OFFICIAL STATEMENT

NEW ISSUE
BOOK-ENTRY ONLY

* RATING: S&P “AA-” (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 representations and continuing compliance with certain covenants, interest on the Series 2019A 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. Interest on the Series 2019B Bonds is included in gross income for federal income tax purposes. Under existing laws, regulations, rulings and judicial decisions, Bond Counsel is of the opinion that the Series 2019A Bonds and Series 2019B Bonds and the interest thereon are exempt from all state, county and municipal taxes in the State of Arkansas. For a more complete description, see the caption “TAX MATTERS” herein.

S124,425,000
CITY OF FAYETTEVILLE, ARKANSAS
SALES AND USE TAX CAPITAL IMPROVEMENT AND REFUNDING BONDS
SERIES 2019A

S3,170,000
CITY OF FAYETTEVILLE, ARKANSAS
SALES AND USE TAX CAPITAL IMPROVEMENT BONDS
TAXABLE SERIES 2019B

Dated: Date of Delivery

Due: November 1, as shown on inside front cover

The Sales and Use Tax Capital Improvement and Refunding Bonds, Series 2019A (the “Series 2019A Bonds”), and the Sales and Use Tax Capital Improvement Bonds, Taxable Series 2019B (the “Series 2019B Bonds,” and together with the Series 2019A Bonds, the “Series 2019 Bonds”) are being issued by the City of Fayetteville, Arkansas (the “City”) for the purpose of (i) redeeming certain outstanding indebtedness of the City, (ii) financing a portion of the costs of various capital improvements in the City, and (iii) paying certain expenses in connection with the issuance of the Series 2019 Bonds. See the captions “SOURCES AND USES OF FUNDS,” “REFUNDING PROGRAM” and “THE PROJECTS” herein.

The Series 2019 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 2019 Bonds will be made so long as Cede & Co. is the registered owner of the Series 2019 Bonds. Individual purchasers of the Series 2019 Bonds will be made only in book-entry form, in denominations of $5,000 or integral multiples thereof. Individual purchasers (“Beneficial Owners”) of Series 2019 Bonds will not receive physical delivery of bond certificates. See the caption “BOOK-ENTRY ONLY SYSTEM” herein.

The Series 2019 Bonds shall bear interest from the date of their delivery, payable on May 1 and November 1 of each year, commencing May 1, 2020. All such interest payments shall be payable to the persons in whose name such Series 2019 Bonds are registered on the bond registration books maintained by Simmons Bank, Pine Bluff, Arkansas as trustee (the “Trustee”), as of the fifteenth day of the calendar month preceding the calendar month in which the applicable interest payment date falls. Principal of and premium, if any, on the Series 2019 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 2019 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 August 1, 2019 (the “Indenture”), between the City and the Trustee, the payment of the principal of, premium, if any, and interest on the Series 2019A Bonds and the Series 2019B Bonds are equally and ratably secured by a pledge of the receipts from a one percent (1.00%) city-wide sales and use tax (the “Sales and Use Tax”). See the caption “SECURITY FOR THE BONDS” herein. The Series 2019 Bonds are subject to mandatory redemption prior to maturity as more fully described herein under the caption “THE SERIES 2019 BONDS - Redemption.”

The Series 2019 Bonds are special obligations of the City secured by and payable solely from receipts of the Sales and Use Tax. The Series 2019 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 2019 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 2019 Bonds, except as described herein with respect to the Sales and Use Tax.

The Series 2019 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 2019 Bonds will be available for delivery in New York, New York, on or about August 15, 2019.

Stephens Inc.

The date of this Official Statement is July 18, 2019.

* See the caption “RATING” herein.
### MATURITY SCHEDULES

#### Series 2019A Bonds

<table>
<thead>
<tr>
<th>Maturity (November 1)</th>
<th>Principal Amount</th>
<th>Interest Rate</th>
<th>Yield</th>
<th>CUSIP*</th>
</tr>
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<tbody>
<tr>
<td>2020</td>
<td>$2,060,000</td>
<td>5.000%</td>
<td>1.170%</td>
<td>312673 EY8</td>
</tr>
<tr>
<td>2021</td>
<td>6,185,000</td>
<td>5.000%</td>
<td>1.210%</td>
<td>312673 EZ5</td>
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<tr>
<td>2022</td>
<td>6,490,000</td>
<td>5.000%</td>
<td>1.240%</td>
<td>312673 FA9</td>
</tr>
<tr>
<td>2023</td>
<td>6,810,000</td>
<td>5.000%</td>
<td>1.280%</td>
<td>312673 FB7</td>
</tr>
<tr>
<td>2024</td>
<td>7,150,000</td>
<td>5.000%</td>
<td>1.330%</td>
<td>312673 FC5</td>
</tr>
<tr>
<td>2025</td>
<td>7,510,000</td>
<td>5.000%</td>
<td>1.430%</td>
<td>312673 FD3</td>
</tr>
<tr>
<td>2026</td>
<td>7,885,000</td>
<td>5.000%</td>
<td>1.550%</td>
<td>312673 FE1</td>
</tr>
</tbody>
</table>

$25,330,000 2.000% Terms Bonds due November 1, 2029 – Yield 2.000% CUSIP*: 312673 FF8

$26,805,000 1.750% Terms Bonds due November 1, 2032 – Yield 1.780% CUSIP*: 312673 FG6

$28,200,000 1.600% Terms Bonds due November 1, 2035 – Yield 1.618% CUSIP*: 312673 FH4

#### Series 2019B Bonds

<table>
<thead>
<tr>
<th>Maturity (November 1)</th>
<th>Principal Amount</th>
<th>Interest Rate</th>
<th>Yield</th>
<th>CUSIP*</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>$3,170,000</td>
<td>2.200%</td>
<td>2.200%</td>
<td>312673 FJ0</td>
</tr>
</tbody>
</table>

*CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by the CUSIP Service Bureau, operated by Standard & Poor’s, a division of The McGraw-Hill Companies, Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services Bureau. CUSIP numbers have been assigned by an independent company not affiliated with the City and are included solely for the convenience of the registered owners of the Series 2019 Bonds. The City and the Underwriter are not responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Series 2019 Bonds by the City or by the Underwriter. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2019 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2019 Bonds.
CITY OF FAYETTEVILLE, ARKANSAS
Issuer

City Council
Lioneld Jordan, Mayor
Sarah Bunch
Sonia Gutierrez
Mark Kinion
Sarah Marsh
Matthew Petty
Sloan Scroggin
Kyle Smith
Teresa Turk

Paul Becker, Finance Director
Sondra Smith, City Clerk
Kit Williams, City Attorney

SIMMONS BANK
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 2019 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.

THE SERIES 2019 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 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 2019 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

$124,425,000
CITY OF FAYETTEVILLE, ARKANSAS
SALES AND USE TAX CAPITAL IMPROVEMENT AND REFUNDING BONDS
SERIES 2019A

$3,170,000
CITY OF FAYETTEVILLE, ARKANSAS
SALES AND USE TAX CAPITAL IMPROVEMENT BONDS
TAXABLE SERIES 2019B

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 in “Appendix B -- DEFINITIONS OF CERTAIN TERMS”.

This Official Statement, including the cover page and the Appendices hereto, is furnished in connection with the offering by the City of Fayetteville, Arkansas (the “City”) of (i) its Sales and Use Tax Capital Improvement and Refunding Bonds, Series 2019A, in the principal amount of $124,425,000 (the “Series 2019A Bonds”), and (ii) its Sales and Use Tax Capital Improvement Bonds, Taxable Series 2019B, in the principal amount of $3,170,000 (the “Series 2019B Bonds,” and together with the Series 2019A Bonds, the “Series 2019 Bonds”).

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 Amendment 62 to the Constitution of the State (“Amendment 62”) and Arkansas Code Annotated (1998 Repl. & 2017 Supp.) §§14-164-301 et seq. (as from time to time amended, the “Act”), to issue and sell bonds for the purpose of financing and refinancing the cost of capital improvements of a public nature.

The Series 2019 Bonds are to be issued by the City pursuant to Amendment 62, the Act and Ordinance No. 6194, adopted and approved on June 4, 2019 (the “Authorizing Ordinance”). The Series 2019A Bonds are being issued for the purpose of (i) defeasing and redeeming certain outstanding indebtedness of the City secured by sales and use taxes, (ii) financing all or a portion of the costs of certain street improvements, trail system improvements, drainage improvements, parks system improvements, City facilities improvements, arts corridor improvements, police facilities improvements and firefighting facilities improvements, and (iii) paying certain expenses in connection with the issuance of the Series 2019A Bonds. The Series 2019B Bonds are being issued for the purpose of (i) financing all or a portion of the costs of economic development projects, and (ii) paying certain expenses in connection with the issuance of the Series 2019B Bonds. See the captions “SOURCES AND USES OF FUNDS,” “REFUNDING PROGRAM” and “THE PROJECTS” herein.

The Series 2019 Bonds are not general obligations of the City, but are special obligations payable solely from and secured by a pledge of the receipts of a special city-wide sales and use tax levied pursuant to the Act at the rate of one percent (1.00%) (the “Sales and Use Tax”). The Series 2019A Bonds, Series 2019B Bonds and any Additional Bonds subsequently issued by the City pursuant to the Indenture (defined below) will be secured on a parity basis. See the captions “THE 2019 BONDS – Additional Bonds,” “SECURITY FOR THE BONDS,” “HISTORICAL SALES AND USE TAX COLLECTIONS,” and “RATING” herein.

The faith and credit of the City are not pledged to the payment of the Series 2019 Bonds, and the Series 2019 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 2019 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 2019 Bonds, except as described herein with respect to the Sales and Use Tax.
The Series 2019 Bonds are subject to redemption from excess moneys in the Project Fund following completion of the portions of the Projects to be financed with proceeds of the Series 2019 Bonds. The Series 2019A Bonds are subject to redemption from Surplus Tax Receipts. “THE SERIES 2019 BONDS – Redemption” and “PROJECTED MANDATORY REDEMPTIONS” herein.

Pursuant to the provisions of a Continuing Disclosure Agreement dated as of the date of delivery of the Series 2019 Bonds, by and between the City and Simmons Bank, Pine Bluff, Arkansas, 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 Sales and Use Tax and of the occurrence of certain listed 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 2019 Bonds, the Sales and Use Tax, the Continuing Disclosure Agreement, and the Trust Indenture dated as of August 1, 2019, by and between the City and Simmons Bank, Pine Bluff, Arkansas, as trustee (the “Trustee”), pursuant to which the Series 2019 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 2019 Bonds are qualified in their entirety by reference to the definitive forms thereof and the information with respect thereto included in the Indenture. Copies of the Continuing Disclosure Agreement, the Indenture, and the forms of the Series 2019A Bonds and Series 2019B Bonds included therein, are available from the City by writing to the attention of the Finance Director, 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. Certain financial and operating 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 2019 BONDS

Description. The Series 2019 Bonds will be initially dated as of the date of their delivery, and will bear interest payable semiannually on May 1 and November 1 of each year, commencing May 1, 2020, at the rates set forth on the inside cover page hereof. The Series 2019 Bonds will mature on November 1 in the years and in the principal amounts set forth on the inside cover page hereof.

The Series 2019 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 2019 Bonds will be made so long as Cede & Co. is the registered owner of the Series 2019 Bonds. Individual purchases of the Series 2019 Bonds will be made only in book-entry form, in denominations of $5,000 or integral multiples thereof. Individual purchasers (“Beneficial Owners”) of Series 2019 Bonds will not receive physical delivery of bond certificates. See the caption “BOOK-ENTRY ONLY SYSTEM” herein.

All interest payments on the Series 2019 Bonds shall be payable to the persons in whose name such Series 2019 Bonds are registered on the bond registration books maintained by the Trustee, as of the fifteenth day of the calendar month preceding the calendar month in which the applicable interest payment date falls. Principal of and premium, if any, on the Series 2019 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 2019 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 2019 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.

Redemption. The Series 2019 Bonds are subject to redemption prior to maturity as follows:

(i) The Series 2019A Bonds shall be redeemed prior to maturity, in whole or in part, on any interest payment date, in inverse order of maturity and by lot in such manner as the Trustee shall determine within a maturity, at a redemption price equal to 100% of the principal amount being redeemed, plus accrued interest to the date of redemption, from Project Fund moneys in excess of the amount needed to complete the Streets Project, the Trails Project, the Drainage Project, the Parks Project, the City Facilities Project, the Arts Corridor Project, the Police Facilities Project or the Firefighting Facilities Project.
(ii) The Series 2019B Bonds shall be redeemed prior to maturity, in whole or in part, on any interest payment date, in inverse order of maturity and by lot in such manner as the Trustee shall determine within a maturity, at a redemption price equal to 100% of the principal amount being redeemed, plus accrued interest to the date of redemption, from Project Fund moneys in excess of the amount needed to complete the Economic Development Project.

(iii) The Series 2019A Bonds shall be redeemed prior to maturity, in whole or in part, on any interest payment date, in inverse order of maturity and by lot in such manner as the Trustee shall determine within a maturity, at a redemption price equal to 100% of the principal amount being redeemed, plus accrued interest to the date of redemption, from Surplus Tax Receipts. “Surplus Tax Receipts” are Tax Receipts in excess of the amount necessary to insure the prompt payment of scheduled debt service on the Series 2019A Bonds, Series 2019B Bonds and Additional Bonds, (ii) pay any arbitrage rebate due under Section 148(f) of the Internal Revenue Code of 1986, as amended, with respect to the Series 2019A Bonds or any Additional Bonds, and (iii) pay Trustee and Paying Agent fees and expenses. While any of the Series 2019A Bonds are Outstanding, all Surplus Tax Receipts shall be allocated to the redemption of the Series 2019A Bonds. The Series 2019B Bonds shall not be subject to redemption from Surplus Tax Revenues. See the caption “PROJECTED MANDATORY REDEMPTIONS” herein.

(iv) The Series 2019A Bonds are subject to redemption with funds from any source, at the option of the City, communicated in a written notice to the Trustee not less than sixty (60) days prior to the date fixed for redemption, in whole or in part on any date on or after November 1, 2026, in such maturities as shall be selected by the City and by lot in such manner as the Trustee shall determine within a maturity, at a redemption price equal to 100% of the principal amount being redeemed plus accrued interest to the date of redemption.

(v) The Series 2019A Bonds maturing on November 1, 2029 are subject to mandatory sinking fund redemption prior to maturity in part, on November 1 in the years and principal 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>2027</td>
<td>$8,265,000</td>
</tr>
<tr>
<td>2028</td>
<td>8,440,000</td>
</tr>
<tr>
<td>2029</td>
<td>8,625,000</td>
</tr>
</tbody>
</table>

(vi) The Series 2019A Bonds maturing on November 1, 2032 are subject to mandatory sinking fund redemption prior to maturity in part, on November 1 in the years and principal 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>
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<tbody>
<tr>
<td>2030</td>
<td>$8,780,000</td>
</tr>
<tr>
<td>2031</td>
<td>8,945,000</td>
</tr>
<tr>
<td>2032</td>
<td>9,080,000</td>
</tr>
</tbody>
</table>

(vii) The Series 2019A Bonds maturing on November 1, 2035 are subject to mandatory sinking fund redemption prior to maturity in part, on November 1 in the years and principal 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>2033</td>
<td>$9,250,000</td>
</tr>
<tr>
<td>2034</td>
<td>9,400,000</td>
</tr>
<tr>
<td>2035</td>
<td>9,550,000</td>
</tr>
</tbody>
</table>

At its option, to be exercised on or before the 45th day next preceding any mandatory sinking fund redemption date for any Series 2019A Bonds maturing November 1, 2029, 2032 or 2035 (the “Term Bonds”), the City may deliver to the Trustee for cancellation Term Bonds of the appropriate maturity, or portions thereof ($5,000 or any integral multiple thereof), in any aggregate principal amount desired. Each such Term Bond, or portion thereof, so delivered or previously redeemed (otherwise than through
mandated sinking fund redemption) and cancelled by the Trustee shall be credited by the Trustee at 100% of the principal amount thereof on the obligation of the City with respect to each such Term Bond 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 such Term Bond in chronological order, and the principal amount of the corresponding Term Bonds so to be redeemed shall be accordingly reduced.

In the case of any defeasance of the Series 2019 Bonds, the dates of redemption, the principal amounts and the maturities of the Series 2019 Bonds to be redeemed will be determined by taking into consideration the mandatory redemption requirements set forth above and the receipts of the Sales and Use Tax for the most recent twelve months.

Partial Redemption of a Series 2019 Bond. If less than all of the Series 2019 Bonds of a maturity with a series are called for redemption, the particular Series 2019 Bonds or portions of Series 2019 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 2019 Bonds, the procedures established by DTC shall control with respect to the selection of the particular Series 2019 Bonds to be redeemed.

Notice of Redemption. Notice of the call for any redemption, identifying the Series 2019 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 2019 Bonds, by any other means acceptable to DTC, including facsimile) to the registered owner of each such Series 2019 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 2019 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 refunding the Series 2019A Bonds, the Series 2019B Bonds or any series of Additional Bonds, in whole or in part. Additional Bonds shall be secured equally and ratably with the Series 2019A Bonds, the Series 2019B Bonds and any other series of Additional Bonds theretofore issued and then Outstanding, except insofar 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 a particular series of Bonds.

Before any Additional Bonds are authenticated, there shall be delivered to the Trustee a certificate of the City’s Finance Director certifying that, based upon the most recent twelve (12) months of Sales and Use Tax collections, receipts of the Sales and Use Tax were not less than 150% of the maximum Annual Debt Service on all the Outstanding Bonds, plus the Additional Bonds to be issued. Notwithstanding anything described above to the contrary, no Additional Bonds shall be issued unless there is no default at the time of issuance under the Indenture.

Subordinate Obligations. Nothing in the Indenture shall prevent the City from authorizing and issuing bonds, notes, bond anticipation notes, warrants, certificates or other obligations or evidences of indebtedness, the payment of the principal of and premium, if any, and interest on which shall be made from receipts of the Sales and Use Tax, provided payments from such Sales and Use Tax receipts, and the lien and charge on such Sales and Use Tax receipts, shall be made junior and subordinate to the lien, pledge and charge created in the Indenture for the security and payment of the Bonds and other payments under the Indenture.

Before any Subordinate Obligations are issued, there shall be delivered to the Trustee a Certificate of the Finance Director of the City certifying that, based upon the most recent twelve (12) months of Sales and Use Tax collections, (i) receipts of the Sales and Use Tax were not less than 100% of the maximum Annual Debt Service on all then Outstanding Bonds and Subordinate Obligations, plus the Subordinate Obligations then proposed to be issued. No Subordinate Obligations shall be issued unless there is no default at the time of issuance under the Indenture.

Transfer or Exchange. The Series 2019 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 Series 2019 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 Series 2019 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 Series 2019 Bonds shall be without charge to the Holders of such Series 2019 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 Series 2019 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 Series 2019 Bond during the period from and including a Record Date to the next succeeding interest payment date of such Series 2019 Bond nor to transfer or exchange any Series 2019 Bond after the mailing of notice calling such Series 2019 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 2019 Bonds, transfers of beneficial interests in the Series 2019 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**

General. The Series 2019 Bonds are special obligations of the City secured by and payable from the receipts of a special city-wide sales and use tax levied pursuant to the Act at the rate of one percent (1.00%) (the “Sales and Use Tax”). The Sales and Use Tax was levied under Ordinance No. 6216, duly adopted by the City Council of the City on December 18, 2018 (the “Election Ordinance”). Pursuant to the Election Ordinance, a special election was held on April 9, 2019, at which time the qualified electors of the City approved the issuance of refunding bonds in principal amount not to exceed $12,200,000 and capital improvement bonds in aggregate principal amount not to exceed $213,865,000 and the corresponding levy of the Sales and Use Tax. The receipts of the Sales and Use Tax were pledged to secure the payment of Debt Service on the Series 2019 Bonds pursuant to Ordinance No. 6194, duly adopted by the City Council of the City on June 4, 2019 (the “Authorizing Ordinance”).

Pursuant to the terms of the Election Ordinance, the collection of the Sales and Use Tax will commence on October 1, 2019, simultaneously with the termination of (i) an existing one-quarter of one percent (0.25%) special city-wide sales and use tax and (ii) an existing three-quarters of one percent (0.75%) special city-wide sales and use tax (together, the “Existing Tax”). The Existing Tax was pledged to the payment of the Prior Bonds which are being defeased and redeemed with a portion of the proceeds of the Series 2019A Bonds. See the captions “THE SALES AND USE TAX” and “HISTORICAL SALES AND USE TAX COLLECTIONS” herein.

The Series 2019 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 2019 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 2019 Bonds, except as described herein with respect to the Sales and Use Tax.

**BOOK-ENTRY ONLY SYSTEM**

The Series 2019 Bonds will be issued only as one fully registered Series 2019 Bond for each maturity in each series, 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 2019 Bonds. The fully registered Series 2019 Bonds will be retained and immobilized in the custody of DTC.

DTC (or any successor securities depository) or its nominee will be considered by the City and the Trustee to be the owner or holder of the Series 2019 Bonds for all purposes under the Indenture.

Owners of any book entry interests in the Series 2019 Bonds (the “book entry interest owners”) described below, will not receive or have the right to receive physical delivery of the Series 2019 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 2019 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 100 countries) 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.org.

Purchases of Series 2019 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2019 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2019 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 2019 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 2019 Bonds, except in the event that use of the Book-Entry System for the Series 2019 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2019 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 2019 Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2019 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2019 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 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 2019 Bonds within a maturity of a series 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 2019 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 2019 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 2019 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 2019 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 2019 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 2019 Bonds made to DTC or its nominee as the registered owner of the Series 2019 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 2019 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

A portion of the proceeds of the Series 2019A Bonds will be used, along with other available moneys, to accomplish a current refunding of (i) $2,255,000 outstanding principal amount of the City’s Sales and Use Tax Capital Improvement Bonds, Series 2007 (the “Series 2007 Bonds”), (ii) $615,000 outstanding principal amount of the City’s Sales and Use Tax Capital Improvement Bonds, Series 2009 (the “Series 2009 Bonds”), (iii) $7,215,000 outstanding principal amount of the City’s Sales and Use Tax Capital Improvement Bonds, Series 2013 (the “Series 2013 Bonds”), and (iv) $2,150,000 outstanding principal amount of the City’s Sales and Use Tax Capital Improvement Bonds, Series 2015 (the “Series 2015 Bonds,” and collectively with the Series 2007 Bonds, the Series 2009 Bonds and the Series 2013 Bonds, the “Prior Bonds”). The Prior Bonds were secured by receipts of the Existing Tax and were issued to finance various capital improvements within the City, including the construction, reconstruction, repair, straightening and widening of certain streets and related improvements, trail system improvements and improvements to wastewater treatment plants, sewerage and related facilities.

Upon the delivery of the Series 2019A Bonds, a portion of the proceeds thereof will be deposited with Simmons Bank, Pine Bluff, Arkansas, as escrow trustee (the “Escrow Trustee”), under an irrevocable Escrow Deposit Agreement (the “Escrow Agreement”), between the City and the Escrow Trustee. A portion of the proceeds derived from the Series 2019A Bonds and moneys transferred from the Bond Fund relating to the Series 2007 Bonds and the Series 2009 Bonds will be held as uninvested cash by the Escrow Trustee under the Escrow Agreement in trust for the holders of the Series 2007 Bonds and the Series 2009 Bonds, and will be sufficient to pay the principal, premium, and interest due on the Series 2007 Bonds and the Series 2009 Bonds when redeemed on August 15, 2019.
relating to the Series 2013 Bonds and the Series 2015 Bonds will be invested in United States Treasury obligations or held as uninvested cash by the Escrow Trustee under the Escrow Agreement in trust for the holders of the Series 2013 Bonds and the Series 2015 Bonds, and will be sufficient to pay the principal, premium, and interest due on the Series 2013 Bonds and the Series 2015 Bonds when redeemed on November 1, 2019. Amounts and United States Treasury obligations held by the Escrow Trustee will be irrevocably pledged for the benefit of the holders of the Prior Bonds. After such deposit, the Prior Bonds will no longer be deemed to be outstanding and will be secured solely by the United States Treasury Obligations and cash held by the Escrow Trustee. See the caption “SOURCES AND USES OF FUNDS” herein.

THE PROJECTS

Streets Project. Approximately $36,005,000 of the proceeds of the Series 2019A Bonds will be deposited into the Streets Project Account of the Project Fund to finance all or a portion of the costs of right-of-way acquisition, design, construction, reconstruction, repair, resurfacing, straightening and width modification of certain City streets, which may include related sidewalk, traffic signal and control, lighting, curbing, guttering, bicycle lane, landscaping, drainage and safety improvements and related curbside pedestrian facilities such as bus pickup structures and concrete waiting pads (the “Streets Project”).

Trails Project. Approximately $2,405,000 of the proceeds of the Series 2019A Bonds will be deposited into the Trails Project Account of the Project Fund to finance all or a portion of the costs of design, construction, reconstruction, extension and equipping of certain City trail system improvements, which may include related pedestrian signal, lighting, landscaping, drainage and safety improvements and right-of-way acquisition (the “Trails Project”).

Drainage Project. Approximately $8,005,000 of the proceeds of the Series 2019A Bonds will be deposited into the Drainage Project Account of the Project Fund to finance all or a portion of the costs of the design, construction, reconstruction, repair, retrofit, extension, enlargement and equipping of certain drainage facilities, which may include land and easement acquisition and water quality features such as detention and retention basins and stream restoration (the “Drainage Project”).

Parks Project. Approximately $11,075,000 of the proceeds of the Series 2019A Bonds will be deposited into the Parks Project Account of the Project Fund to finance all or a portion of the costs of acquisition, design, construction and equipping of certain regional park and other parks system improvements, which may include athletic fields and facilities, playgrounds, pools and splash pads, trails, campgrounds, picnic areas and pavilions, land acquisition, open space preservation and other recreational facilities and support facilities, such as restrooms and parking (the “Parks Project”).

City Facilities Project. Approximately $505,000 of the proceeds of the Series 2019A Bonds will be deposited into the City Facilities Project Account of the Project Fund to finance all or a portion of the costs of renovating and refurbishing certain City buildings and grounds, which may include building envelope and roof improvements, window replacement, insulation, lighting and HVAC system upgrades and certain renewable energy and energy efficiency projects (the “City Facilities Project”).

Arts Corridor Project. Approximately $20,000,000 of the proceeds of the Series 2019A Bonds will be deposited into the Arts Corridor Project Account of the Project Fund to finance all or a portion of the costs of acquisition, design, construction and equipping of certain Cultural Arts Corridor improvements, within or near an area bordered by Dickson Street on the north, School Avenue on the east, Prairie Street on the south, and Gregg Avenue on the west, and which may include street, sidewalk, boardwalk, trail, pedestrian signal and control, bicycle facilities, curbing, guttering, drainage, lighting and landscaping improvements, plaza, civic and performance space, art installations, overlooks, stream restoration, pavilions, structure and other buildings, new and/or replacement parking facilities, and land and easement acquisition (the “Arts Corridor Project”).

Police Facilities Project. Approximately $38,800,000 of the proceeds of the Series 2019A Bonds will be deposited into the Police Facilities Project Account of the Project Fund to finance all or a portion of the costs of certain police station design, construction and improvements, which may include land acquisition, and the acquisition of police equipment (the “Police Facilities Project”).

Firefighting Facilities Project. Approximately $10,515,000 of the proceeds of the Series 2019A Bonds will be deposited into the Firefighting Facilities Project Account of the Project Fund to finance all or a portion of the
costs of certain fire station design and construction, which may include land acquisition, and the acquisition of firefighting vehicles and equipment (the “Firefighting Facilities Project”).

Economic Development Project. Approximately $3,145,000 of the proceeds of the Series 2019B Bonds will be deposited into the Economic Development Project Account of the Project Fund to finance all or a portion of the costs of acquisition, design, construction and equipping of certain economic development projects, which may include land acquisition, site development and infrastructure useful in the development, retention or expansion of manufacturing, production and industrial facilities, research, technology and development facilities, distribution centers, call centers, warehouse facilities, job training facilities or regional or national corporate headquarters facilities (the “Economic Development Project”).

HISTORICAL SALES AND USE TAX COLLECTIONS

Pursuant to the terms of the Election Ordinance and State law, the collection of the 1.00% Sales and Use Tax will commence on October 1, 2019. At such time an existing three-quarters of one percent (0.75%) special city-wide sales and use tax and an existing one-quarter of one percent (0.25%) special city-wide sales and use tax (collectively, the “Existing Tax”) which was pledged to the payment of the Prior Bonds will simultaneously terminate. Set forth below is a table showing receipts of the Existing Tax over the last ten years. Combined collections of the Existing Tax received by the City in the most recent twelve-month period (July 1, 2018 through June 30, 2019) were $22,266,256, a 2.78% increase over the amount of combined collections from the Existing Tax received by the City during the previous twelve-month period (July 1, 2017 to June 30, 2018).

<table>
<thead>
<tr>
<th>Year</th>
<th>Historical Collections of 0.25% Sales and Use Tax</th>
<th>Historical Collections of 0.75% Sales and Use Tax</th>
<th>Combined Collections of 0.25% Tax and 0.75% Tax</th>
<th>Growth Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>$3,927,564</td>
<td>$11,782,692</td>
<td>$15,710,256</td>
<td>n/a</td>
</tr>
<tr>
<td>2010</td>
<td>3,917,717</td>
<td>11,753,150</td>
<td>15,670,867</td>
<td>-0.25%</td>
</tr>
<tr>
<td>2011</td>
<td>4,129,686</td>
<td>12,389,060</td>
<td>16,518,746</td>
<td>5.41%</td>
</tr>
<tr>
<td>2012</td>
<td>4,389,519</td>
<td>13,168,559</td>
<td>17,558,078</td>
<td>6.29%</td>
</tr>
<tr>
<td>2013</td>
<td>4,513,873</td>
<td>13,541,618</td>
<td>18,055,491</td>
<td>2.83%</td>
</tr>
<tr>
<td>2014</td>
<td>4,604,085</td>
<td>13,812,257</td>
<td>18,416,342</td>
<td>2.00%</td>
</tr>
<tr>
<td>2015</td>
<td>4,950,155</td>
<td>14,850,464</td>
<td>19,800,619</td>
<td>7.52%</td>
</tr>
<tr>
<td>2016</td>
<td>5,161,048</td>
<td>15,483,143</td>
<td>20,644,191</td>
<td>4.26%</td>
</tr>
<tr>
<td>2017</td>
<td>5,324,281</td>
<td>15,972,843</td>
<td>21,297,124</td>
<td>3.16%</td>
</tr>
<tr>
<td>2018</td>
<td>5,576,368</td>
<td>16,729,104</td>
<td>22,305,472</td>
<td>4.73%</td>
</tr>
</tbody>
</table>

(1) Sales and use tax receipts are remitted by the Treasurer of the State of Arkansas to the City in the second month following the month of their collection.

Source: City of Fayetteville

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SOURCES AND USES OF FUNDS

The proceeds of the Series 2019A Bonds will be used as follows:

Sources of Funds

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Par Amount of Series 2019A Bonds</td>
<td>$124,425,000</td>
</tr>
<tr>
<td>Net Original Issue Premium</td>
<td>6,993,623</td>
</tr>
<tr>
<td>Transfer of Prior Bond Fund Moneys</td>
<td>9,114,170</td>
</tr>
<tr>
<td><strong>Total Sources:</strong></td>
<td><strong>$140,532,793</strong></td>
</tr>
</tbody>
</table>

Uses of Funds

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deposit to Escrow Fund for the Prior Bonds</td>
<td>$12,399,795</td>
</tr>
<tr>
<td>Deposit to Streets Project Account of Project Fund</td>
<td>36,004,664</td>
</tr>
<tr>
<td>Deposit to Trails Project Account of Project Fund</td>
<td>2,404,086</td>
</tr>
<tr>
<td>Deposit to Drainage Project Account of Project Fund</td>
<td>8,004,617</td>
</tr>
<tr>
<td>Deposit to Parks Project Account of Project Fund</td>
<td>11,074,491</td>
</tr>
<tr>
<td>Deposit to City Facilities Project Account of Project Fund</td>
<td>504,415</td>
</tr>
<tr>
<td>Deposit to Arts Corridor Project Account of Project Fund</td>
<td>20,001,673</td>
</tr>
<tr>
<td>Deposit to Police Facilities Project Account of Project Fund</td>
<td>38,801,126</td>
</tr>
<tr>
<td>Deposit to Firefighting Facilities Project Account of Project Fund</td>
<td>10,513,002</td>
</tr>
<tr>
<td>Costs of Issuance, including Underwriter’s Discount</td>
<td>819,985</td>
</tr>
<tr>
<td>Contingency</td>
<td>4,939</td>
</tr>
<tr>
<td><strong>Total Uses:</strong></td>
<td><strong>$140,532,793</strong></td>
</tr>
</tbody>
</table>

The proceeds of the Series 2019B Bonds will be used as follows:

Sources of Funds

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Par Amount of Series 2019B Bonds</td>
<td>$3,170,000</td>
</tr>
<tr>
<td><strong>Total Sources:</strong></td>
<td><strong>$3,170,000</strong></td>
</tr>
</tbody>
</table>

Uses of Funds

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deposit to Economic Development Project Account of Project Fund</td>
<td>$3,147,323</td>
</tr>
<tr>
<td>Costs of Issuance, including Underwriter’s Discount</td>
<td>22,677</td>
</tr>
<tr>
<td><strong>Total Uses:</strong></td>
<td><strong>$3,170,000</strong></td>
</tr>
</tbody>
</table>

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DEBT SERVICE REQUIREMENTS

As of the date of closing, the Series 2019 Bonds will constitute the only debt obligations secured by receipts of the Sales and Use Tax. The following table sets forth the amounts required to pay scheduled principal of and interest on the Series 2019 Bonds during each year:

<table>
<thead>
<tr>
<th>Year</th>
<th>Series 2019 Principal(1)</th>
<th>Series 2019 Interest</th>
<th>Total Debt Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>$5,230,000</td>
<td>$4,482,477</td>
<td>$9,712,477</td>
</tr>
<tr>
<td>2021</td>
<td>6,185,000</td>
<td>3,528,388</td>
<td>9,713,388</td>
</tr>
<tr>
<td>2022</td>
<td>6,490,000</td>
<td>3,219,137</td>
<td>9,709,137</td>
</tr>
<tr>
<td>2023</td>
<td>6,810,000</td>
<td>2,894,638</td>
<td>9,704,638</td>
</tr>
<tr>
<td>2024</td>
<td>7,150,000</td>
<td>2,554,137</td>
<td>9,704,137</td>
</tr>
<tr>
<td>2025</td>
<td>7,510,000</td>
<td>2,196,638</td>
<td>9,706,638</td>
</tr>
<tr>
<td>2026</td>
<td>7,885,000</td>
<td>1,821,137</td>
<td>9,706,137</td>
</tr>
<tr>
<td>2027</td>
<td>8,265,000</td>
<td>1,426,888</td>
<td>9,691,888</td>
</tr>
<tr>
<td>2028</td>
<td>8,440,000</td>
<td>1,261,587</td>
<td>9,701,587</td>
</tr>
<tr>
<td>2029</td>
<td>8,625,000</td>
<td>1,092,788</td>
<td>9,717,788</td>
</tr>
<tr>
<td>2030</td>
<td>8,780,000</td>
<td>920,287</td>
<td>9,700,287</td>
</tr>
<tr>
<td>2031</td>
<td>8,945,000</td>
<td>766,637</td>
<td>9,711,637</td>
</tr>
<tr>
<td>2032</td>
<td>9,080,000</td>
<td>610,100</td>
<td>9,690,100</td>
</tr>
<tr>
<td>2033</td>
<td>9,250,000</td>
<td>451,200</td>
<td>9,701,200</td>
</tr>
<tr>
<td>2034</td>
<td>9,400,000</td>
<td>303,200</td>
<td>9,703,200</td>
</tr>
<tr>
<td>2035</td>
<td>9,550,000</td>
<td>152,800</td>
<td>9,702,800</td>
</tr>
<tr>
<td>Totals:</td>
<td>$127,595,000</td>
<td>$27,682,039</td>
<td>$155,277,039</td>
</tr>
</tbody>
</table>

(1) Including mandatory sinking fund redemptions.
ESTIMATED DEBT SERVICE COVERAGE

Set forth below is a table showing estimated debt service coverage with respect to the Series 2019 Bonds. Combined collections of the 0.25% Tax and the 0.75% Tax received during the twelve-month period ended June 30, 2019 were utilized for the purpose of making the coverage calculations. See the caption “HISTORICAL SALES AND USE TAX COLLECTIONS” herein.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Historical Tax Receipts of 0.25% and 0.75% Taxes</td>
<td>$22,266,256</td>
</tr>
<tr>
<td>Maximum Annual Debt Service</td>
<td>$9,717,788</td>
</tr>
<tr>
<td>Maximum Annual Debt Service Coverage</td>
<td>2.29X</td>
</tr>
</tbody>
</table>

(1) Actual combined collections of the 0.25% Tax and the 0.75% received during the last twelve-month period ending June 30, 2019. See the caption “HISTORICAL SALES AND USE TAX COLLECTIONS” herein.

(2) Representing debt service on the Series 2019 Bonds in 2029. See the caption “DEBT SERVICE REQUIREMENTS” herein.

THE COVERAGE NUMBERS SET FORTH ABOVE ARE BASED ON HISTORICAL RECEIPTS OF THE 0.25% TAX AND THE 0.75% TAX. ACTUAL RECEIPTS OF THE SALES AND USE TAX WILL DEPEND ON NUMEROUS FACTORS, AND THERE CAN BE NO ASSURANCE THAT FUTURE RECEIPTS OF THE SALES AND USE TAX AVAILABLE TO PAY DEBT SERVICE ON THE SERIES 2019 BONDS WILL APPROXIMATE SUCH HISTORICAL RESULTS. See the caption “THE SALES AND USE TAX – Future Sales and Use Tax Receipts” herein.

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PROJECTED MANDATORY REDEMPTIONS

The table under the caption “DEBT SERVICE REQUIREMENTS” does not reflect possible mandatory redemptions of the Series 2019A Bonds from Surplus Tax Receipts, if available. Surplus Tax Receipts are all receipts of the Sales and Use Tax in excess of the amount necessary (i) to assure the prompt payment of the principal of and interest on Outstanding Series 2019 Bonds and any series of Additional Bonds, (ii) to pay any arbitrage rebate due under Section 148(f) of the Code, and (iii) to pay Trustee and Paying Agent fees and expenses. While any of the Series 2019A Bonds are Outstanding, all Surplus Tax Receipts shall be allocated to the redemption of the Series 2019A Bonds. The Series 2019B Bonds shall not be subject to redemption from Surplus Tax Revenues. THERE CAN BE NO ASSURANCE GIVEN THAT RECEIPTS OF THE SALES AND USE TAX WILL BE REALIZED IN THE AMOUNTS ASSUMED IN THE TABLE BELOW. See the caption “THE SALES AND USE TAX — Future Sales and Use Tax Receipts” herein.

<table>
<thead>
<tr>
<th>Date(1)</th>
<th>Series 2019A Principal Due</th>
<th>Series 2019A Bonds Redeemed Prior to Maturity(2,3)</th>
<th>Total Series 2019A Principal Retired</th>
</tr>
</thead>
<tbody>
<tr>
<td>5-1-20</td>
<td>$</td>
<td>$ 9,595,000</td>
<td>$ 9,595,000</td>
</tr>
<tr>
<td>11-1-20</td>
<td>2,060,000</td>
<td>6,745,000</td>
<td>8,805,000</td>
</tr>
<tr>
<td>5-1-21</td>
<td>--</td>
<td>6,405,000</td>
<td>6,405,000</td>
</tr>
<tr>
<td>11-1-21</td>
<td>6,185,000</td>
<td>6,460,000</td>
<td>12,645,000</td>
</tr>
<tr>
<td>5-1-22</td>
<td>--</td>
<td>6,515,000</td>
<td>6,515,000</td>
</tr>
<tr>
<td>11-1-22</td>
<td>6,490,000</td>
<td>6,570,000</td>
<td>13,060,000</td>
</tr>
<tr>
<td>5-1-23</td>
<td>--</td>
<td>5,005,000</td>
<td>5,005,000</td>
</tr>
<tr>
<td>11-1-23</td>
<td>6,810,000</td>
<td>5,470,000</td>
<td>12,280,000</td>
</tr>
<tr>
<td>5-1-24</td>
<td>--</td>
<td>5,310,000</td>
<td>5,310,000</td>
</tr>
<tr>
<td>11-1-24</td>
<td>7,150,000</td>
<td>5,360,000</td>
<td>12,510,000</td>
</tr>
<tr>
<td>5-1-25</td>
<td>--</td>
<td>5,410,000</td>
<td>5,410,000</td>
</tr>
<tr>
<td>11-1-25</td>
<td>7,510,000</td>
<td>5,465,000</td>
<td>12,975,000</td>
</tr>
<tr>
<td>5-1-26</td>
<td>--</td>
<td>4,400,000</td>
<td>4,400,000</td>
</tr>
<tr>
<td>11-1-26</td>
<td>7,885,000</td>
<td>1,625,000</td>
<td>9,510,000</td>
</tr>
<tr>
<td>Totals:</td>
<td>$44,090,000</td>
<td>$80,335,000</td>
<td>$124,425,000</td>
</tr>
</tbody>
</table>

(1) Series 2019A Bonds are subject to mandatory redemption from Surplus Tax Receipts on each May 1 and November 1. See the caption “THE SERIES 2019 BONDS — Redemption” herein.

(2) Assuming annual receipts of the Sales and Use Tax of $22,266,256.

(3) Projected mandatory redemptions related to Series 2019A Bonds maturing November 1, 2029 through November 1, 2035.

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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 third 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 City Council members 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. City Council members 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>12/31/20</td>
</tr>
<tr>
<td>Kit Williams</td>
<td>City Attorney</td>
<td>12/31/22</td>
</tr>
<tr>
<td>Sondra Smith</td>
<td>City Clerk</td>
<td>12/31/20</td>
</tr>
<tr>
<td>Sarah Bunch</td>
<td>Council Member</td>
<td>12/31/20</td>
</tr>
<tr>
<td>Sonia Gutierrez</td>
<td>Council Member</td>
<td>12/31/22</td>
</tr>
<tr>
<td>Mark Kinion</td>
<td>Council Member</td>
<td>12/31/22</td>
</tr>
<tr>
<td>Sarah Marsh</td>
<td>Council Member</td>
<td>12/31/20</td>
</tr>
<tr>
<td>Matthew Petty</td>
<td>Council Member</td>
<td>12/31/20</td>
</tr>
<tr>
<td>Sloan Scroggin</td>
<td>Council Member</td>
<td>12/31/22</td>
</tr>
<tr>
<td>Kyle Smith</td>
<td>Council Member</td>
<td>12/31/20</td>
</tr>
<tr>
<td>Teresa Turk</td>
<td>Council Member</td>
<td>12/31/22</td>
</tr>
</tbody>
</table>

Financial Reporting. The City’s Comprehensive Annual Financial Report for the fiscal year ended December 31, 2018 can be accessed at: [www.fayetteville-ar.gov/ArchiveCenter/ViewFile/Item/2063](http://www.fayetteville-ar.gov/ArchiveCenter/ViewFile/Item/2063)

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>

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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>2008</td>
<td>$39,924</td>
<td>$32,434</td>
</tr>
<tr>
<td>2009</td>
<td>37,100</td>
<td>31,629</td>
</tr>
<tr>
<td>2010</td>
<td>37,629</td>
<td>31,991</td>
</tr>
<tr>
<td>2011</td>
<td>42,317</td>
<td>33,961</td>
</tr>
<tr>
<td>2012</td>
<td>48,371</td>
<td>36,291</td>
</tr>
<tr>
<td>2013</td>
<td>47,363</td>
<td>36,529</td>
</tr>
<tr>
<td>2014</td>
<td>51,809</td>
<td>37,782</td>
</tr>
<tr>
<td>2015</td>
<td>52,509</td>
<td>39,107</td>
</tr>
<tr>
<td>2016</td>
<td>55,729</td>
<td>39,722</td>
</tr>
<tr>
<td>2017</td>
<td>59,425</td>
<td>40,791</td>
</tr>
</tbody>
</table>

Source: Discover Arkansas, Data Analysis.

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>2009</td>
<td>$1,067,947,653</td>
<td>$191,973,349</td>
<td>$1,299,921,002</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>
<tr>
<td>2013</td>
<td>1,084,550,127</td>
<td>216,005,532</td>
<td>1,300,555,659</td>
</tr>
<tr>
<td>2014</td>
<td>1,115,992,871</td>
<td>226,841,704</td>
<td>1,342,834,575</td>
</tr>
<tr>
<td>2015</td>
<td>1,171,158,618</td>
<td>232,141,593</td>
<td>1,403,300,191</td>
</tr>
<tr>
<td>2016</td>
<td>1,213,852,296</td>
<td>252,836,149</td>
<td>1,466,688,495</td>
</tr>
<tr>
<td>2017</td>
<td>1,257,361,951</td>
<td>246,656,011</td>
<td>1,504,017,962</td>
</tr>
<tr>
<td>2018</td>
<td>1,309,055,168</td>
<td>261,728,096</td>
<td>1,570,783,264</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>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019(^{(2)})</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential Building Permits</td>
<td>380</td>
<td>553</td>
<td>388</td>
<td>658</td>
<td>326</td>
</tr>
<tr>
<td>Commercial Building Permits</td>
<td>27</td>
<td>35</td>
<td>23</td>
<td>48</td>
<td>8</td>
</tr>
<tr>
<td>Value of All Building Permits</td>
<td>$187,188,614</td>
<td>$275,432,651</td>
<td>$254,439,224</td>
<td>$426,545,540</td>
<td>$197,766,733</td>
</tr>
</tbody>
</table>

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

\(^{(2)}\) Through June 25, 2019.

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>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>7.4</td>
</tr>
<tr>
<td>2013</td>
<td>4.9</td>
<td>6.8</td>
</tr>
<tr>
<td>2014</td>
<td>4.0</td>
<td>5.6</td>
</tr>
<tr>
<td>2015</td>
<td>3.2</td>
<td>4.3</td>
</tr>
<tr>
<td>2016</td>
<td>2.7</td>
<td>3.9</td>
</tr>
<tr>
<td>2017</td>
<td>2.8</td>
<td>3.8</td>
</tr>
<tr>
<td>2018</td>
<td>2.7</td>
<td>3.7</td>
</tr>
<tr>
<td>2019*</td>
<td>2.5</td>
<td>3.7</td>
</tr>
</tbody>
</table>

* March, 2019 only; preliminary and not seasonally adjusted.

Employment and Industry. The principal campus of the University of Arkansas is located in the City and has total enrollment for the fall semester of 2018 of approximately 27,778. On the Fayetteville campus, the University employs approximately 8,500 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>University of Arkansas</td>
<td>Colleges/universities</td>
<td>8,875</td>
</tr>
<tr>
<td>Washington Regional Medical Center</td>
<td>Health care</td>
<td>3,004</td>
</tr>
<tr>
<td>Fayetteville School District</td>
<td>Public schools</td>
<td>1,593</td>
</tr>
<tr>
<td>Veteran’s Admin. Medical</td>
<td>Health care</td>
<td>1,283</td>
</tr>
<tr>
<td>Washington Co. Government</td>
<td>County government</td>
<td>1,040</td>
</tr>
<tr>
<td>City of Fayetteville</td>
<td>Government</td>
<td>779</td>
</tr>
<tr>
<td>Tyson Mexican Original</td>
<td>Manufacturers</td>
<td>661</td>
</tr>
<tr>
<td>Wal-Mart Store #359</td>
<td>Retail</td>
<td>508</td>
</tr>
<tr>
<td>Wal-Mart #9149 (optical lab)</td>
<td>Manufacturer</td>
<td>435</td>
</tr>
<tr>
<td>Wal-Mart Store #144</td>
<td>Retail</td>
<td>431</td>
</tr>
</tbody>
</table>

Source: 2018 City of Fayetteville CAFR

THE SALES AND USE TAX

Generally. The Sales and Use Tax is levied under the Election Ordinance pursuant to the authority of the Act. The Sales and Use Tax is levied within the City on all items which are subject to taxation under The Arkansas Gross Receipts Act of 1941 and on the receipts from storing, using or consuming tangible personal property under The Arkansas Compensating (Use) Tax Act of 1949. The Sales and Use Tax is collected only on the gross receipts, gross proceeds or sales price in the maximum amount allowed from time to time under Arkansas law for “single transactions,” subject to certain rebates and limitations. Pursuant to the Indenture and the Authorizing Ordinance, the City has pledged the receipts of the Sales and Use Tax (after the deduction of certain administrative charges) to the payment of the Series 2019 Bonds. Pursuant to the terms of the Election Ordinance, the collection of the Sales and Use Tax will commence on and as of the date as provided in the Act. Such commencement of the levy of the Sales and Use Tax will occur simultaneously with the termination of the levy of (i) the existing three-quarters of one percent (0.75%) special city-wide sales and use tax and (ii) the existing one-quarter of one percent (0.25%) special city-wide sales and use tax (collectively, the “Existing Tax”) pledged to the payment of the Prior Bonds, which are being redeemed with a portion of the proceeds of the Series 2019A Bonds. See “Appendix C – THE SALES AND USE TAX” for a detailed description of the property and services subject to sales and use taxation and the exemptions therefrom.
Administration. Pursuant to the State law, the Commissioner of Revenues of the State (the “Commissioner”) performs all functions incidental to the administration, collection, enforcement and operation of the Sales and Use Tax. All receipts of the Sales and Use Tax collected, less certain charges payable and retainage due the Commissioner for administrative services in the amount of 3% of the gross receipts of the Sales and Use Tax, shall be remitted by the State Treasurer to the Trustee monthly. See the caption “SUMMARY OF THE INDENTURE – Application of Sales and Use Tax Receipts” herein. In an effort to simplify and modernize the sales and use tax collection process, the State of Arkansas has opted to participate in the Streamlined Sales Tax Agreement, a cooperative effort among states, local governments and the business community.

Future Receipts of the Sales and Use Tax. Receipts of the Sales and Use Tax will be contingent upon the sale and use of property and services within the City, which activity is generally dependent upon economic conditions within the City and the surrounding trade area. Also, receipts of the Sales and Use Tax may be affected by changes to transactions exempted from the Sales and Use Tax made by legislation adopted by the General Assembly of the State or by the people of the State in the form of a constitutional amendment or initiated act. In the past the General Assembly of the State has considered new exemptions to sales and use taxes, such as food sales, which, if adopted, would materially reduce receipts of the Sales and Use Tax. The City has no control over actions of the General Assembly or the people of the State and cannot predict whether changes to the Sales and Use Tax may be made. Accordingly, the City cannot predict with certainty the expected amount of receipts of the Sales and Use Tax to be received and, therefore, there can be no assurance that receipts of the Sales and Use Tax will be sufficient to pay the principal of and interest on the Series 2019 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 Finance Director of the City, for a full statement thereof.

Funds and Accounts. Receipts of the Sales and Use Tax are pledged by the Indenture to the payment of the principal of and interest on the Bonds. The following Funds and Accounts have been established with the Trustee in connection with the issuance of the Bonds:

Funds and Accounts

Revenue Fund
Bond Fund, and an Interest Account and a Principal Account therein
Redemption Fund
Cost of Issuance Fund
Project Fund, and a Streets Project Account, Trails Project Account, Drainage Project Account, Parks Project Account, City Facilities Project Account, Arts Corridor Project Account, Police Facilities Project Account, Firefighting Facilities Project Account and Economic Development Project Account therein
Rebate Fund

Application of Receipts of the Sales and Use Tax. The application of receipts of the Sales and Use Tax is as follows:

(a) Revenue Fund. All receipts from the Sales and Use Tax shall, as and when received, be deposited into the Revenue Fund. All moneys at any time in the Revenue Fund shall be applied on a monthly basis to the payment of Debt Service on the Bonds, to the payment of any arbitrage rebate due under Section 148(f) of the Code, to the payment of fees and expenses of the Trustee and any Paying Agent, and to the early redemption of the Bonds, at the times and in the amounts set forth as follows:

(b) Bond Fund. Upon receipt, but in no event later than the last day of each month in which receipts of the Sales and Use Tax are deposited in the Revenue Fund, 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 Outstanding 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 next scheduled principal maturity of Outstanding Bonds (including mandatory sinking fund redemptions). Moneys in the Bond Fund shall be used solely for the purpose of paying Debt Service on the Bonds or for redemption of 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 receipts of the Sales and Use Tax 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 not later than last day of the next succeeding month.

When the moneys held in the Revenue Fund, the Bond Fund and the Redemption Fund shall be and remain sufficient to pay in full the principal 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 any Paying Agent, the City shall have no further obligation to make payments into such Funds and the levy of the Sales and Use Tax shall cease.

(c) 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.

(d) Redemption Fund. After making the required deposits into the Bond Fund and into the Rebate Fund, and after paying the fees and expenses of the Trustee and any Paying Agent, there shall be paid from the Revenue Fund into the Redemption Fund all remaining moneys in the Revenue Fund (the “Surplus Tax Receipts”). Moneys in the Redemption Fund shall be transferred to the appropriate Principal Account of the Bond Fund at such times as may be necessary to effectuate redemptions of Bonds on the first available redemption date. While any of the Series 2019A Bonds are Outstanding, all Surplus Tax Receipts shall be allocated to the redemption of the Series 2019A Bonds. The Series 2019B Bonds shall not be subject to redemption from Surplus Tax Revenues. See the captions “THE SERIES 2019 BONDS – Redemption” and “PROJECTED MANDATORY REDEMPTIONS” herein.

(e) Project Fund. Portions of the proceeds of the Series 2019A Bonds shall be deposited in the Streets Project Account, Trails Project Account, Drainage Project Account, Parks Project Account, City Facilities Project Account, Arts Corridor Project Account, Police Facilities Project Account and Firefighting Facilities Project Account of the Project Fund. A portion of the proceeds of the Series 2019B Bonds shall be deposited in the Economic Development Project Account of the Project Fund. See the captions “SOURCES AND USES OF FUNDS” and “THE PROJECTS” herein. Amounts in the various Accounts in the Project Fund shall be expended only for the payment of Project Costs related to the applicable portion of the Project being financed with the proceeds of the Series 2019A Bonds and Series 2019B Bonds upon the submission of Requisitions by the City to the Trustee. The Trustee shall only make payments from the Project Fund pursuant to and in accordance with Requisitions. Within ninety (90) days following completion of the portion of a Project being financed with a particular series of Bonds, the City shall deliver to the Trustee its Certificate stating that the applicable portion of such Project is complete and the Trustee shall transfer the remaining moneys in the applicable Account of the Project Fund relating to such series of Bonds (save and except moneys needed to satisfy unpaid Project Costs) to the Redemption Fund for application to the retirement of the corresponding series of Bonds by redemption or purchase. See the caption “THE SERIES 2019 BONDS – Redemption” herein.

(f) Cost of Issuance Fund. A portion of the proceeds of the Series 2019 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 the Series 2019 Bonds (and in any event not later than December 1, 2019), any remaining moneys in the Cost of Issuance Fund shall be transferred to the Interest Account of the Bond Fund.

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 Securities with maturity or redemption dates consistent with
the times at which said moneys will be required for the purposes provided in the Indenture. Moneys in separate Funds or Accounts may be commingled for the purpose of investment.

Valuation of Funds and Accounts. In determining the value of any Fund or Account held by the Trustee under the Indenture, the Trustee shall credit Investment Securities at the fair market value thereof, as determined by the Trustee by any method selected by the Trustee in its reasonable discretion. No less frequently than annually, and in any event within thirty (30) days prior to the end of each Fiscal Year, the Trustee shall determine the value of each Fund and Account held under the Indenture and shall report such determination to the City.

The Trustee shall sell or present for redemption any Investment Securities 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 any and all times 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 receipts from the Sales and Use Tax 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 affect the exclusion of interest on any Bond from gross income for federal income tax purposes. No part of the proceeds of the Series 2019A Bonds shall at any time be used, directly or indirectly, to acquire securities or obligations the acquisition of which would cause any of such Series 2019A 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 Series 2019A Bonds remain Outstanding, it will comply with the provisions of the 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. In the case of any defeasance of Bonds, the dates of redemption of such Bonds and the principal amounts and maturities of Bonds to be redeemed on such dates will be determined by taking into consideration the applicable redemption requirements with respect to the Bonds to be defeased and the receipts of the Sales and Use Tax for the most recent twelve months.

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 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
impair 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, and upon the written request
of the Holders of not less than 51% in aggregate principal amount of Bonds Outstanding shall, 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.

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 subject 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) above
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
in this paragraph, and not otherwise, the Holders of not less than 2/3 in aggregate principal amount of the Bonds
then Outstanding shall have the right, 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
SUMMARY OF THE CONTINUING DISCLOSURE AGREEMENT

The City has entered into an undertaking in the form of the Continuing Disclosure Agreement as required by the Indenture for the benefit of the Beneficial Owners of the Series 2019 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. During the past five years, the City has identified certain instances in which filings were not made as required by such agreements. A listing of such instances, which may not be inclusive, is set forth below.

With respect to the City’s continuing disclosure obligations relating to certain series of bonds secured by sales and use tax receipts, one notice of mandatory redemption from excess sales tax receipts was not timely posted on the Municipal Securities Rulemaking Board’s Electronic Municipal Markets Access (EMMA) system.

With respect to the aforementioned sales and use tax bond issues and with respect to certain issues of bonds secured by the City’s parking revenues and water and sewer revenue and issues secured by tax increment receipts and receipts of a special hotel, motel and restaurant gross receipts tax, the City’s audited financial statements and the required supplemental operating and financial data for fiscal year 2015 were not posted on a timely basis. Unaudited financial statements and supplemental operating and financial data for such fiscal year were timely provided to the various bond trustees but were not posted to the EMMA system until 6/30/16 (two days late). As required by the Rule, upon their availability, the audited financial statements were subsequently posted on 9/30/16.

Labeling inaccuracies exist with respect to several of the City’s EMMA filings.

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 and the Audited Financial Statements to the MSRB within 180 days of the completion of the City’s Fiscal Year. 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) Not later than five (5) Business Days prior to the date specified in the preceding paragraph for providing the Annual Financial Information Disclosure to the MSRB, the City shall provide such Annual Financial Information Disclosure to the Dissemination Agent. If by such date the Dissemination Agent has not received a copy of the applicable Annual Financial Information Disclosure, the Dissemination Agent shall contact the applicable Disclosure Representative to determine if the City is in compliance with the preceding paragraph. If the Dissemination Agent is unable to verify that the Annual Financial Information Disclosure has been provided to the MSRB by the date required in the preceding paragraph, the Dissemination Agent shall file a notice to such effect with the MSRB in substantially the form attached as Exhibit III to the Continuing Disclosure Agreement.

(c) 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 Fiscal Year in which such event first occurs.

(d) If any amendment is made to the Continuing Disclosure Agreement, the Annual Financial Information for the Fiscal 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.

(e) The City covenants that it will disseminate or cause dissemination in a timely manner, not in excess of ten (10) Business Days after the occurrence of the event, of Listed Events Disclosure to the MSRB in Prescribed Form. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Series 2019 Bonds need not be given under the Continuing Disclosure Agreement any earlier than the notice (if any) of such redemption is given to the owners of the Series 2019 Bonds pursuant to the Indenture. The City is required to deliver or cause delivery of such Listed Events Disclosure in the same manner as provided for Annual Financial Information and Audited Financial Statements.

(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 2019 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 Trustee may (and at the request of a Participating Underwriter or the Beneficial Owners of at least 25% in aggregate outstanding principal amount of the Series 2019 Bonds, and upon being indemnified to its satisfaction, shall) or the Beneficial Owner of any Series 2019 Bond may seek specific performance by court order to cause the City to comply with its obligations under the Disclosure Agreement. A default under the Disclosure Agreement shall not be deemed an Event of Default under the Indenture or any other agreement, and the sole remedy under the Disclosure Agreement in the event of any failure of the City or the Dissemination Agent to comply with the Disclosure Agreement shall be an action to compel performance.

(g) The Undertaking of the City pursuant to the Continuing Disclosure Agreement shall be terminated when the City shall no longer have any legal liability for any obligation on or relating to the repayment of the Series 2019 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 2019 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 2019 Bonds holding a majority of the aggregate principal amount of the Series 2019 Bonds (excluding Series 2019 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 receipts of the Sales and Use Tax 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 2019 Bonds (including persons holding Series
2019 Bonds through nominees, depositories or other intermediaries, or (b) is treated as the owner of any Series 2019 Bonds for federal income tax purposes.

“Business Day” means any day other than a Saturday or Sunday or a day on which banks in the State of Arkansas or in the state in which the Dissemination Agent is located are not open for business.

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

“Disclosure Representative” means the City’s Finance Director, or his or her designee, or such other person as the City shall designate in writing to the Dissemination Agent from time to time.

“Dissemination Agent” shall mean Simmons Bank, 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.


“Financial Obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as a security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term Financial Obligation does not include municipal securities as to which a final official statement has been otherwise provided to the MSRB under the Rule.

“Fiscal Year” means any period of twelve (12) consecutive months adopted by the City as its fiscal year for financial reporting purpose. The Fiscal Year of the City presently ends on December 31 of each year.

“Listed Event” means the occurrence of any of the following events with respect to the Series 2019 Bonds:

(i) Principal and interest payment delinquencies;
(ii) Nonpayment-related defaults, if material;
(iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
(iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
(v) Substitution of credit or liquidity providers, or their failure to perform;
(vi) 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;
(vii) Modifications to rights of security holders, if material;
(viii) Bond calls, if material, and tender offers;
(ix) Defeasances;
(x) Release, substitution or sale of property securing repayment of the securities, if material;
(xi) Rating changes;
(xii) Bankruptcy, insolvency, receivership or similar event of the City;
(xiii) 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;
(xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
(xv) Incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material; and
(xvi) Default, event of acceleration, termination event, modification of terms, or similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

“Listed Events Disclosure” means dissemination of a notice of a Listed Event as set forth in subsection (e) 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 2019 Bonds.

“Prescribed Form” means, with regard to the filing of Annual Financial Information, Audited Financial Statements and notices of Listed 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 obligations of the City pursuant to subsections (a) and (e) above.

UNDERWRITING

Under a bond purchase agreement entered into by and among the City and Stephens Inc. (the “Underwriter”), (i) the Series 2019A Bonds are being purchased at a purchase price of $130,802,718.90 (representing the stated principal amount of the Series 2019A Bonds plus a net reoffering premium of $6,993,622.65 and less an underwriting discount of $615,903.75); and (ii) the Series 2019B Bonds are being purchased at a purchase price of $3,154,308.50 (representing the stated principal amount of the Series 2019B Bonds less an underwriting discount of $15,691.50). The bond purchase agreement provides that the Underwriter will purchase all of the Series 2019 Bonds if any are purchased. The obligation of the Underwriter to accept delivery of the Series 2019 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 2019 Bonds or any proceedings in connection with the issuance thereof, and the absence of material adverse changes in the financial condition of the City.

Mark C. Doramus, Chief Financial Officer of the Underwriter, serves on the Board of Directors of the Trustee.

The Underwriter intends to offer the Series 2019 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 2019 Bonds to the public, and may offer the Series 2019 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 2019 Bonds, including certain liabilities under federal securities laws.

TAX MATTERS

The Series 2019A Bonds; General 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 2019A 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. 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 2019A Bonds. Failure to comply with such requirements could cause interest on the Series 2019A Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2019A Bonds. The City has covenanted to comply with such requirements.
Tax Treatment of Original Issue Discount. The Series 2019A Bonds maturing on November 1 of each of 2032 and 2035 are being sold at an original issue discount (collectively, the “OID Bonds,” and individually, the “OID Bonds”). The difference between the initial public offering prices, as set forth on the inside cover page hereof, of such OID Bonds and their stated amounts to be paid at maturity constitutes original issue discount treated as interest that is excluded from gross income for federal income tax purposes, subject to the caveats and provisions described above.

In the case of an owner of an OID Bond, the amount of original issue discount which is treated as having accrued with respect to such OID Bond is added to the cost basis of the owner in determining, for federal income tax purposes, gain or loss upon disposition of such OID Bond (including its sale, redemption or payment at maturity). Amounts received upon disposition of such OID 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 OID Bond bearing original issue discount, on days which are determined by reference to the maturity of such OID Bond. The amount treated as original issue discount on such OID Bond for a particular semiannual accrual period is equal to (i) the product of (a) the yield to maturity for such OID Bond (determined by compounding at the close of each accrual period) and (b) the amount which would have been the tax basis of such OID Bond at the beginning of the particular accrual period if held by the original purchaser, (ii) less the amount of any payments on such OID Bond during the accrual period. The tax basis is determined by adding to the initial public offering price on such OID Bond the sum of the amounts which would have been treated as original issue discount for such purposes during all prior periods. If such OID Bond is sold between semiannual compounding dates, original issue discount which would have 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 OID Bonds should consult their own tax advisors with respect to the determination for federal income tax purposes of original issue discount accrued with respect to OID Bonds as of any date, with respect to the accrual of original issue discount for such OID Bonds purchased in the secondary markets and with respect to the state and local tax consequences of owning OID Bonds.

Tax Treatment of Original Issue Premium. The Series 2019A Bonds maturing on November 1, 2020, 2021, 2022, 2023, 2024, 2025 and 2026 are being sold at an original issue premium (collectively, the “Premium Bonds,” and individually, a “Premium Bond”). Under the Code, the difference between the principal amount of a Premium Bond and the cost basis of such Premium Bond to an owner thereof is “bond premium.” Under the Code, bond premium is amortized over the term of a Premium Bond (i.e., the maturity date of a Premium Bond or its earlier call date) for federal income tax purposes. An owner of a Premium Bond is required to decrease his or her basis in such Premium Bond by the amount of the amortizable bond premium attributable to each taxable year (or portion thereof) he or she owns such Premium Bond. The amount of the amortizable bond premium attributable to each taxable year is determined on an actuarial basis at a constant interest rate determined with respect to the yield on a Premium Bond compounded on each interest payment date. The amortizable bond premium attributable to a taxable year is not deductible for federal income tax purposes.

Owners of Premium Bonds (including purchasers of Premium Bonds in the secondary market) should consult their own tax advisors with respect to the precise determination for federal income tax purposes of the treatment of bond premium upon sale, redemption or other disposition of Premium Bonds and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.

The accrual or receipt of interest on the Series 2019A Bonds may otherwise affect the federal income tax liability of the owners of the Series 2019A 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 2019A 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, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan, and 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 2019A Bonds.
Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Series 2019 Bonds.

Recognition of Income Generally. Section 451 of the Code was amended by Pub. L. No. 115-97, enacted December 22, 2017 (sometimes referred to as the Tax Cuts and Jobs Act), to provide that taxpayers using an accrual method of accounting for federal income tax purposes generally will be required to include certain amounts in income, including original issue discount and market discount, no later than the time such amounts are reflected on certain financial statements of such taxpayer. The application of this rule may require the accrual of income earlier than would have been the case prior to the amendment of Section 451 of the Code. The rule generally applies to taxable years after 2017, except that in the case of income from a debt instrument having original issue discount, the rule does not apply until taxable years after 2018. Investors should consult their own tax advisors regarding the application of this rule and its impact on the timing of the recognition of income related to the Series 2019A Bonds under the Code.

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 2019A 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 2019A Bonds from gross income for federal income purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

The Series 2019B Bonds; General Matters

Bond Counsel is of the opinion that interest on the Series 2019B Bonds is included in gross income for federal income tax purposes.

The following is a summary of certain anticipated federal income tax consequences of the purchase, ownership and disposition of the Series 2019B Bonds under the Code and the regulations promulgated by the U.S. Treasury Department thereunder (the “Regulations”), and the judicial and administrative rulings and court decisions now in effect, all of which are subject to change or possible differing interpretations. The summary does not purport to address all aspects of federal income taxation that may affect particular investors in light of their individual circumstances, nor certain types of investors subject to special treatment under the federal income tax laws. Potential purchasers of the Series 2019B Bonds should consult their own tax advisors in determining the federal, state or local tax consequences to them of the purchase, holding and disposition of the Series 2019B Bonds.

In general, interest paid on the Series 2019B Bonds and market discount, if any, will be treated as ordinary income to the owners of the Series 2019B Bonds, and principal payments (excluding the portion of such payments, if any, characterized as original issue discount or accrued market discount) will be treated as a return of capital.

Market Discount. An investor that acquires a Series 2019B Bond for a price less than the adjusted issue price of such bond may be subject to the market discount rules of Sections 1276 through 1278 of the Code. Under these sections and the principles applied by the Regulations, “market discount” means (a) in the case of a Series 2019B Bond originally issued at a discount, the amount by which the issue price of such bond, increased by all accrued original issue discount (as if held since the issue date), exceeds the initial tax basis of the owner therein, less any prior payments that did not constitute payments of qualified stated interest, and (b) in the case of a Series 2019B Bond not originally issued at a discount, the amount by which the stated redemption price of such bond at maturity exceeds the initial tax basis of the owner therein. Under Section 1276 of the Code, the owner of such a Series 2019B Bond will generally be required (i) to allocate each principal payment to accrued market discount not previously included in income and, upon sale or other disposition of the bond, to recognize the gain on such sale or disposition as ordinary income to the extent of such cumulative amount of accrued market discount as of the date of sale or other disposition of such a bond or (ii) to elect to include such market discount in income currently as it accrues on all market discount instruments acquired by such owner on or after the first day of the taxable year to which such election applies.

The Code authorizes the U.S. Treasury Department to issue regulations providing for the method for accruing market discount on debt instruments the principal of which is payable in more than one installment. Until such time as regulations are issued by the Treasury Department, certain rules described in the legislative history will apply. Under those rules, market discount will be included in income either (a) on a constant interest basis or (b) in
proportion to the accrual of stated interest or, in the case of a Series 2019B Bond with original issue discount, in proportion to the accrual of original issue discount.

An owner of a Series 2019B Bond that acquired such bond at a market discount also may be required to defer, until the maturity date of such bond or its earlier disposition in a taxable transaction, the deduction of a portion of the amount of interest that the owner paid or accrued during the taxable year on indebtedness incurred or maintained to purchase or carry such bond in excess of the aggregate amount of interest (including original issue discount) includable in such owner’s gross income for the taxable year with respect to such bond. The amount of such net interest expense deferred in a taxable year may not exceed the amount of market discount accrued on the Series 2019B Bond for the days during the taxable year on which the owner held such bond and, in general, would be deductible when such market discount is includable in income. The amount of any remaining deferred deduction is to be taken into account in the taxable year in which the Series 2019B Bond matures or is disposed of in a taxable transaction. In the case of a disposition in which gain or loss is not recognized in whole or in part, any remaining deferred deduction will be allowed to the extent gain is recognized on the disposition. This deferral rule does not apply if the owner elects to include such market discount in income currently as it accrues on all market discount obligations acquired by such owner in that taxable year or thereafter.

Attention is called to the fact that Regulations implementing the market discount rules have not yet been issued. Therefore, investors should consult their own tax advisors regarding the application of these rules as well as the advisability of making any of the elections with respect thereto.

Recognition of Income Generally. Section 451 of the Code was amended by Pub. L. No. 115-97, enacted December 22, 2017 (sometimes referred to as the Tax Cuts and Jobs Act), to provide that taxpayers using an accrual method of accounting for federal income tax purposes generally will be required to include certain amounts in income, including original issue discount and market discount, no later than the time such amounts are reflected on certain financial statements of such taxpayer. The application of this rule may require the accrual of income earlier than would have been the case prior to the amendment of Section 451 of the Code. The rule generally applies to taxable years after 2017, except that in the case of income from a debt instrument having original issue discount, the rule does not apply until taxable years after 2018. Investors should consult their own tax advisors regarding the application of this rule and its impact on the timing of the recognition of income related to the Series 2019B Bonds under the Code.

Unearned Income Medicare Contribution Tax. Pursuant to Section 1411 of the Code, as enacted by the Health Care and Education Reconciliation Act of 2010, an additional tax is imposed on individuals earning certain investment income. Holders of the Series 2019B Bonds should consult their own tax advisors regarding the application of this tax to interest earned on the Series 2019B Bonds and to gain on the sale of a Series 2019B Bond.

Sales or Other Dispositions. If an owner of a Series 2019B Bond sells the bond, such person will recognize gain or loss equal to the difference between the amount realized on such sale and such owner’s basis in such bond. Ordinarily, such gain or loss will be treated as a capital gain or loss.

If the terms of a Series 2019B Bond were materially modified, in certain circumstances, a new debt obligation would be deemed created and exchanged for the prior obligation in a taxable transaction. Among the modifications that may be treated as material are those that relate to redemption provisions and, in the case of a nonrecourse obligation, those which involve the substitution of collateral. Each potential owner of a Series 2019B Bond should consult its own tax advisor concerning the circumstances in which such bond would be deemed reissued and the likely effects, if any, of such reissuance.

Defeasance. The legal defeasance of the Series 2019B Bonds may result in a deemed sale or exchange of such bonds under certain circumstances. Owners of such Series 2019B Bonds should consult their tax advisors as to the federal income tax consequences of such a defeasance.

Backup Withholding. An owner of a Series 2019B Bond may be subject to backup withholding at the applicable rate determined by statute with respect to interest paid with respect to the Series 2019B Bonds, if such owner, upon issuance of the Series 2019B Bonds, fails to provide to any person required to collect such information pursuant to Section 6049 of the Code with such owner’s taxpayer identification number, furnishes an incorrect taxpayer identification number, fails to report interest, dividends or other “reportable payments” (as defined in the Code) properly, or, under certain circumstances, fails to provide such persons with a certified statement, under penalty of perjury, that such owner is not subject to backup withholding.
**Foreign Investors.** An owner of a Series 2019B Bond that is not a “United States person” (as defined below) and is not subject to federal income tax as a result of any direct or indirect connection to the United States of America in addition to its ownership of a Series 2019B Bond will generally not be subject to United States income or withholding tax in respect of a payment on a Series 2019B Bond, provided that the owner complies to the extent necessary with certain identification requirements (including delivery of a statement, signed by the owner under penalties of perjury, certifying that such owner is not a United States person and providing the name and address of such owner). For this purpose the term “United States person” means a citizen or resident of the United States of America or any political subdivision thereof, or an estate or trust whose income from sources within the United States of America is includable in gross income for United States of America income tax purposes regardless of its connection with the conduct of a trade or business within the United States of America.

Except as explained in the preceding paragraph and subject to the provisions of any applicable tax treaty, a 30% United States withholding tax will apply to interest paid and original issue discount accruing on Series 2019B Bonds owned by foreign investors. In those instances in which payments of interest on the Series 2019B Bonds continue to be subject to withholding, special rules apply with respect to the withholding of tax on payments of interest on, or the sale or exchange of Series 2019B Bonds having original issue discount and held by foreign investors. Potential investors that are foreign persons should consult their own tax advisors regarding the specific tax consequences to them of owning a Series 2019B Bond.

**Tax-Exempt Investors.** In general, an entity that is exempt from federal income tax under the provisions of Section 501 of the Code is subject to tax on its unrelated business taxable income. An unrelated trade or business is any trade or business that is not substantially related to the purpose that forms the basis for such entity’s exemption. However, under the provisions of Section 512 of the Code, interest may be excluded from the calculation of unrelated business taxable income unless the obligation that gave rise to such interest is subject to acquisition indebtedness. Therefore, except to the extent any owner of a Series 2019B Bond incurs acquisition indebtedness with respect to such bond, interest paid or accrued with respect to such owner may be excluded by such tax-exempt owner from the calculation of unrelated business taxable income. Each potential tax-exempt holder of a Series 2019B Bond is urged to consult its own tax advisor regarding the application of these provisions.

**ERISA Considerations.** The Employee Retirement Income Security Act of 1974, as amended (“ERISA”), imposes certain requirements on “employee benefit plans” (as defined in Section 3(3) of ERISA) subject to ERISA, including entities such as collective investment funds and separate accounts whose underlying assets include the assets of such plans (collectively, “ERISA Plans”) and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA’s general fiduciary requirements, including the requirement of investment prudence and diversification and the requirement that an ERISA Plan’s investments be made in accordance with the documents governing the ERISA Plan. The prudence of any investment by an ERISA Plan in the Series 2019B Bonds must be determined by the responsible fiduciary of the ERISA Plan by taking into account the ERISA Plan’s particular circumstances and all of the facts and circumstances of the investment. Government and non-electing church plans are generally not subject to ERISA. However, such plans may be subject to similar or other restrictions under state or local law.

In addition, ERISA and the Code generally prohibit certain transactions between an ERISA Plan or a qualified employee benefit plan under the Code and persons who, with respect to that plan, are fiduciaries or other “parties in interest” within the meaning of ERISA or “disqualified persons” within the meaning of the Code. In the absence of an applicable statutory, class or administrative exemption, transactions between an ERISA Plan and a party in interest with respect to an ERISA Plan, including the acquisition by one from the other of the Series 2019B Bonds could be viewed as violating those prohibitions. In addition, Section 4975 of the Code prohibits transactions between certain tax-favored vehicles such as Individual Retirement Accounts and disqualified persons. Section 503 of the Code includes similar restrictions with respect to governmental and church plans. In this regard, the Issuer or any dealer of the Series 2019B Bonds might be considered or might become a “party in interest” within the meaning of ERISA or a “disqualified person” within the meaning of the Code, with respect to an ERISA Plan or a plan or arrangement subject to Sections 4975 or 503 of the Code. Prohibited transactions within the meaning of ERISA and the Code may arise if the Series 2019B Bonds are acquired by such plans or arrangements with respect to which the Issuer or any dealer is a party in interest or disqualified person.

In all events, fiduciaries of ERISA Plans and plans or arrangements subject to the above sections of the Code, in consultation with their advisors, should carefully consider the impact of ERISA and the Code on an
investment in the Series 2019B Bonds. The sale of the Series 2019B Bonds to a plan is in no respect a representation by the City or the Underwriter that such an investment meets the relevant legal requirements with respect to benefit plans generally or any particular plan. Any plan proposing to invest in the Series 2019B Bonds should consult with its counsel to confirm that such investment is permitted under the plan documents and will not result in a non-exempt prohibited transaction and will satisfy the other requirements of ERISA, the Code and other applicable law.

**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 tax matters referred to under this heading “TAX MATTERS” or adversely affect the market value of the Series 2019 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 2019 Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series 2019 Bonds or the market value thereof would be impacted thereby. Purchasers of the Series 2019 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 and regulatory authorities as of the date of issuance and delivery of the Series 2019 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 2019A Bonds and the Series 2019B Bonds is exempt from all state, county and municipal taxes in the State of Arkansas.

**RATING**

S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”), has assigned a rating of “AA-” (stable outlook) to the Series 2019 Bonds. Such rating reflects only the view of S&P at the time such rating was given, and the City makes no representation as to the appropriateness of such rating. An explanation as to the significance of the above rating may be obtained only from S&P.

The City has furnished S&P certain information and materials relating to the Series 2019 Bonds and the City, some of which have not been included in this Official Statement. Generally, rating agencies base their ratings on such information and materials and investigations, studies and assumptions furnished to and obtained and made by the rating agencies. There is no assurance that a particular rating will be maintained for any given period of time or that it may not be lowered, raised or withdrawn entirely by S&P if, in its judgment, circumstances so warrant. Neither the City nor the Underwriter have undertaken any responsibility to oppose any such revision or withdrawal. Any downward change in or withdrawal of a rating may have an adverse effect on the market price and marketability of the Series 2019 Bonds. No application has been made to any Rating Agency other than S&P for a rating on the Series 2019 Bonds.

**LEGAL MATTERS**

**Legal Opinions.** Legal matters incident to the authorization and issuance of the Series 2019 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 2019 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 2019 Bonds or questioning or affecting the legality of the Series 2019 Bonds or the proceedings and authority under which the Series 2019 Bonds are to be issued, or questioning the right of the City to issue the Series 2019 Bonds. There is no action, suit or proceeding known to be pending or threatened, restraining or enjoining the City in any way which could have a material adverse effect on the Sales and Use Tax or the City’s ability to pay debt service with respect to the Series 2019 Bonds.
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 2019 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.

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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

Upon delivery of the Series 2019 Bonds in definitive form, Kutak Rock LLP, Little Rock, Arkansas, proposes to deliver its approving opinion in substantially the following form:

August __, 2019

City of Fayetteville, Arkansas
Fayetteville, Arkansas
Simmons Bank, as Trustee
Pine Bluff, Arkansas
Stephens Inc.
Fayetteville, Arkansas

$124,425,000
City of Fayetteville, Arkansas
Sales and Use Tax Capital Improvement and Refunding Bonds
Series 2019A

$3,170,000
City of Fayetteville, Arkansas
Sales and Use Tax Capital Improvement Bonds
Taxable Series 2019B

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 (i) its $124,425,000 Sales and Use Tax Capital Improvement and Refunding Bonds, Series 2019A (the “Series 2019A Bonds”), and (ii) its $3,170,000 Sales and Use Tax Capital Improvement Bonds, Taxable Series 2019B (the “Series 2019B Bonds,” and together with the Series 2019A Bonds, the “Series 2019 Bonds”).

The Series 2019 Bonds are being issued pursuant to the provisions of the Constitution and laws of the State of Arkansas, including, particularly, Amendment 62 and Arkansas Code Annotated (1998 Repl. & Supp. 2017) §§14-164-301 et seq. (as from time to time amended, the “Local Government Bonds Act”), pursuant to Ordinance No. 6194 of the City, duly adopted and approved on June 4, 2019 (the “Authorizing Ordinance”), and pursuant to a Trust Indenture dated as of August 1, 2019 (the “Indenture”), by and between the City and Simmons Bank, 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, with respect to the nature and extent of the security for the Series 2019 Bonds, the rights, duties and obligations of the City, the Trustee and the Holders of the Series 2019 Bonds, and the terms upon which the Series 2019 Bonds are issued and secured.

At a special election held April 9, 2019, called in accordance with the Local Government Bond Act pursuant to Ordinance No. 6216 of the City, adopted on December 18, 2018 (the “Election Ordinance”), the issuance of the Series 2019 Bonds was approved by a majority of the qualified electors of the City voting on each of the ten questions set forth on the ballot in the respective principal amounts and for the specified purposes therein described.

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 Election Ordinance and the Authorizing Ordinance and to enter into and perform its obligations under the Indenture, the valid adoption of 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, Amendment 62 and the Local Government Bond 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 Series 2019 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 Series 2019 Bonds are payable from and equally and ratably secured by a valid lien on and pledge of the Trust Estate (as defined in the Indenture), including receipts of the 1.00% Sales and Use Tax (as defined in the Indenture), in the manner and to the extent provided in the Indenture. The City is duly authorized to pledge such Trust Estate, and no further action on the part of the City or any other party is required to perfect the same or the interest of the owners of the Series 2019 Bonds therein.

5. The Sales and Use Tax has been validly adopted in accordance with the Constitution and laws of the State of Arkansas, including Amendment 62 and the Local Government Bond Act, and may be validly pledged to secure the Series 2019 Bonds. As provided in the Local Government Bond Act, levy and collection of the Sales and Use Tax will commence on and as of the date of expiration of the Prior Tax (as defined in the Election Ordinance).

6. Interest on the Series 2019A 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 opinions described in the preceding sentences assume the accuracy of certain representations and compliance by the City with covenants designed to satisfy the requirements of the Internal Revenue Code of 1986, as amended (the “Code”), that must be met subsequent to the issuance of the Series 2019A Bonds. Failure to comply with certain of such requirements could cause interest on the Series 2019A Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2019A Bonds. The City has covenanted to comply with such requirements. We express no opinion regarding other federal tax consequences arising with respect to the Series 2019A Bonds.

7. The interest on the Series 2019B Bonds is included in gross income for federal income tax purposes.

8. The interest on the Series 2019A Bonds and the Series 2019B Bonds is exempt from all state, county and municipal taxes in the State of Arkansas.

9. The Series 2019 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 Series 2019 Bonds.
It is to be understood that the rights of the registered owners of the Series 2019 Bonds and the enforceability of the Series 2019 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
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 2019A Bonds and Series 2019B Bonds which are issued under the provisions of the Indenture.

“Amendment 62” means Amendment No. 62 to the Constitution of Arkansas, approved by the voters of the State on November 6, 1984.

“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 Bonds or from sources other than Sales and Use Tax receipts.

“Arts Corridor Project” means the acquisition, design, construction and equipping of certain cultural arts corridor and related improvements, as described in the Election Ordinance and eligible for financing with the proceeds of the Bonds in aggregate principal amount not to exceed $31,685,000.

“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. 6194, adopted by the City on June 4, 2019, which authorized the issuance of the Series 2019 Bonds pursuant to the Indenture.

“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” means the Series 2019A Bonds, Series 2019B Bonds and all Additional Bonds 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.

“Business Day” means any day other than (a) a Saturday or Sunday, (b) a day on which commercial banks in New York, New York, or the city in which the principal corporate trust office of the Trustee is located are authorized or required by law or executive order to close, or (c) a day on which the New York Stock Exchange or the Securities Depository is closed.

“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.

“City Facilities Project” means the renovating and refurbishing of certain City buildings and grounds and related improvements, as described in the Election Ordinance and eligible for financing with the proceeds of the Bonds in aggregate principal amount not to exceed $3,170,000.
“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.

“Completion Date” means the date upon which a particular Project (or portion thereof) is first ready for normal continuous operation, as determined by the City’s Finance Director.

“Continuing Disclosure Agreement” means, collectively, each Continuing Disclosure Agreement between City and the Dissemination Agent, 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.

“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.

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

“Debt Service” means, with respect to all or any particular amount of Bonds, the total as of any particular date of computation and for any particular period of the scheduled amount of interest and amortization of principal payable on such Bonds, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

“Dissemination Agent” means the entity named as dissemination agent in each Continuing Disclosure Agreement entered into in connection with the issuance of a series of Bonds.

“Drainage Project” means the design, construction, reconstruction, repair, retrofitting, extension, enlargement and equipping of certain City drainage facilities and related improvements, as described in the Election Ordinance and eligible for financing with the proceeds of the Bonds in aggregate principal amount not to exceed $15,840,000.

“Economic Development Project” means the acquisition, design, construction and equipping of certain economic development projects and related improvements, as described in the Election Ordinance and eligible for financing with the proceeds of the Bonds in aggregate principal amount not to exceed $3,170,000.

“Election Ordinance” means Ordinance No. 6216, adopted by the City Council on December 18, 2018, pursuant to which there was submitted to the qualified electors of the City the ten questions relating to the issuance of the Bonds.

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

“Existing Tax” means, collectively, (i) the three-quarter of one percent (0.75%) city-wide sales and use tax and (ii) the one-quarter of one percent (0.25%) city-wide sales and use tax authorized by the Act and presently being levied and collected within the City for the purpose of securing the payment of the Prior Bonds.

“Firefighting Facilities Project” means the acquisition, design, construction and equipping of certain City firefighting facilities and related improvements, and the acquisition of certain firefighting vehicles and equipment, as described in the Election Ordinance and eligible for financing with the proceeds of the Bonds in aggregate principal amount not to exceed $15,840,000.

“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 established by the Indenture.

“Government Securities” means (a) direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America, (b) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America, (c) obligations fully and unconditionally
guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America, or (d) evidences of ownership of proportionate interests in future interest and principal payments on obligations described above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated.

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

“Indenture” means the Trust Indenture dated as of August 1, 2019, between the City and the Trustee, pursuant to which the Bonds are issued, and any amendments and supplements thereto.

“Investment Securities” means, if and to the extent the same are at the time legal for investment of Funds and Accounts held under the Indenture:

(a) cash (fully insured by the Federal Deposit Insurance Corporation);
(b) Government Securities;
(c) Federal Housing Administration debentures;
(d) The obligations of the following government-sponsored agencies which are not backed by the full faith and credit of the United States of America:
   1) Federal Home Loan Mortgage Corporation (FHLMC) senior debt obligations and Participation certificates (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts);
   2) Farm Credit System (formerly Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives) consolidated system-wide bonds and notes;
   3) Federal Home Loan Banks (FHL Banks) consolidated debt obligations; and
   4) Federal National Mortgage Association (FNMA) senior debt obligations and mortgage-backed securities (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts);
(e) Unsecured certificates of deposit, time deposits, and bankers' acceptances (having matures of maturities of not more than 365 days) of any bank the short-term obligations of which are rated “A-1+” or better by S&P and “Prime-1” by Moody’s;
(f) Deposits the aggregate amount of which are fully insured by the Federal Deposit Insurance Corporation, in banks which have capital and surplus of at least $15 million;
(g) Commercial paper (having original maturities of not more than 270 days) rated “A-1+” by S&P and “Prime-1” by Moody's;
(h) Money market funds rated “Aam” or “AAm-G” by S&P, or better and if rated by Moody’s rated “Aa2” or better;
(i) “State Obligations”, which means:
   1) Direct general obligations of any state of the United States of America or any subdivision or agency thereof to which is pledged the full faith and credit of a state the unsecured general obligation debt of which is rated at least “A3” by Moody's and at least “A-” by S&P, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured general obligation debt is so rated;
2) Direct general short-term obligations of any state agency or subdivision or agency thereof described in (a) above and rated “A-1+” by S&P and “MIG-1” by Moody's; and

3) Special Revenue Bonds (as defined in the United States Bankruptcy Code) of any state or state agency described in (b) above and rated “AA-” or better by S&P and “Aa3” or better by Moody's;

(j) Pre-refunded municipal obligations rated “AAA” by S&P and “Aaa” by Moody's meeting the following requirements:

1) the municipal obligations are (1) not subject to redemption prior to maturity or (2) the trustee for the municipal obligations has been given irrevocable instructions concerning their call and redemption and the issuer of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions;

2) the municipal obligations are secured by cash or U.S. Treasury Obligations which may be applied only to payment of the principal of, interest and premium on such municipal obligations;

3) the principal of and interest on the U.S. Treasury Obligations (plus any cash in the escrow) has been verified by the report of independent certified public accountants to be sufficient to pay in full all principal of, interest, and premium, if any, due and to become due on the municipal obligations (“Verification Report”);

4) the cash or U.S. Treasury Obligations serving as security for the municipal obligations are held by an escrow agent or trustee in trust for owners of the municipal obligations;

5) no substitution of a U.S. Treasury Obligation shall be permitted except with another U.S. Treasury Obligation and upon delivery of a new Verification Report; and

6) the cash or U.S. Treasury Obligations are not available to satisfy any other claims, including those by or against the trustee or escrow agent.

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

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

“Parks Project” means the acquisition, design, construction and equipping of certain City parks systems and related improvements, as described in the Election Ordinance and eligible for financing with the proceeds of the Bonds in aggregate principal amount not to exceed $26,405,000.

“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.
“Paying Agent” means any bank or trust company named by the City as the place at which the principal of and premium, if any, and interest on the Bonds are payable.

“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.

“Police Facilities Project” means the acquisition, design, construction and equipping of certain City police facilities, as described in the Election Ordinance and eligible for financing with the proceeds of the Bonds in aggregate principal amount not to exceed $36,965,000.

“Prior Bonds” means, collectively, (i) the City’s Sales and Use Tax Capital Improvement Bonds, Series 2007, (ii) the City’s Sales and Use Tax Capital Improvement Bonds, Series 2009, (iii) the City’s Sales and Use Tax Capital Improvement Bonds, Series 2013, and (iv) the City’s Sales and Use Tax Capital Improvement Bonds, Series 2015.

“Projects” means, collectively, the Streets Project, the Trails Project, the Drainage Project, the Parks Project, the Economic Facilities Project, the City Facilities Project, the Arts Corridor Project, the Police Facilities Project and the Firefighting Facilities Project.

“Project Costs” means, to the extent permitted by the Act or other applicable laws, with respect to the Projects, 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 the Projects, including all amounts required by the 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 the Projects and placing the same in operation;

(c) all costs relating to injury and damage claims arising out of the acquisition, construction or equipping of the Projects;

(d) all other costs incurred in connection with, and properly allocable to, the acquisition, construction and equipping of the Projects; 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 the Projects.

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

“Rating Agency” means Moody’s Investors Service, S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC, or Fitch, Inc., and their respective successors and assigns. If any such corporation ceases to act as a securities rating agency, the City may appoint any nationally recognized securities rating agency as a replacement.

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

“Record Date” means the fifteenth day of the calendar month preceding the calendar month in which an interest payment date on the Bonds occurs.

“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 including, without limitation, the following with respect to each payment requested:

(i) the particular Project to which it relates;
(ii) the name of the Person or party to whom payment is to be made and the purpose of the payment;

(iii) the amount to be paid thereunder;

(iv) that such amount has not been previously paid by the City and is justly due and owing to the Person(s) named therein as a proper payment or reimbursement of a Project Cost; and

(v) that no Event of Default exists under the Indenture and that, to the knowledge of the Authorized Representative, no event has occurred and continues which with notice or lapse of time or both would constitute an Event of Default under the Indenture.

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

“Sales and Use Tax” means the one percent (1.00%) city-wide sales and use tax authorized under the Act which has been levied within the City pursuant to the Election Ordinance and approved by the voters of the City, the collection of which tax will commence on the first day following the date of expiration of the Existing Tax securing the Prior Bonds. Receipts of the Sales and Use Tax are pledged to the payment of Debt Service on the Bonds.

“Securities Depository” means The Depository Trust Company, New York, New York, or its nominee, and its successors and assigns, or any other depository institution appointed by the City or the Trustee to act as depository for the Bonds in connection with the Book-Entry System.

“Series 2019A Bonds” means the City’s Sales and Use Tax Capital Improvement and Refunding Bonds, Series 2019A, issued under and secured by this Indenture in the aggregate principal amount of $124,425,000.

“Series 2019B Bonds” means the City’s Sales and Use Tax Capital Improvement Bonds, Taxable Series 2019B, issued under and secured by this Indenture in the aggregate principal amount of $3,170,000.


“State” means the State of Arkansas.

“Streets Project” means the acquisition, design, construction, reconstruction, repair, resurfacing, straightening and widening of certain City streets and related improvements, as described in the Election Ordinance and eligible for financing with the proceeds of the Bonds in aggregate principal amount not to exceed $73,925,000.

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

“Surplus Tax Receipts” shall have the meaning ascribed to such term in Section 503 of the Indenture.

“Tax Regulatory Agreement” means with respect to any series of tax-exempt Bonds, that Tax Regulatory Agreement of the City relating to maintenance of the excludability of interest on such Bonds from gross income for federal income tax purposes, delivered in connection with the issuance of such series of Bonds.

“Trails Project” means the acquisition, design, construction, reconstruction, extension and equipping of certain City trail system improvements, as described in the Election Ordinance and eligible for financing with the proceeds of the Bonds in aggregate principal amount not to exceed $6,865,000.

“Trustee” means the banking corporation or association designated as Trustee in the Indenture, and its successor or successors as such Trustee. The original Trustee is Simmons Bank, Pine Bluff, Arkansas.

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

THE SALES AND USE TAX

Sales Tax. The sales tax portion of the Sales and Use Tax is generally levied upon the gross proceeds and receipts derived from all sales to any Person within the City of the following:

(a) Tangible personal property;

(b) Specified digital products sold to a purchaser who is an end user;

(c) Digital codes;

(d) Natural or artificial gas, electricity, water, ice, steam, or any other tangible personal property sold as a utility or provided as a public service;

(e) Any intrastate, interstate, and international telecommunications service that is sourced in the State, any ancillary service, and any installation, maintenance, or repair service of telecommunications equipment, but not any interstate or international private communications service, any interstate or international 800 service or 900 service, or any prepaid calling service or prepaid wireless calling service;

(f) Service of furnishing rooms, suites, condominiums, townhouses, rental houses, or other accommodations by hotels, apartment hotels, lodging houses, tourist camps, tourist courts, property management companies, accommodations intermediaries, or any other provider of accommodations to transient guests;

(g) Service of cable television, community antenna television, and any and all other distribution of television, video, or radio services with or without the use of wires provided to subscribers, paying customers or users, including all service charges and rental charges, whether for basic service, premium channels, or other special service, and including installation and repair service charges and any other charges having any connection with the providing of the said services; provided, however, sales taxes are not levied on services purchased by radio or television providers for use in providing their services;

(h) Service of initial installation, alteration, addition, cleaning, refinishing, replacement, and repair of motor vehicles, aircraft, farm machinery and implements, motors of all kinds, tires and batteries, boats, electrical appliances and devices, furniture, rugs, flooring, upholstery, household appliances, televisions and radios, jewelry, watches and clocks, engineering instruments, medical and surgical instruments, machinery of all kinds, bicycles, office machines and equipment, shoes, tin and sheet metal, mechanical tools, and shop equipment; however, the tax does not apply to (A) the repair or maintenance of railroad parts, railroad cars, and equipment brought into the State solely and exclusively for the purpose of being repaired, refurbished, modified, or converted within the State; (B) services performed on watches and clocks which are received by mail or common carrier from outside the State and which, after the service is performed, are returned to points outside the State; (C) the service of alteration, addition, cleaning, refinishing, replacement, or repair of commercial jet aircraft or commercial jet aircraft components or subcomponents; (D) the repair or remanufacture of industrial metal rollers or platens that have a remanufactured nonmetallic material covering on all or a part of the roller or platen surface, which are brought into the State solely and exclusively for the purpose of being repaired or remanufactured and are then shipped back to the state of origin; (E) services performed by a temporary or leased employee or other contract laborer on items owned or leased by the employer; or (F) the initial installation, alteration, addition, cleaning, refinishing, replacement, or repair of nonmechanical, passive, or manually operated components of buildings or other improvements or structures affixed to real estate;

(i) Service of providing transportation or delivery of money, property, or valuables by armored car; service of providing cleaning or janitorial work; service of pool cleaning and servicing; pager services; telephone answering services; landscaping and non-residential lawn care services; service of parking a motor vehicle or allowing a motor vehicle to be parked; service of storing a motor vehicle; service of storing furs; service of providing indoor tanning at a tanning salon; wrecker and towing services; service of collecting and disposing of solid waste; parking lot and gutter cleaning services; dry cleaning and laundry services; industrial laundry services;
body piercing, tattooing, and electrolysis services; pest control services; security and alarm monitoring services; boat storage and docking fees; service of furnishing camping spaces or trailer spaces at public or privately owned campgrounds, except for federal campgrounds, on less than a month-to-month basis; and locksmith services; and pet grooming and kennel services;

(j) Printing of all kinds, types, and characters, including the service of overprinting, and photography of all kinds;

(k) Tickets or admissions to places of amusement, or to athletic, entertainment, or recreational events, or fees for access to or the use of amusement, entertainment, athletic, or recreational facilities;

(l) Dues and membership fees to health spas, health clubs, and fitness clubs; dues and membership fees to private clubs which hold any permit from the Alcoholic Beverage Control Board allowing the sale, dispensing, or serving of alcoholic beverages of any kind on the premises;

(m) Orders by telegraph, telephone or other means of communication transmitted by florists;

(n) Sales of beer, wine, liquor, or any intoxicating beverages;

(o) Proceeds derived from the business of owning, operating, or leasing of coin-operated pinball machines, coin-operated music machines, coin-operated mechanical games, and similar devices;

(p) Contracts, including service contracts, maintenance agreements and extended warranties, which in whole or in part provide for the future performance of or payment for services which are subject to the sales tax;

(q) Receipts derived from the retail sale of any device used in playing bingo and any charge for admittance to facilities or for the right to play bingo or other games of chance regardless of whether such activity might otherwise be prohibited by law;

(r) Sales of computer software, including prewritten computer software;

(s) Sales of a prepaid calling service or a prepaid wireless calling service;

(t) Lease or rental of a portable toilet on a short-term or a long-term basis; and

(u) Fishing guide services.

Exemptions from Sales Tax. As summarized below, several types of transactions have been exempted from the sales tax by the General Assembly of the State. Some of the current exemptions include the sale of:

(a) Tangible personal property, specified digital products, a digital code, or services by churches, except where such organizations may be engaged in business for profit;

(b) Tangible personal property, specified digital products, or services by charitable organizations, except where such organizations may be engaged in business for profit;

(c) Food, food ingredients, or prepared food in public, common, high school, or college cafeterias and lunch rooms operated primarily for teachers and pupils, and not operated primarily for the public or for profit;

(d) Newspapers;

(e) Property or services to the United States Government; motor vehicles and adaptive equipment to disabled veterans who have purchased said vehicles or adaptive equipment with financial assistance of the United States Department of Veterans Affairs; specified digital products, digital code, or tangible personal property to the Salvation Army, Heifer Project International, Inc., Arkansas Symphony Orchestra Society, Inc., the Arkansas Black Hall of Fame Foundation, Inc., the Boy Scouts of America, the Girl Scouts of the United States of America or any of the Scout Councils in the State, to the Boys & Girls Club of America, to the Poets’ Roundtable of Arkansas, to the Arkansas 4-H Clubs and FFA Clubs, to the Arkansas Future Farmers of America Foundation and to the Arkansas Future Farmers of America Association;

(f) Gasoline or motor vehicle fuel on which the motor vehicle fuel or gasoline tax has been paid to the State; special fuel or petroleum products sold for consumption by vessels, barges, and other commercial watercraft and railroads; dyed distillate special fuel; and biodiesel fuel;

(g) Property resales to persons regularly engaged in the business of reselling the articles purchased;
(h) Advertising space in newspapers and publications, through billboard advertising services, and on a public transit bus;

(i) Publications sold through regular subscription;

(j) Gate admission fees at State, district, county, or township fairs or at any rodeo if the receipts derived from gate admissions to the rodeo are used exclusively for the improvement, maintenance, and operation of such rodeo, and if no part of the net earnings thereof inures to the benefit of any private stockholder or individual;

(k) Property or services which the State is prohibited by the United State Constitution and the laws of the United States or by the Arkansas Constitution from taxing or further taxing;

(l) Isolated sales not made by an established business;

(m) Cotton, seed cotton, lint cotton, baled cotton, whether compressed or not, or cotton seed in its original condition; seed for use in commercial production of an agricultural product or of seed; raw products from the farm, orchard, or garden, when the sale is made by the producer of the raw products directly to the consumer and user; livestock, poultry, poultry products, and dairy products of producers owning not more than five cows; and baby chickens;

(n) Food, food ingredients, or prepared food to governmental agencies for free distribution to any public, penal, and eleemosynary institutions or for free distribution to the poor and needy;

(o) Rental or sale of medical equipment, for the benefit of persons enrolled in and eligible for Medicare or Medicaid programs, by medical equipment suppliers doing business in the State;

(p) Tangible personal property, specified digital products, digital code, or services provided to a hospital or sanitarium operated for charitable and nonprofit purposes or a nonprofit organization whose sole purpose is to provide temporary housing to the family members of patients in a hospital or sanitarium;

(q) Used tangible personal property when the used property was (1) traded in and accepted by the seller as part of the sale of other tangible personal property; and (2) the Arkansas Gross Receipts Tax was collected and paid on the total amount of consideration for the sale of the other tangible personal property without any deduction or credit for the value of the used tangible personal property; provided, however, this exemption does not apply to transactions involving used automobiles or used aircraft;

(r) Unprocessed crude oil;

(s) Tangible personal property consisting of machinery and equipment used directly in producing, manufacturing, fabricating, assembling, processing, finishing, or packaging of articles of commerce at (i) new or expanded manufacturing or processing plants or facilities in the State or (ii) existing manufacturing or processing plants or facilities in the State if the tangible personal property is used to replace substantially all of the existing machinery and equipment at such plant or facilities;

(t) Property consisting of machinery and equipment required by State law or regulation to be installed and utilized by manufacturing or processing plants or facilities, cities or towns in the State in order to prevent or reduce air and/or water pollution or contamination;

(u) Electricity used in the manufacture of aluminum metal by the electrolytic reduction process;

(v) Articles sold on the premises of the Arkansas Veterans Home;

(w) Automobile parts which constitute “core charges,” which are received for the purpose of securing a trade-in for the article purchased;

(x) Tangible personal property lawfully purchased with food stamps, food coupons, food instruments or vouchers in connection with certain Federal programs;

(y) Parts or other tangible personal property incorporated into or which become a part of commercial jet aircraft components or subcomponents, and the services required to incorporate the parts or other tangible personal property into a part of commercial jet aircraft components or subcomponents;
(z) Tangible personal property, specified digital products, or digital codes specifically exempted from taxation by the Arkansas Compensating Tax Act of 1949," Title 26, Chapter 53 of the Arkansas Code of 1987 Annotated;

(aa) Transfer of fill material by a business engaged in transporting or delivering fill material;

(bb) Long-term leases, thirty (30) days or more, of commercial trucks used for interstate transportation of goods under certain conditions;

(cc) Catalysts, chemicals, reagents, and solutions which are consumed or used in producing, manufacturing, fabricating, processing or finishing articles of commerce at manufacturing or processing plants in the State, and by manufacturing or processing plants or facilities in the State to prevent or reduce air or water pollution or contamination;

(dd) Fuel packaging materials sold to persons engaged in the business of processing hazardous and non-hazardous waste materials into fuel products, and machinery and equipment, including analytical equipment and chemicals used directly in processing hazardous and non-hazardous waste materials into fuel products;

(ee) Goods, wares, merchandise, or tangible personal property withdrawn or used from an established business or from the stock in trade of established reserves for consumption or use in an established business or by any other person if the goods, wares, merchandise or other tangible personal property withdrawn or used is donated to a National Guard Member, emergency service worker, or volunteer providing services to a county which has been declared a disaster area by the Governor;

(ff) Tangible personal property, specified digital products, or digital code sold by or to a car wash operator for use in an automatic car wash, a car wash tunnel, or a self-service bay or as part of an ancillary service;

(gg) Tangible personal property sold at a concession stand operated by a nonprofit youth organization if all of the proceeds go to that organization;

(hh) New and used farm machinery and equipment;

(ii) Feedstuffs used in the commercial production of livestock or poultry;

(jj) Agricultural fertilizer, agricultural limestone, agricultural chemicals and water purchased from a public surface-water delivery project;

(kk) Prescription drugs by licensed pharmacists, hospitals or physicians, and oxygen sold for human use on prescription of a licensed physician;

(ll) Vessels, barges and towboats of at least fifty (50) tons load displacement and parts and labor used in the repair and construction of the same;

(mm) Bagging and other packaging and tie materials sold to and used by cotton gins in the State for packaging and/or tying baled cotton, twine which is used in the production of tomato crops, and expendable supplies for farm machinery used for baling, tying, wrapping, or sealing animal feed products;

(nn) Aircraft held for resale and used for rental or charter, whether by a business or an individual for a period not to exceed one year from the date of purchase of aircraft;

(oo) Motor vehicles sold to municipalities, counties, school districts, and state supported colleges and universities;

(pp) School buses sold to school districts and, in certain cases, to other purchasers providing school bus service to school districts;

(qq) Sale of tickets or admissions, by municipalities, to places of amusement, to athletic entertainment, recreational events, or fees for the privilege of having access to or the use of amusement, entertainment, athletic or recreational facilities, including free or complimentary passes, tickets, admissions, dues or fees;

(rr) Tickets for admission to athletic events and interscholastic activities of public and private elementary and secondary schools in the State and tickets for admission to athletic events at public and private colleges and universities in the State;
(ss) Property or sales to all orphans’ homes, or children's homes, which are not operated for profit and whether operated by a church, religious organization or other benevolent charitable association;

(tt) Property or services to humane societies which are not operated for profit;

(uu) New automobiles to a veteran of the United States Armed Services who is blind as a result of a service connected injury;

(vv) The first 500 kilowatt hours of electricity per month and the total franchise taxes billed to each residential customer whose household income is less than $12,000 per year;

(ww) Motor fuels to owners or operators of motor buses operated on designated streets according to regular schedule and under municipal franchise which are used for municipal transportation purposes;

(xx) Insulin and test strips for testing blood sugar levels in humans;

(yy) New motor vehicles purchased by nonprofit organizations and used for the performance of contracts with the Department of Human Services, and new motor vehicles purchased with Federal Transit Administration funds if (i) the vehicles meet minimum specifications of State purchasing law, and (ii) the vehicles are used for transportation under the Department of Human Services' programs for the aging, disabled, mentally ill, and children and family services;

(zz) Food and food ingredients to nonprofit agencies for free distribution to the poor and needy;

(aaa) Tangible personal property consisting of forms constructed of plaster, cardboard, fiberglass, natural fibers, synthetic fibers, or composites and which are destroyed or consumed during the manufacture of the item;

bbb) Natural gas used as a fuel in the process of manufacturing glass;

(ccc) Sales to the Community Service Clearinghouse, Inc. of Fort Smith;

(ddd) Substitute fuel used in producing, manufacturing, fabricating, assembling, processing, finishing, or packaging of articles of commerce at manufacturing facilities or processing plants in the State;

(eee) Railroad rolling stock manufactured for use in transporting persons or property in interstate commerce;

(fff) Tangible personal property purchased by a contractor which becomes a recognizable part of a completed structure or improvement to real property and which is purchased for use or consumption in the performance of a construction contract;

(ggg) Parts or other tangible personal property which become a part of railroad parts, railroad cars and equipment brought into the State for the purpose of being repaired, refurbished, modified or converted within the State;

(hhh) Gas produced from biomass and sold for the purpose of generating energy to be sold to the gas producer;

(iii) Timber harvesting machinery, equipment and related attachments;

(jjj) Prescriptive durable medical equipment, mobility enhancing equipment, prosthetic devices, and disposable medical equipment;

(kkk) Fire protection and emergency equipment to be owned by and exclusively used by a volunteer fire department, and supplies and materials to be used in the construction and maintenance of volunteer fire departments;

(lll) Electricity and natural gas to qualified steel and wall and floor tile manufacturers;

(mmm) Gross receipts derived from the sale of Class Six and Class Seven Trucks if the vehicle is registered with the International Registration Plan and engaged in interstate commerce, the gross receipts in excess of $9,150 from the sale of other new or used truck tractors, and the gross receipts derived from the sale of a new or used semitrailer;

(nn) Textbooks, library book and other instructional materials if purchased by State school districts or public schools or by the State for free distribution to State school districts or public schools;
(ooo) Electricity used for the production of chlorine and other chemicals using a chlor-alkali manufacturing process;

(ppp) Livestock reproduction equipment and substances used in livestock reproduction;

(qqq) Tangible personal property, specified digital products, digital code, or services to a qualified museum or its contractor or agent if such property is to be used in the construction, repair, expansion, or operation of the qualified museum facility;

(rrr) Natural gas and electricity in the manufacturing of tires;

(sss) Thermal imaging equipment purchased by a county government for use by law enforcement aircraft;

(ttt) Tangible personal property, specified digital products, digital code, or services to the Arkansas Search Dog Association, Inc.;

(uuu) During the first weekend in August of each year only, items of clothing costing less than $100, clothing accessories and equipment costing less than $50, school art supplies, school instructional materials and school supplies;

(vvv) Kegs used to sell beer at wholesale by a wholesale manufacturer of beer;

(www) Electricity, liquefied petroleum gas and natural gas used by grain drying and storage facilities, qualifying agricultural structures and qualifying aquaculture and horticulture equipment;

(xxx) Dental appliances sold to or by dentists, orthodontists, oral surgeons, maxillofacial surgeons and endodontists;

(yyy) Tangible personal property, specified digital products, digital code, or services to nonprofit blood donations organizations;

(zzz) Aircraft if sold by a person who is a resident of another state to a purchaser who is the resident of another state and the aircraft will be based outside the State, and aircraft with a certified maximum take-off weight of more than 9,500 pounds sold by a person who is a resident of the State and such aircraft will be based outside the State, notwithstanding the fact that possession of the aircraft may be taken in the State for the sole purpose of removing the aircraft from the State under its own power;

(aaaa) Machinery and equipment required by state or federal law or regulations to be installed and utilized by manufacturing and processing plants or facilities in the refining of petroleum-based products to remove sulphur pollutants;

(bbbb) A portion of the acquisition price of new manufactured homes and modular homes; and

(cccc) New and used mobile homes and used manufactured homes and modular homes.

Reference is made to “The Arkansas Gross Receipts Act of 1941,” Title 26, Chapter 52 of the Arkansas Code of 1987 Annotated, for more information concerning the sales tax.

Use Tax. The use tax portion of the Sales and Use Tax is levied on every Person for the privilege of storing, using, distributing or consuming within the State any article of tangible personal property, specified digital product, digital code or taxable service purchased for storage, use, distribution, or consumption within the State. The use tax applies to the use, distribution, storage or consumption of every article of tangible personal property, specified digital product, digital code, or taxable service, except as hereinafter provided. The use tax is levied on the following described tangible personal property:

(a) Property of motor carriers consisting of tractors, trailers, semitrailers, trucks, buses, and other rolling stock, including replacement tires, used directly in the transportation of persons or property in intrastate or interstate common carrier transportations;

(b) Property (except fuel) of railroads consumed in the operation of railroad rolling stock;

(c) Pipelines, including transmission lines and pumping or pressure control equipment used directly in or connected to the primary pipeline facility engaged in intrastate or interstate common carrier transportation of property;
(d) Property of airlines consisting of airplanes and navigation instruments used directly in or becoming a part of flight aircraft engaged in the transportation of persons or property in regular scheduled intrastate or interstate common carrier transportation;

(e) Property of public telephone and telegraph companies consisting of exchange equipment, lines, boards, and all accessory devices used directly in and connected to the primary facility engaged in the transmission of messages;

(f) Property of gas companies consisting of transmission and distribution pipelines and pumping or pressure control and equipment used in connection therewith used directly in a primary pipeline facility for the purpose of transporting and delivering natural gas;

(g) Property of water companies consisting of transmission and distribution lines, pumping machinery and controls used in connection therewith and cleaning or treating equipment of a primary water distribution system;

(h) Property of public electric power companies consisting of all machinery and equipment including reactor cores and related accessory devices used in the generation and production of electric power and energy, and transmission facilities consisting of the lines, including poles, towers, and other supporting structures, transmitting electric power and energy together with substations located on or attached to such lines; and

(i) Computer software.

**Exemptions from Use Tax.** Some of the property and services exempted from the use tax by the General Assembly of the State is as follows:

(a) Property or services, the storage, use, distribution, or consumption of which the State is prohibited from taxing under the Constitution or laws of the United States of America or the State;

(b) Sales of tangible personal property, specified digital products, digital code, or services on which the sales tax under the Arkansas Gross Receipts Act of 1941 is levied;

(c) Tangible personal property, specified digital products, digital code, and services specifically exempted from taxation under the Arkansas Gross Receipts Act of 1941;

(d) Feedstuffs used in the commercial production of livestock or poultry in the State;

(e) Unprocessed crude oil;

(f) Machinery and equipment used directly in producing, manufacturing, fabricating, assembling, processing, finishing, or packaging articles of commerce at manufacturing or processing plants or facilities in the State, including facilities and plants for manufacturing feed, processing of poultry and eggs and livestock and the hatching of poultry and such equipment is either (1) purchased to create or expand manufacturing or processing plants in the State, (2) purchased to replace existing machinery and used directly in producing, manufacturing, fabricating, assembling, processing, finishing or packaging of articles of commerce at manufacturing or processing plants in the State, or (3) required by State or federal laws, rules or regulations to be installed and utilized by manufacturing or processing plants to prevent or reduce air and/or water pollution or contamination;

(g) Modular homes constructed with materials on which the sales or use tax has once been paid;

(h) Aircraft, aircraft equipment, and railroad parts, cars, and equipment, and tangible personal property owned or leased by aircraft, airmotive, or railroad companies, brought into the State solely and exclusively for refurbishing, conversion, or modification within the State and not used or intended for use within the State;

(i) Aircraft, aircraft equipment, and railroad parts, cars, and equipment, and tangible personal property owned or leased by aircraft, airmotive, or railroad companies, brought into the State solely and exclusively for storage for use outside or inside the State;

(j) Vessels, barges, and towboats of at least a fifty-ton load displacement and parts and labor used in the repair and construction of them;

(k) Motor fuels sold to the owners or operators of motor buses operated on designated streets according to regular schedule, under municipal franchise, which are used for municipal transportation purposes;

(l) Agricultural fertilizer, agricultural limestone and agricultural chemicals;
(m) All new and used motor vehicles, trailers or semitrailers that are purchased for a total consideration of less than $4,000;

(n) Any tangible personal property, specified digital products, digital code, or taxable services used, consumed, distributed, or stored in the State upon which a like tax, equal to or greater than the Arkansas Compensating (Use) Tax, has been paid in another state;

(o) Construction materials and furnishings used in the initial construction and equipping of child care facilities;

(p) Forms constructed of plaster, cardboard, fiberglass, natural fibers, synthetic fibers, or composites and which are destroyed or consumed during the manufacture of the item;

(q) Natural gas used as fuel in the process of manufacturing glass;

(r) Sales to the Community Service Clearinghouse, Inc. of Fort Smith;

(s) Food and food ingredients to nonprofit agencies for free distribution to the poor and needy;

(t) Railroad rolling stock manufactured for use in transporting persons or property in interstate commerce;

(u) Tangible personal property purchased by a contractor which becomes a recognizable part of a completed structure or improvement to real property and which is purchased for use or consumption in the performance of a construction contract;

(v) Purchase and recharges of prepaid calling cards and prepaid authorization numbers;

(w) Prescriptive durable medical equipment, mobility enhancing equipment, prosthetic devices, and disposable medical equipment;

(x) Fire protection and emergency equipment to be owned by and exclusively used by a volunteer fire department, and supplies and materials to be used in the construction and maintenance of volunteer fire departments;

(y) Electricity and natural gas to qualified steel and wall and floor tile manufacturers;

(z) Gross receipts derived from the sale of Class Six and Class Seven Trucks if the vehicle is registered with the International Registration Plan and engaged in interstate commerce;

(aa) Tangible personal property, specified digital products, digital code, or services to a qualified museum or its contractor or agent if such property is to be used in the construction, repair, expansion, or operation of the qualified museum facility; and

(bb) Machinery and equipment purchased to modify, replace, or repair, either in whole or in part, existing machinery, equipment, molds or dies used directly in producing, manufacturing, fabricating, assembling, processing, finishing, or packaging articles of commerce at a manufacturing or processing plant or facility in the State, and services relating to the initial installation, alteration, addition, cleaning, refinishing, replacement, or repair of such machinery and equipment.

Reference is made to “The Arkansas Compensation (Use) Tax Act of 1949,” Title 26, Chapter 53 of the Arkansas Code of 1987 Annotated, for more information concerning the use tax.