sources of Funds**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Series 2014 Bond Proceeds</td>
<td>$10,980,000</td>
</tr>
<tr>
<td>Series 2003 Bond Fund</td>
<td>56,092</td>
</tr>
<tr>
<td>Net Reoffering Premium</td>
<td>662,791</td>
</tr>
<tr>
<td><strong>Total Sources:</strong></td>
<td><strong>$11,698,883</strong></td>
</tr>
</tbody>
</table>

**Uses of Funds**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfer to Escrow Trustee</td>
<td>$655,192</td>
</tr>
<tr>
<td>Deposit to Projects Fund (Walton Arts Center Project)</td>
<td>7,181,021</td>
</tr>
<tr>
<td>Deposit to Projects Fund (Park Project)</td>
<td>3,642,639</td>
</tr>
<tr>
<td>Purchase of Debt Service Reserve Fund Insurance Policy</td>
<td>11,608</td>
</tr>
<tr>
<td>Purchase of Municipal Bond Insurance Policy</td>
<td>16,123</td>
</tr>
<tr>
<td>Costs of Issuance and Underwriter’s Discount</td>
<td>192,300</td>
</tr>
<tr>
<td><strong>Total Uses:</strong></td>
<td><strong>$11,698,883</strong></td>
</tr>
</tbody>
</table>
## DEBT SERVICE REQUIREMENTS

As of the date of closing, the Series 2014 Bonds will constitute the only debt obligations secured by the Tax Receipts. The following table sets forth the amounts required to pay scheduled principal of and interest on the Series 2014 Bonds during each year:

<table>
<thead>
<tr>
<th>Year</th>
<th>Series 2014 Principal</th>
<th>Series 2014 Interest</th>
<th>Total Debt Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$295,000</td>
<td>$405,413</td>
<td>$700,413</td>
</tr>
<tr>
<td>2016</td>
<td>300,000</td>
<td>399,512</td>
<td>699,512</td>
</tr>
<tr>
<td>2017</td>
<td>310,000</td>
<td>393,513</td>
<td>703,513</td>
</tr>
<tr>
<td>2018</td>
<td>315,000</td>
<td>387,312</td>
<td>702,312</td>
</tr>
<tr>
<td>2019</td>
<td>320,000</td>
<td>381,013</td>
<td>701,013</td>
</tr>
<tr>
<td>2020</td>
<td>330,000</td>
<td>373,012</td>
<td>703,012</td>
</tr>
<tr>
<td>2021</td>
<td>335,000</td>
<td>363,938</td>
<td>698,938</td>
</tr>
<tr>
<td>2022</td>
<td>345,000</td>
<td>353,887</td>
<td>698,887</td>
</tr>
<tr>
<td>2023</td>
<td>355,000</td>
<td>343,538</td>
<td>698,538</td>
</tr>
<tr>
<td>2024</td>
<td>370,000</td>
<td>332,887</td>
<td>702,887</td>
</tr>
<tr>
<td>2025</td>
<td>380,000</td>
<td>321,788</td>
<td>701,788</td>
</tr>
<tr>
<td>2026</td>
<td>390,000</td>
<td>310,387</td>
<td>700,387</td>
</tr>
<tr>
<td>2027</td>
<td>405,000</td>
<td>294,788</td>
<td>699,788</td>
</tr>
<tr>
<td>2028</td>
<td>420,000</td>
<td>278,587</td>
<td>698,587</td>
</tr>
<tr>
<td>2029</td>
<td>440,000</td>
<td>261,788</td>
<td>701,788</td>
</tr>
<tr>
<td>2030</td>
<td>455,000</td>
<td>244,187</td>
<td>699,187</td>
</tr>
<tr>
<td>2031</td>
<td>480,000</td>
<td>221,438</td>
<td>701,438</td>
</tr>
<tr>
<td>2032</td>
<td>505,000</td>
<td>197,437</td>
<td>702,437</td>
</tr>
<tr>
<td>2033</td>
<td>530,000</td>
<td>172,188</td>
<td>702,188</td>
</tr>
<tr>
<td>2034</td>
<td>555,000</td>
<td>145,687</td>
<td>700,687</td>
</tr>
<tr>
<td>2035</td>
<td>585,000</td>
<td>117,938</td>
<td>702,938</td>
</tr>
<tr>
<td>2036</td>
<td>605,000</td>
<td>96,000</td>
<td>701,000</td>
</tr>
<tr>
<td>2037</td>
<td>630,000</td>
<td>73,312</td>
<td>703,312</td>
</tr>
<tr>
<td>2038</td>
<td>650,000</td>
<td>49,688</td>
<td>699,688</td>
</tr>
<tr>
<td>2039</td>
<td>675,000</td>
<td>25,312</td>
<td>700,312</td>
</tr>
<tr>
<td>Totals:</td>
<td>$10,980,000</td>
<td>$6,544,550</td>
<td>$17,524,550</td>
</tr>
</tbody>
</table>

(1) Including mandatory sinking fund redemptions.

## ESTIMATED DEBT SERVICE COVERAGE

The following table shows estimated maximum annual debt service coverage with respect to the Series 2014 Bonds utilizing Tax Receipts for the twelve months ended August 31, 2014.

<table>
<thead>
<tr>
<th>Historical Tax Receipts (1)</th>
<th>$2,677,468</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maximum Annual Debt Service Requirement on the Series 2014 Bonds (2)</td>
<td>$703,513</td>
</tr>
<tr>
<td>Maximum Annual Debt Service Coverage</td>
<td>3.81 X</td>
</tr>
</tbody>
</table>

(1) See the caption “SECURITY FOR THE BONDS – Tax Receipts” herein.

(2) See the caption “DEBT SERVICE REQUIREMENTS” herein.

The coverage numbers set forth above are based on historical collections of tax receipts calculated on an accrual basis. Actual collections of tax receipts will depend on numerous factors, and there can be no assurance that future tax receipts available to pay debt service on the Series 2014 Bonds will approximate such historical results.
THE CITY

General. The City is a city of the first class organized and existing under the laws of the State of Arkansas. The City is the seat of government of Washington County (the “County”) and is the fourth largest city in the State. The City is located in the Metropolitan Statistical Area of Fayetteville/Springdale/Rogers (the “MSA”), which includes all of Washington and Benton Counties in the northwest corner of the State and is approximately 185 miles northwest of Little Rock, Arkansas, 125 miles east of Tulsa, Oklahoma, and 210 miles south of Kansas City, Missouri.

The City is served by U.S. Interstate 49, U.S. Highways 62 and 71, and State Highways 16, 45, 112, 156, 180 and 265. The Burlington Northern Railroad has several lines running through the City, and a general aviation airport with a 6,006-foot runway is available for limited commuter travel. The Northwest Arkansas Regional Airport is located approximately 40 minutes from downtown Fayetteville and provides daily flights to numerous venues.

Government. The City currently operates under the Mayor-Council form of government pursuant to which a mayor, city attorney, city clerk and eight aldermen are elected, two from each of the City’s four wards. The mayor, city attorney and city clerk are full-time positions elected to four-year terms. Aldermen also serve four-year terms.

The City’s elected officials and the dates on which their respective terms expire are as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Office</th>
<th>Term Expires</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lioneld Jordan</td>
<td>Mayor</td>
<td>12/31/16</td>
</tr>
<tr>
<td>Kit Williams</td>
<td>City Attorney</td>
<td>12/31/14</td>
</tr>
<tr>
<td>Sondra Smith</td>
<td>City Clerk</td>
<td>12/31/16</td>
</tr>
<tr>
<td>Rhonda Adams</td>
<td>Alderman</td>
<td>12/31/14</td>
</tr>
<tr>
<td>Adella Gray</td>
<td>Alderman</td>
<td>12/31/14</td>
</tr>
<tr>
<td>Mark Kinion</td>
<td>Alderman</td>
<td>12/31/14</td>
</tr>
<tr>
<td>Alan Long</td>
<td>Alderman</td>
<td>12/31/16</td>
</tr>
<tr>
<td>Sarah Marsh</td>
<td>Alderman</td>
<td>12/31/16</td>
</tr>
<tr>
<td>Matthew Petty</td>
<td>Alderman</td>
<td>12/31/16</td>
</tr>
<tr>
<td>Martin Schoppmeyer, Jr.</td>
<td>Alderman</td>
<td>12/31/16</td>
</tr>
<tr>
<td>Justin Tennant</td>
<td>Alderman</td>
<td>12/31/14</td>
</tr>
</tbody>
</table>

Population. The following is a table of population changes for the City, the MSA and the State of Arkansas, according to the United States Census Bureau:

<table>
<thead>
<tr>
<th>Year</th>
<th>City of Fayetteville</th>
<th>MSA</th>
<th>State of Arkansas</th>
</tr>
</thead>
<tbody>
<tr>
<td>1960</td>
<td>20,274</td>
<td>92,069</td>
<td>1,786,272</td>
</tr>
<tr>
<td>1970</td>
<td>30,729</td>
<td>127,846</td>
<td>1,923,322</td>
</tr>
<tr>
<td>1980</td>
<td>36,608</td>
<td>178,609</td>
<td>2,286,435</td>
</tr>
<tr>
<td>1990</td>
<td>42,099</td>
<td>210,908</td>
<td>2,350,624</td>
</tr>
<tr>
<td>2000</td>
<td>58,047</td>
<td>311,121</td>
<td>2,673,400</td>
</tr>
<tr>
<td>2010</td>
<td>73,580</td>
<td>463,204</td>
<td>2,915,918</td>
</tr>
</tbody>
</table>
Economic Data. Per capita personal income figures for the MSA and the State of Arkansas are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>MSA</th>
<th>State of Arkansas</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>$25,387</td>
<td>$25,434</td>
</tr>
<tr>
<td>2004</td>
<td>27,420</td>
<td>26,846</td>
</tr>
<tr>
<td>2005</td>
<td>28,685</td>
<td>27,908</td>
</tr>
<tr>
<td>2006</td>
<td>30,168</td>
<td>29,459</td>
</tr>
<tr>
<td>2007</td>
<td>31,586</td>
<td>31,517</td>
</tr>
<tr>
<td>2008</td>
<td>32,537</td>
<td>32,257</td>
</tr>
<tr>
<td>2009</td>
<td>32,313</td>
<td>31,688</td>
</tr>
<tr>
<td>2010</td>
<td>33,309</td>
<td>32,373</td>
</tr>
<tr>
<td>2011</td>
<td>34,130</td>
<td>33,740</td>
</tr>
<tr>
<td>2012</td>
<td>35,437</td>
<td>34,723</td>
</tr>
</tbody>
</table>

Source: Discover Arkansas, Data Analysis.

Retail sales figures for the MSA and the State are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>MSA</th>
<th>State of Arkansas</th>
<th>MSA as % of State of Arkansas</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>$3,968,812,000</td>
<td>29,920,716,000</td>
<td>13.3%</td>
</tr>
<tr>
<td>2004</td>
<td>4,610,051,000</td>
<td>31,436,983,000</td>
<td>14.7%</td>
</tr>
<tr>
<td>2005</td>
<td>5,287,158,000</td>
<td>34,290,412,000</td>
<td>15.4%</td>
</tr>
<tr>
<td>2006</td>
<td>7,251,810,000</td>
<td>38,843,312,000</td>
<td>18.7%</td>
</tr>
<tr>
<td>2007</td>
<td>8,250,140,000</td>
<td>43,504,752,000</td>
<td>19.0%</td>
</tr>
<tr>
<td>2008</td>
<td>8,291,415,000</td>
<td>43,820,789,000</td>
<td>18.9%</td>
</tr>
<tr>
<td>2009</td>
<td>5,527,678,000$^{(1)}$</td>
<td>35,498,326,000</td>
<td>15.6%</td>
</tr>
<tr>
<td>2010</td>
<td>6,133,565,000$^{(1)}$</td>
<td>35,247,629,000</td>
<td>17.4%</td>
</tr>
<tr>
<td>2011</td>
<td>7,236,224,000$^{(1)}$</td>
<td>42,160,822,000</td>
<td>17.2%</td>
</tr>
<tr>
<td>2012</td>
<td>7,231,740,000$^{(1)}$</td>
<td>42,262,644,000</td>
<td>17.1%</td>
</tr>
</tbody>
</table>

$^{(1)}$ Does not include McDonald County, Missouri


The following table shows the total assessed value of non-utility real and personal property within the City for the years indicated:

<table>
<thead>
<tr>
<th>Year</th>
<th>Real Property</th>
<th>Personal Property</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>$565,846,525</td>
<td>$167,638,657</td>
<td>$733,485,182</td>
</tr>
<tr>
<td>2004</td>
<td>649,361,820</td>
<td>183,102,702</td>
<td>832,464,522</td>
</tr>
<tr>
<td>2005</td>
<td>729,172,106</td>
<td>212,694,254</td>
<td>941,866,260</td>
</tr>
<tr>
<td>2006</td>
<td>802,306,156</td>
<td>198,469,816</td>
<td>1,000,775,972</td>
</tr>
<tr>
<td>2007</td>
<td>942,667,570</td>
<td>203,094,564</td>
<td>1,145,762,134</td>
</tr>
<tr>
<td>2008</td>
<td>1,026,022,871</td>
<td>203,311,701</td>
<td>1,232,334,572</td>
</tr>
<tr>
<td>2009</td>
<td>1,067,947,653</td>
<td>191,973,349</td>
<td>1,259,921,002</td>
</tr>
<tr>
<td>2010</td>
<td>1,025,933,870</td>
<td>188,130,198</td>
<td>1,214,064,068</td>
</tr>
<tr>
<td>2011</td>
<td>1,046,174,941</td>
<td>199,900,209</td>
<td>1,246,075,150</td>
</tr>
<tr>
<td>2012</td>
<td>1,063,617,013</td>
<td>203,289,225</td>
<td>1,266,906,238</td>
</tr>
</tbody>
</table>

Source: Washington County Tax Assessor’s Office. The assessed value represents 20% of the appraised value of property.
Building permits issued by the City\(^{(1)}\) are shown below for the years indicated:

<table>
<thead>
<tr>
<th>Year</th>
<th>Residential Building Permits</th>
<th>Commercial Building Permits</th>
<th>Value of All Building Permits</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>256</td>
<td>16</td>
<td>$79,103,682</td>
</tr>
<tr>
<td>2011</td>
<td>273</td>
<td>29</td>
<td>$81,146,187</td>
</tr>
<tr>
<td>2012</td>
<td>394</td>
<td>18</td>
<td>$251,041,427</td>
</tr>
<tr>
<td>2013</td>
<td>379</td>
<td>24</td>
<td>$157,970,433</td>
</tr>
<tr>
<td>2014</td>
<td>289</td>
<td>17</td>
<td>$139,775,340</td>
</tr>
</tbody>
</table>

\(^{(1)}\) Does not include building activity of the University of Arkansas, school permits and additions/alterations to existing structures.

\(^{(2)}\) For the eight months ended August 31, 2014.

Source: City of Fayetteville.

Unemployment figures for the MSA and the State of Arkansas, according to the U.S. Bureau of Labor Statistics, are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>MSA</th>
<th>State of Arkansas</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>3.8%</td>
<td>5.6%</td>
</tr>
<tr>
<td>2005</td>
<td>3.3%</td>
<td>5.3%</td>
</tr>
<tr>
<td>2006</td>
<td>3.6%</td>
<td>5.4%</td>
</tr>
<tr>
<td>2007</td>
<td>3.9%</td>
<td>5.4%</td>
</tr>
<tr>
<td>2008</td>
<td>3.8%</td>
<td>5.2%</td>
</tr>
<tr>
<td>2009</td>
<td>6.1%</td>
<td>7.4%</td>
</tr>
<tr>
<td>2010</td>
<td>6.5%</td>
<td>7.9%</td>
</tr>
<tr>
<td>2011</td>
<td>6.2%</td>
<td>8.0%</td>
</tr>
<tr>
<td>2012</td>
<td>5.6%</td>
<td>7.3%</td>
</tr>
<tr>
<td>2013</td>
<td>4.9%</td>
<td>7.5%</td>
</tr>
<tr>
<td>2014*</td>
<td>4.9%</td>
<td>6.2%</td>
</tr>
</tbody>
</table>

\* August, 2014 only; preliminary.

Employment and Industry. The principal campus of the University of Arkansas is located in the City and had total enrollment for the Fall semester of 2014 of approximately 26,300. On the Fayetteville campus, the University employs approximately 4,396 faculty, administrative, secretarial, clerical and maintenance personnel in both full-time and part-time positions, making the University the largest employer in the City.

Other major employers in the City, their products or services and approximate number of employees are set forth below:

<table>
<thead>
<tr>
<th>Employer</th>
<th>Product or Service</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Washington Regional Med Center</td>
<td>Hospital</td>
<td>1,500</td>
</tr>
<tr>
<td>Veteran’s Admin. Medical Ctr.</td>
<td>Hospital</td>
<td>1,442</td>
</tr>
<tr>
<td>Washington Co. Government</td>
<td>Government</td>
<td>1,386</td>
</tr>
<tr>
<td>Fayetteville School District</td>
<td>Education</td>
<td>1,340</td>
</tr>
<tr>
<td>Superior Industries</td>
<td>Transportation equipment</td>
<td>822</td>
</tr>
<tr>
<td>City of Fayetteville</td>
<td>Government</td>
<td>731</td>
</tr>
<tr>
<td>Wal-Mart #9149</td>
<td>Optical lab</td>
<td>670</td>
</tr>
<tr>
<td>Tyson Mexican Original</td>
<td>Food products</td>
<td>631</td>
</tr>
<tr>
<td>Wal-Mart #144</td>
<td>Retail</td>
<td>550</td>
</tr>
</tbody>
</table>

Source: 2013 City of Fayetteville CAFR.
THE COMMISSION

Pursuant to the authority of the Act, the Advertising and Promotion Commission of the City of Fayetteville, Arkansas (the “Commission”) was created by ordinance of the City dated March 1, 1977. The Commission is responsible for the advertising and promotion of the City and its environs and oversees the leasing of certain City-owned convention facilities to the Board of Trustees of the University of Arkansas. The Commission is composed of four members appointed by the City Council, who are hotel, motel or restaurant owners or managers. The three remaining members are two aldermen on the City Council and one member from the public at large. The present members of the Commission are as follows:

<table>
<thead>
<tr>
<th>Member</th>
<th>Term Expires</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ching Mong, Chairman</td>
<td>Tourism Appointee, March 31, 2018</td>
</tr>
<tr>
<td>Matt Behrend</td>
<td>Tourism Appointee, March 31, 2015</td>
</tr>
<tr>
<td>Robert Ferrell</td>
<td>At-Large Appointee, March 31, 2017</td>
</tr>
<tr>
<td>Tim Freemen</td>
<td>Tourism Appointee, March 31, 2016</td>
</tr>
<tr>
<td>Matthew Petty</td>
<td>City Council Member</td>
</tr>
<tr>
<td>Justin Tennant</td>
<td>City Council Member</td>
</tr>
<tr>
<td>Hannah Withers</td>
<td>Tourism Appointee, March 31, 2017</td>
</tr>
</tbody>
</table>

DEFINITIONS OF CERTAIN TERMS

The following are definitions of certain terms used in this Official Statement:

“Account” means an Account established by Article V of the Indenture.


“Additional Bonds” means Bonds in addition to the Series 2014 Bonds which are issued under the provisions of Section 212 of the Indenture.

“Additional Facilities” means land, buildings, structures, machinery, furniture, fixtures, equipment and all related or necessary tangible property constituting improvements which are permitted to be financed under the provisions of the Act.

“Annual Debt Service” means, with respect to all or any particular amount of Bonds, the Debt Service for any particular Fiscal Year required to be paid or set aside during such Fiscal Year, less the amount of such payment which is provided from the proceeds of the sale of Bonds or from sources other than Tax Receipts.

“Authorized Representative” means either the Mayor or the Finance Director of the City and such additional persons as from time to time may be designated to act on behalf of the City by a Certificate furnished to the Trustee containing the specimen signature thereof and executed on behalf of the City by its Mayor.

“Authorizing Ordinance” means Ordinance No. 5713, adopted by the City on September 16, 2014, which authorized the issuance of the Series 2014 Bonds pursuant to the Indenture.

“BAM” means Build America Mutual Assurance Company, a New York domiciled municipal insurance corporation.

“Beneficial Owner” means any Person who acquires beneficial ownership interest in a Bond held by the Securities Depository. In determining the Beneficial Owner of any Bond, the Trustee may rely exclusively upon written representations made and information given to the Trustee by the Securities Depository or its Participants with respect to any Bond held by the Securities Depository in which a beneficial ownership interest is claimed.

“Bond Counsel” means any firm of nationally recognized municipal bond counsel selected by the City and acceptable to the Trustee.

“Bond Fund” means the fund by that name created and established in the Indenture.

“Bonds” mean the Series 2014 Bonds and all Additional Bonds, if any, issued by the City pursuant to the Indenture.

“Book-Entry System” means the book-entry system maintained by the Securities Depository and described in the Indenture.
“Certificate” means a document signed by an Authorized Representative of the City attesting to or acknowledging the circumstances or other matters therein stated.

“City” means the City of Fayetteville, Arkansas, a municipality and political subdivision under the laws of the State of Arkansas.

“City Clerk” means the person holding the office and performing the duties of the City Clerk of the City.

“Closing Date” means, with respect to any series of Bonds, the date upon which there is an exchange of such series of Bonds for the proceeds representing the purchase price for such series of Bonds by the Original Purchaser or Purchasers thereof.

“Code” means the Internal Revenue Code of 1986, as from time to time amended, and applicable regulations issued or proposed thereunder.

“Commission” means the Advertising and Promotion Commission of the City of Fayetteville, Arkansas, or any successor thereto.

“Completion Date” means the date upon which a Project is first ready for normal continuous operation or the date upon which damaged Project facilities are replaced in normal and continuous operation.

“Continuing Disclosure Agreement” means, collectively, each Continuing Disclosure Agreement between the City and the Trustee, dated the date of issuance and delivery of a series of Bonds, as originally executed and as amended from time to time in accordance with the terms thereof.

“Cost of Issuance Fund” means the fund by that name created and established in the Indenture.

“Costs of Issuance” means all items of expense payable or reimbursable directly or indirectly by the City and related to the authorization, sale and issuance of the Bonds, including, but not limited to, underwriting discounts, fees and expenses, election expenses, publication expenses, expenses of printing, reproducing, filing and recording documents, initial fees and charges of the Trustee and any Paying Agent, fees and expenses for legal, accounting and other professional services, rating fees, costs of securing any credit enhancement for the Bonds, costs of execution, transportation and safekeeping of the Bonds, and other costs, charges and fees incurred in connection with the foregoing.

“Debt Service” means, with respect to all or any particular amount of Bonds for any Payment Period, the amount required to pay the sum of the interest on such Bonds payable during the Payment Period and the principal of, and any other amount required to effect any mandatory redemption of, such Bonds, if any, during the Payment Period.

“Debt Service Reserve Fund” means the fund by that name created and established in the Indenture.

“Election Ordinance” means Ordinance No. 5605, adopted by the City on August 6, 2013, which called a special election on November 12, 2013, on the issuance of the Series 2014 Bonds.

“Event of Default” means any event of default specified in Section 801 of the Indenture.

“Fiscal Year” means the 12-month period used, at any time, by the City for accounting purposes, which may be the calendar year.

“Fund” means a fund confirmed or established by the Indenture.

“Government Securities” means (i) direct obligations of the United States of America, (ii) obligations on which the full and timely payment of principal and interest is fully and unconditionally guaranteed by the United States of America (including any such securities issued or held in book-entry form on the books of the Department of Treasury of the United States of America), and (iii) evidences of direct ownership or proportionate or individual interest in future interest or principal payments on specified direct obligations of, or obligations on which the full and timely payment of principal and interest is fully and unconditionally guaranteed by, the United States of America, which obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian in form and substance satisfactory to the Trustee.

“Holder” or “Bondholder” or “Owner of the Bonds” means the registered owner of any Bond.

“Indenture” means the Trust Indenture dated as of November 1, 2014, between the City and the Trustee, pursuant to which the Bonds are issued, and any amendments and supplements thereto.

“Interest Payment Date” means any date on which interest is payable on the Bonds.

“Investment Obligations” means, if and to the extent the same are at the time legal for investment of funds held under this Indenture:
(a) Cash deposits, certificates of deposits or money market deposits (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with Government Obligations);

(b) Government Securities;

(c) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America: U.S. Export-Import Bank (Eximbank); Rural Economic Community Development Administration; Federal Financing Bank; General Services Administration; U.S. Maritime Administration; U.S. Department of Housing and Urban Development (PHAs); Small Business Administration; Government National Mortgage Association (GNMA); Federal Housing Administration; and Farm Credit System Financial Assistance Corporation.

(d) Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America:

   (i) Senior debt obligations rated in the highest long-term rating category by at least two nationally recognized rating agencies issued by the Federal National Mortgage Association (FNMA) or the Federal Home Loan Mortgage Corporation (FHLMC); and

   (ii) Senior debt obligations of the Federal Home Loan Bank System;

(e) U.S. dollar denominated deposit accounts, federal funds and bankers’ acceptances with domestic commercial banks which either (i) have a rating on their short-term certificates of deposit on the date of purchase in the highest short-term rating category of at least two nationally recognized rating agencies, (ii) are insured at all times by the Federal Deposit Insurance Corporation, or (iii) are collateralized with direct obligations of the United States of America at 102% valued daily. All such certificates must mature no more than 360 days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank);

(f) Commercial paper which is rated at the time of purchase in the highest short-term rating category of at least two nationally recognized rating agencies and which matures no more than 270 days after the date of purchase;

(g) Investments in (i) money market funds subject to SEC Rule 2a-7 and rated in the highest short-term rating category of at least one of S&P and Moody’s and (ii) public sector investment pools operated pursuant to SEC Rule 2a-7 in which the City’s deposit shall not exceed 5% of the aggregate pool balance at any time and such pool is rated in one of the two highest short-term rating categories of at least one of S&P and Moody’s;

(h) Pre-refunded municipal obligations defined as follows: Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

   (i) Which are rated, based on an irrevocable escrow account or fund (the “Escrow”), in the highest long-term rating category of at least two nationally recognized rating agencies; or

   (ii) (I) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or direct obligations of the United States of America, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and

       (II) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

   (i) General obligations of states with a short-term rating in one of the two highest rating categories and a long-term rating in one of the two highest rating categories of at least two nationally recognized rating agencies. In the event such obligations are variable rate obligations, the interest rate on such obligations must be reset not less frequently than annually; and
(j) Any cash sweep account maintained by the Trustee and consisting of investments described in clauses (a) through (i).

“Mayor” means the person holding the office and performing the duties of the Mayor of the City.

“Moody’s” means Moody’s Investors Service.

“Original Purchaser” means the first purchaser(s) of a series of Bonds from the City.

“Outstanding” means, as of any date of computation, Bonds theretofore or thereupon being delivered under the Indenture, except:

(a) Bonds cancelled at or prior to such date or delivered to or acquired by the Trustee at or prior to such date for cancellation;
(b) Bonds deemed to be paid in accordance with Article VII of the Indenture; and
(c) Bonds in lieu of or in exchange or substitution for which other Bonds shall have been authenticated and delivered pursuant to the Indenture;

provided, however, that in the event that the principal and/or interest due on the Series 2014 Bonds shall be paid by BAM pursuant to the Policy, said Series 2014 Bonds shall be deemed to remain Outstanding for all purposes.

“Park Project” means the acquisition, construction and equipping of a regional park, financed in part with the proceeds of the Series 2014 Bonds.

“Participants” means those financial institutions for whom the Securities Depository effects book-entry transfers and pledges of securities deposited with the Securities Depository in the Book-Entry System, as such listing of Participants exists at the time of such reference.

“Payment Period” means a period from, but not including, a Principal Payment Date up to, and including, the next succeeding Principal Payment Date.

“Person” means any natural person, firm, association, corporation, limited liability company, partnership, joint stock company, joint venture, trust, unincorporated organization or firm, or a government or any agency or political subdivision thereof or other public body.

“Policy” means the municipal bond insurance policy issued by BAM insuring the payment when due of the principal of and interest on the Series 2014 Bonds as provided therein.

“Principal Payment Date” means any date on which principal is payable on the Bonds, whether at maturity, by operation of the mandatory sinking fund, or otherwise.

“Projects” means the Walton Arts Center Project, the Park Project and any Additional Facilities that may be acquired, constructed and equipped in the future with the proceeds of Bonds.

“Project Costs” means, to the extent permitted by the Act or other applicable laws, with respect to a Project, all costs of planning, designing, purchasing, acquiring, constructing, improving, enlarging, extending, repairing, financing and placing in operation, including obtaining governmental approvals, certificates, permits and licenses with respect thereto, heretofore or hereafter paid or incurred by or on behalf of the City and which shall include, but shall not be limited to:

(a) interest accruing in whole or in part on the Bonds prior to and during construction of a Project, including all amounts required by this Indenture to be paid from the proceeds of the Bonds into the Bond Fund;
(b) preliminary investigation and development costs, engineering fees, contractors’ fees, labor costs, the cost of materials, equipment, utility services and supplies, costs of obtaining permits, licenses and approvals, costs of real property, insurance premiums, legal and financing fees and costs, administrative and general costs, and all other costs properly allocable to the acquisition, construction and equipping of a Project and placing the same in operation;
(c) all costs relating to injury and damage claims arising out of the acquisition, construction or equipping of a Project;
(d) all other costs incurred in connection with, and properly allocable to, the acquisition, construction and equipping of a Project; and
(e) amounts to pay or reimburse the City or any City fund for expenses of the City incident and properly allocable to such planning, designing, purchasing, acquiring, constructing, improving, enlarging, extending, repairing, financing and placing in operation of a Project.

“Projects Fund” means the fund by that name created and established in Section 501 of this Indenture.

“Qualified Engineer” means a consulting engineer or firm of consulting engineers, whether or not in the regular employ of the City.

“Rebate Fund” means the fund by that name created and established in the Indenture.

“Record Date” means the close of business on the fifteenth day of the calendar month next preceding each Interest Payment Date on the Bonds or, if such day shall not be a business day, the immediately preceding business day.

“Redemption Fund” means the fund by that name established in the Indenture.

“Requisition” means a written requisition of the City, consecutively numbered, signed by an Authorized Representative and including, without limitation, the specific information required by the Indenture.

“Reserve Policy” means the debt service reserve insurance policy issued by BAM guaranteeing certain payments into the Debt Service Reserve Fund with respect to the Series 2014 Bonds as provided therein and subject to the limitations set forth therein.

“Reserve Requirement” means, at any particular time, an amount equal to the least of (a) 10% of the face amount of each series of Outstanding Bonds, (b) the maximum Annual Debt Service on each series of Outstanding Bonds, or (c) 1.25 times the average Annual Debt Service on each series of Outstanding Bonds.

“Revenue Fund” means the fund by that name confirmed and continued in the Indenture.

“S&P” means Standard & Poor’s Ratings Services, a Division of the McGraw-Hill Companies, Inc.

“Securities Depository” means The Depository Trust Company, a limited-purpose trust company organized under the laws of the State of New York, or its nominee, and its successors and assigns, or any other depository institution appointed by the City to act as depository for the Bonds in connection with the Book-Entry System.

“Series 2003 Bonds” means the $6,335,000 City of Fayetteville, Arkansas Hotel and Restaurant Gross Receipts Tax Refunding Bonds, Series 2003, dated July 1, 2003, of which $650,000 remains Outstanding.

“Series 2014 Bonds” means the City of Fayetteville, Arkansas Hotel, Motel and Restaurant Gross Receipts Tax and Tourism Revenue Capital Improvement and Refunding Bonds, Series 2014, dated November 1, 2014, issued under and secured by the Indenture in the aggregate principal amount of $10,980,000.

“State” means the State of Arkansas.

“Supplemental Indenture” means any indenture supplemental to or amendatory of the Indenture.

“Tax” means the one percent (1%) tax (the “Tax”) originally levied in 1977 upon (i) the gross receipts and gross proceeds derived from renting, leasing or otherwise furnishing hotel or motel accommodations for profit within the boundaries of the City, and (ii) the portion of gross receipts or gross proceeds received by restaurants, cafes, cafeterias, delis, drive-in restaurants, carry-out restaurants, concession stands, convenience stores, grocery store-restaurants and similar businesses from the sale of prepared food and beverages for on-premises and off-premises consumption.

“Trustee” and “Paying Agent” means the trustee and paying agent for the time being, whether original or successor, with the same institution to always occupy both positions, and with the original Trustee and Paying Agent being Simmons First Trust Company, N.A., Pine Bluff, Arkansas.

“Trust Estate” means the property described in the granting clauses of the Indenture.

“Walton Arts Center Project” means the expansion and renovation of the Walton Arts Center, financed in part with the proceeds of the Series 2014 Bonds.
SUMMARY OF THE INDENTURE

The following statements are brief summaries of certain provisions of the Indenture. The statements do not purport to be complete, and reference is made to the Indenture, copies of which are available for examination at the offices of the City Clerk, for a full statement thereof.

Funds and Accounts. The Tax Receipts are pledged by the Indenture to the payment of the principal of and interest on the Bonds. The Indenture confirms and continues the Revenue Fund referenced in the trust indenture securing the Series 2003 Bonds. In addition, the following Funds and Accounts are established with the Trustee in connection with the Bonds:

- Bond Fund, and a Principal Account and an Interest Account therein
- Debt Service Reserve Fund
- Redemption Fund
- Projects Fund, and a Park Account and a Walton Arts Center Account therein
- Cost of Issuance Fund
- Rebate Fund

Application of Tax Receipts. The application of Tax Receipts is as follows:

(a) Revenue Fund. All Tax Receipts shall, as and when received, be deposited into the Revenue Fund. The Revenue Fund is maintained by the City as a segregated fund. Moneys at any time on deposit in the Revenue Fund are to be applied, as needed, on a monthly basis to provide for the payment of Debt Service on the Bonds, to the maintenance of the Debt Service Reserve Fund, to the payment of any arbitrage rebate due under Section 148(f) of the Code, and to the payment of fees and expenses of the Trustee and any Paying Agent, at the times and in the amounts set forth as follows:

(b) Bond Fund. On or before the fifteenth day of each month, commencing December 15, 2014, there shall be transferred from the Revenue Fund (i) into the Interest Account of the Bond Fund, an amount equal to 1/6 of the interest on the Bonds due on the next Interest Payment Date, and (ii) into the Principal Account of the Bond Fund, an amount equal to 1/12 of the principal on the Bonds due on the next Principal Payment Date. Moneys in the Bond Fund shall be used solely for the purpose of paying Annual Debt Service on the Bonds, as provided in the Indenture. The Trustee shall withdraw from the Bond Fund, on the date of any principal or interest payment, an amount equal to such payment for the sole purpose of paying the same.

If Tax Receipts in the Revenue Fund are insufficient to make the required monthly payment into the Bond Fund, the amount of any such deficiency in the payment made shall be added to the amount otherwise required to be paid into the Bond Fund in the next succeeding month.

When the moneys held in the Bond Fund, the Debt Service Reserve Fund and the Redemption Fund shall be and remain sufficient to pay in full the principal of and interest on all Bonds then Outstanding in accordance with the Indenture, together with the required fees and expenses to be paid or reimbursed to the Trustee and Paying Agent, the City shall have no further obligation to make payments into such Funds.

(c) Debt Service Reserve Fund. See the caption “SECURITY FOR THE BONDS – Debt Service Reserve” herein.

(d) Redemption Fund. There shall be deposited to the credit of the Redemption Fund all moneys necessary to effect an optional redemption of the Bonds and all remaining moneys transferred from the Projects Fund upon completion of a Project. Moneys in the Redemption Fund shall be transferred to the Principal Account of the Bond Fund at such times as may be necessary to effectuate redemptions of the Bonds on the first available redemption date. See the caption “THE SERIES 2014 BONDS – Redemption” herein.

(e) Cost of Issuance Fund. A portion of the proceeds of the Series 2014 Bonds shall be deposited to the credit of the Cost of Issuance Fund. The Trustee shall pay those Costs of Issuance as directed by the City pursuant to a Certificate delivered on a Closing Date. After all Costs of Issuance have been paid with respect to a series of Bonds, any remaining moneys in the Cost of Issuance Fund shall be transferred to the Interest Account of the Bond Fund.
(f) **Projects Fund.** A portion of the proceeds of the Series 2014 Bonds shall be deposited to the Park Account and the Walton Arts Center Account of the Projects Fund. Amounts in the Accounts of the Projects Fund shall be expended and applied for the payment of Project Costs attributable to the related Project. Disbursements shall be made from the Projects Fund on the basis of Requisitions in the form specified in the Indenture. Within ninety (90) days following completion of a Project or portion thereof being financed by the Bonds, the City shall deliver to the Trustee its Certificate stating that such project or applicable portion thereof is complete, and the Trustee shall transfer the remaining moneys in the applicable Account of the Projects Fund (save and except moneys needed to satisfy unpaid Project Costs) to the Redemption Fund for application to the retirement of Bonds by redemption or purchase as provided in the Indenture.

(g) **Rebate Fund.** The Trustee shall establish and maintain, separate and apart from any other Funds and Accounts established and maintained under the Indenture, the Rebate Fund, which Fund is not pledged to the payment of any Bonds. Subject to transfer to the United States in payment of any arbitrage rebate due under Section 148(f) of the Code, all moneys at any time deposited in the Rebate Fund shall be held by the Trustee in trust, and neither the City nor the Owner of any Bond shall have any rights in or claim to such money. Any amounts remaining in the Rebate Fund after payment in full of the rebate amount owing to the United States, within sixty (60) days after the date on which the last Bond is redeemed, shall be transferred to the Revenue Fund.

Any moneys remaining in the Revenue Fund following the required transfers described above may be used for any lawful purpose as determined by the Commission.

**Investment of Funds.** At the direction of the City or absent such direction, the Trustee shall invest moneys in Funds or Accounts held by the Trustee in Investment Obligations with maturity or redemption dates consistent with the times at which said moneys will be required for the purposes provided in the Indenture; provided, however, the stated maturity dates of Investment Obligations of Debt Service Reserve Fund moneys shall not exceed five years from the date of investment therein. Moneys in separate Funds or Accounts may be commingled for the purpose of investment.

Obligations purchased as an investment of moneys in any Fund or Account created by the Indenture shall be deemed at all times to be a part of such Fund or Account, and any income or loss due to an investment thereof shall be charged to the respective Fund or Account for which the investment was made except as otherwise provided in the Indenture.

**Valuation of Funds and Accounts.** Investments in any Fund or Account shall be evaluated monthly by the Trustee. For the purpose of determining the amount in any Fund or Account, the City and the Trustee shall value all Investment Obligations credited to such Fund or Account at fair market value. The Trustee shall determine the fair market value based on accepted industry standards and from accepted industry providers. The fair market value of certificates of deposit and bankers’ acceptances shall be equal to the face amount thereof plus accrued interest thereon. The fair market value of any Investment Obligation that cannot be determined in the manner provided above shall be established pursuant to the prior agreement of the City and the Trustee.

The Trustee shall sell or present for redemption any Investment Obligations as necessary in order to provide money for the purpose of making any payment required under the Indenture, and the Trustee shall not be liable for any loss resulting from any such sale.

**Responsibility of Trustee.** The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of moneys made by it at the direction of the City.

**Instruments of Further Assurance.** At the request of the Trustee, the City shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, ordinances, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, pledging, assigning and confirming of all and singular the Tax Receipts and all other moneys pledged or assigned by the Indenture, or intended so to be, or which the City may become bound to pledge or assign.

**Tax Covenants.** The City shall not use or permit the use of any Bond proceeds or any other funds of the City, directly or indirectly, in any manner, and will not take or permit to be taken any other action or actions which would adversely effect the exclusion of interest on any Bond from gross income for federal income tax purposes. No part of the proceeds of the Bonds shall at any time be used, directly or indirectly, to acquire securities or obligations the acquisition of which would cause any of such Bonds to be an “arbitrage bond” as defined in Sections 148(a) and (b) of the Code. The City agrees that so long as any of the Bonds remain Outstanding, it will comply with the provisions of each applicable Tax Regulatory Agreement.
Defeasance. Any Bond shall be deemed to be paid within the meaning of the Indenture when payment of the principal of and premium, if any, and interest on such Bond (whether at maturity or upon redemption as provided in the Indenture, or otherwise), either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for by irrevocably depositing with the Trustee, in trust and irrevocably set aside exclusively for such payment, (1) moneys sufficient to make such payment or (2) Government Securities (provided that such deposit will not affect the tax-exempt status of the interest on any of the Bonds or cause any of the Bonds to be classified as “arbitrage bonds” within the meaning of Section 148(a) of the Code, as reflected in an opinion of Bond Counsel delivered to the Trustee), maturing as to principal and interest in such amounts and at such times as will provide sufficient moneys to make such payment, and all necessary and proper fees, compensation and expenses of the Trustee and any Paying Agent pertaining to the Bonds with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Trustee and any said Paying Agent.

Events of Default. Each of the following events shall constitute and is referred to in the Indenture as an “Event of Default”:

(a) Default in the due and punctual payment of any interest on any Bond;
(b) Default in the due and punctual payment of the principal of or premium, if any, on any Bond, whether at the stated maturity thereof, or upon proceedings for redemption thereof, or upon the maturity thereof by declaration;
(c) Default in the payment of any other amount required to be paid under the Indenture or the performance or observance of any other of the covenants, agreements or conditions contained in the Indenture, or in the Bonds issued under the Indenture, and continuance thereof for a period of sixty (60) days after written notice specifying such failure and requesting that it be remedied, shall have been given to the City by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of Holders of not less than fifty-one percent (51%) in aggregate principal amount of the Bonds then Outstanding, unless the Trustee, or the Trustee and Holders of an aggregate principal amount of Bonds not less than the aggregate principal amount of Bonds the Holders of which requested such notice, as the case may be, shall agree in writing to an extension of such period prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the Trustee will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the City within such period and is being diligently pursued;
(d) The filing of a petition in bankruptcy by or against the City under the United States Bankruptcy Code or the commencement of a proceeding by or against the City under any other law concerning insolvency, reorganization or bankruptcy; and
(e) If the State has limited or altered the rights of the City pursuant to the Act, as in force on the date of the Indenture, to fulfill the terms of any agreements made with the Trustee or the Bondholders or in any way impaired the rights and remedies of the Trustee or the Bondholders while any Bonds are Outstanding.

The term “default” as used in clauses (a), (b) and (c) above shall mean default by the City in the performance or observance of any of the covenants, agreements or conditions on its part contained in the Indenture, or in the Bonds Outstanding thereunder, exclusive of any period of grace required to constitute a default an “Event of Default” as described above.

Acceleration. Upon the occurrence of an Event of Default, the Trustee may, with consent of BAM, and shall, upon the written request of BAM or of the Holders of not less than 51% in aggregate principal amount of Bonds Outstanding with the consent of BAM, by notice in writing delivered to the City, declare the principal of all Bonds then Outstanding, together with any premium and the interest accrued thereon, immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable.

Other Remedies; Rights of Bondholders. Upon the occurrence of an Event of Default, the Trustee may, as an alternative, pursue any available remedy by suit at law or in equity, including, without limitation, mandamus to enforce the payment of the principal of and premium, if any, and interest on the Bonds then Outstanding.

If an Event of Default shall have occurred, and if it shall have been requested so to do by the Holders of 51% in aggregate principal amount of Bonds Outstanding and if it shall have been indemnified as provided in the Indenture, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred upon it by the Indenture as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Bondholders.
No remedy by the terms of the Indenture conferred upon or reserved to the Trustee (or to the Bondholders) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given under the Indenture or now or hereafter existing at law or in equity or by statute.

No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or acquiescence therein; and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default or Event of Default under the Indenture, whether by the Trustee or by the Bondholders, shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereon.

Rights and Remedies of Bondholders. No Holder of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Indenture or for the execution of any trust thereof or for the appointment of a receiver or any other remedy thereunder, unless a default has occurred of which the Trustee has been notified as provided in the Indenture, or of which by the Indenture it is deemed to have notice, nor unless such default shall have become an Event of Default and the Holders of not less than 51% in aggregate principal amount of Bonds Outstanding shall have made written request to the Trustee and shall have offered it reasonable opportunity either to proceed to exercise the powers granted or to institute such action, suit, or proceeding in its own name, nor unless also they have offered to the Trustee indemnity as provided in the Indenture nor unless the Trustee shall thereafter fail or refuse to exercise the powers granted, or to institute such action, suit, or proceeding in its own name; and such notification, request and offer of indemnity are declared in every such case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of the Indenture, and to any action or cause of action for the enforcement of the Indenture or for the appointment of a receiver or for any other remedy thereunder; it being understood and intended that no one or more Holders of the Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of the Indenture by action of the Holder or Holders or to enforce any right under the Indenture except in the manner therein provided, and that all proceedings at law or in equity shall be instituted, held and maintained in the manner therein provided for the equal benefit of the Holders of all Bonds Outstanding thereunder. Nothing in the Indenture contained shall, however, affect or impair the right of any Bondholders to enforce the payment of the principal of and premium, if any, and interest on any Bonds at and after the maturity thereof, or the obligation of the City to pay the principal of and premium, if any, and interest on each of the Bonds issued under the Indenture to the respective Holders thereof at the time and place in said Bonds expressed.

Consent of BAM Upon Event of Default. Anything in the Indenture to the contrary notwithstanding, upon the occurrence and continuance of an Event of Default, BAM shall be entitled to control and direct the enforcement of all rights and remedies granted to the Bondholders or to the Trustee for the benefit of the Bondholders under the Indenture, including, without limitation: (i) the right to accelerate the principal of the Series 2014 Bonds, and (ii) the right to annul any declaration of acceleration, and BAM shall also be entitled to approve all waivers of Events of Default.

Supplemental Indentures Not Requiring Consent of Bondholders. The City and the Trustee may, from time to time and at any time, without the consent of or notice to the Bondholders, enter into Supplemental Indentures as follows:

(a) to cure any formal defect, omission, inconsistency or ambiguity in the Indenture;
(b) to grant to or confer or impose upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers, authority, security, liabilities or duties which may lawfully be granted, conferred or imposed and which are not contrary to or inconsistent with the Indenture as theretofore in effect, provided that no such additional liabilities or duties shall be imposed upon the Trustee without its consent;
(c) to add to the covenants and agreements of, and limitations and restrictions upon, the City in the Indenture other covenants, agreements, limitations and restrictions to be observed by the City which are not contrary to or inconsistent with the Indenture as theretofore in effect;
(d) to confirm, as further assurance, any pledge under, and the subjection to any claim, lien or pledge created or to be created by, the Indenture, of the Trust Estate or of any other moneys, securities or funds;
(e) to comply with the requirements of the Trust Indenture Act of 1939, as from time to time amended;
(f) to authorize the issuance and sale of one or more series of Additional Bonds;
(g) to make such additions, deletions or modifications as may be necessary to assure compliance with Section 148(f) of the Code relating to required rebate to the United States or otherwise as may be necessary to assure exemption from federal income taxation of interest on the Bonds; or

(h) to modify, alter, amend or supplement the Indenture in any other respect which is not materially adverse to the Bondholders and which does not involve a change described in clause (a), (b), (c), (d), (e) or (f) below and which, in the judgment of the Trustee, is not to the prejudice of the Trustee.

**Supplemental Indentures Requiring Consent of Bondholders.** Subject to the terms and provisions contained above and in this paragraph, and not otherwise, BAM and the Holders of not less than 2/3 in aggregate principal amount of the Bonds then Outstanding shall be required, from time to time, anything contained in the Indenture to the contrary notwithstanding, to consent to and approve the execution by the City and the Trustee of such indenture or indentures supplemental to the Indenture as shall be deemed necessary and desirable by the City for the purpose of modifying, altering, amending, adding to, or rescinding, in any particular, any of the terms or provisions contained in the Indenture or in any Supplemental Indenture; provided, however, that nothing contained in the Indenture shall permit or be construed as permitting (a) an extension of the maturity (or mandatory redemption date) of the principal of or the interest on any Bond issued thereunder, or (b) a reduction in the principal amount of or redemption premium or rate of interest on any Bond issued thereunder, or (c) the creation of any lien on the Trust Estate or any part thereof, except as expressly permitted in the Indenture, or (d) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (e) a reduction in the aggregate principal amount of the Bonds required for consent to such Supplemental Indenture, or (f) depriving the Holder of any Bond then Outstanding of the lien created on the Trust Estate.

If, at any time the City shall request the Trustee to enter into any Supplemental Indenture for any of the purposes described above, the Trustee shall, at the expense of the City, cause notice of the proposed execution of such Supplemental Indenture to be mailed by first class mail to each registered owner of the Bonds. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that copies thereof are on file at the principal office of the Trustee for inspection by Bondholders. The Trustee shall not, however, be subject to any liability to any Bondholder by reason of its failure to mail such notice, and any such failure shall not affect the validity of such Supplemental Indenture when consented to and approved as provided above. If BAM and the Holders of not less than 2/3 in aggregate principal amount of the Bonds Outstanding at the time of the execution of any such Supplemental Indenture shall have consented to and approved the execution thereof, no Holder of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the City from executing the same or from taking any action pursuant to the provisions thereof.

**SUMMARY OF THE CONTINUING DISCLOSURE AGREEMENT**

The City has entered into an undertaking in the form of the Continuing Disclosure Agreement for the benefit of the Beneficial Owners of the Series 2014 Bonds to cause certain financial information to be sent to certain information repositories annually and to cause notice to be sent to such information repositories of certain specified events, pursuant to the requirements of Section (b)(5)(i) of Rule 15c2-12 of the Securities Exchange Act of 1934, as amended (the “Rule”).

The City is a party to multiple continuing disclosure agreements for various bond issues of the City secured by different repayment sources. Except as set forth below, the City has, to the best of its knowledge for the past five years, been in compliance in all material respects with the provisions in such agreements to which it is a party requiring that it file certain financial information and financial statements and certain listed events with the MSRB through its EMMA system.

With respect to the City’s continuing disclosure obligations relating to the Series 2003 Bonds being refunded with a portion of the proceeds of the Series 2014 Bonds, the City’s audited financial statements and supplemental financial data for fiscal years 2009, 2010 and 2011 were not posted on a timely basis (posted 7/30/14). Ratings changes with respect to the insurer of the Series 2003 Bonds were not posted.

With respect to the City’s continuing disclosure obligations for certain bonds secured by water and sewer revenues which are no longer outstanding, audited financial statements and supplemental operating and financial data for fiscal years 2009, 2010 and 2011 were not posted on a timely basis. Said audited financial statements and supplemental operating and financial data were timely posted on EMMA for one issue of the City’s water and sewer revenue bonds. A ratings upgrade with respect to one series of water and sewer revenue bonds (no longer outstanding) was not posted.
Supplemental financial data for fiscal years 2009, 2010 and 2011 was timely filed but incomplete (remedied 6/27/13) for an issue of the City’s tax increment finance bonds.

With respect to an issue of the City’s general obligation bonds which are no longer outstanding, the City’s audited financial statements for fiscal year 2009 were not timely posted on EMMA.

The City makes no representation as to the materiality of the continuing disclosure delinquencies and omissions described above.

The City has undertaken steps to ensure future compliance with its continuing disclosure obligations.

The Continuing Disclosure Agreement contains the following covenants and provisions:

(a) The City covenants that it will disseminate, or will cause the Dissemination Agent to disseminate, the Annual Financial Information and the Audited Financial Statements (in the form and by the dates set forth in Exhibit I to the Continuing Disclosure Agreement) by delivering such Annual Financial Information to the MSRB within 180 days of the completion of the City’s fiscal year. Audited Financial Statements, if available, shall be filed with the MSRB at the same time as the Annual Financial Information. If not then available, unaudited financial statements shall be included with the MSRB filing, and Audited Financial Statements shall be provided to the MSRB within ten (10) business days after availability thereof. The City is required to deliver or cause delivery of such information in Prescribed Form and by such time so that such entity receives the information by the dates specified.

(b) If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the City will disseminate or cause dissemination of a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

(c) If any amendment is made to the Continuing Disclosure Agreement, the Annual Financial Information for the year in which such amendment is made (or in any notice or supplement provided to the MSRB) shall contain a narrative description of the reasons for such amendment and its impact on the type of information being provided.

(d) The City covenants to disseminate or cause dissemination in a timely manner, not in excess of ten (10) business days after the occurrence of the event, of Material Events Disclosure to the MSRB in Prescribed Form. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Series 2014 Bonds or defeasance of any Series 2014 Bonds need not be given under the Continuing Disclosure Agreement any earlier than the notice (if any) of such redemption or defeasance is given to the owners of the Series 2014 Bonds pursuant to the Indenture. The City is required to deliver or cause delivery of such Material Events Disclosure in the same manner as provided for Annual Financial Information and Audited Financial Statements.

(e) The City shall give notice in a timely manner or shall cause such notice to be given by the Dissemination Agent, not in excess of ten (10) business days after the occurrence of the event, to the MSRB in Prescribed Form of any failure to provide Annual Financial Information Disclosure when the same is due.

(f) The Continuing Disclosure Agreement has been executed in order to assist the Participating Underwriter in complying with the Rule; however, the Continuing Disclosure Agreement shall inure solely to the benefit of the City, the Dissemination Agent, if any, the Trustee and the Beneficial Owners of the Series 2014 Bonds, and shall create no rights in any other person or entity. In the event of a failure of the City to comply with any provision of the Continuing Disclosure Agreement, the Beneficial Owner of any Series 2014 Bond may seek specific performance by court order to cause the City to comply with its obligations under the Continuing Disclosure Agreement. A default under the Continuing Disclosure Agreement shall not be deemed an Event of Default under the Indenture or any other agreement, and the sole remedy under the Continuing Disclosure Agreement in the event of any failure of the City or the Dissemination Agent to comply with the Continuing Disclosure Agreement shall be an action to compel performance.

(g) The Undertaking of the City pursuant to the Continuing Disclosure Agreement shall be terminated hereunder when the City shall no longer have any legal liability for any obligation on or relating to the repayment of the Series 2014 Bonds. The City shall give notice to the MSRB, or shall cause the Dissemination Agent to give such notice, in a timely manner and in Prescribed Form in such event.

(h) The City and the Dissemination Agent may amend the Continuing Disclosure Agreement, and any provision of the Continuing Disclosure Agreement may be waived, if (i) the amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the City or type of business conducted; (ii) the Continuing Disclosure Agreement,
as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; (iii) the amendment or waiver does not materially impair the interests of the Beneficial Owners of the Series 2014 Bonds, as determined either by parties unaffiliated with the City (such as the Trustee) or by an approving vote of the Beneficial Owners of the Series 2014 Bonds holding a majority of the aggregate principal amount of the Series 2014 Bonds (excluding Series 2014 Bonds held by or on behalf of the City or its affiliates) pursuant to the terms of the Indenture at the time of the amendment; or (iv) the amendment or waiver is otherwise permitted by the Rule.

(i) The following terms used under this caption shall have the meanings set forth below:

“Annual Financial Information” means the Tax Receipts for the latest fiscal year and for the four previous fiscal years.

“Annual Financial Information Disclosure” means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in subsection (a) above.

“Audited Financial Statements” means the audited consolidated financial statements of the City, prepared pursuant to generally accepted accounting standards and as described in Exhibit I to the Continuing Disclosure Agreement.

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2014 Bonds (including persons holding Series 2014 Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series 2014 Bonds for federal income tax purposes.

“Commission” means the U.S. Securities and Exchange Commission.

“Dissemination Agent” shall mean Simmons First Trust Company, N.A., Pine Bluff, Arkansas, acting in its capacity as a dissemination agent under the Continuing Disclosure Agreement, or any successor dissemination agent designated in writing by the City and which has filed with the Trustee a written acceptance of such designation.

“EMMA” means the Electronic Municipal Market Access facility for municipal securities disclosure of the MSRB.


“Material Event” means the occurrence of any of the following events with respect to the Series 2014 Bonds:

(1) Principal and interest payment delinquencies;
(2) Nonpayment-related defaults, if material;
(3) Unscheduled draws on debt service reserves reflecting financial difficulties;
(4) Unscheduled draws on credit enhancements reflecting financial difficulties;
(5) Substitution of credit or liquidity providers, or their failure to perform;
(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
(7) Modifications to rights of security holders, if material;
(8) Bond calls, if material, and tender offers;
(9) Defeasances;
(10) Release, substitution or sale of property securing repayment of the securities, if material;
(11) Rating changes;
(12) Bankruptcy, insolvency, receivership or similar event of the City;
(13) The consummation of a merger, consolidation or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry
into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

“Material Events Disclosure” means dissemination of a notice of a Material Event as set forth in subsection (d) above.

“MSRB” shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the 1934 Act.

“Participating Underwriter” means each broker, dealer or municipal securities dealer acting as an underwriter in any primary offering of the Series 2014 Bonds.

“Prescribed Form” means, with regard to the filing of Annual Financial Information, Audited Financial Statements and notices of Material Events with the MSRB at www.emma.msrb.org (or such other address or addresses as the MSRB may from time to time specify), such electronic format, accompanied by such identifying information, as shall have been prescribed by the MSRB and which shall be in effect on the date of filing of such information.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission (“SEC”) under the Exchange Act, as the same may be amended from time to time.

“State” means the State of Arkansas.

“Undertaking” means the obligation of the City pursuant to subsections (a) and (d) above.

UNDERWRITING

Under a bond purchase agreement entered into by and between the City and Stephens Inc., Fayetteville, Arkansas (the “Underwriter”), the Series 2014 Bonds are being purchased at a purchase price of $11,532,990.60 (representing the stated principal amount of the Series 2014 Bonds plus a net reoffering premium of $662,790.60 and less an underwriting discount of $109,800.00) plus accrued interest from November 1, 2014 to the date of delivery of the Series 2014 Bonds. The bond purchase agreement provides that the Underwriter will purchase all of the Series 2014 Bonds if any are purchased. The obligation of the Underwriter to accept delivery of the Series 2014 Bonds is subject to various conditions contained in the bond purchase agreement, including the absence of pending or threatened litigation questioning the validity of the Series 2014 Bonds or any proceedings in connection with the issuance thereof, and the absence of material adverse changes in the financial condition of the City.

The Underwriter intends to offer the Series 2014 Bonds to the public initially at the offering prices as set forth on the inside cover page of this Official Statement, which offering prices (or bond yields establishing such offering prices) may subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with dealers and other underwriters in offering the Series 2014 Bonds to the public, and may offer the Series 2014 Bonds to such dealers and other underwriters at a price below the public offering price.

The City has agreed to indemnify the Underwriter against certain civil liabilities in connection with the offering and sale of the Series 2014 Bonds, including certain liabilities under federal securities laws.

TAX MATTERS

Federal Income Taxes. In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Series 2014 Bonds is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. The opinion described in the preceding sentence assumes the accuracy of certain representations and compliance by the City with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Series 2014 Bonds. Failure to comply with such requirements could cause interest on the Series 2014 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2014 Bonds. The City has covenanted to comply with such requirements.
Notwithstanding Bond Counsel’s opinion that interest on the Series 2014 Bonds is not a specific preference item for purposes of the federal alternative minimum tax, such interest will be included in adjusted current earnings of certain corporations, and such corporations are required to include in the calculation of alternative minimum taxable income 75% of the excess of such corporation’s adjusted current earnings over their alternative minimum taxable income (determined without regard to such adjustment and prior to reduction for certain net operating losses).

Original Issue Discount. The Series 2014 Bonds maturing November 1, 2039 (the “Discount Bonds”) are being sold at an original issue discount. The difference between the initial public offering prices of such Discount Bonds and their stated amounts to be paid at maturity constitutes original issue discount treated in the same manner for federal income tax purposes as interest, as described above.

The amount of original issue discount which is treated as having accrued with respect to a Discount Bond is added to the cost basis of the owner in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Bond (including its sale, redemption or payment at maturity). Amounts received upon disposition of such Discount Bond which are attributable to accrued original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Bond, on days which are determined by reference to the maturity date of such Discount Bond. The amount treated as original issue discount on such Discount Bond for a particular semiannual accrual period is equal to the product of (i) the yield to maturity for such Discount Bond (determined by compounding at the close of each accrual period) and (ii) the amount which would have been the tax basis of such Discount Bond at the beginning of any particular accrual period if held by the original purchaser, less the amount of any interest payable for such Discount Bond during the accrual period. The tax basis is determined by adding to the initial public offering price on such Discount Bond the sum of the amounts which have been treated as original issue discount for such purposes during all prior periods. If such Discount Bond is sold between semiannual compounding dates, original issue discount which would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Owners of Discount Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date and with respect to the state and local tax consequences of owning a Discount Bond.

Original Issue Premium. The Series 2014 Bonds maturing November 1, 2015 through 2025, and on November 1, 2029 and 2034 (the “Premium Bonds”) are being sold at a premium. An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. An initial purchaser of a Premium Bond must amortize any premium over such Premium Bond’s term using constant yield principles, based on the purchaser’s yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, by amortizing the premium to the call date, based on the purchaser’s yield to the call date and giving effect to the call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period and the purchaser’s basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser’s basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Bonds should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Series 2014 Bonds.

The accrual or receipt of interest on the Series 2014 Bonds may otherwise affect the federal income tax liability of the owners of the Series 2014 Bonds. The extent of these other tax consequences will depend upon such owner’s particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Series 2014 Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of Social Security or Railroad Retirement benefits, taxpayers otherwise entitled to claim the earned income credit, or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Series 2014 Bonds.
**Backup Withholding.** As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the Series 2014 Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments made after March 31, 2007 to any bondholder who fails to provide certain required information, including an accurate taxpayer identification number, to any person required to collect such information pursuant to Section 6049 of the Code. The new reporting requirement does not in and of itself affect or alter the excludability of interest on the Series 2014 Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

**Changes in Federal and State Tax Law.** From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to above or adversely affect the market value of the Series 2014 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Series 2014 Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular lawsuit will be resolved, or whether the Series 2014 Bonds or the market value thereof would be impacted thereby. Purchasers of the Series 2014 Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial authorities as of the date of issuance and delivery of the Series 2014 Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

**State Taxes.** Bond Counsel is of the opinion that, under existing law, the interest on the Series 2014 Bonds is exempt from all state, county and municipal taxes in the State of Arkansas.

**RATINGS**

Standard & Poor's Rating Services, a Standard & Poor’s Financial Services LLC business ("S&P"), is expected to assign a rating of "AA" (stable outlook) to the Series 2014 Bonds based on the delivery of the Policy by BAM and has assigned an underlying rating of “A+” (stable outlook) to the Series 2014 Bonds. Such ratings reflect only the view of S&P at the time such ratings were given. An explanation of the significance of the ratings may be obtained only from Standard & Poor's Rating Services, 25 Broadway, New York, New York 10004, telephone (212) 208-1723. There can be no assurance that any rating will continue for any given period of time or that ratings will not be revised downward or withdrawn entirely. In the Continuing Disclosure Agreement, the City has agreed to give notice of certain material events, including the revision or withdrawal of any rating on the Series 2014 Bonds.

Neither the City nor the Underwriter have undertaken any responsibility subsequent to the issuance of the Series 2014 Bonds to assure the maintenance of the ratings or to oppose any revision or withdrawal of the ratings. No application has been made to any rating agency other than S&P for a rating on the Series 2014 Bonds.

**LEGAL MATTERS**

**Legal Opinions.** Legal matters incident to the authorization and issuance of the Series 2014 Bonds are subject to the unqualified approving opinion of Kutak Rock LLP, Little Rock, Arkansas, Bond Counsel, a copy of whose approving opinion will be delivered with the Series 2014 Bonds and a form of which is attached hereto as Appendix A. Certain legal matters will be passed upon for the City by its counsel, Kit Williams, Esq., City Attorney.

**Litigation.** There is no litigation pending seeking to restrain or enjoin the issuance or delivery of the Series 2014 Bonds or questioning or affecting the legality of the Series 2014 Bonds or the proceedings and authority under which the Series 2014 Bonds are to be issued, or questioning the right of the City to issue the Series 2014 Bonds or to levy the Tax or pledge the Tax Receipts.
MISCELLANEOUS

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or owners of any of the Series 2014 Bonds.

ACCURACY AND COMPLETENESS OF OFFICIAL STATEMENT

The information contained in this Official Statement has been taken from sources considered to be reliable, but is not guaranteed. To the best of the knowledge of the City, this Official Statement does not include any untrue statement of a material fact, nor does it omit the statement of any material fact required to be stated herein, or necessary to make the statements herein, in light of the circumstances under which they were made, not misleading.

[REMAINDER OF PAGE INTENTIONALLY BLANK]
The execution and delivery of this Official Statement has been duly authorized by the City of Fayetteville, Arkansas.

CITY OF FAYETTEVILLE, ARKANSAS

By: /s/ Lioneld Jordan
   Mayor
APPENDIX A

Proposed Form of Bond Counsel Opinion

Kutak Rock LLP, Bond Counsel, will render an opinion with respect to the Series 2014 Bonds, dated the date of issuance and delivery thereof, in substantially the following form:

November__, 2014

City of Fayetteville, Arkansas
Fayetteville, Arkansas

Simmons First Trust Company, N.A., as Trustee
Pine Bluff, Arkansas

Stephens Inc.
Fayetteville, Arkansas

$10,980,000
City of Fayetteville, Arkansas
Hotel, Motel and Restaurant Gross Receipts Tax and Tourism Revenue
Capital Improvement and Refunding Bonds
Series 2014

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance and sale by the City of Fayetteville, Arkansas (the “City”), a political subdivision of the State of Arkansas, of its $10,980,000 Hotel, Motel and Restaurant Gross Receipts Tax and Tourism Revenue Capital Improvement and Refunding Bonds, Series 2014 (the “Bonds”).

The Bonds are being issued pursuant to the provisions of the Constitution and laws of the State of Arkansas, including, particularly, the Advertising and Promotion Commission Act, Arkansas Code Annotated (2008 Repl. & 2013 Supp.) §§26-75-601 et seq. (as from time to time amended, the “Act”), pursuant to Ordinance No. 5713 of the City, duly adopted and approved on September 16, 2014 (the “Authorizing Ordinance”), and pursuant to a Trust Indenture dated as of November 1, 2014 (the “Indenture”), by and between the City and Simmons First Trust Company, N.A., as trustee (the “Trustee”). Reference is hereby made to the Indenture and to all indentures supplemental thereto for the provisions, among others, with respect to the conditions for the issuance of parity indebtedness by the City, the nature and extent of the security for the Bonds, the rights, duties and obligations of the City, the Trustee and the Holders of the Bonds, and the terms upon which the Bonds are issued and secured.

Reference is made to an opinion of even date herewith of Kit Williams, Esq., City Attorney, a copy of which is on file with the Trustee, with respect, among other matters, to the status and valid existence of the City, the power of the City to adopt the Levying Ordinance, the Election Ordinance and the Authorizing Ordinance and to enter into and perform its obligations under the Indenture, the valid adoption of the Levying Ordinance, the Election Ordinance and the Authorizing Ordinance, and the due authorization, execution and delivery of the Indenture by the City, and with respect to the Indenture being enforceable upon the City.

We have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon the representations of the City contained in the Election Ordinance, the Authorizing Ordinance and the Indenture and in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.
Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The City is duly created and validly existing as a municipal corporation of the State of Arkansas. Pursuant to the Constitution and laws of the State of Arkansas, including, particularly, the Act, the City is empowered to adopt the Election Ordinance and the Authorizing Ordinance, to execute and deliver the Indenture, to perform the agreements on its part contained therein, and to issue the Bonds.

2. The Authorizing Ordinance has been duly adopted by the City and constitutes a valid and binding obligation of the City enforceable upon the City in accordance with its terms.

3. The Indenture has been duly authorized, executed and delivered by the City and is a valid and binding obligation of the City enforceable upon the City in accordance with its terms.

4. The Bonds have been validly authorized, executed, issued and delivered by the City and represent valid and binding special obligations of the City. The principal of, premium, if any, and interest on the Bonds shall be payable from, and shall be secured by an assignment and pledge by the City to the Trustee of the Tax Receipts (as defined in the Indenture).

5. The Tax Receipts have been duly and validly assigned and pledged to the Trustee under the Indenture, and the Indenture creates, as security for the Bonds, a valid security interest in the Tax Receipts. Under the laws of the State of Arkansas, including, particularly, Arkansas Code Annotated (2001 Repl.) Section 4-9-109(d)(14), the pledge, assignment and security interest in the Tax Receipts securing the Bonds is and shall be prior to any judicial lien hereafter imposed on the Tax Receipts to enforce a judgment against the City on a simple contract, and it is not necessary to file a Uniform Commercial Code financing statement in order to perfect a security interest in the Tax Receipts.

6. The interest on the Bonds is excluded from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings for purposes of such alternative minimum tax. The opinions set forth in the preceding sentence are subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied prior to or subsequent to the issuance of the Bonds in order that the interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The City has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

7. The interest on the Bonds is exempt from all state, county and municipal taxes in the State of Arkansas.

8. The Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Indenture is not required to be qualified under the Trust Indenture Act of 1939, as amended, in connection with the offer and sale of the Bonds.

It is to be understood that the rights of the registered owners of the Bonds and the enforceability of the Bonds, the Authorizing Ordinance and the Indenture may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Very truly yours,
APPENDIX B

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]  
MEMBER: [NAME OF MEMBER]  
Policy No: 

BONDS: $_________ in aggregate principal amount of [NAME OF TRANSACTION] [and maturing on]  
Effective Date: 

Risk Premium: $_________  
Member Surplus Contribution: $_________  
Total Insurance Payment: $_________

BUILD AMERICA MUTUAL ASSURANCE COMPANY (“BAM”), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the “Trustee”) or paying agent (the “Paying Agent”) for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners, or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereeto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpayable by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse, but without duplication in the case of duplicate claims for the same Nonpayment to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner’s right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner’s rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, in writing. Any amendment to the amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner’s right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereeto, the following terms shall have the meanings specified for all purposes of this Policy. “Business Day” means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer’s Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. “Due for Payment” means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. “Nonpayment” means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee (if there is no Trustee, to the Paying Agent) for payment in full of all principal and interest that is Due for Payment on such Bond. “Nonpayment” shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. “Notice” means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. “Owner” means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that “Owner” shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.
BAM may appoint a fiscal agent (the “Insurer’s Fiscal Agent”) for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer’s Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer’s Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer’s Fiscal Agent on behalf of BAM. The Insurer’s Fiscal Agent is the agent of BAM only, and the Insurer’s Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer’s Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereeto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 75 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: ______________________

Authorized Officer
Notices (Unless Otherwise Specified by BAM)

Email: claims@buildamerica.com
Address: 1 World Financial Center, 27th floor
         200 Liberty Street
         New York, New York 10281
Telex: 212-962-1524 (attention: Claims)